



Union High School District

Board of Trustees
Joyce Dalessandro
Linda Friedman
Barbara Groth
Beth Hergesheimer
Deanna Rich

Superintendent
Ken Noah

**BOARD OF TRUSTEES
SAN DIEGUITO PUBLIC FACILITIES AUTHORITY
SPECIAL MEETING**

AGENDA

**THURSDAY, APRIL 15, 2010
5:30 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 15, 2010, at the above location.

- 1. CALL TO ORDER 5:30 PM
- 2. APPROVAL OF MINUTES OF THE DECEMBER 10, 2009 MEETING
 Motion by _____, second by _____, to approve the Minutes of the December 10th SDPFA meeting, as shown in the attached supplement.

DISCUSSION / ACTION ITEMS

- 3. SOLAR / QUALIFIED SCHOOL CONSTRUCTION BONDS FINANCING UPDATE
- 4. ADOPTION OF RESOLUTION / SOLAR PROJECTS / CANYON CREST ACADEMY & LA COSTA CANYON HIGH SCHOOLS
 Motion by _____, second by _____, to adopt the attached Resolution of the Board of Directors of the San Dieguito Public Facilities Authority Authorizing Certain Actions Relating to the Issuance of the San Dieguito Public Facilities Authority Lease Revenue Bonds and Distribution of an Official Statement.
- 5. ADJOURNMENT

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

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



Union High School District

BOARD OF TRUSTEES
SAN DIEGUITO PUBLIC FACILITIES AUTHORITY

MINUTES

ITEM 2 Board of Trustees
Joyce Dalessandro
Linda Friedman
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THURSDAY, DECEMBER 10, 2009

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

A Meeting of the San Dieguito Public Facilities Authority was held on Thursday, December 10, 2009, at the above location.

BOARD MEMBERS IN ATTENDANCE

All Board members were present.

DISTRICT ADMINISTRATORS IN ATTENDANCE

Ken Noah, Superintendent
Terry King, Associate Superintendent, Human Resources
Steve Ma, Associate Superintendent, Business
Rick Schmitt, Associate Superintendent, Educational Services
Eric Dill, Executive Director, Business Services
Dolores Perley, Director, Finance
Becky Banning, Executive Assistant / Recording Secretary

CALL TO ORDER – The meeting was called to order at 6:40 PM.

DISCUSSION / ACTION ITEMS

1. APPROVAL OF MINUTES OF THE NOVEMBER 12, 2009

It was moved by Ms. Friedman, seconded by Ms. Hergesheimer, to approve the Minutes of the November 12th 2009 Meeting of the San Dieguito Public Facilities Authority. ***Motion unanimously carried.***

2. ELECTION OF OFFICERS, 2010

2A. NOMINATION FOR PRESIDENT

It was moved by Ms. Dalessandro, seconded by Ms. Friedman, that Barbara Groth be elected President of the San Dieguito Public Facilities Authority. ***Motion unanimously carried.***

2B. NOMINATION AND APPOINTMENT OF TREASURER

It was moved by Ms. Friedman, seconded by Ms. Hergesheimer that Steve Ma be appointed Treasurer of the San Dieguito Public Facilities Authority. ***Motion unanimously carried.***

2C. NOMINATION FOR SECRETARY

It was moved by Ms. Groth, seconded by Ms. Dalessandro, that Superintendent Ken Noah be elected Secretary of the San Dieguito Public Facilities Authority. ***Motion unanimously carried.***

3. ADJOURNMENT - The meeting was adjourned at 6:43 PM.

Joyce Dalessandro, Board Clerk

Date

Ken Noah, Superintendent

Date

San Dieguito Public Facilities Authority

INFORMATION REGARDING BOARD AGENDA ITEM

TO: BOARD OF TRUSTEES

DATE OF REPORT: March 31, 2010

BOARD MEETING DATE: April 15, 2010

PREPARED BY: John Addleman, Director of Planning and
Financial Management
Steve Ma, Assoc. Supt. of Business Services

SUBMITTED BY: Ken Noah
Superintendent

SUBJECT: **ADOPTION OF RESOLUTION / SOLAR
PROJECTS / CANYON CREST ACADEMY &
LA COSTA CANYON HIGH SCHOOL**

EXECUTIVE SUMMARY

Issuance of QSCB Bonds

Qualified School Construction Bonds

Qualified School Construction Bonds (QSCBs) were created by the federal American Recovery and Reinvestment Act (ARRA) of 2009. As part of the government's economic stimulus initiatives, the QSCB program provides tax credit financing to public schools for school construction and other eligible projects. QSCB proceeds can be used for the construction, rehabilitation, repair, and equipping of a public school facility or for the acquisition of land on which a facility is to be built using bond proceeds.

QSCBs are issued by or on behalf of a local public education agency, usually in the form of a general obligation bond or a lease financing, using certificates of participation or lease revenue bonds. QSCBs are not tax-exempt and generally pay little interest, since the investor receives an annual federal income tax credit intended to substitute for the coupon interest. This tax credit is "secured" by the federal government pursuant to its obligation to apply it.

ITEM 4

In late 2009, the District submitted an application to CDE for an allocation of QSCBs. The District application was selected from a lottery and was awarded a \$25M allocation. During this same period, staff had been working independently on the feasibility of using solar energy to offset electrical power the District would otherwise purchase from SDG&E. District staff directed consultants to explore the use of QSCBs to construct the solar facility so long as it was “cost neutral” to the district. District staff has provided the board with feasibility analysis that demonstrates the financing structure would be “cost neutral” in the near term, and, in the long run, generate significant savings (\$8.6M) over the twenty-five year investment period.

Proposed Financing Structure

School districts commonly use four different types of debt structures to raise capital funds for facility projects. They are general obligation bonds, Mello-Roos bonds, tax revenue anticipation notes (TRANS), and lease financing. Since the District has no authorization to issue General Obligation (GO) Bonds, staff is recommending issuance of the QSCBs as lease revenue bonds. Lease financing is a mechanism whereby a school district leases property and, in consideration of the use of the property, makes periodic lease payments during the term of the lease. In effect, a lease financing is a borrowing to be repaid over time from savings (reduced SDG&E bills) generated from the project that flow back to the District’s general fund. Unlike GO or Mello Roos bonds that are collateralized by special taxes on homes in the district, the ultimate backstop for lease revenue bonds is the District’s general fund.

Understanding the inherent risks of this type of financing, staff has attempted to mitigate as much of the risk to the general fund by using conservative solar saving estimates verified by a third party; negotiating a 15 year guarantee of savings from Chevron Energy Services; and proposing savings to be set aside separately in the general fund until such time as QCSBs are paid off in 17 years.

Lease Financing Structure / QSCB

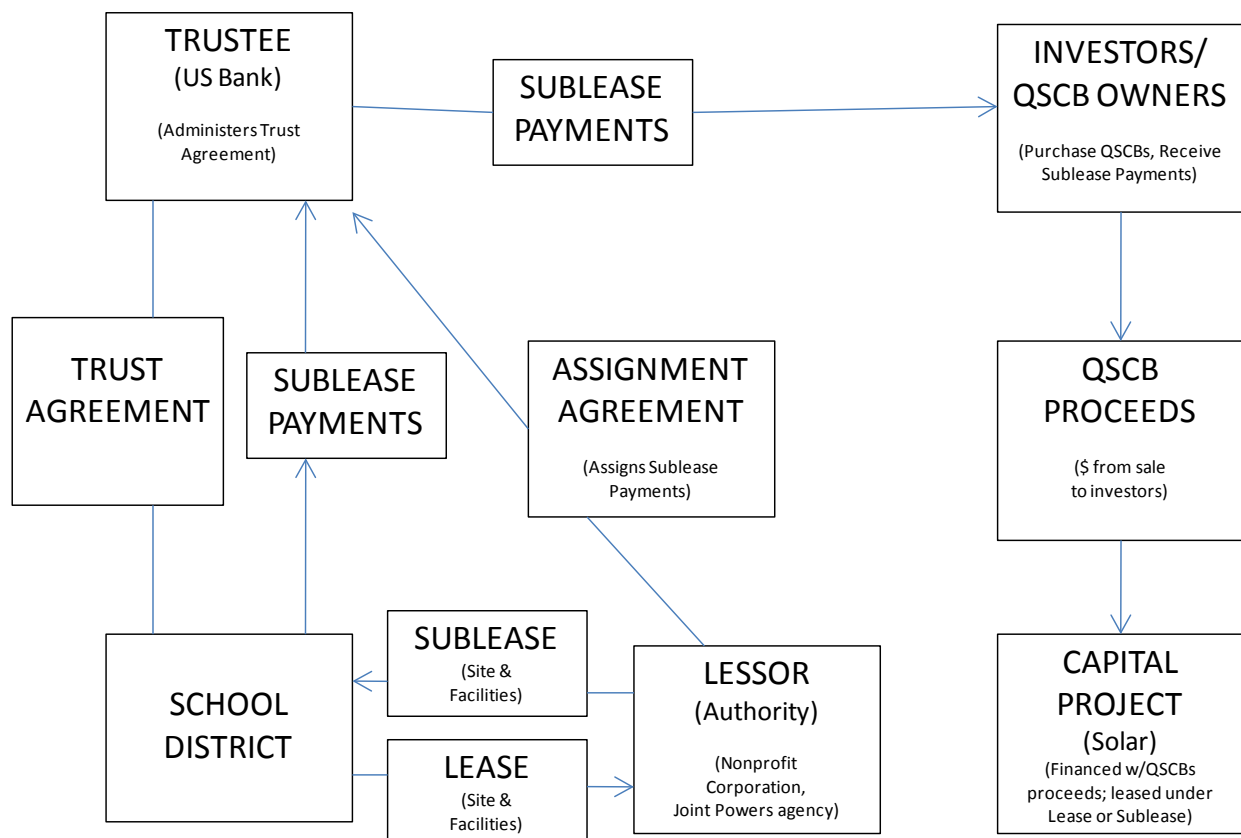
The proposed issuance of San Dieguito’s QSCBs is done so under the typical lease revenue bond structure. The QSCBs are secured by the revenues, which consist primarily of rental payments to be made by the district out of its general fund under the Facility Sublease. Pursuant to the Facility Sublease, the Authority leases the Facility, including the demised premises (LCC and CCA) to the District. As rental for the use and occupancy of the Facility, the District covenants to pay rental payments to the Authority, which payments are pledged to the Trustee for the benefit of the owners of the QSCBs.

The District will covenant in the Facility Sublease to include all rental payments in its annual budgets and to make the necessary annual appropriations. The obligation of the District to make the rental payments under the lease does not constitute a debt of the District’s general fund in a traditional sense. Although the Facility Sublease does not create a pledge, lien or encumbrance upon the funds of the District, the District is

ITEM 4

obligated under the Facility Sublease to pay the rental payments from any source of legally available funds and the District has covenanted in the Facility Sublease that it will take such action as may be necessary to include all rental payments in its annual budgets and to make necessary annual appropriations.

Asset Transfer Structure (QSCB)



Clearly, the proposed solar project can only create savings to the general fund if it operates as designed and is reliable. However, we know there will be operational risks and possible down time over the 25 year investment period. To address the operational issues, the District will be entering into an annual service and maintenance agreement with Chevron to ensure equipment is operating as it should. This benefits both the District and Chevron, especially since Chevron is providing the District with a guarantee of projected savings. In cases of force majeure, where the system is unable to generate electrical power, the rent obligation under the Facility Sublease still continues. As such, the Facility Sublease requires the District to maintain, throughout the term of the Facility Sublease, insurance against loss or damage to any structures constituting any part of the Facility by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance, and earthquake insurance. Such insurance will be in an amount equal to the replacement cost. The Facility Sublease also requires the District to maintain rental interruption or

ITEM 4

use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Facility as the result of any of the hazards covered by the fire and extended coverage insurance required by the Facility Sublease.

Feasibility

History

From April 2009, staff teamed with Chevron ES to determine what sites would be the best candidates to receive solar facilities and would generate savings that would pay for its construction, without placing a burden on the District's general fund.

By September 2009, the team had identified, and was verified by the California Center for Sustainable Energy, that Canyon Crest Academy and La Costa Canyon High School were two of the best sites to receive solar facilities.

Project Cost

In September 2009, the turnkey cost from Chevron ES to install a system size of 2.1 megawatts between the two sites was \$14,454,080. After further negotiations, the turnkey price was reduced to \$12,058,250.

In addition to the turnkey price of \$12 million, staff identified \$157,646 in reimbursables for prior solar assessments, contract legal services, and environmental consultants, \$422,820 for contingency items, including parking lot and landscaping enhancements, as well as \$115,800 for development of an educational component.

The total amount of the project to be financed is \$12,754,516.

Financing

In November 2009, staff presented a plan with the flexibility to issue tax-credit QSCBs, as well as tax-exempt lease revenue bonds. At the time, the tax-credit QSCBs could be financed up to 15 years, and depending upon the supplemental coupon rate, tax-exempt lease revenue bonds might have had to have been issued for an additional 10 years to maintain a cost neutral position.

The reduced project cost of \$12.7 million can now be financed with a 17 year term tax-credit QSCB only financing with a supplemental coupon rate of 2.5% or less.

More good news:

On March 18, 2010, President Obama signed a \$17.6 billion jobs bill, commonly known as the Hiring Incentives to Restore Employment Act ("HIRE Act"). The HIRE Act allows the District to elect to receive a direct payment ("subsidy") from the federal government rather than provide a tax credit in lieu of interest to investors as originally contemplated. This new direct payment mechanism is similar to the successful direct payment structure of Build America Bonds. The District would receive payments up to the tax

ITEM 4

credit rate that would have applied had the bonds been sold as tax-credit bonds. Many in the municipal bond industry, including our underwriter, De La Rosa & Co., and financial advisor, MuniSolar, anticipate that this will jump-start the market for Qualified School Construction Bonds, which have, to date, not drawn much investor interest. In the attached resolution, staff recommends that the District elects to receive the subsidy rather than provide a tax credit in lieu of interest.

By electing to receive the subsidy option, the supplemental interest comparison to the tax-credit option would be 2.12%. At this rate, the financing would be a 17 year term direct pay QSCB only financing generating 25 years savings of \$8,629,423.

Attached is the current financing structure reflecting the receipt of the subsidy from the federal government.

Financing Structure

Gross Energy Savings

Staff identified three sources of Energy Savings that the District could use to pay for the Solar project.

- Energy Efficiency – Annual savings from SDG&E bill.
- California Solar Initiative – State incentive payments add to annual savings in first five years.
- Renewable Energy Credits – The sale of energy credits produced by the Solar project.

To be conservative in calculating the Energy Savings for repayment of the bonds, the team has been projecting the energy efficiency and California Solar Initiative payments at 95% of the expected solar production, in line with the guarantee from Chevron and is excluding the potential value of the renewable energy credits.

The Gross Energy Savings reflected in the financing structure are the projected Energy Savings less the cost of the Operation and Maintenance, and Monitoring and Verification services Chevron will perform as part of their guarantee.

The Gross Energy Savings over the 25 year period is projected to be \$22,685,869.

QSCBs (Debt Service)

Principal payments will be made in level annual payments of approximately \$770,000 per year and will be set aside in an investment contract. The investor does not receive the principal until the end of the 17 year term.

At this time, the finance team is conservatively assuming that the District will receive an “A” credit rating. At this level, comparable government entities who have recently

ITEM 4

issued lease revenue bonds in the taxable bond market have received rates of about 8%.

The subsidy from the federal government currently stands at 5.88%, presenting an effective rate to the District of 2.12%. The total QSCB Debt Service over the term is estimated to be \$17,705,606.

Interest on Set-Asides

The finance team has enlisted the services of BondLogistix to serve as the bidding agent with respect to the reinvestment of the principal set-aside amounts. In the last few months, the finance team has reduced the potential reinvestment rate from 3.5% to 3% to remain conservative. Early indications from BondLogistix indicate that the 3% rate is feasible. The interest earned on set-asides is a significant component of the financing, as the \$3,125,850 in projected earnings will reduce the total QSCB Debt Service to \$14,579,756.

Net D/S and Savings

The Gross Energy Savings of \$22,685,869 less the Net Total Debt Service of \$14,579,756 indicate a 25 year savings of \$8,106,113, equivalent to a present value of \$3,494,998.

Savings Assuming Excess Savings Set-Asides (and Cost of Issuance)***Cost of Issuance***

The total Cost of Issuance is estimated to be \$472,579. The allowable amount that can be financed by a QSCB is 2% of the debt or \$260,300. The District will wire the difference of \$212,279 (\$215,000) to US Bank, the trustee, at the time of closing from its Other Building Fund 21-09. The reason the cost of issuance exceeds the 2% cap for QSCB is the relative small size of the District's bond issuance. If the District were to issue the full \$25 million allocation, the actual cost of issuance would fall in line with the 2% cap.

Fund 21-09 may be refunded from the first year savings without placing a burden on the general fund in future years.

Savings Reserve

In order for the savings to pay for the construction of the solar project without placing a burden on the general fund during the 17 year term of the financing, it is recommended that the District set aside the annual savings in a District reserve fund to help pay for debt service in the years after the California Solar Initiative payments fall away.

Under this analysis, with the reserve fund established, the reserve fund is projected to grow at 1.5% as the California Solar Incentive payments enable the

ITEM 4

reserve fund to accumulate \$1,917,825 in the first five years. The reserve fund is projected to be drawn down to a low of \$666,056 in year 12, after which the reserve fund grows to a balance of \$1,132,055 in the final year, year 17, of debt service. Should the District wish to accumulate future savings in years 18-25, the reserve fund is projected to grow to \$8,629,423.

In order to move forward and price the bonds, staff recommends that the Board adopt the attached resolution.

RECOMMENDATION:

It is recommended that the Board of Directors adopt the attached Resolution of the San Dieguito Public Facilities Authority District Authorizing Certain Actions Relating to the Issuance of the San Dieguito Public Facilities Authority Lease Revenue Bonds and Distribution of an Official Statement.

FUNDING SOURCE:

n/a

**San Dieguito Union High School District
Qualified School Construction Bond Analysis**

ITEM 4

Year	Floor Case														
	QSCBs					Interest on Set-Asides		Net D/S and Savings			Savings Assuming Excess Savings Set-Asides				
	Gross Energy Savings	QSCB Principal Set-Aside	Interest @ 8%	Subsidy @ 5.88%	Total QSCB Debt Service	Running Total Set-Aside	Interest @ 3%	Net Total Debt Service	Annual Net Savings	Present Value @ 5%	Gross Energy Savings + prior Excess Savings & Interest	Annual Net Savings with prior Excess Savings	District COI Contribution	Annual Net Savings with prior Excess Savings	Excess Savings @ 1.5%
1	1,386,009	770,000	1,041,200	(765,282)	1,045,918	770,000	-	1,045,918	340,091	323,896	1,386,009	340,091	215,000	125,091	-
2	1,398,357	770,000	1,041,200	(765,282)	1,045,918	1,540,000	(23,100)	1,022,818	375,539	340,625	1,525,324	502,506	-	502,506	1,876
3	1,413,222	765,000	1,041,200	(765,282)	1,040,918	2,305,000	(46,200)	994,718	418,504	361,519	1,923,266	928,548	-	928,548	7,538
4	1,429,051	765,000	1,041,200	(765,282)	1,040,918	3,070,000	(69,150)	971,768	457,283	376,208	2,371,527	1,399,759	-	1,399,759	13,928
5	1,445,888	765,000	1,041,200	(765,282)	1,040,918	3,835,000	(92,100)	948,818	497,070	389,467	2,866,643	1,917,825	-	1,917,825	20,996
6	579,164	765,000	1,041,200	(765,282)	1,040,918	4,600,000	(115,050)	925,868	(346,704)	(258,716)	2,525,757	1,599,889	-	1,599,889	28,767
7	604,329	765,000	1,041,200	(765,282)	1,040,918	5,365,000	(138,000)	902,918	(298,589)	(212,201)	2,228,217	1,325,299	-	1,325,299	23,998
8	630,582	765,000	1,041,200	(765,282)	1,040,918	6,130,000	(160,950)	879,968	(249,386)	(168,794)	1,975,760	1,095,792	-	1,095,792	19,879
9	657,974	765,000	1,041,200	(765,282)	1,040,918	6,895,000	(183,900)	857,018	(199,044)	(128,306)	1,770,203	913,185	-	913,185	16,437
10	686,551	765,000	1,041,200	(765,282)	1,040,918	7,660,000	(206,850)	834,068	(147,517)	(90,562)	1,613,434	779,366	-	779,366	13,698
11	716,367	765,000	1,041,200	(765,282)	1,040,918	8,425,000	(229,800)	811,118	(94,751)	(55,399)	1,507,423	696,305	-	696,305	11,690
12	747,475	765,000	1,041,200	(765,282)	1,040,918	9,190,000	(252,750)	788,168	(40,693)	(22,660)	1,454,224	666,056	-	666,056	10,445
13	779,925	765,000	1,041,200	(765,282)	1,040,918	9,955,000	(275,700)	765,218	14,707	7,800	1,455,973	690,755	-	690,755	9,991
14	813,784	765,000	1,041,200	(765,282)	1,040,918	10,720,000	(298,650)	742,268	71,516	36,120	1,514,900	772,632	-	772,632	10,361
15	849,106	765,000	1,041,200	(765,282)	1,040,918	11,485,000	(321,600)	719,318	129,788	62,430	1,633,328	914,010	-	914,010	11,589
16	770,762	765,000	1,041,200	(765,282)	1,040,918	12,250,000	(344,550)	696,368	74,394	34,081	1,698,482	1,002,114	-	1,002,114	13,710
17	788,328	765,000	1,041,200	(765,282)	1,040,918	13,015,000	(367,500)	673,418	114,910	50,135	1,805,473	1,132,055	-	1,132,055	15,032
18	806,294	-	-	-	-	-	-	-	806,294	335,032	1,955,330	1,955,330	-	1,955,330	16,981
19	824,669	-	-	-	-	-	-	-	824,669	326,350	2,809,329	2,809,329	-	2,809,329	29,330
20	843,463	-	-	-	-	-	-	-	843,463	317,892	3,694,933	3,694,933	-	3,694,933	42,140
21	862,686	-	-	-	-	-	-	-	862,686	309,655	4,613,042	4,613,042	-	4,613,042	55,424
22	882,347	-	-	-	-	-	-	-	882,347	301,630	5,564,585	5,564,585	-	5,564,585	69,196
23	902,455	-	-	-	-	-	-	-	902,455	293,814	6,550,509	6,550,509	-	6,550,509	83,469
24	923,022	-	-	-	-	-	-	-	923,022	286,200	7,571,789	7,571,789	-	7,571,789	98,258
25	944,058	-	-	-	-	-	-	-	944,058	278,783	8,629,423	8,629,423	-	8,629,423	113,577
Total	22,685,869	13,015,000	17,700,400	(13,009,794)	17,705,606		(3,125,850)	14,579,756	8,106,113	3,494,998			215,000	8,629,423	

Notes:
Assumes Project Amount of \$12,754,516

ITEM 4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGUITO PUBLIC FACILITIES AUTHORITY AUTHORIZING CERTAIN ACTIONS RELATED TO THE ISSUANCE OF THE SAN DIEGUITO PUBLIC FACILITIES AUTHORITY LEASE REVENUE BONDS AND DISTRIBUTION OF AN OFFICIAL STATEMENT

WHEREAS, the San Dieguito Union High School District (the “**School District**”) and Community Facilities District No. 94-1 of the School District formed the San Dieguito Public Facilities Authority (the “**Authority**”) pursuant to a “Joint Exercise of Powers Agreement”;

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (§ 6500 et seq.) (hereinafter, the “**Act**”);

WHEREAS, Article 4 of the Act (§ 6584 et seq.) authorizes and empowers the Authority to issue bonds to finance certain public improvements or working capital whenever a local agency determines that there are significant public benefits from doing so;

WHEREAS, the American Recovery and Reinvestment Act of 2009 grants a national allocation of \$11 billion to provide for the issuance of qualified school construction bonds, in accordance with Sections 54A and 54F of the Internal Revenue Code of 1986, as amended, and \$25,000,000 of said allocation was granted to the School District to provide financing for the construction, reconstruction or repair of public school facilities, or the acquisition of land on which such facilities are to be constructed with part of the proceeds of such issue;

WHEREAS, the Hiring Incentives to Restore Employment Act of 2010 (the “**HIRE Act**”) allows for the issuer of qualified school construction bonds to elect to receive a credit under Section 6431 of the Code in lieu of the holders of such bonds earning a tax credit under Section 54A of the Code (the “**QSCB Credit**”);

WHEREAS, the closing of the transactions (“**Transactions**”) contemplated under those certain resolutions adopted by the Authority on November 12, 2009 (the “**Prior Resolutions**”) were delayed pending the passage of the HIRE Act;

WHEREAS, the Authority reaffirms the Transactions other than as specifically set forth herein;

WHEREAS, in order to assist the School District in financing various public facilities benefitting the School District, the Authority proposes to change the structure of the qualified school construction bonds (the “**Qualified School Construction Bonds**”) approved under the Prior Resolutions by irrevocably electing to have the Authority receive a credit under Section 6431 of the Code in lieu of the holders of the Series A Bonds earning a tax credit under Section 54A of the Code;

WHEREAS, in order to be prepared for changes in the financial market which may occur prior to the issuance of the Bonds and which, if deemed to be in the best interest of the

ITEM 4

Authority, may make it more advantageous to issue only Qualified School Construction Bonds and no Series B Bonds, the Authority wishes to approve an election of issuance of only Qualified School Construction Bonds;

WHEREAS, the School District is approving in its resolution (the “**School District Resolution**”) all actions in order to modify the financing relating to the Qualified School Construction Bonds, including but not limited to the execution and delivery of any documents, certificates and other instruments, as may be necessary, by the School District, and any other action necessary to effectuate the purposes of the School District Resolution;

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:

Section 1. QSCB Credit. The irrevocable election to have the Authority receive the QSCB Credit in lieu of the bondholders receiving a tax credit is hereby authorized and approved if it is deemed to be in the best interests of the Authority.

The election to issue only Qualified School Construction Bonds and no Series B Bonds on or prior to the issuance of the Bonds is hereby authorized and approved if it is deemed to be in the best interests of the Authority. 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 and on behalf of the Authority, to execute and deliver all agreements, certificates and instruments relating to the Qualified School Construction Bonds as may be necessary and if such agreements, certificates and instruments relating to the Qualified School Construction Bonds are deemed to be in the best interests of the Authority, such determination to be evidenced conclusively by the execution and delivery thereof.

Section 2. Documents. The modification of the documents attached as exhibits to the Prior Resolutions to reflect the restructure of the Qualified School Construction Bonds to allow for the QSCB Credit and to allow for only Qualified School Construction Bonds 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 Trust Agreement, the Continuing Disclosure Certificate, the Bond Purchase Contract, the Lease Agreement, and the Sublease Agreement, in each case 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.

Section 3. Official Statement. 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 preliminary official statement and an official statement, 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 with respect to the preliminary official statement to be evidenced conclusively by the execution and delivery of a certificate in accordance with Rule 15c2-12 as described below, and such approval with respect to the official statement to be

ITEM 4

evidenced by the execution and delivery thereof) that E. J. De La Rosa & Co., Inc., as underwriter, is hereby authorized to distribute 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 preliminary official statement 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 official statement.

Section 4. *General Authorization.* The officers of the Authority and each of them acting alone is, hereby authorized and directed to take such actions, and to execute such documents, instruments and certificates, directly or indirectly related and as may be necessary to effectuate the purposes of this Resolution.

Section 5. *Authority Designee.* 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 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.

Section 6. *Ratification.* 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 7. *Defined Terms.* Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Prior Resolutions.

This Resolution shall take effect immediately upon its passage.

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ITEM 4

The foregoing Resolution was on the 15th day of April, 2010, 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: _____

ITEM 4

STATE OF CALIFORNIA)

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 15th day of April, 2010, and that it was so adopted by the following vote:

AYES: MEMBERS: _____

NOES: MEMBERS: _____

ABSTAIN: MEMBERS: _____

ABSENT: MEMBERS: _____

Chairperson of the Board of Directors