

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

Acting Superintendent

Terry King
(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

AGENDA

THURSDAY, APRIL 17, 2008

THURSDAY, APRIL 17, 2008
3:00 PM

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

A Special Meeting of the San Dieguito Public Facilities Authority of San Dieguito Union High School District has been scheduled for Thursday, April 17, 2008, at the above location.

1. CALL TO ORDER

DISCUSSION / ACTION ITEMS

2. APPROVAL OF THE MINUTES OF THE MARCH 12, 2008 SDPFA MEETING

Motion by _____, second by _____, to approve the Minutes of the March 12, 2008, San Dieguito Public Facilities Authority Meeting, as written.

3. ADOPTION OF RESOLUTION

Adopt the attached resolution considering approval of a restructuring of the San Dieguito Public Facilities Authority \$91,125,000 Revenue Refunding Bonds, Series 2006, which restructure will include changing the interest rate mode payable with respect to the bonds and remarketing a senior, subordinate and, if determined necessary or desirable, a super-subordinate series of bonds. In connection with such restructuring, consider approving amending the Indenture and Loan Agreement, Installment Purchase Agreements and other documents executed in connection with the issuance of the bonds. In addition, consider approving a remarketing agreement and remarketing memo and the designation of the Superintendent and/or the Associate Superintendent of Business Services to take all actions necessary or desirable in connection with the conversion of the interest rate mode, including but not limited to, approving and signing consents, supplemental indentures or other documents necessary or desirable to change the interest rate mode on the bonds, to otherwise amend the bond indenture and to retain remarketing agents, lawyers and other consultants in connection with the restructuring.

Motion by _____, second by _____, to adopt the attached resolution, as shown in the attached supplement.

4. ADJOURNMENT OF MEETING

San Dieguito

Union High School District

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Board of Trustees:

Joyce Dalessandro
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Interim Superintendent,

Terry King

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SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

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BOARD OF TRUSTEES SAN DIEGUITO PUBLIC FACILITIES AUTHORITY SPECIAL MEETING

MINUTES

WEDNESDAY, MARCH 12, 2008

A Special Meeting of the San Dieguito Public Facilities Authority of San Dieguito Union High School District took place on Wednesday, March 12, 2008, at the District Office, 710 Encinitas Blvd, Encinitas, California.

Board Members in Attendance

Ms. Groth was not in attendance; all other Board Members were present.

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
John Addleman, Financial Analyst, SDUHSD
Becky Banning, Recording Secretary

Guests in Attendance

Glen Casterline
Ralph Holmes
Masood Sohaili

1. CALL TO ORDER – President Hergesheimer called the meeting to order at 4:30 PM.

DISCUSSION / ACTION ITEMS

2. APPROVAL OF THE MINUTES OF THE SEPTEMBER 6, 2007 SDPFA MEETING
It was moved by Ms. Friedman, seconded by Ms. Dalessandro, to approve the Minutes of the September 6, 2007, San Dieguito Public Facilities Authority Meeting, as written. ***Motion unanimously carried.***

ITEM 2

3. ADOPTION OF RESOLUTION AS DESCRIBED BELOW:

The Board met to consider approval of a restructuring of the San Dieguito Public Facilities Authority \$91,125,000 Revenue Refunding Bonds, Series 2006, which included changing the interest rate mode payable with respect to the bonds. In connection with such restructuring, the Board also considered approving the designation of the Superintendent and/or the Associate Superintendent of Business to take all actions necessary or desirable in connection with the conversion of the interest rate mode, including but not limited to, approving and signing consents, supplemental indentures or other documents necessary or desirable to change the interest rate mode on the bonds, to otherwise amend the bond indenture and to retain underwriters, lawyers and other consultants in connection with the restructuring.

It was moved by Ms. Dalessandro, seconded by Ms. Friedman, to approve the above item as written. ***Motion unanimously carried.***

4. ADJOURNMENT OF MEETING – The meeting was adjourned at 5:45 PM.

Linda Friedman, Board Clerk

Date

Terry King, Interim Superintendent

Date

**RESOLUTION
OF THE BOARD OF DIRECTORS
OF THE SAN DIEGUITO PUBLIC FACILITIES AUTHORITY AUTHORIZING
THE CONVERSION OF THE INTEREST RATE ON SAN DIEGUITO PUBLIC
FACILITIES AUTHORITY REVENUE REFUNDING BONDS, SERIES 2006;
AUTHORIZING THE REMARKETING OF SENIOR AND SUBORDINATE AND
SUPER SUBORDINATE BONDS; AUTHORIZING THE EXECUTION AND
DELIVERY OF SUPPLEMENTAL INDENTURES BY THE AUTHORITY;
AUTHORIZING THE APPOINTMENT OF A NEW BROKER-DEALER AND
REMARKETING AGENT; AND TAKING CERTAIN OTHER ACTIONS
RELATED THERETO**

WHEREAS, the San Dieguito Union High School District (the “**School District**”) has formed nine separate community facilities districts pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Chapter 2.5 of Division 2 of Title 5 (commencing with Section 53311) of the Government Code of the State of California (each a “**District**” and collectively, the “**Districts**”) in order to finance and reimburse the acquisition and construction of various public facilities within such Districts;

WHEREAS, in order to assist the Districts in financing and reimbursing the acquisition and construction of various public facilities, the San Dieguito Public Facilities Authority (the “**Authority**”) previously issued \$40,655,000 aggregate principal amount of its Revenue Bonds, 1998 Series A (Tax-Exempt) (the “**1998A Bonds**”), \$4,005,000 aggregate principal amount of its Revenue Bonds, 1998 Series B (Taxable) (the “**1998B Bonds**”) and \$48,440,000 aggregate principal amount of its Revenue Bonds, Series 2004 (the “**2004 Bonds**” and collectively with the 1998A Bonds and the 1998B Bonds, the “**Prior Bonds**”);

WHEREAS, in order to defease the Prior Bonds and further assist the Districts in financing and reimbursing the acquisition and construction of various public facilities, the Authority issued its Revenue Refunding Bonds, Series 2006 (the “**Bonds**”) pursuant to that certain Indenture of Trust dated as of July 1, 2006 as amended by that certain First Supplemental Indenture of Trust, dated March 17, 2008 and as further amended by that certain Second Supplemental Indenture of Trust, dated April 8, 2008 (the “**Indenture**”) by and between the Authority and U.S. Bank National Association (the “**Trustee**”);

WHEREAS, the Authority proposes to restructure the Bond financing by converting the interest rate on the Bonds and taking other actions in connection therewith;

WHEREAS, the Authority proposes to amend the Indenture in connection with the restructuring;

WHEREAS, the Authority previously executed certain Resolutions in connection with the restructuring on March 12, 2008 (the “**Prior Resolutions**”); and

WHEREAS, the Authority is authorized to undertake all of the above pursuant to applicable laws of the State of California;

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

Restructuring of the Bonds

Section 1. The Authority hereby approves the restructuring of the Bonds which restructuring includes a conversion of the interest rate on the Bonds to a Long Term Rate (as such term is defined in the Indenture), providing for the remarketing of a senior, subordinate and, if determined necessary or desirable, a super subordinate series of bonds, termination of the Swap Agreement (as such term is defined in the Indenture) and modification of the other documents entered into in connection with the Bonds as determined necessary and desirable by any of the officers of the Authority and their authorized representatives acting alone. The officers of the Authority and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the Authority, to approve, execute and deliver any documents, certificates and other instruments, as may be necessary to effectuate such restructuring, including the execution and delivery of any directions required by the Indenture.

Appointment of Broker-Dealer

Section 2. The Authority hereby confirms its authorization of the removal of Morgan Stanley & Co. Incorporated as Broker-Dealer and the appointment of De La Rosa & Co. as Broker-Dealer under the Indenture pursuant to the Prior Resolutions.

Appointment of Remarketing Agent

Section 3. The Authority hereby authorizes the appointment of De La Rosa & Co. as Remarketing Agent under the Indenture. The form of Remarketing Agreement (the “**Remarketing Agreement**”), between De La Rosa & Co. and the Authority, presented at this meeting, is hereby authorized and approved. The officers of the Authority and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the Authority to execute and deliver the Remarketing Agreement, substantially in the form attached hereto as Exhibit A, with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interest of the Authority, such approval to be evidenced conclusively by the execution and delivery thereof.

Supplemental Indentures

Section 4.

The First Supplemental Indenture of Trust, dated as of March 17, 2008 and the Second Supplemental Indenture of Trust, dated April 8, 2008, each between the Trustee and the Authority are hereby ratified and confirmed.

The form of a Third Supplemental Indenture of Trust (the “**Third Supplement**”), between the Trustee and the Authority presented at this meeting, is hereby authorized and approved. The officers of the Authority and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the

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Authority to execute and deliver the Third Supplement, substantially in the forms attached hereto as Exhibit B, with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interest of the Authority, such approval to be evidenced conclusively by the execution and delivery thereof.

Loan Agreement and Installment Purchase Agreements

Section 5. The officers of the Authority and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the Authority, to execute and deliver an amendment to the Loan Agreement, dated as of July 1, 2006, among the Authority, the Trustee, and the Districts, an amendment to the Installment Purchase Agreement, dated as of July 1, 2006, between the Authority and Community Facilities District No 94-2 of the San Dieguito Union High School District and an amendment to the Installment Purchase Agreement, dated as of July 1, 2006, between the Authority and Community Facilities District No 95-1 of the San Dieguito Union High School District as may be necessary or as they may approve, in their discretion, as being in the best interests of Authority, in connection with the restructuring of the Bonds, such approval to be evidenced conclusively by the execution and delivery thereof.

Official Statement Supplement

Section 6. In connection with the restructuring of the Bonds, the officers of the Authority and their authorized representatives are, and each of them acting alone is, hereby authorized and directed to prepare or cause to be prepared a remarketing disclosure statement (the “**Remarketing Disclosure**”) substantially in the form attached hereto as Exhibit C, with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the Authority (such approval to be evidenced conclusively by the execution and delivery thereof) and to authorize the Remarketing Agent to distribute the Remarketing Disclosure to persons who may be interested in the purchase of the Bonds. The officers of the Authority and their authorized representatives are, and each of them acting alone is, hereby further authorized and directed for and in the name of, and on behalf of the Authority, to deem the Remarketing Disclosure to be final in accordance with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and to execute and deliver the Remarketing Disclosure.

Termination of Swap Agreement

Section 7. The Authority hereby approves the termination of the Swap Agreement and the use of amounts held in the Acquisition and Construction Account of the Transferred Project Fund to pay any swap termination fee incurred in connection with the termination.

General Authority

Section 8. For the avoidance of doubt, each of the Chairperson of the Authority, the Associate Superintendent of Business Services of the School District (a designee of the

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Chairperson of the Authority), the Executive Director of Business Services of the School District (a designee of the Chairperson of the Authority), and any other person the Chairperson of the Authority may from time to time designate in writing as designee, is hereby authorized to approve, execute and deliver any documents, certificates and other instruments, as may be necessary to effectuate the purposes of this Resolution including but not limited to, approving and signing consents, supplemental indentures or other documents necessary or desirable to change the interest rate mode on the bonds, to otherwise amend the Indenture and to retain underwriters, lawyers and other consultants in connection with the restructuring.

Section 9. All actions heretofore taken by the officers, employees and agents of the Authority with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 10. This Resolution shall take effect immediately upon its passage.

[Remainder of this page intentionally left blank]

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The foregoing Resolution was on the ____ day of April, 2008, 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: _____

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STATE OF CALIFORNIA)
) ss
COUNTY OF SAN DIEGO)

I, _____, Chairperson of the Board of Directors of the San Dieguito Public Facilities Authority (the "Board") do hereby certify that the foregoing Resolution was duly adopted by the Board of said San Dieguito Public Facilities Authority at a meeting of said Board held on the ____ of April, 2008, and that it was so adopted by the following vote:

AYES: MEMBERS: _____

NOES: MEMBERS: _____

ABSTAIN: MEMBERS: _____

ABSENT: MEMBERS: _____

Chairperson of the Board of Directors

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Exhibit A

Form of Remarketing Agreement

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Exhibit B
Form of Third Supplement

THIRD SUPPLEMENTAL INDENTURE OF TRUST

THIS THIRD SUPPLEMENTAL INDENTURE OF TRUST is made and entered into as of April [___], 2008 by and between the SAN DIEGUITO PUBLIC FACILITIES AUTHORITY, a joint powers authority organized under the laws of the State of California (the “**Authority**”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and validly existing under the laws of the United States of America, as Trustee under the Indenture defined below (the “**Trustee**”).

WHEREAS, the Authority issued its \$91,125,000 aggregate principal amount, Revenue Refunding Bonds, Series 2006 (the “**Bonds**”) pursuant to and in accordance with the provisions of that certain Indenture of Trust dated as of July 1, 2006, as amended pursuant to that certain First Supplemental Indenture of Trust, dated March 17, 2008 and as further amended pursuant to that certain Second Supplemental Indenture of Trust, dated [_____] (the “**Indenture**”) by and between the Authority and the Trustee;

WHEREAS, it has been proposed to the Authority and the Trustee that the Indenture be amended as described in this Third Supplemental Indenture of Trust (the “**Third Supplement**”);

WHEREAS, Section 9.1 of the Indenture provides that the Authority and the Trustee, with the consent of the Bond Insurer and without the consent of the Bond Owners, may enter into a supplemental indenture to amend the Indenture;

WHEREAS, the Authority has authorized the execution and delivery of this Third Supplement; and

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make this Third Supplement a valid, binding and legal agreement for the uses and purposes set forth herein in accordance with its terms, have been done and taken, and the execution and delivery of the Third Supplement has, in all respects, been duly authorized;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties do hereby agree as follows:

1.1 Subordinate Bonds. Notwithstanding anything to the contrary contained in the Indenture, in the event that the Authority designates that the Bonds are to be remarketed as an Authorized Denomination of Senior Bonds and an Authorized Denomination of Subordinate Bonds pursuant to Section 2.7(b)(2) of the Indenture, the following provisions shall apply:

(a) **Bonds.** The term “**Bonds**” shall mean, collectively, any Senior Bonds and any Subordinate Bonds.

(b) **Designation.** The Senior Bonds shall be known and designated as the “San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006A”. The

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Subordinate Bonds shall be known and designated as the “San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006B”.

(c) Registration. The Senior Bonds shall be numbered consecutively from R-1 upwards and the Subordinate Bonds shall be numbered consecutively from R-1 upwards.

(d) Form of Bonds. The Senior Bonds and the form of assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto and incorporated herein by this reference. The Subordinate Bonds and the form of assignment to appear thereon shall be in substantially the form set forth in Exhibit B hereto and incorporated herein by this reference.

(e) Transfer of Bonds. Whenever any Senior Bond or Senior Bonds shall be surrendered for transfer, the Trustee shall authenticate and deliver a new Senior Bond or Senior Bonds of the same maturity, for a like aggregate principal amount of Authorized Denominations. Likewise, whenever any Subordinate Bond or Subordinate Bonds shall be surrendered for transfer, the Trustee shall authenticate and deliver a new Subordinate Bond or Subordinate Bonds of the same maturity, for a like aggregate principal amount of Authorized Denominations.

(f) Exchange of Bonds; Bonds Mutilated, Lost, Destroyed or Stolen. Senior Bonds (including temporary, surrendered, lost, destroyed or mutilated Senior Bonds) may only be exchanged for or substituted with Senior Bonds and Subordinate Bonds (including temporary, surrendered, lost, destroyed or mutilated Subordinate Bonds) may only be exchanged for or substituted with Subordinate Bonds.

(g) Redemptions.

(1) Mandatory Sinking Fund Redemption. Senior Bonds are subject to redemption prior to their stated maturity, in part, by lot, in Authorized Denominations from Mandatory Sinking Account Payments deposited in the Principal Account in accordance with Section 4.1(a) of the Indenture and the mandatory sinking fund schedule with respect to the Senior Bonds and Subordinate Bonds are subject to redemption prior to their stated maturity, in part, by lot, in Authorized Denominations from Mandatory Sinking Account Payments deposited in the Principal Account in accordance with Section 4.1(a) of the Indenture and the mandatory sinking fund schedule with respect to the Subordinate Bonds.

(2) Optional Redemption. In the event of an optional redemption pursuant to Section 4.1(b) of the Indenture, Subordinate Bonds will be redeemed prior to the redemption of any Senior Bonds.

(3) Extraordinary Redemption. In the event of an extraordinary redemption pursuant to Section 4.1(c) of the Indenture, Subordinate Bonds will be redeemed prior to the redemption of any Senior Bonds. Bonds shall be chosen for redemption from the longest outstanding maturities in inverse chronological order, starting with the final maturity (and within a maturity by lot if there is no sinking fund schedule with respect to such maturity). Within any maturity with a sinking fund schedule, any Subordinate Bonds redeemed will be credited against the Mandatory Sinking Account Payments as set forth in the sinking fund

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schedule with respect to the Subordinate Bonds in inverse chronological order, starting with the final Mandatory Sinking Account Payment with respect to Subordinate Bonds. Within any maturity with a sinking fund schedule, any Senior Bonds redeemed will be credited against the Mandatory Sinking Account Payments as set forth in the sinking fund schedule with respect to the Senior Bonds in inverse chronological order, starting with the final Mandatory Sinking Account Payment with respect to Senior Bonds.

(h) Debt Service Fund. Within the Debt Service Fund, (i) two sub-accounts shall be established within the Interest Account: the Senior Bond Interest Sub-Account and the Subordinate Bond Interest Sub-Account and (ii) two sub-accounts shall be established within the Principal Account: the Senior Bond Principal Sub-Account and the Subordinate Bond Principal Sub-Account.

(i) Allocation of Revenues. The order of priority set forth in Section 5.2 of the Indenture shall be amended and restated as follows:

First: To the Senior Bond Interest Sub-Account of the Debt Service Fund, an amount sufficient, together with other monies in such account and available for such payment, to pay the aggregate amount of interest becoming due and payable on the ensuing Interest Payment Date with respect to all Senior Bonds then Outstanding;

Second: To the Senior Bond Principal Sub-Account of the Debt Service Fund, an amount sufficient, together with other monies in such account and available for such payment, to pay the aggregate amount of Mandatory Sinking Account Payments in accordance with the sinking fund schedule for the Senior Bonds required to be paid for the Senior Bonds on the ensuing Interest Payment Date;

Third: To the Senior Reserve Account, an amount necessary to replenish the Senior Reserve Account Requirement, or necessary to extinguish any reimbursement obligation that is due and owing under any Reserve Fund Facility, including the Surety Bond with respect to any Demand for Payment made with respect to the Senior Bonds;

Fourth: To the Subordinate Bond Interest Sub-Account of the Debt Service Fund, an amount sufficient, together with other monies in such account and available for such payment, to pay the aggregate amount of interest becoming due and payable on the ensuing Interest Payment Date with respect to all Subordinate Bonds then Outstanding;

Fifth: To the Subordinate Bond Principal Sub-Account of the Debt Service Fund, an amount sufficient, together with other monies in such account and available for such payment, to pay the aggregate amount of Mandatory Sinking Account Payments in accordance with the sinking fund schedule for the Subordinate Bonds required to be paid for the Senior Bonds on the ensuing Interest Payment Date;

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Sixth: To the Subordinate Reserve Account, an amount necessary to replenish the Subordinate Reserve Account Requirement, or necessary to extinguish any reimbursement obligation that is due and owing under any Reserve Fund Facility, including the Surety Bond with respect to any Demand for Payment made with respect to the Subordinate Bonds;

Any monies remaining in the Payment Account after the foregoing transfers shall be retained in the Payment Account and credited to the next CFD Loan Payments due from the Districts, according to their Pro Rata Portion.

(j) Application of Principal Account. Amounts in the Senior Bond Principal Sub-Account shall be applied towards Mandatory Sinking Account Payments with respect to the Senior Bond sinking fund schedule and amounts in the Subordinate Bond Principal Sub-Account shall be applied towards Mandatory Sinking Account Payments with respect to the Subordinate Bond sinking fund schedule. In addition, if Senior Bonds are purchased, redeemed or deposited by the Authority with the Trustee, such Senior Bonds shall be applied towards or allocated as a credit against Mandatory Sinking Account Payments with respect to the Senior Bonds in accordance with Section 5.5 of the Indenture and if Subordinate Bonds are purchased, redeemed or deposited by the Authority with the Trustee, such Subordinate Bonds shall be applied towards or allocated as a credit against Mandatory Sinking Account Payments with respect to the Subordinate Bonds in accordance with Section 5.5 of the Indenture.

(k) Reserve Fund.

(1) Within the Reserve Fund there shall be established a “Senior Reserve Account” and a “Subordinate Reserve Account.” The Senior Reserve Account shall be held in trust by the Trustee for the benefit of the Owners of the Senior Bonds and the Subordinate Reserve Account shall be held in trust by the Trustee for the benefit of the Owners of the Subordinate Bonds. Amounts may be transferred by the Trustee (i) from the Senior Reserve Account to the Senior Bond Principal Sub-Account and/or the Senior Bond Interest Sub-Account and (ii) from the Subordinate Reserve Account to the Subordinate Bond Principal Sub-Account and/or the Subordinate Interest Sub-Account as required to make principal or interest payments on the Senior Bonds or the Subordinate Bonds, as applicable, after payment of any unpaid costs and expenses of the Trustee but otherwise without regards to the order of priority set forth in Section 7.3 of the Indenture (as amended by this Third Supplement).

(2) The Surety Bond shall be a Reserve Fund Facility with respect to the entire Reserve Fund provided that:

(A) the Trustee shall only make unreimbursed Demands for Payment on the Surety Bond in order to transfer funds to the Senior Bond Principal Sub-Account and/or the Senior Bond Interest Sub-Account in an amount not to exceed than the Senior Reserve Account Requirement and

(B) the Trustee shall only make unreimbursed Demands for Payment on the Surety Bond in order to transfer funds to the Subordinate Bond

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Principal Sub-Account and/or the Subordinate Bond Interest Sub-Account in an amount not to exceed the Subordinate Reserve Account Requirement.

For purposes hereof, “**Senior Reserve Account Requirement**” means, as of any date of calculation, an amount equal to the least of (i) the Maximum Annual Debt Service with respect to the Senior Bonds, (ii) [__]% of the original principal amount of the Bonds (less original issue discount, if any, plus premium, if any), and (iii) 125% of the average Annual Debt Service with respect to the Senior Bonds and “**Subordinate Reserve Account Requirement**” means, as of any date of calculation, an amount equal to the least of (i) the Maximum Annual Debt Service with respect to the Subordinate Bonds, (ii) [__]% of the original principal amount of the Bonds (less original issue discount, if any, plus premium, if any), and (iii) 125% of the average Annual Debt Service with respect to the Subordinate Bonds.

(3) Each of the Senior Reserve Account and Subordinate Reserve Account shall be replenished in the following priority:

(A) first, to extinguish any reimbursement obligation that is due and owing under any Reserve Fund Facility, including the Surety Bond;

(B) second, to fund the applicable account up to the Senior Reserve Account Requirement or the Subordinate Reserve Account Requirement, as applicable.

(1) Application of Revenues and Other Funds After Default. Notwithstanding Section 7.3 of the Indenture, Default Availability Amounts shall be applied in the following order:

First, to the payment of the costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VII, including reasonable compensation to its agents, attorneys and counsel.

Second,

(1) if the principal of all of the Bonds have not become or have not been declared due and payable,

First: Interest — To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Senior Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price — To the payment to the persons entitled thereto of the unpaid principal or redemption price of any Senior Bonds which shall have become due, whether at maturity or by call for redemption, in

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the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Senior Bonds due on the same date, then to the payment thereof ratably, according to the amounts of principal or redemption price due thereon, to the persons entitled thereto, without any discrimination or preference; or

(2) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Senior Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds.

Third,

(1) if the principal of all of the Bonds have not become or have not been declared due and payable,

First: Interest — To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Subordinate Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price — To the payment to the persons entitled thereto of the unpaid principal or redemption price of any Subordinate Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Subordinate Bonds due on the same date, then to the payment thereof ratably, according to the amounts of principal or redemption price due thereon, to the persons entitled thereto, without any discrimination or preference; or

(2) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Subordinate Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Bond over any other Subordinate Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Bonds.

(m) Parity Bonds. Notwithstanding anything to the contrary contained in this Section 1.1, the Subordinate Bonds shall be deemed to be Senior Bonds and there shall be no further distinction between the Subordinate Reserve Account and the Senior Reserve Account if

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(1) the Authority provides the Trustee with a certificate evidencing that the CFD Revenues for the then current Bond Year at least equals 110% of the maximum annual amount of payments of principal, interest and premium, if any, on all of the Bonds and (2) an Opinion of Bond Counsel is delivered to the Trustee and the Authority to the effect that the action in question will not impair the exclusion of interest on the Bonds from gross income for purposes of federal income taxation (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof). If the Subordinate Bonds are deemed to be Senior Bonds, Subordinate Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Senior Bonds of the same maturity and interest rate.

For purposes of the foregoing “**CFD Revenues**” means (i) all CFD Loan Payments made to the Authority or the Trustee by the Districts, collectively, under the Loan Agreement, except for amounts required to be deposited pursuant to Section 5.3(a)(4) of the Loan Agreement or required to be deposited to reimburse the Bond Insurer pursuant to Section 5.3(a)(5) of the Loan Agreement and (ii) all Installment Payments made to the Authority or the Trustee by CFD 94-2 or CFD 95-1 under the Installment Purchase Agreement (94-2) and the Installment Purchase Agreement (95-1), respectively.

(n) Additional Bonds. No additional Senior Bonds may be issued until such time as there are no longer any Subordinate Bonds Outstanding.

1.2 Optional Redemption. Section 4.1(b)(iv) of the Indenture is amended and restated as follows:

(iv) Whenever the Interest Rate Mode is the Long Term Rate, the Bonds shall be subject to redemption prior to their stated maturity at the option of the Authority, in whole or in part (in such amounts as may be specified by the Authority), by lot, (1) on the final Interest Payment Date for such Long Term Rate Period, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium, and (2) prior to the end of the then current Long Term Rate Period at any time during the redemption periods and at the redemption prices set forth below, plus interest accrued thereon, if any, to the date fixed for redemption: [SPLIT OUT AS APPLICABLE FOR SENIOR BONDS AND SUBORDINATE BONDS]

<u>Original Length of Current Long Term Rate Period (Years)</u>	<u>Commencement of Redemption Period</u>	<u>Redemption Price as Percentage of Principal</u>
More than 20 years	[Tenth anniversary of commencement of Long Term Rate Period]	100%
More than 15 but equal to or less than 20 years	[Seventh anniversary of commencement of Long Term Rate Period]	100%
More than 10 but equal to or less than 15 years	[Fifth anniversary of commencement of Long Term Rate Period]	100%
10 years or less	[Noncallable]	[Noncallable]

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1.3 Applicability of Remaining Provisions. Except as expressly modified as stated above, all provisions of the Indenture shall remain in full force and effect.

1.4 Counterparts. This Third Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

1.5 No Personal Liability or Accountability. No covenant or agreement contained in this Third Supplement shall be deemed to be the covenant or agreement of any official, officer, agent or employee of the Authority or the Trustee in his or her individual capacity, and neither the officers or employees of the Authority or the Trustee nor any official or officer of either of them executing this Third Supplement shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the amendment thereof.

1.6 Binding Effect. This Third Supplement shall inure to the benefit of and shall be binding upon the Authority and the Trustee and their respective successors and assigns.

1.7 Effective Date. The provisions of this Third Supplement shall be effective as of the date of execution hereof.

1.8 Direction to Trustee. By executing this Third Supplement, the Authority hereby requests the Trustee to execute this Third Supplement.

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ITEM 3

IN WITNESS WHEREOF, the Authority has caused this Third Supplement to be signed in its name, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Third Supplement to be signed in its corporate name, all as of the day and year first above written.

**SAN DIEGUITO PUBLIC FACILITIES
AUTHORITY**

By: _____
Name: _____
Title: _____

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

By: _____
Name: _____
Title: _____

ITEM 3

CONSENT OF BOND INSURER

By signing below, Ambac Assurance Corporation, as Bond Insurer under the Indenture consents to the Third Supplement.

AMBAC ASSURANCE CORPORATION

By: _____
Title: _____

Exhibit A

FORM OF SENIOR BOND

No. _____

\$ _____

**SAN DIEGUITO PUBLIC FACILITIES AUTHORITY
REVENUE REFUNDING BONDS, SERIES 2006A**

FINANCIAL GUARANTY INSURANCE POLICY NO. 25558BE (THE "BOND INSURANCE POLICY") WITH RESPECT TO PAYMENTS DUE FOR PRINCIPAL OF AND INTEREST ON THIS BOND HAS BEEN ISSUED BY AMBAC ASSURANCE CORPORATION (THE "BOND INSURER"). THE BOND INSURANCE POLICY HAS BEEN DELIVERED TO THE BANK OF NEW YORK, NEW YORK, NEW YORK, AS THE INSURANCE TRUSTEE UNDER SAID BOND INSURANCE POLICY AND WILL BE HELD BY SUCH INSURANCE TRUSTEE OR ANY SUCCESSOR INSURANCE TRUSTEE. THE BOND INSURANCE POLICY IS ON FILE AND AVAILABLE FOR INSPECTION AT THE PRINCIPAL OFFICE OF THE INSURANCE TRUSTEE AND A COPY THEREOF MAY BE SECURED FROM THE BOND INSURER 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 THE BOND INSURER AS MORE FULLY SET FORTH IN THE BOND INSURANCE POLICY.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., 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.

<u>INTEREST</u>	<u>MATURITY</u>	<u>DATED</u>	
<u>RATE</u>	<u>DATE</u>	<u>DATE</u>	<u>CUSIP NO.</u>

REGISTERED OWNER: *****CEDE & CO.*****

PRINCIPAL AMOUNT:

THE SAN DIEGUITO PUBLIC FACILITIES AUTHORITY (the "Authority") FOR VALUE RECEIVED, hereby promises to pay, solely from Revenues, as hereinafter provided, to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, in lawful money of the United States of America; and to pay interest thereon (but only from said Revenues and other assets pledged therefor) in like lawful money from the date hereof at the variable rates of interest determined as set forth below until payment of such principal amount shall be discharged as provided in the Indenture hereinafter mentioned, payable on each Interest Payment Date specified below. The principal of and premium, if any, with respect to

ITEM 3

this Bond shall be payable at the principal corporate trust office of U.S. Bank National Association, as trustee (or any successors thereto) (the “Trustee”), in St. Paul, Minnesota. The principal of, premium, if any, with respect to, and interest on this Bond shall also be payable at any other place which may be provided for such payment by the appointment of any other Trustee as permitted by the Indenture.

This Bond is one of a duly authorized issue of San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006A (the “Bonds” or “Senior Bonds”). This Bond is a “Senior Bond” as such term is defined in the Indenture.

The Authority was formed pursuant to a joint powers agreement under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”). Pursuant to Article 4 of the Act, the Authority is issuing the Bonds for the purpose of assisting nine community facilities districts of the San Dieguito Union High School District (the “School District”) (herein, such community facilities districts are collectively referred to as the “Districts”) in providing financing for public capital improvements of benefit to such Districts. The issuance of the Bonds and the terms and conditions thereof are provided for by an Indenture of Trust, dated as of July 1, 2006, by and between the Authority and the Trustee as amended by that certain First Supplemental Indenture of Trust made and entered into as of March 17, 2008, by and between the Authority and the Trustee and as further amended by that certain Second Supplemental Indenture of Trust mad and entered into as of [April], 2008, by and between the Authority and the Trustee and as further amended by that certain Third Supplemental Indenture of Trust mad and entered into as of [April], 2008, by and between the Authority and the Trustee (the “Indenture”), and this reference incorporates the terms and conditions of the Indenture herein, and by acceptance hereof the registered holder of this Bond assents to said terms and conditions. The Indenture is authorized under, and this Bond is issued under, and all are to be construed in accordance with, the laws of the State of California.

Pursuant to the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from a pledge of “Revenues,” which is defined in the Indenture to mean (i) all loan payments made to the Authority or the Trustee by the Districts, collectively, under the Loan Agreement, dated as of July 1, 2006, by and among the Authority, the Trustee and the Districts [AMENDMENTS TO BE ADDED AS NECESSARY] (the “Loan Agreement”), except for certain amounts required to be deposited pursuant to the Loan Agreement to maintain the tax-exempt status of the Bonds or to reimburse the Bond Insurer for certain draws and expenses; (ii) all installment payments made to the Authority or the Trustee by CFD 94-2 under the Installment Purchase Agreement (94-2), dated as of July 1, 2006, by and between the Authority and Community Facilities District No 94-2 of the San Dieguito Union High School District (the “Installment Purchase Agreement (94-2)”); (iii) all installment payments made to the Authority or the Trustee by CFD 95-1 under the Installment Purchase Agreement (95-1), dated as of July 1, 2006, by and between the Authority and Community Facilities District No 95-1 of the San Dieguito Union High School District (the “Installment Purchase Agreement (95-1)”); (iv) all net payments made to the Authority or the Trustee by Morgan Stanley Capital Services Inc. (the “Swap Provider”) under the ISDA Master Agreement, dated as of July 26, 2006, between the

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Swap Provider and the Authority, as amended and supplemented by the Schedule, dated as of July 26, 2006, the Credit Support Annex to the Schedule, dated as of July 26, 2006 and any confirmations executed in connection therewith (the "Swap Agreement"), and (v) any of the amounts on deposit in any fund or account established pursuant to the Indenture (except the Excess Earnings Account, the Excess Spread Account and the Yield Adjustment Account, each as defined in the Indenture) and any investment income related thereto.

This Bond shall not constitute a debt (except to the extent of Revenues as herein provided), liability, or a pledge of the faith and credit, of the Authority, but shall be payable solely from the Revenues. The issuance of this Bond shall not directly, indirectly or contingently obligate the Authority or the School District to levy or to pledge any form of taxation therefor or to make any appropriation for the payment thereof.

Interest on this Bond shall [initially] accrue at a Long Term Rate. [Hereafter, interest on this Bond may be converted and accrue at an Auction Rate, a Daily Rate, a Weekly Rate, a Long Term Rate or a Commercial Paper Rate (each an "Interest Rate Mode") as specified by the Authority, together with the consent of the Bond Insurer and each District, as provided in the Indenture.] During each Interest Period (generally the period from and including each Interest Payment Date for a Bond to and including the day next preceding the next Interest Payment Date for such Bond) for each Interest Rate Mode, the interest rate or rates for the Bonds shall be determined in accordance with the Indenture and shall be payable on the Interest Payment Date for such Interest Period; provided, that the interest rate or rates borne by the Bonds shall not exceed the Maximum Interest Rate. [Interest on Bonds accruing at the Daily Rate, Weekly Rate or Commercial Paper Rate shall be computed upon the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed. Interest on Bonds accruing at an Auction Rate shall be computed on the basis of a 360-day year for the actual number of days elapsed if the Auction Period is less than 180 days; if the Auction Period is 180 days or more, interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.] Interest on Bonds accruing at the Long Term Rate shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months. Each Bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue interest at the rate borne by such Bond on the day before the Event of Default occurred, [provided that if the Interest Rate Mode for the Bonds was then the Commercial Paper Rate, the default rate for the Bonds shall be equal to the highest interest rate then in effect for any Bond].

"Interest Payment Date" means (A) [(i) if the Interest Rate Mode for the Bonds is the Daily Rate or the Weekly Rate, the first Business Day of each month, (ii) if the Interest Rate Mode for the Bonds is the Commercial Paper Rate, the first Business Day following the last day of each Commercial Paper Rate Period and (iii) if the Interest Rate Mode for the Bonds is the Long Term Rate,] February 1 and August 1, [provided, however, that if any February 1 and August 1 which is a Conversion Date for Conversion to the Daily Rate, the Weekly Rate or the Commercial Paper Rate, is not a Business Day, then the first Business Day immediately succeeding such February 1 and August 1, as applicable; (B) if the Interest Rate Mode for the Bonds is the Auction Rate, (i) for an Auction Period of 180 days or less, the Business Day immediately succeeding the last day of such Auction Period and (ii) for an Auction Period of

ITEM 3

more than 180 days, each February 1 and August 1 and on the Business Day immediately following such Auction Period, and, if it is not a Business Day, the following Business Day (in each case it being understood that in those instances where the immediately preceding Auction Date falls on a day that is not a Business Day, Auctions will be held on the preceding Business Day and the Interest Payment Date shall be one Business Day immediately succeeding the next Auction Date), with the exception of the first Interest Payment Date, which shall be January 26, 2007; (C) the Conversion Date or the effective date of a change to a new Long Term Rate Period;] and ([B/D]) with respect to Liquidity Facility Bonds, the dates set forth in the applicable Liquidity Facility agreement. In any case, the final Interest Payment Date shall be the maturity date of the Bonds.

Interest on the Bonds shall be payable on each Interest Payment Date by the Trustee during any [Auction Rate Period, Daily Rate Period, Weekly Rate Period or] Long Term Rate Period by check mailed on the Interest Payment Date to the Holders of the Bonds at the close of business on the Regular Record Date in respect of such Interest Payment Date (except as provided below) at the registered addresses of Holders as shall appear on the registration books of the Trustee. "Regular Record Date" means [(A) with respect to any Interest Period during which the Interest Rate Mode is the Daily Rate or the Weekly Rate, the close of business on the last Business Day of such Interest Period, (B) with respect to any Interest Period during which the Interest Rate Mode is the Auction Rate, one Business Day preceding an Interest Payment Date for such Interest Period, (C) with respect to any Interest Period during which the Interest Rate mode is the Long Term Rate,] the 15th day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date for such Interest Period[, and (D) with respect to any Interest Period during which the Interest Rate Mode is the Commercial Paper Rate, the Interest Payment Date for such Interest Period]. [In the case of (i) Bonds bearing interest at a Commercial Paper Rate or (ii) any Holder of Bonds bearing interest at other than a Commercial Paper Rate in an aggregate principal amount in excess of \$1,000,000 as shown on the registration books of the Trustee who, prior to the Regular Record Date next preceding any Interest Payment Date, shall have provided the Trustee with written wire transfer instructions, interest payable on such Bonds shall be paid in accordance with the wire transfer instructions provided by the Holder of such Bond and at the Holder's risk and expense; provided, however, that during any Commercial Paper Rate Period, except for Bonds registered in the name of DTC, interest on any such Bond shall be payable only upon presentation of such Bond to the Trustee at its designated corporate office for delivery of Bonds.]

If available funds are insufficient on any Interest Payment Date to pay the interest then due on the Bonds, interest shall continue to accrue thereon but shall cease to be payable to the Holder on such Regular Record Date. If sufficient funds for the payment of such overdue interest thereafter become available, the Trustee shall (i) establish a "special interest payment date" for the payment of the overdue interest and a Special Record Date (which shall be a Business Day, as defined in the Indenture) for determining the Bondholders entitled to such payment and (ii) mail notices by first class mail of such dates as soon as practicable. Notice of each such date so established shall be mailed to each Bondholder at least ten (10) days prior to the Special Record Date but not more than thirty (30) days prior to the special interest payment date. The overdue interest shall be paid on the special interest payment date to the Holders, as

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shown on the registration books of the Trustee as of the close of business on the Special Record Date.

This Bond shall [initially] bear interest at a rate of [__]% per annum for the period commencing on the Date of this Bond and ending on and including [_____].

[Upon Conversion of this Bond to a different Interest Rate Mode, the interest rate on this Bond shall be determined by the remarketing agent to be appointed by the Authority (the "Remarketing Agent") in the manner and subject to the conditions set forth in the Indenture. Each such rate shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by such Bonds under Prevailing Market Conditions for the period applicable to the Interest Rate Mode, would enable the Remarketing Agent to sell such Bonds on the effective date of such rate at a price (without regarding accrued interest) equal to the principal amount thereof.]

[Bonds bearing interest in a Daily Rate Mode or a Weekly Rate Mode are subject to optional tender at the option of the Holders thereof at the times and pursuant to the procedures set forth in the Indenture. Bonds bearing interest in an Auction Rate Mode, a Long Term Rate Mode or a Commercial Paper Rate Mode are not subject to optional tender.] All Bonds are subject to mandatory tender [under Conversion of the interest rate mode on the Bonds to a different Interest Rate Mode and] under certain other circumstances, as set forth in the Indenture. Holders may not elect to retain their Bonds upon mandatory tender.

The Bonds are subject to redemption prior to their stated maturity, in part, by lot, in Authorized Denominations from Mandatory Sinking Account Payments deposited in the Senior Bond Principal Sub-Account pursuant to the Indenture, on any August 1 on or after August 1, [2007] [(provided that while the Bonds bear interest at an Auction Rate, if such August 1 is not an Interest Payment Date, the redemption date will occur on the Interest Payment Date immediately preceding such August 1), at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon, without premium].

[Whenever the Interest Rate Mode is the Daily Rate or Weekly Rate, the Bonds shall be subject to redemption prior to their stated maturity at the option of the Authority, in whole or in part on any Interest Payment Date with respect to the Bonds (in such amounts as may be specified by the Authority), by lot, at the principal amount thereof, without premium.]

[Whenever the Interest Rate Mode is the Auction Rate, the Bonds shall be subject to redemption prior to their stated maturity at the option of the Authority, in whole or in part on the Business Day immediately succeeding any Auction Date (in such amounts as may be specified by the Authority), by lot, at the principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.]

[Whenever the Interest Rate Mode for a Bond is the Commercial Paper Rate, such Bond shall be subject to redemption prior to its stated maturity at the option of the Authority, in whole or in part, on the Interest Payment Date for each Commercial Paper Rate Period for such

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Bond, at the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium.]

Whenever the Interest Rate Mode is the Long Term Rate, the Bonds shall be subject to redemption prior to their stated maturity at the option of the Authority, in whole or in part (in such amounts as may be specified by the Authority), by lot, (1) on the final Interest Payment Date for such Long Term Rate Period, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium, and (2) prior to the end of the then current Long Term Rate Period at any time during the redemption periods and at the redemption prices set forth below, plus interest accrued thereon, if any, to the date fixed for redemption:

<u>Original Length of Current Long Term Rate Period (Years)</u>	<u>Commencement of Redemption Period</u>	<u>Redemption Price as Percentage of Principal</u>
More than 20 years	[Tenth anniversary of commencement of Long Term Rate Period]	100%
More than 15 but equal to or less than 20 years	[Seventh anniversary of commencement of Long Term Rate Period]	100%
More than 10 but equal to or less than 15 years	[Fifth anniversary of commencement of Long Term Rate Period]	100%
10 years or less	[Noncallable]	[Noncallable]

[In the event of an optional redemption, Subordinate Bonds will be redeemed prior to the redemption of any Senior Bonds.]

[If the Authority has given notice of a change in the Long Term Rate Period or notice of Conversion of the Interest Rate Mode to the Long Term Rate pursuant to the Indenture and, at least forty (40) days prior to such change in the Long Term Rate Period for the Bonds or such Conversion of an Interest Rate Mode for the Bonds to the Long Term Rate the Authority has provided to the Trustee and the Bond Insurer (i) a certification of the Remarketing Agent to the effect that the foregoing schedule is not consistent with Prevailing Market Conditions and (ii) an Opinion of Bond Counsel, the foregoing redemption periods and redemption prices may be revised, effective as of the date of such change in the Long Term Rate Period or the Conversion Date, as determined by the Remarketing Agent in its judgment, taking into account the then Prevailing Market Conditions as set forth in such certification, which shall be appended by the Trustee to its counterpart of the Indenture and shall not require the consent of any Bondholder, the Bond Insurer or any other person or entity.]

The Bonds are also subject to extraordinary redemption prior to maturity, in part, in Authorized Denominations, from amounts received from a sale of the Carlsbad School Site (as such term is defined in the Indenture) (the "Carlsbad Sale") and any other amounts necessary to redeem a total aggregate principal amount of the Bonds equal to the amount of nonqualifying

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bonds (within the meaning of U.S. Treasury Regulations, as may be determined pursuant to a certificate of bond counsel), on the last Interest Payment Date for which proper notice can be given pursuant to the Indenture which is within 180 days of the date on which a binding contract with respect to the Carlsbad Sale has been entered into and all material contingencies have been satisfied; provided, however, if the next such Interest Payment Date for which proper notice can be given is more than 180 days after such binding contract has been entered into and all material contingencies have been satisfied, the Bonds shall be subject to redemption on the first day of the month immediately preceding such 180-day anniversary (and notice of such redemption shall be properly given pursuant to the Indenture), at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium. [In the event of an extraordinary redemption, Subordinate Bonds will be redeemed prior to the redemption of any Senior Bonds].

Notice of redemption is required to be mailed by the Trustee by first class mail, not less than thirty (30) days [(fifteen (15) days if the Interest Rate Mode for the Bonds is the Auction Rate)] nor more than sixty (60) days prior to the redemption date, to the respective holders of any Bonds designated for redemption at their addresses appearing on the Registration Books. Any Bond which is remarketed subsequent to a notice of redemption being delivered, but prior to the date of such redemption, shall be delivered to the purchaser thereof accompanied by such notice. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the holder of this Bond receives such notice.

If this Bond is called for redemption or is subject for mandatory tender and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption or mandatory tender, respectively.

If an Event of Default (as that term is defined in the Indenture) shall occur and be continuing, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded.

The Bonds shall be issued as fully registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof, [provided that if the Interest Rate Mode for the Bonds is the Daily Rate, the Weekly Rate or the Commercial Paper Rate, the Bonds may be issued only in denominations of \$100,000 and any larger denomination constituting an integral multiple of \$5,000, and provided further that if the Interest Rate Mode for the Bonds is the Auction Rate, the Bonds may be issued only in denominations of \$25,000 and any integral multiple thereof] (the "Authorized Denominations"). Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged at the principal corporate trust office of the Trustee in St. Paul, Minnesota, for a like aggregate principal amount of Bonds of other Authorized Denominations of the same maturity and this Bond may only be exchanged for a Senior Bond.

The Trustee will keep or cause to be kept sufficient books for the registration and transfer of this Bond (the "Registration Books"), which shall at all times be open to inspection by the Districts, the Authority and the Bond Insurer; and, upon presentation for such purpose, the

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Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said Registration Books, this Bond as provided in the Indenture. The person in whose name this Bond shall be registered shall be deemed the owner for all purposes hereof, and payment of the principal of, premium, if any or interest represented by this Bond shall be made only to, or upon the order in writing of, such registered owner, which payments shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid.

This Bond may be transferred upon the Registration Books, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. If this Bond shall be surrendered for transfer, the Trustee shall authenticate and deliver a new Senior Bond or Senior Bonds of the same maturity, for a like aggregate principal amount of Authorized Denominations. The Trustee shall also require the payment by the holder of the Bond requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer, and may in addition require the payment of a reasonable sum to cover expenses incurred by the Trustee in connection with such transfer.

To the extent and in the manner permitted by the terms of the Indenture, the Indenture and the rights and obligations of the Authority and of the holders of the Bonds may only be modified or amended at any time by the Authority with the consent of the Bond Insurer and of not less than a majority in aggregate principal amount of the Bonds then Outstanding. The Indenture may be amended without the consent of any owner of the Bonds (but with the consent of the Bond Insurer), provided that the amendment may not extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, premium, if any, or interest at the time and place and at the rate and in the currency provided therein without the express written consent of the Owner of such Bond.

No officer, agent or employee of the Authority, the School District or any of the Districts shall be individually or personally liable for the payment of the principal, premium, if any, or interest with respect to this Bond or be subject to any personal liability or accountability by reason of the issuance of the Bonds; provided that, nothing contained in the Indenture shall relieve any such officer, agent or employee from the performance of any official duty provided by law or by the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED 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 provisions of the Act and by the Constitution and laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Act, or by the

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Constitution and laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

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IN WITNESS WHEREOF, the Board of Directors of the San Dieguito Public Facilities Authority has caused this Bond to be dated as of the ____ day of _____, 2008, to be signed by the Chairperson of the San Dieguito Public Facilities Authority by manual or facsimile signature and attested by the Secretary of the San Dieguito Public Facilities Authority by manual or facsimile signature.

Chairperson of the
San Dieguito Public Facilities Authority

ATTEST:

Secretary of the
San Dieguito Public Facilities Authority

CERTIFICATE OF AUTHENTICATION

This is one of the San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006 delivered pursuant to the within-mentioned Indenture.

Dated: _____, 2008

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

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[ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto _____
_____ whose address and social security or other tax identifying number is
_____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s)
_____ attorney, to transfer the same on the registration books of the Trustee with
full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

<p>_____ Note: Signature(s) must be guaranteed by an eligible guarantor.</p>	<p>_____ Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.</p>
--	---

Exhibit B

FORM OF SUBORDINATE BOND

No. _____

\$ _____

**SAN DIEGUITO PUBLIC FACILITIES AUTHORITY
REVENUE REFUNDING BONDS, SERIES 2006B**

FINANCIAL GUARANTY INSURANCE POLICY NO. 25558BE (THE "BOND INSURANCE POLICY") WITH RESPECT TO PAYMENTS DUE FOR PRINCIPAL OF AND INTEREST ON THIS BOND HAS BEEN ISSUED BY AMBAC ASSURANCE CORPORATION (THE "BOND INSURER"). THE BOND INSURANCE POLICY HAS BEEN DELIVERED TO THE BANK OF NEW YORK, NEW YORK, NEW YORK, AS THE INSURANCE TRUSTEE UNDER SAID BOND INSURANCE POLICY AND WILL BE HELD BY SUCH INSURANCE TRUSTEE OR ANY SUCCESSOR INSURANCE TRUSTEE. THE BOND INSURANCE POLICY IS ON FILE AND AVAILABLE FOR INSPECTION AT THE PRINCIPAL OFFICE OF THE INSURANCE TRUSTEE AND A COPY THEREOF MAY BE SECURED FROM THE BOND INSURER 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 THE BOND INSURER AS MORE FULLY SET FORTH IN THE BOND INSURANCE POLICY.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., 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.

<u>INTEREST</u>	<u>MATURITY</u>	<u>DATED</u>	
<u>RATE</u>	<u>DATE</u>	<u>DATE</u>	<u>CUSIP NO.</u>

REGISTERED OWNER: *****CEDE & CO.*****

PRINCIPAL AMOUNT:

THE SAN DIEGUITO PUBLIC FACILITIES AUTHORITY (the "Authority") FOR VALUE RECEIVED, hereby promises to pay, solely from Revenues, as hereinafter provided, to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, in lawful money of the United States of America; and to pay interest thereon (but only from said Revenues and other assets pledged therefor) in like lawful money from the date hereof at the variable rates of interest determined as set forth below until payment of such principal

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amount shall be discharged as provided in the Indenture hereinafter mentioned, payable on each Interest Payment Date specified below. The principal of and premium, if any, with respect to this Bond shall be payable at the principal corporate trust office of U.S. Bank National Association, as trustee (or any successors thereto) (the "Trustee"), in St. Paul, Minnesota. The principal of, premium, if any, with respect to, and interest on this Bond shall also be payable at any other place which may be provided for such payment by the appointment of any other Trustee as permitted by the Indenture.

This Bond is one of a duly authorized issue of San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006B (the "Bonds" or "Subordinate Bonds"). This Bond is a "Subordinate Bond" as such term is defined in the Indenture. This Bond is subordinate to the Authority's Revenue Refunding Bonds, Series 2006A as set forth in the Indenture.

The Authority was formed pursuant to a joint powers agreement under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"). Pursuant to Article 4 of the Act, the Authority is issuing the Bonds for the purpose of assisting nine community facilities districts of the San Dieguito Union High School District (the "School District") (herein, such community facilities districts are collectively referred to as the "Districts") in providing financing for public capital improvements of benefit to such Districts. The issuance of the Bonds and the terms and conditions thereof are provided for by an Indenture of Trust, dated as of July 1, 2006, by and between the Authority and the Trustee as amended by that certain First Supplemental Indenture of Trust made and entered into as of March 17, 2008, by and between the Authority and the Trustee and as further amended by that certain Second Supplemental Indenture of Trust mad and entered into as of [April], 2008, by and between the Authority and the Trustee and as further amended by that certain Third Supplemental Indenture of Trust mad and entered into as of [April], 2008, by and between the Authority and the Trustee (the "Indenture"), and this reference incorporates the terms and conditions of the Indenture herein, and by acceptance hereof the registered holder of this Bond assents to said terms and conditions. The Indenture is authorized under, and this Bond is issued under, and all are to be construed in accordance with, the laws of the State of California.

Pursuant to the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from a pledge of "Revenues," which is defined in the Indenture to mean (i) all loan payments made to the Authority or the Trustee by the Districts, collectively, under the Loan Agreement, dated as of July 1, 2006, by and among the Authority, the Trustee and the Districts [AMENDMENTS TO BE ADDED AS NECESSARY] (the "Loan Agreement"), except for certain amounts required to be deposited pursuant to the Loan Agreement to maintain the tax-exempt status of the Bonds or to reimburse the Bond Insurer for certain draws and expenses; (ii) all installment payments made to the Authority or the Trustee by CFD 94-2 under the Installment Purchase Agreement (94-2), dated as of July 1, 2006, by and between the Authority and Community Facilities District No 94-2 of the San Dieguito Union High School District (the "Installment Purchase Agreement (94-2)"); (iii) all installment payments made to the Authority or the Trustee by CFD 95-1 under the Installment Purchase Agreement (95-1),

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dated as of July 1, 2006, by and between the Authority and Community Facilities District No 95-1 of the San Dieguito Union High School District (the "Installment Purchase Agreement (95-1)"); (iv) all net payments made to the Authority or the Trustee by Morgan Stanley Capital Services Inc. (the "Swap Provider") under the ISDA Master Agreement, dated as of July 26, 2006, between the Swap Provider and the Authority, as amended and supplemented by the Schedule, dated as of July 26, 2006, the Credit Support Annex to the Schedule, dated as of July 26, 2006 and any confirmations executed in connection therewith (the "Swap Agreement"), and (v) any of the amounts on deposit in any fund or account established pursuant to the Indenture (except the Excess Earnings Account, the Excess Spread Account and the Yield Adjustment Account, each as defined in the Indenture) and any investment income related thereto.

This Bond shall not constitute a debt (except to the extent of Revenues as herein provided), liability, or a pledge of the faith and credit, of the Authority, but shall be payable solely from the Revenues. The issuance of this Bond shall not directly, indirectly or contingently obligate the Authority or the School District to levy or to pledge any form of taxation therefor or to make any appropriation for the payment thereof.

Interest on this Bond shall [initially] accrue at a Long Term Rate. [Hereafter, interest on this Bond may be converted and accrue at an Auction Rate, a Daily Rate, a Weekly Rate, a Long Term Rate or a Commercial Paper Rate (each an "Interest Rate Mode") as specified by the Authority, together with the consent of the Bond Insurer and each District, as provided in the Indenture.] During each Interest Period (generally the period from and including each Interest Payment Date for a Bond to and including the day next preceding the next Interest Payment Date for such Bond) for each Interest Rate Mode, the interest rate or rates for the Bonds shall be determined in accordance with the Indenture and shall be payable on the Interest Payment Date for such Interest Period; provided, that the interest rate or rates borne by the Bonds shall not exceed the Maximum Interest Rate. [Interest on Bonds accruing at the Daily Rate, Weekly Rate or Commercial Paper Rate shall be computed upon the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed. Interest on Bonds accruing at an Auction Rate shall be computed on the basis of a 360-day year for the actual number of days elapsed if the Auction Period is less than 180 days; if the Auction Period is 180 days or more, interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.] Interest on Bonds accruing at the Long Term Rate shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months. Each Bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue interest at the rate borne by such Bond on the day before the Event of Default occurred, [provided that if the Interest Rate Mode for the Bonds was then the Commercial Paper Rate, the default rate for the Bonds shall be equal to the highest interest rate then in effect for any Bond].

"Interest Payment Date" means (A) [(i) if the Interest Rate Mode for the Bonds is the Daily Rate or the Weekly Rate, the first Business Day of each month, (ii) if the Interest Rate Mode for the Bonds is the Commercial Paper Rate, the first Business Day following the last day of each Commercial Paper Rate Period and (iii) if the Interest Rate Mode for the Bonds is the Long Term Rate,] February 1 and August 1, [provided, however, that if any February 1 and

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August 1 which is a Conversion Date for Conversion to the Daily Rate, the Weekly Rate or the Commercial Paper Rate, is not a Business Day, then the first Business Day immediately succeeding such February 1 and August 1, as applicable; (B) if the Interest Rate Mode for the Bonds is the Auction Rate, (i) for an Auction Period of 180 days or less, the Business Day immediately succeeding the last day of such Auction Period and (ii) for an Auction Period of more than 180 days, each February 1 and August 1 and on the Business Day immediately following such Auction Period, and, if it is not a Business Day, the following Business Day (in each case it being understood that in those instances where the immediately preceding Auction Date falls on a day that is not a Business Day, Auctions will be held on the preceding Business Day and the Interest Payment Date shall be one Business Day immediately succeeding the next Auction Date), with the exception of the first Interest Payment Date, which shall be January 26, 2007; (C) the Conversion Date or the effective date of a change to a new Long Term Rate Period;] and ([B/D]) with respect to Liquidity Facility Bonds, the dates set forth in the applicable Liquidity Facility agreement. In any case, the final Interest Payment Date shall be the maturity date of the Bonds.

Interest on the Bonds shall be payable on each Interest Payment Date by the Trustee during any [Auction Rate Period, Daily Rate Period, Weekly Rate Period or] Long Term Rate Period by check mailed on the Interest Payment Date to the Holders of the Bonds at the close of business on the Regular Record Date in respect of such Interest Payment Date (except as provided below) at the registered addresses of Holders as shall appear on the registration books of the Trustee. "Regular Record Date" means [(A) with respect to any Interest Period during which the Interest Rate Mode is the Daily Rate or the Weekly Rate, the close of business on the last Business Day of such Interest Period, (B) with respect to any Interest Period during which the Interest Rate Mode is the Auction Rate, one Business Day preceding an Interest Payment Date for such Interest Period, (C) with respect to any Interest Period during which the Interest Rate mode is the Long Term Rate,] the 15th day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date for such Interest Period[, and (D) with respect to any Interest Period during which the Interest Rate Mode is the Commercial Paper Rate, the Interest Payment Date for such Interest Period]. [In the case of (i) Bonds bearing interest at a Commercial Paper Rate or (ii) any Holder of Bonds bearing interest at other than a Commercial Paper Rate in an aggregate principal amount in excess of \$1,000,000 as shown on the registration books of the Trustee who, prior to the Regular Record Date next preceding any Interest Payment Date, shall have provided the Trustee with written wire transfer instructions, interest payable on such Bonds shall be paid in accordance with the wire transfer instructions provided by the Holder of such Bond and at the Holder's risk and expense; provided, however, that during any Commercial Paper Rate Period, except for Bonds registered in the name of DTC, interest on any such Bond shall be payable only upon presentation of such Bond to the Trustee at its designated corporate office for delivery of Bonds.]

If available funds are insufficient on any Interest Payment Date to pay the interest then due on the Bonds, interest shall continue to accrue thereon but shall cease to be payable to the Holder on such Regular Record Date. If sufficient funds for the payment of such overdue interest thereafter become available, the Trustee shall (i) establish a "special interest payment date" for the payment of the overdue interest and a Special Record Date (which shall be a

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Business Day, as defined in the Indenture) for determining the Bondholders entitled to such payment and (ii) mail notices by first class mail of such dates as soon as practicable. Notice of each such date so established shall be mailed to each Bondholder at least ten (10) days prior to the Special Record Date but not more than thirty (30) days prior to the special interest payment date. The overdue interest shall be paid on the special interest payment date to the Holders, as shown on the registration books of the Trustee as of the close of business on the Special Record Date.

This Bond shall [initially] bear interest at a rate of [__]% per annum for the period commencing on the Date of this Bond and ending on and including [_____].

[Upon Conversion of this Bond to a different Interest Rate Mode, the interest rate on this Bond shall be determined by the remarketing agent to be appointed by the Authority (the "Remarketing Agent") in the manner and subject to the conditions set forth in the Indenture. Each such rate shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by such Bonds under Prevailing Market Conditions for the period applicable to the Interest Rate Mode, would enable the Remarketing Agent to sell such Bonds on the effective date of such rate at a price (without regarding accrued interest) equal to the principal amount thereof.]

[Bonds bearing interest in a Daily Rate Mode or a Weekly Rate Mode are subject to optional tender at the option of the Holders thereof at the times and pursuant to the procedures set forth in the Indenture. Bonds bearing interest in an Auction Rate Mode, a Long Term Rate Mode or a Commercial Paper Rate Mode are not subject to optional tender.] All Bonds are subject to mandatory tender [under Conversion of the interest rate mode on the Bonds to a different Interest Rate Mode and] under certain other circumstances, as set forth in the Indenture. Holders may not elect to retain their Bonds upon mandatory tender.

The Bonds are subject to redemption prior to their stated maturity, in part, by lot, in Authorized Denominations from Mandatory Sinking Account Payments deposited in the Subordinate Bond Principal Sub-Account pursuant to the Indenture, on any August 1 on or after August 1, [2007] [(provided that while the Bonds bear interest at an Auction Rate, if such August 1 is not an Interest Payment Date, the redemption date will occur on the Interest Payment Date immediately preceding such August 1), at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon, without premium].

[Whenever the Interest Rate Mode is the Daily Rate or Weekly Rate, the Bonds shall be subject to redemption prior to their stated maturity at the option of the Authority, in whole or in part on any Interest Payment Date with respect to the Bonds (in such amounts as may be specified by the Authority), by lot, at the principal amount thereof, without premium.]

[Whenever the Interest Rate Mode is the Auction Rate, the Bonds shall be subject to redemption prior to their stated maturity at the option of the Authority, in whole or in part on the Business Day immediately succeeding any Auction Date (in such amounts as may be specified by the Authority), by lot, at the principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.]

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[Whenever the Interest Rate Mode for a Bond is the Commercial Paper Rate, such Bond shall be subject to redemption prior to its stated maturity at the option of the Authority, in whole or in part, on the Interest Payment Date for each Commercial Paper Rate Period for such Bond, at the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium.]

Whenever the Interest Rate Mode is the Long Term Rate, the Bonds shall be subject to redemption prior to their stated maturity at the option of the Authority, in whole or in part (in such amounts as may be specified by the Authority), by lot, (1) on the final Interest Payment Date for such Long Term Rate Period, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium, and (2) prior to the end of the then current Long Term Rate Period at any time during the redemption periods and at the redemption prices set forth below, plus interest accrued thereon, if any, to the date fixed for redemption:

<u>Original Length of Current Long Term Rate Period (Years)</u>	<u>Commencement of Redemption Period</u>	<u>Redemption Price as Percentage of Principal</u>
More than 20 years	[Tenth anniversary of commencement of Long Term Rate Period]	100%
More than 15 but equal to or less than 20 years	[Seventh anniversary of commencement of Long Term Rate Period]	100%
More than 10 but equal to or less than 15 years	[Fifth anniversary of commencement of Long Term Rate Period]	100%
10 years or less	[Noncallable]	[Noncallable]

[In the event of an optional redemption, Subordinate Bonds will be redeemed prior to the redemption of any Senior Bonds.]

[If the Authority has given notice of a change in the Long Term Rate Period or notice of Conversion of the Interest Rate Mode to the Long Term Rate pursuant to the Indenture and, at least forty (40) days prior to such change in the Long Term Rate Period for the Bonds or such Conversion of an Interest Rate Mode for the Bonds to the Long Term Rate the Authority has provided to the Trustee and the Bond Insurer (i) a certification of the Remarketing Agent to the effect that the foregoing schedule is not consistent with Prevailing Market Conditions and (ii) an Opinion of Bond Counsel, the foregoing redemption periods and redemption prices may be revised, effective as of the date of such change in the Long Term Rate Period or the Conversion Date, as determined by the Remarketing Agent in its judgment, taking into account the then Prevailing Market Conditions as set forth in such certification, which shall be appended by the Trustee to its counterpart of the Indenture and shall not require the consent of any Bondholder, the Bond Insurer or any other person or entity.]

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The Bonds are also subject to extraordinary redemption prior to maturity, in part, in Authorized Denominations, from amounts received from a sale of the Carlsbad School Site (as such term is defined in the Indenture) (the “Carlsbad Sale”) and any other amounts necessary to redeem a total aggregate principal amount of the Bonds equal to the amount of nonqualifying bonds (within the meaning of U.S. Treasury Regulations, as may be determined pursuant to a certificate of bond counsel), on the last Interest Payment Date for which proper notice can be given pursuant to the Indenture which is within 180 days of the date on which a binding contract with respect to the Carlsbad Sale has been entered into and all material contingencies have been satisfied; provided, however, if the next such Interest Payment Date for which proper notice can be given is more than 180 days after such binding contract has been entered into and all material contingencies have been satisfied, the Bonds shall be subject to redemption on the first day of the month immediately preceding such 180-day anniversary (and notice of such redemption shall be properly given pursuant to the Indenture), at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium. [In the event of an extraordinary redemption, Subordinate Bonds will be redeemed prior to the redemption of any Senior Bonds.]

Notice of redemption is required to be mailed by the Trustee by first class mail, not less than thirty (30) days [(fifteen (15) days if the Interest Rate Mode for the Bonds is the Auction Rate)] nor more than sixty (60) days prior to the redemption date, to the respective holders of any Bonds designated for redemption at their addresses appearing on the Registration Books. Any Bond which is remarketed subsequent to a notice of redemption being delivered, but prior to the date of such redemption, shall be delivered to the purchaser thereof accompanied by such notice. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the holder of this Bond receives such notice.

If this Bond is called for redemption or is subject for mandatory tender and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption or mandatory tender, respectively.

If an Event of Default (as that term is defined in the Indenture) shall occur and be continuing, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded.

The Bonds shall be issued as fully registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof, [provided that if the Interest Rate Mode for the Bonds is the Daily Rate, the Weekly Rate or the Commercial Paper Rate, the Bonds may be issued only in denominations of \$100,000 and any larger denomination constituting an integral multiple of \$5,000, and provided further that if the Interest Rate Mode for the Bonds is the Auction Rate, the Bonds may be issued only in denominations of \$25,000 and any integral multiple thereof] (the “Authorized Denominations”). Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged at the principal corporate trust office of the Trustee in St. Paul, Minnesota, for a like aggregate

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principal amount of Bonds of other Authorized Denominations of the same maturity and this Bond may only be exchanged for a Subordinate Bond.

The Trustee will keep or cause to be kept sufficient books for the registration and transfer of this Bond (the "Registration Books"), which shall at all times be open to inspection by the Districts, the Authority and the Bond Insurer; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said Registration Books, this Bond as provided in the Indenture. The person in whose name this Bond shall be registered shall be deemed the owner for all purposes hereof, and payment of the principal of, premium, if any or interest represented by this Bond shall be made only to, or upon the order in writing of, such registered owner, which payments shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid.

This Bond may be transferred upon the Registration Books, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. If this Bond shall be surrendered for transfer, the Trustee shall authenticate and deliver a new Subordinate Bond or Subordinate Bonds of the same maturity, for a like aggregate principal amount of Authorized Denominations. The Trustee shall also require the payment by the holder of the Bond requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer, and may in addition require the payment of a reasonable sum to cover expenses incurred by the Trustee in connection with such transfer.

To the extent and in the manner permitted by the terms of the Indenture, the Indenture and the rights and obligations of the Authority and of the holders of the Bonds may only be modified or amended at any time by the Authority with the consent of the Bond Insurer and of not less than a majority in aggregate principal amount of the Bonds then Outstanding. The Indenture may be amended without the consent of any owner of the Bonds (but with the consent of the Bond Insurer), provided that the amendment may not extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, premium, if any, or interest at the time and place and at the rate and in the currency provided therein without the express written consent of the Owner of such Bond.

No officer, agent or employee of the Authority, the School District or any of the Districts shall be individually or personally liable for the payment of the principal, premium, if any, or interest with respect to this Bond or be subject to any personal liability or accountability by reason of the issuance of the Bonds; provided that, nothing contained in the Indenture shall relieve any such officer, agent or employee from the performance of any official duty provided by law or by the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee.

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IT IS HEREBY CERTIFIED, RECITED AND DECLARED 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 provisions of the Act and by the Constitution and laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Act, or by the Constitution and laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

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IN WITNESS WHEREOF, the Board of Directors of the San Dieguito Public Facilities Authority has caused this Bond to be dated as of the ____ day of _____, 2008, to be signed by the Chairperson of the San Dieguito Public Facilities Authority by manual or facsimile signature and attested by the Secretary of the San Dieguito Public Facilities Authority by manual or facsimile signature.

Chairperson of the
San Dieguito Public Facilities Authority

ATTEST:

Secretary of the
San Dieguito Public Facilities Authority

CERTIFICATE OF AUTHENTICATION

This is one of the San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006 delivered pursuant to the within-mentioned Indenture.

Dated: _____, 2008

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

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[ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto _____
_____ whose address and social security or other tax identifying number is
_____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s)
_____ attorney, to transfer the same on the registration books of the Trustee with
full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

<p>_____ Note: Signature(s) must be guaranteed by an eligible guarantor.</p>	<p>_____ Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.</p>
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Exhibit C
Form of Remarketing Circular