

## AGENDA

DECEMBER 9, 2010  
DURING REGULAR BOARD MTG, (SEE BELOW)

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

A Special Meeting of the San Dieguito Public Facilities Authority (SDPFA) of San Dieguito Union High School District has been scheduled for Thursday, December 9, 2010, at the above location. The meeting will convene **immediately following Board action on Item 7j** of the Regular Board Meeting Agenda, (*Committee Appointments of Board Representatives*).

### DISCUSSION / ACTION ITEMS

#### 1. APPROVAL OF MINUTES

Approval of minutes of the September 2, 2010, meeting, as shown in the attached supplement.

Motion by \_\_\_\_\_, second by \_\_\_\_\_, to approve Minutes of September 2, 2010

#### 2. ELECTION OF OFFICERS, 2011

##### 2A. Nomination for Chairperson

Motion by \_\_\_\_\_, second by \_\_\_\_\_, that the President of the San Dieguito Union High School District Board of Trustees be elected Chairperson of the SDPFA.

##### 2B. Nomination for Vice-Chairperson

Motion by \_\_\_\_\_, second by \_\_\_\_\_, that the Vice-President of the San Dieguito Union High School District Board of Trustees be elected Vice-Chairperson of the SDPFA

##### 2C. Nomination and Appointment of Treasurer

Motion by \_\_\_\_\_, second by \_\_\_\_\_, that the Associate Superintendent of Business be appointed Treasurer of the SDPFA.

##### 2C. Nomination for Secretary

Motion by \_\_\_\_\_, second by \_\_\_\_\_, that the Clerk of the San Dieguito Union High School District Board of Trustees be elected Secretary of the SDPFA.

#### 3. RATIFICATION OF SAN DIEGUITO PUBLIC FACILITIES AUTHORITY 2006 REVENUE BONDS / FOURTH SUPPLEMENTAL INDENTURE TRUST

Motion by \_\_\_\_\_, second by \_\_\_\_\_, to ratify the attached Fourth Supplemental Indenture Trust.

#### 4. 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.



Union High School District

ITEM 1  
BOARD OF TRUSTEES  
SAN DIEGUITO PUBLIC FACILITIES AUTHORITY

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

MINUTES

Superintendent  
Ken Noah

THURSDAY, SEPTEMBER 2, 2010

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

A Meeting of the San Dieguito Public Facilities Authority was held on Thursday, September 2, 2010, at the above location.

ATTENDANCE, BOARD MEMBERS

All Board members were present.

ATTENDANCE, DISTRICT ADMINISTRATION / CONSULTANTS

Ken Noah, Superintendent  
Eric Dill, Associate Superintendent, Business  
Terry King, Associate Superintendent, Human Resources  
Rick Schmitt, Associate Superintendent, Educational Services  
Becky Banning, Executive Assistant / Recording Secretary

PRELIMINARY FUNCTIONS.....(ITEMS 1 – 2)

1. CALL TO ORDER - The meeting was called to order at 6:30 PM.
2. APPROVAL OF MINUTES, SAN DIEGUITO PUBLIC FACILITIES AUTHORITY MEETING, APRIL 15, 2010  
It was moved by Ms. Rich, seconded by Ms. Dalessandro, to approve the Minutes of the San Dieguito Public Facilities Authority meeting of April 15, 2010. **Motion unanimously carried.**

INFORMATION ITEM .....(ITEM 3)

3. UPDATE AND CERTIFICATE OF COMPLIANCE  
The Board reviewed a Business memorandum updating the permit activity for 2009/10 and the resulting 2010/11 tax roll. The memorandum summarized the delinquencies for 09/10 compared to historical levels, and the basis for the executed CFD 94-2 Bond Covenant's Certificate of Compliance.
4. ADJOURNMENT – The meeting was adjourned at 6:32 PM.

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Ken Noah, Superintendent

\_\_\_\_\_  
Date

# San Dieguito Public Facilities Authority

## INFORMATION REGARDING BOARD AGENDA ITEM

**TO:** BOARD OF DIRECTORS

**DATE OF REPORT:** November 30, 2010

**BOARD MEETING DATE:** December 9, 2010

**PREPARED BY:** John Addleman, Director of Planning and  
Financial Management  
Eric Dill, Assoc. Supt. of Business Services

**SUBMITTED BY:** Ken Noah  
Superintendent

**SUBJECT:** RATIFICATION OF SAN DIEGUITO PUBLIC  
FACILITIES AUTHORITY 2006 REVENUE  
BONDS / FOURTH SUPPLEMENTAL  
INDENTURE OF TRUST

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### EXECUTIVE SUMMARY

In September 2009, staff notified the Board that Ambac Assurance Corporation's credit rating was downgraded below the underlying rating (Moody's: A3) of the Authority's revenue bonds.

Since that time, the District's finance team has worked with Ambac to finalize a Fourth Supplemental Indenture of Trust to address the District's concerns about their continued troubled credit worthiness.

In April 2010, the Fourth Supplemental Indenture of Trust was approved by the District and Ambac pursuant to the authority granted at the April 17, 2008 meeting approving the Third Supplemental Indenture of Trust.

Recently, on November 8, 2010, Ambac Financial Group, the holding company of Ambac Assurance Corp., filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code.

ITEM 3

The attached and executed Fourth Supplemental was recently received from Ambac Assurance Corp. on November 10, 2010 and on November 18, 2010 was submitted to the Trustee, US Bank.

While, authority to approve and execute the attached Fourth Supplemental was granted by the April 17, 2008 resolution, bond counsel recommended that it be ratified once executed by all parties.

This Fourth Supplemental Indenture of Trust will allow the District to fund a cash reserve for the Senior Bonds and the Subordinate Bonds instead of making principal payments on the Super Subordinate Bonds held by Ambac. The surety provided by Ambac will remain in place until the cash reserve requirements are met. Once senior and subordinate bondholders are made whole, cash reserve funds will be made available to redeem the super subordinate bonds. The District's finance team believes these changes will provide bondholders and the District with the necessary protections as originally intended under the indenture.

**RECOMMENDATION:**

It is recommended that the Board ratify the attached Fourth Supplemental Indenture of Trust.

## FOURTH SUPPLEMENTAL INDENTURE OF TRUST

THIS FOURTH SUPPLEMENTAL INDENTURE OF TRUST is made and entered into as of April 1, 2010 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, as further amended pursuant to that certain Second Supplemental Indenture of Trust, dated April 8, 2008 and as further amended pursuant to that certain Third Supplemental Indenture of Trust, dated May 15, 2008 (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 Fourth Supplemental Indenture of Trust (the “**Fourth 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 Fourth Supplement; and

**WHEREAS**, the Authority has determined that all acts and proceedings required by law necessary to make this Fourth 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 Fourth 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 Reserve Fund Facility.** Notwithstanding anything to the contrary contained in the Indenture as a result of the provider of the Reserve Fund Facility being downgraded by Standard & Poor’s such that the provider has unsecured debt obligations that are rated less than the underlying rating on the Bonds by Standard & Poor’s, the following provisions shall apply

and such downgrade or any future downgrade shall have no other force or effect, subject to Section 1.2:

(a) Until the Cash Funded Reserve Date (as defined below), no payments of principal shall be made with respect to the Super Subordinate Bond, including without limitation, payments to redeem the Super Subordinate Bond pursuant to Section 4.1(d) of the Indenture. Interest shall continue to be paid on the Super Subordinate Bond pursuant to the terms of the Indenture and such Bond.

(b) Any amount of principal that would otherwise have been paid with respect to the Super Subordinate Bond pursuant to the Indenture were it not for the provisions of Section 1.1(a) above shall be used (i) first, to fund the Senior Reserve Account until the Senior Reserve Account Requirement is met without taking into account the Reserve Fund Facility and (ii) second, to fund the Subordinate Reserve Account until the Subordinate Reserve Account Requirement is met without taking into account the Reserve Fund Facility. Once sufficient cash has been deposited into the Reserve Fund such that the Reserve Fund Requirement is met without taking into account the Reserve Fund Facility, then the “**Cash Funded Reserve Date**” shall be deemed to have occurred.

(c) The Reserve Fund Facility shall not be released until the Cash Funded Reserve Date and shall continue to satisfy the Reserve Fund Requirement for all purposes under the Indenture regardless of the downgrade. On or promptly following the Cash Funded Reserve Date the Surety Bond shall be released to the Bond Insurer pursuant to documentation satisfactory to the Bond Insurer.

(d) Until the Cash Funded Reserve Date, in the event of any optional redemption or extraordinary redemption pursuant to Section 4.1(b) or Section 4.1(c) of the Indenture, the funds that would have otherwise been used to redeem the Super Subordinate Bond will be used to fund the Senior Reserve Account and the Subordinate Reserve Account as provided in Section 1.1(b) and then Subordinate Bonds will be redeemed followed by Senior Bonds even though the Super Subordinate Bonds were not actually redeemed.

**1.2 Reinstatement of Rating.** If after the date of this Fourth Supplemental Indenture of Trust but before the Cash Funded Reserve Date, the rating of the Bond Insurer’s claims-paying ability by Standard and Poor’s is equal to or higher than the unenhanced rating on the Senior Bonds by Standard & Poor’s, then the provisions of Section 1.1 shall cease to apply and the Super Subordinate Bonds shall be redeemed in an amount equal to any cash on deposit in the Subordinate Reserve Account and, to the extent the amount of such cash is insufficient to redeem the Super Subordinate Bonds in full, any cash on deposit in the Senior Reserve Account.

**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 Fourth 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 Fourth 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 Fourth 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 Fourth 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 Fourth Supplement shall be effective as of the date of execution hereof.

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

**[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]**

**IN WITNESS WHEREOF**, the Authority has caused this Fourth 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 Fourth 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: Eric R. Dill  
Title: Treasurer

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

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



**IN WITNESS WHEREOF**, the Authority has caused this Fourth 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 Fourth 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:                     *FDH*                      
Name:                     *Fouzia Hane*                      
Title:                     *Vice President*

**CONSENT OF BOND INSURER**

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

AMBAC ASSURANCE CORPORATION

By: Joan Allman  
Title: First Vice President