



SOLANA BEACH

SCHOOL DISTRICT

309 N. Rios Avenue
Solana Beach, CA 92075
(858) 794-7104
www.sbsd.k12.ca.us

Board of Education

Gaylin Allbaugh
Dana King
Vicki King Esq.
Debra Schade, Ph.D.
Julie Union

Superintendent

Jodee Brentlinger

SOLANA BEACH SCHOOL DISTRICT

P u b l i c F i n a n c i n g A u t h o r i t y R e g u l a r M e e t i n g

August 10, 2023

This meeting will begin immediately following the Solana Beach School District's Regularly Scheduled Board Meeting, which begins at 6:30 p.m.

This meeting is being held in person at the address below:

Skyline School, 606 Lomas Santa Fe Drive, Solana Beach, CA 92075

Teleconference Location: 8979 Junipero Avenue, Atascadero, CA 93422

Solana Beach School District is pleased to offer the opportunity to our community the option of viewing this Board meeting virtually at the link provided below:

<https://sbsd.zoom.us/j/94820046141?pwd=Y3BWckdzbWFiLy9GUVJRylo4OFdlQT09>

Passcode: 265625

In compliance with the Americans with Disabilities Act and AB-3035, if you require special assistance to participate in this meeting, please contact the Manager, Board and Superintendent Operations at (858) 794-7104 at least 24 hours prior to the start of the meeting to enable the District to make reasonable arrangements.

Anyone wishing to address the directors on any item under the jurisdiction of the Authority is given an opportunity to do so. In the interest of time and order, presentations from the public are limited to 3 minutes per person, per topic. Unless an item has been placed on the agenda, no action may be taken during this meeting.

In compliance with the Americans with Disabilities Act and AB-3035, if you require special assistance to participate in this meeting, please contact the Superintendent at (858) 794-7104 at least 24 hours prior to the start of the meeting to enable the District to make reasonable arrangements.



Public Financing Authority

Regular Board Meeting Agenda

August 10, 2023

This meeting will begin immediately following the Solana Beach School District's Regularly Scheduled Board Meeting, which begins at 6:30 p.m.

In compliance with the Americans with Disabilities Act and AB-3035, if you require special assistance to participate in this meeting, please contact the Superintendent at (858) 794-7104 at least 24 hours prior to the start of the meeting to enable the District to make reasonable arrangements.

ORGANIZATIONAL BUSINESS

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**

_____	V. King
_____	J. Union
_____	G. Allbaugh
_____	D. King
_____	D. Schade
4. **APPROVAL OF AGENDA**

_____	Motion/Second
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5. **HEARING OF THE PUBLIC**
Anyone wishing to address the Board regarding business within the Public Finance Authority jurisdiction is given an opportunity to do so. In the interest of time and order, presentations from the public are limited to 3 minutes per person, per topic.

ORGANIZATIONAL MEETING

6. **ACTION ITEMS**
 - 6A. Adoption of Resolution 080323 Resolution of the Board of Directors of the Solana Beach School District Public Financing Authority authorizing the issuance of Special Tax Revenue Refunding Bonds, Series 2023, in an aggregate principal amount of not to exceed \$25,000,000, authorizing the execution and delivery of an indenture, bond purchase agreements and a continuing disclosure agreement, authorizing the distribution of an official statement in connection therewith and authorizing the execution of necessary documents and certificates and related actions

_____	Motion/Second
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ADJOURNMENT

7. **ADJOURNMENT OF MEETING**

_____	Motion/Second Time
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Solana Beach School District
Public Financing Authority

Meeting Date: August 10, 2023
Agenda Item: 6A.

INFORMATION/ DISCUSSION/ ACTION ITEMS

Adoption of Resolution 080323 Resolution of the Board of Directors of the Solana Beach School District Public Financing Authority authorizing the issuance of Special Tax Revenue Refunding Bonds, Series 2023, in an aggregate principal amount of not to exceed \$25,000,000, authorizing the execution and delivery of an indenture, bond purchase agreements and a continuing disclosure agreement, authorizing the distribution of an official statement in connection therewith and authorizing the execution of necessary documents and certificates and related actions

Recommended Action

It is recommended that the Board adopt Resolution 080323 authorizing the issuance of the Special Tax Revenue Refunding Bonds, Series 2023 (2023 Authority Bonds).

Public Content

On December 6, 2012, this Board of Directors (Board) previously issued \$34,450,000 of its 2012 Special Tax Revenue Bonds in order to refinance certain outstanding obligations of Community Facilities District No. 99-1 of the Solana Beach School District (CFD 99-1) and Community Facilities District No. 2004-1 of the Solana Beach School District (CFD 2004-1). The Authority is now being asked to refinance the prior bonds of CFD 99-1 and CFD 2004-1 by issuing its 2023 Authority Bonds for resale to investors. Under a transaction authorized by California law (specifically, the Marks-Roos Local Bond Pooling Act of 1985), the Authority would purchase bonds of CFD 99-1 and CFD 2004-1, which are secured by, and payable from, special taxes collected within CFD No. 99-1 and 2004-1, respectively, and not the general fund of the District.

The Authority documents to be approved by this Board, in connection with issuance of the 2023 Authority Bonds, include the following:

- An Indenture between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee, wherein the Authority issues the 2023 Authority Bonds and the Trustee agrees to authenticate, deliver, and service the payment of the 2023 Authority Bonds from revenues pledged by CFD 99-1 and CFD 2004-1 (being the special tax collected within each CFD);
- A Continuing Disclosure Agreement, wherein the Authority promises to provide certain annual financial and operating information, and notice of certain enumerated events, to investors in the 2023 Authority Bonds in furtherance of SEC Rule 15c2-12;
- A Bond Purchase Agreement between the Authority and Stifel Nicolaus & Company Incorporated, as Underwriter, where the Authority agrees to sell the



Solana Beach School District
Public Financing Authority

Agenda Item: 6A. (continued)

2023 Authority Bonds to the Underwriter, and the Underwriter agrees to purchase the 2023 Authority Bonds; and

- A Preliminary Official Statement of the Authority (the POS), which is the marketing document that will be distributed to investors to permit them to make a decision whether to invest in the 2023 Authority Bonds and which POS, among other things, contains material financial and demographic information concerning the District, CFD 99-1, CFD 2004-1, the CFD 99-1 special tax, and the CFD 2004-1 special tax.

Fiscal Impact / Funding Source:

The costs of issuance of the refinancing transactions will be paid for from the proceeds of the 2023 Authority Bonds. The 2023 Authority Bonds are secured and payable from the 2023 CFD 99-1 Bonds and the 2023 CFD 2004-1 Bonds.

The 2023 CFD 99-1 Bonds and the 2023 CFD 2004-1 Bonds are secured by the special taxes collected within CFD 99-1 and CFD 2004-1, respectively. No additional costs will be incurred by the Authority.

Submitted by:

Jodee Brentlinger, Secretary of the Authority
Mark Pong, Treasurer of the Authority

RESOLUTION NO. 080323

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOLANA BEACH SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF SPECIAL TAX REVENUE REFUNDING BONDS, SERIES 2023, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$25,000,000, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, BOND PURCHASE AGREEMENTS AND A CONTINUING DISCLOSURE AGREEMENT, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, the Solana Beach School District Public Financing Authority (the "Authority") is authorized pursuant to the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code, commencing with section 6584 thereof (the "Act") to purchase, with the proceeds of bonds of the Authority, bonds of local agencies within the State of California in order to assist such local agencies in financing or refinancing public capital improvements;

WHEREAS, Community Facilities District No. 99-1 of the Solana Beach School District ("CFD No. 99-1") is a community facilities district established under the provisions of the Mello-Roos Community Facilities Act of 1982, being Chapter 2.5 of Division 2 of Title 5 of the Government Code, commencing with section 53311 thereof (the "Mello-Roos Act");

WHEREAS, in order to refinance certain public capital improvements, CFD No. 99-1 is issuing its Community Facilities District No. 99-1 of the Solana Beach School District Special Tax Refunding Bonds, Series 2023 (the "CFD No. 99-1 Bonds"), in the aggregate principal amount of not to exceed \$3,000,000;

WHEREAS, the Authority desires to purchase the CFD No. 99-1 Bonds in order to assist CFD No. 99-1 in refinancing such public capital improvements;

WHEREAS, Community Facilities District No. 2004-1 of the Solana Beach School District ("CFD No. 2004-1") is a community facilities district established under the provisions of the Mello-Roos Act;

WHEREAS, in order to refinance certain public capital improvements, CFD No. 2004-1 is issuing its Community Facilities District No. 2004-1 of the Solana Beach School District Special Tax Refunding Bonds, Series 2023 (the "CFD No. 2004-1 Bonds"), in the aggregate principal amount of not to exceed \$22,000,000;

WHEREAS, the Authority desires to purchase the CFD No. 2004-1 Bonds in order to assist CFD No. 2004-1 in refinancing such public capital improvements;

WHEREAS, in order to provide the moneys required to purchase the CFD No. 99-1 Bonds and the CFD No. 2004-1 Bonds, the Authority desires to provide for the issuance of its Solana Beach School District Public Financing Authority Special Tax Revenue Refunding Bonds, Series 2023 (the "Series 2023 Bonds"), in the aggregate principal amount of not to exceed \$25,000,000;

WHEREAS, in order to provide for the authentication and delivery of the Series 2023 Bonds, to establish and declare the terms and conditions upon which the Series 2023 Bonds

are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Authority proposes to enter into an Indenture with The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") (such Indenture, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Indenture");

WHEREAS, the Authority proposes to purchase the CFD No. 99-1 Bonds pursuant to a Bond Purchase Agreement between the Authority and CFD No. 99-1 (such Bond Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omission as are made pursuant to this Resolution, being referred to herein as the "CFD No. 99-1 Purchase Agreement");

WHEREAS, the Authority proposes to purchase the CFD No. 2004-1 Bonds pursuant to a Bond Purchase Agreement between the Authority and CFD No. 2004-1 (such Bond Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "CFD No. 2004-1 Purchase Agreement");

WHEREAS, Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has presented the Authority with a proposal, in the form of a Bond Purchase Agreement, to purchase the Series 2023 Bonds from the Authority (such Bond Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Authority Purchase Agreement");

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Series 2023 Bonds, the underwriter thereof must have reasonably determined that the issuer thereof has, or one or more appropriate obligated persons have, undertaken in a written agreement or contract for the benefit of the holders of the Series 2023 Bonds to provide disclosure of certain financial information and certain enumerated events on an ongoing basis;

WHEREAS, in order to cause such requirement to be satisfied, the Authority desires to enter into a Continuing Disclosure Agreement with the Trustee (such Continuing Disclosure Agreement, in the form presented to this meeting, with such changes, insertions, omissions as are made pursuant to this Resolution, being referred to herein as the "Continuing Disclosure Agreement");

WHEREAS, a form of the Preliminary Official Statement to be distributed in connection with the public offering of the Series 2023 Bonds has been prepared (such Preliminary Official Statement, in the form presented to this meeting, with such changes, insertions, and omissions as are made pursuant to this Resolution, being referred to herein as the "Preliminary Official Statement");

WHEREAS, there have been prepared and submitted to this meeting forms of:

- a) the Indenture;
- b) the CFD No. 99-1 Purchase Agreement;
- c) the CFD No. 2004-1 Purchase Agreement;
- d) the Authority Purchase Agreement;
- e) the Continuing Disclosure Agreement; and

f) the Preliminary Official Statement;

WHEREAS, the Authority desires to proceed to issue and sell the Series 2023 Bonds and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Series 2023 Bonds;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Solana Beach School District Public Financing Authority, as follows:

Section 1. The above recitals are true and correct and the Board of Directors of the Authority (the "Board of Directors") so finds and determines.

Section 2. Subject to the provisions of Section 3 hereof, the issuance of the Series 2023 Bonds, in the aggregate principal amount of not to exceed \$25,000,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, be and the same is hereby authorized and approved. The Series 2023 Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form and shall be as otherwise provided in the Indenture, as the same shall be completed as provided in this Resolution.

Section 3. The Indenture, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved. Each of the Chairperson of the Board of Directors, and such other members of the Board of Directors as the Chairperson may designate, the Vice-Chair of the Authority, the Treasurer of the Authority and the Secretary of the Authority (the "Authorized Officers") is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Authority, to execute and deliver the Indenture in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Indenture by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not authorize an aggregate principal amount of Series 2023 Bonds in excess of \$25,000,000, shall not result in a final maturity date of the Series 2023 Bonds later than September 1, 2042 and shall not result in a true interest cost for the Series 2023 Bonds in excess of 6.00%.

Section 4. The CFD No. 99-1 Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Authority, to execute and deliver the CFD No. 99-1 Purchase Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the CFD No. 99-1 Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate purchaser's discount (not including any original issue discount) from the principal amount of the CFD No. 99-1 Bonds, expressed as a percentage, that is less than the aggregate underwriter's discount (not including any original issue discount) from the principal amount of the Series 2023 Bonds, expressed as a percentage, provided pursuant to Section 6 hereof (the "Underwriter's Discount").

Section 5. The CFD No. 2004-1 Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and

the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Authority, to execute and deliver the CFD No. 2004-1 Purchase Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the CFD No. 2004-1 Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate purchaser's discount (not including any original issue discount) from the principal amount of the CFD No. 2004-1 Bonds, expressed as a percentage, that is less than the Underwriter's Discount.

Section 6. The Authority Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Authority, to execute and deliver the Authority Purchase Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Authority Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriter's discount (not including any original issue discount) from the principal amount of the Series 2023 Bonds in excess of 0.75% of the aggregate principal amount of the Series 2023 Bonds.

For purposes of Government Code section 5852.1, good faith estimates of (a) the true interest cost of the Series 2023 Bonds; (b) the costs associated with the issuance of the Series 2023 Bonds, including any such costs which the Purchaser agrees to pay pursuant to the Authority Purchase Agreement; (c) the amount of proceeds to be received by the Authority (less the Costs of Issuance or reserves or capitalized interest, if any); and (d) the total payments of principal of and interest on the Series 2023 Bonds through the final maturity thereof, are set forth on **Exhibit A** attached hereto and incorporated herein.

Section 7. The Continuing Disclosure Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Authority, to execute and deliver the Continuing Disclosure Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure Agreement by such Authorized Officer.

Section 8. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, be and the same is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Series 2023 Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the Authority that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 9. The preparation and delivery of a final Official Statement (the "Official Statement"), and its use in connection with the offering and sale of the Series 2023 Bonds, be and the same is hereby authorized and approved. The Official Statement shall be in

substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Authority, to execute the final Official Statement and any amendment or supplement thereto.

Section 10. The Board of Directors hereby approves and ratifies the appointment of the firm of Dannis Woliver Kelley, as bond counsel and disclosure counsel, the firm of Capitol Public Finance Group, LLC, as financial advisor, the firm of Koppel & Gruber Public Finance, as special tax consultant, and the firm of Stifel, Nicolaus & Company, Incorporated, as underwriter for the Series 2023 Bonds. Copies of engagement agreements have been presented to the Board of the Authority in conjunction herewith.

Section 11. The officers of the Authority are, and each of them is, hereby authorized and directed, for and in the name of the Authority, to do any and all things and to execute and deliver any and all documents and certificates which they or any of them deem necessary or advisable in order to consummate the transactions contemplated by this Resolution and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

Section 12. All actions heretofore taken by the officers and agents of the Authority with respect to the issuance and sale of the Series 2023 Bonds, or in connection with or related to any of the agreements or documents referred to herein, are hereby approved, confirmed and ratified.

Section 13. This Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED by the Board of Directors of the Solana Beach School District Public Financing Authority on August 10, 2023.

Debra H. Schade, Ph.D.
Chairperson of the Board of Directors
Solana Beach School District Public
Financing Authority

ATTEST:

Gaylin Allbaugh
Secretary of the
Solana Beach School District Public
Financing Authority

INDENTURE

by and between

SOLANA BEACH SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

Dated as of September 1, 2023

Relating to

\$ _____
SOLANA BEACH SCHOOL DISTRICT
PUBLIC FINANCING AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS,
SERIES 2023

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INDENTURE

THIS INDENTURE (this "Indenture"), dated as of September 1, 2023, is by and between SOLANA BEACH SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Authority is authorized pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Sections 6584 *et seq.* of the California Government Code (the "Bond Law") to purchase, with the proceeds of bonds of the Authority, bonds of local agencies within the State of California in order to assist such local agencies in financing or refinancing public capital improvements;

WHEREAS, Community Facilities District No. 99-1 of the Solana Beach School District ("CFD No. 99-1") is a community facilities district established under the provisions of the Mello-Roos Community Facilities Act of 1982, constituting Sections 53311 *et seq.* of the California Government Code (the "Mello-Roos Act");

WHEREAS, the Board of Education of the Solana Beach School District (the "Board of Education") is the legislative body of CFD No. 99-1;

WHEREAS, in order to refinance certain public capital improvements, CFD No. 99-1 is issuing its Community Facilities District No. 99-1 of the Solana Beach School District 2023 Special Tax Refunding Bonds (the "CFD No. 99-1 Bonds"), in the aggregate principal amount of \$_____;

WHEREAS, the Authority desires to purchase the CFD No. 99-1 Bonds in order to assist CFD No. 99-1 in refinancing such public capital improvements;

WHEREAS, Community Facilities District No. 2004-1 of the Solana Beach School District ("CFD No. 2004-1") is a community facilities district established under the provisions of the Mello-Roos Act;

WHEREAS, the Board of Education is the legislative body of CFD No. 2004-1;

WHEREAS, in order to refinance certain public capital improvements, CFD No. 2004-1 is issuing its Community Facilities District No. 2004-1 of the Solana Beach School District 2023 Special Tax Refunding Bonds (the "CFD No. 2004-1 Bonds"), in the aggregate principal amount of \$_____;

WHEREAS, the Authority desires to purchase the CFD No. 2004-1 Bonds in order to assist CFD No. 2004-1 in refinancing such public capital improvements;

WHEREAS, in order to provide the moneys required to purchase the CFD No. 99-1 Bonds and the CFD No. 2004-1 Bonds, the Authority desires to issue its Solana Beach School District Public Financing Authority Special Tax Revenue Refunding Bonds, Series 2023 (the "Series 2023 Bonds"), in the aggregate principal amount of \$_____;

WHEREAS, the Authority desires to provide for the issuance of additional refunding bonds (the "Additional Bonds") payable on a parity with the Series 2023 Bonds, provided that said issuance is in accordance with this Indenture (the Series 2023 Bonds and any such Additional Bonds being collectively referred to as the "Bonds");

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture has been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I DEFINITIONS; EQUAL SECURITY

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any certificate, opinion or other document herein or therein mentioned, have the meanings herein specified.

"Additional Bonds" means Bonds other than Series 2023 Bonds issued hereunder in accordance with the provisions of Sections 3.05 and 3.06.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal of the Outstanding Bonds due in such Bond Year (including by reason of mandatory sinking fund redemptions).

"Authority" means the Solana Beach School District Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State, and any successor thereto.

"Authorized Denominations" means (a) with respect to the Series 2023 Bonds, \$5,000 and any integral multiple thereof, and (b) with respect to each Series of Additional Bonds, the authorized denominations for such Series of Additional Bonds specified in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

"Authorized Representative" means, with respect to the Authority, the Chairperson of the Authority, the Vice-Chair, the Treasurer of the Authority and the Secretary of the Authority, and any other Person designated as an Authorized Representative of the Authority in a Written Certificate of the Authority filed with the Trustee.

"Beneficial Owners" means those Persons for which the Participants have caused the Depository to hold Book-Entry Bonds.

"Bond Counsel" means a firm of nationally recognized bond counsel selected by the Authority.

"Bond Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.03.

"Bond Law" means the Marks-Roos Local Bond Pooling Act of 1985, constituting Sections 6584 *et seq.* of the California Government Code.

"Bond Year" means each twelve-month period beginning on September 2 in each year and extending to the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2024.

"Bonds" means the Solana Beach School District Public Financing Authority Special Tax Revenue Bonds issued hereunder and includes the Series 2023 Bonds and any Additional Bonds.

"Book-Entry Bonds" means the Bonds of a Series registered in the name of the Depository, or the Nominee thereof, as the registered owner thereof pursuant to the terms and provisions of Section 2.07.

"Business Day" means a day which is not (a) a Saturday, Sunday or legal holiday in the State, (b) a day on which banking institutions in the State, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

"CFD Bonds" means, collectively, the CFD No. 99-1 Bonds and the CFD No. 2004-1 Bonds.

"CFD Indentures" means, collectively, the CFD No. 99-1 Indenture and the CFD No. 2004-1 Indenture.

"CFD No. 99-1" means Community Facilities District No. 99-1 of the Solana Beach School District, a community facilities district organized and existing under the laws of the State, and any successor thereto.

"CFD No. 99-1 Bonds" means the Community Facilities District No. 99-1 of the Solana Beach School District Special Tax Refunding Bonds, Series 2023, issued under the CFD No. 99-1 Indenture.

"CFD No. 99-1 Indenture" means the Indenture, dated as of September 1, 2023, by and between CFD No. 99-1 and the CFD 99-1 Trustee, pursuant to which the CFD No. 99-1 Bonds are issued, as originally executed and as it may be amended or supplemented from time to time in accordance with the terms thereof.

"CFD No. 99-1 Purchase Agreement" means the Bond Purchase Agreement, dated as of _____, 2023, by and between CFD No. 99-1 and the Authority, relating to the acquisition by the Authority of the CFD No. 99-1 Bonds.

"CFD No. 99-1 Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee under the CFD No. 99-1 Indenture, or any successor thereto as trustee thereunder substituted in its place as provided therein.

"CFD No. 2004-1" means Community Facilities District No. 2004-1 of the Solana Beach School District, a community facilities district organized and existing under the laws of the State, and any successor thereto.

"CFD No. 2004-1 Bonds" means the Community Facilities District No. 2004-1 of the Solana Beach School District Special Tax Refunding Bonds, Series 2023, issued under the CFD No. 2004-1 Indenture.

"CFD No. 2004-1 Indenture" means the Indenture, dated as of September 1, 2023, by and between CFD No. 2004-1 and CFD No. 2004-1 Trustee, pursuant to which the CFD No. 2004-1 Bonds are issued, as originally executed and as it may be amended or supplemented from time to time in accordance with the terms thereof.

"CFD No. 2004-1 Purchase Agreement" means the Bond Purchase Agreement, dated as of _____, 2023, by and between CFD No. 2004-1 and the Authority, relating to the acquisition by the Authority of the CFD No. 2004-1 Bonds.

"CFD No. 2004-1 Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee under the CFD No. 2004-1 Indenture, or any successor thereto as trustee thereunder substituted in its place as provided therein.

"CFD Trustees" means, collectively, the CFD No. 99-1 Trustee and the CFD No. 2004-1 Trustee.

"Closing Date" means the date upon which the Series 2023 Bonds are delivered to the Original Purchaser, being _____, 2023.

"Code" means the Internal Revenue Code of 1986.

"Community Facilities Districts" means, collectively, CFD No. 99-1 and CFD No. 2004-1.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated as of the Closing Date, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority relating to the authorization, issuance, sale and delivery of the

Bonds and the CFD Bonds, including but not limited to printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, including the Trustee's first annual administrative fee, initial fees, expenses and charges of each CFD Trustee and its counsel, including such CFD Trustee's first annual administrative fee, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and the CFD Bonds, any premium for a bond insurance policy securing payment of the Bonds or the CFD Bonds, any premium for a reserve surety securing payment of the Bonds or CFD Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds or the CFD Bonds.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.04.

"Defeasance Securities" means (a) non-callable direct obligations of the United States of America ("United States Treasury Obligations"), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

"Depository" means DTC, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to Section 2.07.

"DTC" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York.

"Electronic Means" means e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"Event of Default" means any event or circumstance specified in Section 7.01.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Authority.

"Indenture" means this Indenture, dated as of September 1, 2023, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as originally executed and as it may be amended or supplemented from time to time by any Supplemental Indenture.

"Independent Consultant" means any consultant or firm of such consultants selected by the Authority and who, or each of whom (a) is generally recognized to be qualified in the financial consulting field, (b) is in fact independent and not under the control of the Authority or the School District, (c) does not have any substantial interest, direct or indirect, with or in the Authority or the School District, or any owner of real property in the Authority, or any real property in the Authority, and (d) is not connected with the Authority or the School District as an officer or employee thereof, but who may be regularly retained to make reports to the Authority or the School District.

"Interest Account" means the account by that name within the Bond Fund established and held by the Trustee pursuant to Section 5.03.

"Interest Payment Dates" means March 1 and September 1 of each year, commencing March 1, 2024.

"Letter of Representations" means the Letter of Representations from the Authority to the Depository, in which the Authority makes certain representations with respect to issues of its securities for deposit by the Depository.

"Moody's" means Moody's Investors Service, Inc., a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.07.

"Office of the Trustee" means the principal corporate trust office of the Trustee in [Los Angeles], California, or such other office as may be specified to the Authority by the Trustee in writing; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, which other office or agency shall be specified to the Authority by the Trustee in writing.

"Original Purchaser" means the original purchaser of the Series 2023 Bonds from the Authority.

"Outstanding" means, when used as of any particular time with reference to Bonds, subject to the provisions of Section 11.07, all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.01, and (c) Bonds in lieu of which other Bonds shall have been authenticated and delivered by the Trustee pursuant to Section 2.08.

"Owner" means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

"Participant" means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

"Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Agreement.

"Permitted Investments" is defined in Exhibit A hereto.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Account" means the account by that name within the Bond Fund established and held by the Trustee pursuant to Section 5.03.

"Program Fund" means the fund by that name established and held by the Trustee.

"Rebate Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.05.

"Rebate Requirement" has the meaning ascribed thereto in the Tax Certificate.

"Record Date" means, with respect to interest payable on any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.04.

"Redemption Price" means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant hereto.

"Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05.

"Revenue Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.02.

"Revenues" means all amounts derived from or with respect to the CFD Bonds, including all payments of principal thereof, premium, if any, and interest thereon (including Special Tax Prepayments).

"S&P" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"School District" means the Solana Beach School District, an elementary school district organized and existing under the laws of the State, and any successor thereto.

"Series" means the initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and identified pursuant to this Indenture as the Series 2023 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

"Series 2023 Bonds" means the Solana Beach School District Public Financing Authority Special Tax Revenue Refunding Bonds, Series 2023 issued hereunder.

"Special Tax Prepayments" means, for any CFD Bonds, any amounts received by the Trustee representing a redemption (other than a mandatory sinking fund redemption) of such CFD Bonds pursuant to a CFD Indenture, consisting of the principal amount of such CFD Bonds being redeemed and the premium paid upon such redemption, but excluding the

amount of regularly scheduled payments (including mandatory sinking fund payments) of principal of and interest on such CFD Bonds paid concurrent therewith.

"State" means the State of California.

"Supplemental Indenture" means any supplemental indenture amendatory of or supplemental to this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee hereunder substituted in its place as provided herein.

"Verification Report" means, with respect to the deemed payment of Bonds pursuant to clause (ii) of Section 10.02(a), a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of clause (ii) of Section 10.02(a).

"Written Certificate" and **"Written Request"** of the Authority mean, respectively, a written certificate or written request signed in the name of the Authority by an Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.02 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II THE BONDS

Section 2.01 Authorization of Bonds; Special Obligations.

(a) The Authority hereby authorizes the issuance of the Bonds under and subject to the terms of this Indenture, the Bond Law and other applicable laws of the State. The Bonds may consist of one or more Series of varying denominations, dates, maturities, interest rates and other provisions, subject to the provisions and conditions contained herein. The Bonds shall be designated generally as the "Solana Beach School District Public Financing Authority Special Tax Revenue Refunding Bonds," each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds.

(b) The Bonds shall be special obligations of the Authority, payable, as provided herein, solely from Revenues and the other assets pledged therefor hereunder. Neither the faith and credit nor the taxing power of the Authority, the School District or the State, or any political subdivision thereof, is pledged to the payment of the Bonds.

Section 2.02 Terms of Series 2023 Bonds.

(a) The Series 2023 Bonds shall be designated "Solana Beach School District Public Financing Authority Special Tax Revenue Refunding Bonds, Series 2023." The aggregate principal amount of Series 2023 Bonds that may be issued and Outstanding under this Indenture shall not exceed \$_____, except as may be otherwise provided in Section 2.08.

(b) The Series 2023 Bonds shall be issued in fully registered form without coupons in Authorized Denominations, so long as no Series 2023 Bond shall have more than one maturity date. The Series 2023 Bonds shall be dated as of the Closing Date, shall be in the aggregate principal amount of \$_____, shall mature on September 1 of each year, shall bear interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months) and shall be in the principal amounts as follows:

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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(c) Interest on the Series 2023 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2023 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2023 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Series 2023 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2023 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Notwithstanding the foregoing, interest on any Series 2023 Bond which is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2023 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

(d) The principal of the Series 2023 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

(e) The Series 2023 Bonds shall be subject to redemption as provided in Article IV.

(f) The Series 2023 Bonds shall be in substantially the form set forth in *Exhibit B* hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.03 Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Authority with the manual or electronic signature of the Chairman of the Authority and attested by the manual or electronic signature of the Secretary of the Authority. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers who shall have signed or attested any of the Bonds shall cease to be such officers before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers, and also any Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such Person shall not have been such officer of the Authority.

Section 2.04 Authentication of Bonds. Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit B hereto for the Series 2023 Bonds, manually or electronically executed by the Trustee shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05 Registration Books. The Trustee shall keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the Authority; 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 such records, the ownership of the Bonds.

Section 2.06 Transfer and Exchange of Bonds.

(a) Any Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be so surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series and maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(b) The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to this Section during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

Section 2.07 Book-Entry System.

(a) Prior to the issuance of a Series of Bonds, the Authority may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds, and in such event, the Bonds of such Series for each maturity date shall be in the form of a separate single fully registered Bond (which may be typewritten). Upon initial issuance, the ownership of each such Bond of such Series shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository. The Series 2023 Bonds shall initially be issued as Book-Entry Bonds.

Payment of principal of, and interest and premium, if any, on, any Book-Entry Bond registered in the name of the Nominee shall be made on the applicable payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address which is, on the Record Date, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Bonds, the Authority and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds of a maturity to be redeemed in the event such Book-Entry Bonds are redeemed in part, (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any amount with respect to principal of, or premium, if any, or interest on Book-Entry Bonds, or (v) any consent given or other action taken by the Depository as Owner.

(c) The Authority and the Trustee may treat and consider the Person in whose name each Book-Entry Bond is registered in the Registration Books as the absolute Owner of

such Book-Entry Bond for the purpose of payment of principal of, and premium, if any, and interest on such Bond, for the purpose of selecting any Bonds, or portions thereof, to be redeemed, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond, for the purpose of obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and the Authority and the Trustee shall not be affected by any notice to the contrary.

(d) In the event of a redemption of all or a portion of a Book-Entry Bond, the Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Book-Entry Bond, or (ii) if the Depository is the sole Owner of such Book-Entry Bond, shall make an appropriate notation on the Book-Entry Bond indicating the date and amounts of the reduction in principal thereof resulting from such redemption, except in the case of final payment, in which case such Book-Entry Bond must be presented to the Trustee prior to payment.

(e) The Trustee shall pay all principal of, and premium, if any, and interest on the Book-Entry Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) the respective Owner, as shown in the Registration Books, or such Owner's respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, and premium, if any, and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Registration Books, shall receive an authenticated Book-Entry Bond. Upon delivery by the Depository to the Owners, the Authority and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

(f) In order to qualify the Book-Entry Bonds for the Depository's book-entry system, the Authority shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Authority or the Trustee any obligation whatsoever with respect to Persons having interests in such Book-Entry Bonds other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the Authority, the Authority and the Trustee shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

(g) In the event the Authority determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Bonds and that such Bonds should therefore be made available and notifies the Depository and the Trustee of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Bonds. In such event, the Trustee shall transfer and exchange certificated Bonds as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the Authority shall discontinue the Book-Entry system with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate, fully registered Bond of the appropriate Series for each maturity

date of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee. If the Authority fails to identify another qualified securities depository to replace the Depository, then the Book-Entry Bonds shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Sections 2.06, 2.08 and 2.09. Whenever the Depository requests the Authority to do so, the Authority shall cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Bonds to any Participant having Book-Entry Bonds credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Bonds.

(h) Notwithstanding any other provision of this Indenture to the contrary, if the Depository is the sole Owner of the Bonds of a Series, so long as any Book-Entry Bond of such Series is registered in the name of the Nominee, all payments of principal of, and premium, if any, and interest on such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to this Indenture by the Authority or the Trustee, with respect to any consent or other action to be taken by Owners of Book-Entry Bonds, the Trustee shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

Section 2.08 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like aggregate principal amount in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond of a Series issued under the provisions of this Section in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds of such Series secured by this Indenture.

Section 2.09 Temporary Bonds. The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as

may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds of a Series it shall execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of such Series and maturities in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under this Indenture as definitive Bonds of such Series authenticated and delivered hereunder.

ARTICLE III

ISSUANCE OF SERIES 2023 BONDS; APPLICATION OF PROCEEDS; ADDITIONAL BONDS

Section 3.01 Issuance of Series 2023 Bonds. The Authority may at any time execute the Series 2023 Bonds and deliver the same to the Trustee. The Trustee shall authenticate the Series 2023 Bonds and deliver the Series 2023 Bonds to the Original Purchaser upon receipt of a Written Request of the Authority and upon receipt of the purchase price therefor.

Section 3.02 Application of Proceeds. On the Closing Date, the proceeds of the sale of the Series 2023 Bonds received by the Trustee, \$_____, shall be deposited by the Trustee as follows:

- (a) the Trustee shall deposit the amount of \$_____ in the Program Fund.
- (b) the Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund, which deposit, pursuant to the CFD No. 99-1 Purchase Agreement, constitutes the payment of a portion of the purchase price of the CFD No. 99-1 Bonds.
- (c) the Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund, which deposit, pursuant to the CFD No. 2004-1 Purchase Agreement, constitutes the payment of a portion of the purchase price of the CFD No. 2004-1 Bonds.
- (d) the Trustee may establish a temporary fund or account in its records to facilitate such deposits or transfers.

Section 3.03 Program Fund.

- (a) The Trustee shall establish and maintain a separate fund designated the "Program Fund." The Trustee shall credit all CFD Bonds to the Program Fund and shall hold and administer the Program Fund so long as the Trustee is the Owner of any CFD Bond.
- (b) On the Closing Date there shall be deposited in the Program Fund the amount specified in Section 3.02.
- (c) On the Closing Date, the Trustee shall withdraw from the Program Fund the amount of \$_____ and apply such amount to the purchase on such date of the CFD No. 99-1 Bonds, all pursuant to and in accordance with the provisions of the CFD No. 99-1 Purchase Agreement. In accordance with the CFD No. 99-1 Purchase Agreement, the

ownership of the CFD No. 99-1 Bonds shall be registered in the name of the Trustee upon the acquisition thereof.

(d) On the Closing Date, the Trustee shall withdraw from the Program Fund the amount of \$_____ and apply such amount to the purchase on such date of the CFD No. 2004-1 Bonds, all pursuant to and in accordance with the provisions of the CFD No. 2004-1 Purchase Agreement. In accordance with the CFD No. 2004-1 Purchase Agreement, the ownership of the CFD No. 2004-1 Bonds shall be registered in the name of the Trustee upon the acquisition thereof.

Section 3.04 Costs of Issuance Fund.

(a) The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to Section 3.02. There shall additionally be deposited in the Cost of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Authority stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment is a proper charge against the Costs of Issuance Fund, and (v) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. Each such written Request of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the last Business Day that is no later than six months after the Closing Date, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and a portion of such amounts shall be transferred to each CFD Trustee for deposit in the Interest Account held by such CFD Trustee, which portion shall be a *pro rata* share of such remaining amount, based on the principal amount of CFD Bonds outstanding. Upon such transfer, the Costs of Issuance Fund shall be closed.

(c) If the Costs of Issuance Fund has been closed in accordance with the provisions hereof, the Costs of Issuance Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Section 3.05 Conditions for the Issuance of Additional Bonds. The Authority may at any time issue one or more Series of Additional Bonds (in addition to the Series 2023 Bonds) payable from Revenues as provided herein on a parity with all other Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

(a) upon the issuance of such Additional Bonds, no Event of Default shall have occurred and be continuing hereunder;

(b) the issuance of such Additional Bonds shall have been authorized under and pursuant to this Indenture and the Bond Law and shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) the purposes for which the proceeds of such Additional Bonds are to be applied, which purposes may only include one or more of (A) providing funds to refund any Bonds previously issued hereunder, and (B) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds;

(ii) the principal amount and designation of such Series of Additional Bonds and the interest rate to be borne by each maturity of such Additional Bonds;

(iii) that such Additional Bonds shall be payable as to interest on the Interest Payment Dates, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period of not longer than twelve months;

(iv) the date, the maturity date or dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that each such maturity date and date on which a mandatory sinking fund redemption is to be made shall be a September 1 and, provided, further, that serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(v) the redemption premiums and terms, if any, for such Additional Bonds; provided, however, that such Additional Bonds shall be subject to redemption on terms substantially similar to the redemption provisions for the Series 2023 Bonds set forth in Section 4.01(b);

(vi) the form of such Additional Bonds; and

(vii) such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof;

(c) The Authority shall have received a certificate from an Independent Consultant certifying that Annual Debt Service in each Bond Year, calculated for all Bonds that will be Outstanding after the issuance of such Additional Bonds, will be less than or equal to Annual Debt Service in such Bond Year, calculated for all Bonds which are Outstanding immediately prior to the issuance of such Additional Bonds.

Nothing contained herein shall limit the issuance of any bonds payable from Revenues if, after the issuance and delivery of such bonds, none of the Bonds theretofore issued hereunder will be Outstanding.

Section 3.06 Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Bond Law, such Additional Bonds shall be executed by the Authority for issuance hereunder and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(a) a certified copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;

(b) a Written Request of the Authority as to the delivery of such Additional Bonds;

(c) a Written Certificate of the Authority stating that the conditions precedent to the issuance of such Additional Bonds specified in Section 3.05 have been satisfied;

(d) an opinion of Bond Counsel substantially to the effect that (i) this Indenture and all Supplemental Indentures have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Authority, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State), (ii) such Additional Bonds constitute valid and binding special obligations of the Authority and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State), and (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on any of the Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes for which interest is excludable under the Code;

(e) the proceeds of the sale of such Additional Bonds; and

(f) such further documents or money as are required by the provisions hereof or by the provisions of the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Section 3.07 Additional Bonds. The Authority shall not incur any obligations payable from Revenues on a parity with the Bonds, except as provided in Sections 3.05 and 3.06.

ARTICLE IV REDEMPTION OF BONDS

Section 4.01 Redemption of Series 2023 Bonds.

(a) *Optional Redemption.* The Series 2023 Bonds shall be subject to optional redemption, in whole, or in part in Authorized Denominations, on any date on or after September 1, 20__, from any source of available funds, at a Redemption Price equal to the principal amount of the Series 2023 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The Authority shall give the Trustee written notice of its intention to redeem Series 2023 Bonds pursuant to this subsection not less than 45 days prior to the applicable redemption date, unless a later date is agreed to by the Trustee.

(b) *Mandatory Redemption from Special Tax Prepayments.* The Series 2023 Bonds shall be subject to mandatory redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date, from and to the extent of any Special Tax Prepayments with respect to the CFD Bonds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2023 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
Any Interest Payment Date through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and March 1, 20__	100

The principal amount of Series 2023 Bonds to be redeemed pursuant to this subsection from any Special Tax Prepayments with respect to CFD Bonds shall be the greatest principal amount of Series 2023 Bonds, the Redemption Price of which is less than or equal to such Special Tax Prepayments, as specified in a Written Request of the Authority delivered to the Trustee. In the event that a CFD Trustee shall mail notice of the redemption of any CFD Bonds that will produce Special Tax Prepayments with respect to CFD Bonds, the Trustee shall concurrently mail notice of the redemption of Series 2023 Bonds pursuant to this subsection, such redemption to occur on the date fixed for such redemption of such CFD Bonds. On the date of such redemption of the CFD Bonds, the proceeds of such redemption shall be applied by the Trustee to pay the Redemption Price of Series 2023 Bonds pursuant to this subsection.

For purposes of the selection of Series 2023 Bonds for redemption pursuant to this subsection, the Series 2023 Bonds shall be selected for redemption among maturities by the Authority (evidenced pursuant to a Written Certificate of the Authority delivered to the Trustee at least 45 days prior to the redemption date or such later date as shall be acceptable to the Trustee) on such basis that the debt service on the CFD Bonds to be received on each Interest Payment Date will be sufficient to pay debt service on the Series 2023 Bonds on such Interest Payment Date, as shall be demonstrated in a report of an Independent Consultant filed with the Trustee; provided, however, that no such report need be filed with the Trustee if, after such redemption, no Series 2023 Bonds will be Outstanding.

(c) *Mandatory Sinking Fund Redemption.* The Series 2023 Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2023 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	Principal Amount to be Redeemed
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(Maturity)

If some but not all of the Series 2023 Bonds maturing on September 1, 20__ are redeemed pursuant to Section 4.01(a), the principal amount of the Series 2023 Bonds

maturing on September 1, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the Authority in a Written Certificate of the Authority filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2023 Bonds maturing on September 1, 20__ redeemed pursuant to Section 4.01(a). If some but not all of the Series 2023 Bonds maturing on September 1, 20__ are redeemed pursuant to Section 4.01(b), the principal amount of the Series 2023 Bonds maturing on September 1, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2023 Bonds maturing on September 1, 20__ so redeemed pursuant to Section 4.01(b), such reduction to be allocated among redemption dates such that the remaining payments of principal of and interest on the CFD Bonds maturing on September 1, 20__ will be sufficient on a timely basis to redeem on each such redemption date the Series 2023 Bonds maturing on September 1, 20__ to be so redeemed pursuant to Section 4.01(c) and to pay interest thereon through the maturity date thereof, as shall be demonstrated in a written report of an Independent Consultant, which, together with a Written Request of the Authority specifying such reduction in the principal amount of Series 2023 Bonds to be redeemed on each subsequent September 1 based on such written report, shall be delivered to the Trustee at the time the written report of an Independent Consultant and the Written Request of the Authority required pursuant to Section 4.01(b) are delivered to the Trustee.

Section 4.02 Notice of Redemption. The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, if any, the Bond numbers and the maturity or maturities of the Bonds to be redeemed (except in the event of redemption of all of the Bonds of such maturity or maturities in whole), and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. With respect to any notice of (a) any optional redemption of Bonds of a Series, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of Section 10.02, (b) any mandatory redemption of Bonds of a Series resulting from the optional redemption of CFD Bonds, unless at the time such notice is given such CFD Bonds shall be deemed to have been paid within the meaning of the defeasance provisions of the CFD Indenture pursuant to which such CFD Bonds are issued, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner

in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Section 4.03 Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Authority, (b) with respect to any redemption pursuant to Section 4.01(b), as provided in said Section, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

Section 4.04 Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series in Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bonds surrendered.

Section 4.05 Effect of Notice of Redemption. Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside with the Trustee, the Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled upon surrender thereof and destroyed.

ARTICLE V SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

Section 5.01 Pledge and Assignment.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of this Indenture and the Bond Law, the Authority hereby pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Revenues and any other amounts held in the Revenue Fund and the Bond Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately

attach to such assets and be effective, binding and enforceable against the Authority, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, this Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

(b) The Authority hereby assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the CFD Bonds, if any. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and may take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the Community Facilities Districts under and with respect to the CFD Bonds.

Section 5.02 Revenue Fund.

(a) Upon the receipt by the Trustee of any Revenues, the Trustee shall deposit such Revenues in the Revenue Fund; provided, however, that any portion of any such Revenues that represents Special Tax Prepayments shall be deposited in the Redemption Fund.

(b) No later than six Business Days before each Interest Payment Date, the Trustee shall withdraw Revenues from the Revenue Fund in an amount sufficient to enable the Trustee to make the following transfers in the following order of priority:

(i) *Interest Account of the Bond Fund.* To the Interest Account, the amount, if any, necessary to cause the amount on deposit in the Interest Account to be equal to the interest due on the Bonds on such Interest Payment Date; and

(ii) *Principal Account of the Bond Fund.* To the Principal Account, the amount, if any, necessary to cause the amount on deposit in the Principal Account to be equal to the principal, if any, due on the Bonds on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds.

Section 5.03 Bond Fund.

(a) The Trustee shall establish and maintain a separate fund designated the "Bond Fund." Within the Bond Fund, the Trustee shall establish and maintain a separate account designated the "Principal Account" and a separate account designated the "Interest Account." The Trustee shall deposit in the Interest Account and the Principal Account from time to time the amounts required to be deposited therein pursuant to Section 5.02. There shall additionally be deposited in the Interest Account the portion, if any, of the proceeds of the sale of Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) On each Interest Payment Date, the Trustee shall withdraw from the Interest Account for payment to the Owners of the Bonds the interest on the Bonds then due and payable.

(c) On each September 1 on which principal of the Bonds is due and payable, including principal due and payable by reason of mandatory sinking fund redemption of the Bonds, the Trustee shall withdraw from the Principal Account for payment to the Owners of the Bonds such principal then due and payable.

Section 5.04 Redemption Fund.

(a) The Trustee shall establish and maintain a special fund designated the "Redemption Fund." The Trustee shall deposit in the Redemption Fund (i) amounts received from the Authority in connection with the Authority's exercise of its rights to optionally redeem Bonds, (ii) Principal Prepayment, and (iii) amounts required to be deposited therein pursuant to any Supplemental Indenture.

(b) Amounts in the Redemption Fund shall be disbursed therefrom for the payment of the Redemption Price of Series 2023 Bonds redeemed pursuant to Section 4.01(a) or Section 4.01(b) and for the payment of the Redemption Price of Additional Bonds redeemed under the Supplemental Indenture pursuant to which such Additional Bonds are issued (other than mandatory sinking fund redemptions thereof).

Section 5.05 Rebate Fund.

(a) The Trustee shall establish and maintain a special fund designated the "Rebate Fund." There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the Authority. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Article X or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate. The Trustee may conclusively rely upon the Authority's determinations, calculations and certifications required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Authority's calculations.

(b) Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in this Section, shall, upon receipt by the Trustee of a Written Request of the Authority, be withdrawn by the Trustee and remitted to the Authority.

Section 5.06 Investment of Moneys.

(a) Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Indenture held by the Trustee shall be invested by the Trustee solely in Permitted Investments, as directed in a Written Request of the Authority received by the Trustee no later than two Business Days prior to the making of such investment. Moneys in all such funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture. Absent a timely Written Request of the Authority with respect to the investment of moneys in any of the funds or accounts established pursuant to this

Indenture held by the Trustee, the Trustee shall invest such moneys in Permitted Investments described in paragraph (h) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the Authority specifying a specific money market mutual fund in which such investment is to be made and, if no such Written Request of the Authority is so received, the Trustee shall hold such moneys uninvested.

(b) Subject to the provisions of Section 5.05, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Indenture shall be retained therein.

(c) Permitted Investments acquired as an investment of moneys in any fund or account established under this Indenture shall be credited to such fund or account. For the purpose of determining the amount in any fund or account, all Permitted Investments credited to such fund or account shall be valued by the Trustee at the market value thereof (without regard to costs incurred in the acquisition or disposition thereof, including breakage, unwind or other similar fees), such valuation to be performed not less frequently than semiannually on or before each February 15 and August 15. To the extent of any valuations to be made by the Trustee hereunder, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and deliveries in securities) available to it. Any Permitted Investment that is a registrable security shall be registered in the name of the Trustee.

(d) The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments are credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established hereunder. The Trustee, in making or disposing of any investment permitted by this Section, may deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as a principal for its own account. The Trustee may rely conclusively and without liability upon investment direction of the Authority as to the suitability and legality of the directed investments.

(e) The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall at no additional charge furnish the Authority periodic cash transaction statements, which shall include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VI COVENANTS

Section 6.01 Punctual Payment. The Authority shall punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true

intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture and received by the Authority or the Trustee.

Section 6.02 Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 6.03 Against Encumbrances; Defense of Pledge. The Authority shall not create, or permit the creation of, any pledge of, lien on, security interest in or charge or other encumbrance upon the assets pledged under this Indenture, except as permitted hereby. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of such assets, and the lien thereon and security interest therein created hereby, against all claims and demands of all Persons whomsoever.

Section 6.04 Tax Covenants.

(a) The Authority shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2023 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Series 2023 Bonds.

(b) In the event that at any time the Authority is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established hereunder, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the Authority shall provide to the Trustee an opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2023 Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 6.05 Collection of Revenues. The Trustee shall collect and cause to be paid to it all Revenues promptly as such Revenues become due and payable, and shall enforce and cause to be enforced all rights of the Trustee under and with respect to the CFD Bonds, subject to the provisions of this Indenture.

Section 6.06 Disposition of CFD Bonds. The Trustee shall not sell or otherwise dispose of the CFD Bonds, or any interest therein, unless either (a) there shall have occurred

and be continuing an Event of Default hereunder, or (b) the proceeds derived by the Trustee from such sale or other disposition are sufficient to enable the Trustee to redeem or defease all of the Outstanding Bonds in accordance with the terms hereof.

Section 6.07 Continuing Disclosure. Each of the Authority and the Trustee shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of this Indenture, failure of the Authority or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2023 Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner or Beneficial Owner of the Series 2023 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 6.08 Accounting Records. The Authority shall keep or cause to be kept appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Special Taxes, which records shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions.

Section 6.09 State Reporting. If at any time the Trustee fails to pay principal or interest due on any scheduled payment date for the Bonds, the Trustee shall notify the Authority in writing of such failure or withdrawal, and the Authority shall notify the California Debt and Investment Advisory Commission of such failure within ten days of the failure to make such payment.

Section 6.10 Annual Reports to the California Debt and Investment Advisory Commission. Not later than October 30 of each year, commencing October 30, 2023 and continuing until the October 30 following the final maturity of the Bonds, the Authority shall supply to the California Debt and Investment Advisory Commission the information required to be provided thereto pursuant to Section 6599.1 of the Bond Law.

Section 6.11 Further Assurances. The Authority shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

ARTICLE VII EVENTS OF DEFAULT AND REMEDIES

Section 7.01 Events of Default. The following events shall be Events of Default:

(a) failure to pay any installment of principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise;

(b) failure to pay any installment of interest on any Bonds when and as the same shall become due and payable;

(c) failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such failure

shall have continued for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that, if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 60 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Authority within such 60 day period and the Authority thereafter diligently and in good faith cures such failure in such extended period of time; or

(d) the commencement by the Authority of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Section 7.02 Remedies Under CFD Bonds. If an Event of Default shall occur under Section 7.01(a) or Section 7.01(b) then, and in each and every such case during the continuance of such Event of Default, the Trustee, may, or at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, and upon being indemnified to its satisfaction therefor, shall, exercise any and all rights and pursue any and all remedies available pursuant to law or granted with respect to the CFD Bonds.

Section 7.03 Other Remedies. If an Event of Default shall have occurred and be continuing, the Trustee shall have the right:

(a) by mandamus, suit, action or proceeding, to compel the Authority and its officers, agents or employees to perform each and every term, provision and covenant contained in this Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Authority and the fulfillment of all duties imposed upon it by this Indenture and the Bond Law;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the rights of the Trustee or the Owners; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the Authority and its officers and employees to account as if it and they were the trustees of an express trust.

Section 7.04 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.05 Application of Revenues After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

(a) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(b) to the payment of the principal and interest then due with respect to the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture, as follows:

First: to the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments 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: to the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference; and

(c) any remaining funds shall be transferred by the Trustee to the Revenue Fund.

Section 7.06 Power of Trustee to Enforce. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture.

Section 7.07 Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of this Indenture, the Bond Law and other applicable law and, provided, further, that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Section 7.08 Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Bond Law or any other applicable law with respect to such Bond, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written

request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder or under law; it being understood and intended that no one or more Owners shall have any right in any manner whatever by such Owner's or Owners' action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners, or to enforce any right under the Bonds, this Indenture, the Bond Law or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners, subject to the provisions of this Indenture.

Section 7.09 Absolute Obligation. Nothing in this Indenture or the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.10 Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the Authority, the Trustee and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Owners shall continue as though no such proceedings had been taken.

Section 7.11 No Waiver of Default. No delay or omission of the Trustee or of any Owner to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by this Indenture to the Trustee or to the Owners may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII TRUSTEE

Section 8.01 Duties and Liabilities of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Section 8.02 Qualifications; Removal and Resignation; Successors. (a) The Trustee initially a party hereto and any successor thereto shall at all times be a trust company, national banking association or bank having trust powers in good standing in or incorporated

under the laws of the United States or any state thereof, having (or if such trust company, national banking association or bank is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least \$250,000,000, and subject to supervision or examination by a federal or state agency. If such trust company, national banking association or bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such trust company, national banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Authority may, by an instrument in writing, upon at least 30 days' notice to the Trustee, remove the Trustee initially a party hereto and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party hereto and any successor thereto if (i) at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) the Trustee shall cease to be eligible in accordance with subsection (a) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Authority, and to the Owners at the respective addresses shown on the Registration Books. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of subsection (a) of this Section, the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(d) Upon removal or resignation of the Trustee, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that any successor Trustee shall be qualified as provided in subsection (a) of this Section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the successor Trustee

shall, within 15 days after such acceptance, mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Owners at the addresses shown on the Registration Books.

(e) Any trust company, national banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, national banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, national banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, national banking association or bank shall be eligible under subsection (a) of this Section, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

(f) Notwithstanding anything to the contrary contained herein, so long as the Trustee shall be the owner of any CFD Bonds, no entity shall be qualified to act as the Trustee (or to act as any successor Trustee) except the CFD Trustee. Upon any resignation or removal of the CFD Trustee in accordance with the CFD Indentures, such event shall automatically cause the resignation or removal of the Trustee hereunder; and upon the appointment of a successor CFD Trustee in accordance with the CFD Indentures, such appointment shall automatically constitute the appointment of a successor Trustee hereunder. Under no circumstances shall the Trustee be removed or resign hereunder unless the CFD Trustee shall be removed or resign as such under and pursuant to the CFD Indentures.

Section 8.03 Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee shall not assume responsibility for the correctness of the same or incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds.

(b) The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds, or in respect of the security afforded by this Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value, the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or the application of any moneys paid to the Authority or others in accordance with this Indenture.

(c) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(d) No provision of this Indenture or any other document related hereto shall require the Trustee to risk or advance its own funds.

(e) The Trustee may execute any of its powers or duties hereunder through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with reasonable care.

(f) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(g) The immunities and protections extended to the Trustee also extend to its directors, officers, employees and agents.

(h) Before taking action under Article VII, under this Article or upon the direction of the Owners, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

(i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(j) The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(k) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(l) The Trustee shall not be liable for the failure to take any action required to be taken by it hereunder if and to the extent that the Trustee's taking such action is prevented by reason of an act of God, terrorism, war, riot, strike, fire, flood, earthquake, epidemic or other, similar occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care.

(m) The Trustee shall not be deemed to have knowledge of an Event of Default hereunder unless it has actual knowledge thereof.

(n) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

(o) The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Section 8.04 Right to Rely on Documents and Opinions.

(a) The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(c) Whenever in the administration of the duties imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Authority, and such Written Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

(d) The Trustee may consult with counsel, who may be counsel to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Section 8.05 Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with prudent corporate trust industry standards, in which accurate entries shall

be made of all transactions made by it relating to the proceeds of the Bonds, the Revenues received by it and all funds and accounts established by it pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the Authority a monthly accounting of the funds and accounts it holds under this Indenture; provided, however, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (a) has a balance of zero, and (b) has not had any activity since the last reporting date.

Section 8.06 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during business hours and upon reasonable notice to the inspection of the Authority, the Owners and their agents and representatives duly authorized in writing.

Section 8.07 Compensation and Indemnification. The Authority shall pay to the Trustee from time to time from Revenues all reasonable compensation pursuant to a pre-approved fee letter for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees pursuant to a pre-approved fee letter and other disbursements pursuant to a pre-approved fee letter and those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture. The Authority shall, to the extent permitted by law, from Revenues, indemnify and save the Trustee and its officers, directors, agents and employees harmless against any costs, claims, expenses, suits, losses, judgments, damages (including fees and expenses of its counsel), and liabilities which it may incur in the exercise and performance of its powers and duties hereunder, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. The duty of the Authority to indemnify the Trustee shall survive the resignation or removal of the Trustee and the termination and discharge of this Indenture.

ARTICLE IX SUPPLEMENTAL INDENTURES

Section 9.01 Supplemental Indentures.

(a) This Indenture and the rights and obligations of the Authority, the Trustee and the Owners hereunder may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into when there are filed with the Trustee the written consents of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 11.07. No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon, extend the time of payment thereof or alter the redemption provisions thereof, without the consent of the Owner of each Bond so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under this Indenture prior to or on a parity with the pledge contained in, and the lien and security interest created by, this Indenture or deprive the Owners of the pledge contained in, and the lien and security interest created by, this Indenture, except as expressly provided in this Indenture, without the consent of the Owners of all of the Bonds then Outstanding, or (iii) modify or amend this Section without the prior written consents of the Owners of all Bonds then Outstanding.

(b) This Indenture and the rights and obligations of the Authority, the Trustee and the Owners hereunder may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in this Indenture contained, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Indenture, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of Article III;

(iv) to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(v) to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(vi) in any other respect whatsoever as the Authority may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder.

(c) Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid (provided that, with respect to Book-Entry Bonds, said notice may be sent by electronic transmission), setting forth in general terms the substance of such Supplemental Indenture, to the Owners at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(d) The Trustee may in its discretion, but shall not be obligated to, enter into a Supplemental Indenture authorized by this Section 9.01 that adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(e) The Trustee shall be furnished, upon request, an opinion of counsel that any Supplemental Agreement entered into by the Authority and the Trustee complies with the provisions of this Article IX, and the Trustee may conclusively rely upon such opinion.

Section 9.02 Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee and the Owners shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification

and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03 Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the effective date of any Supplemental Indenture pursuant to this Article may and, if the Authority so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date and presentation of such Bond for such purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, such a new Bond in equal principal amount of the same Series, interest rate and maturity shall be exchanged for such Owner's Bond so surrendered.

Section 9.04 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendment or modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

ARTICLE X DEFEASANCE

Section 10.01 Discharge of Indenture.

(a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, then the Owners shall cease to be entitled to the pledge of the Revenues and the other assets as provided herein, and all agreements, covenants and other obligations of the Authority hereunder shall thereupon cease, terminate and become void and this Indenture shall be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of subsection (a) of this Section, when any Bond shall have been paid and if, at the time of such payment, the Authority shall have kept, performed and observed all of the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the pledge of the Revenues and other assets as provided herein, and all agreements, covenants and other obligations of the Authority hereunder shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of this Indenture or the discharge and satisfaction of this Indenture in respect of any Bond, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof,

exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners of such Bond, and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on such Bond, and to pay to the Owner of such Bond the funds so held by the Trustee as and when such payment becomes due.

Section 10.02 Bonds Deemed To Have Been Paid.

(a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in Section 10.01. Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 10.01 if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 4.02, notice of redemption of such Bond on said redemption date, said notice to be given in accordance with Section 4.02, (ii) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, together with the money, if any, deposited therewith, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owner of such Bond that the deposit required by clause (ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond.

(b) No Bond shall be deemed to have been paid pursuant to clause (ii) of subsection (a) of this Section unless the Authority shall have caused to be delivered to the Authority and the Trustee (i) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Authority and the Trustee, in form and in substance acceptable to the Authority and the Trustee, (ii) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii)(B) of subsection (a) of this Section resulting in such deemed payment, which escrow agreement shall be in form and in substance acceptable to the Authority and the Trustee and which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report, and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (iii) a copy of an opinion of Bond Counsel, dated the date of such deemed payment and addressed to the Authority and the Trustee, in form and in substance acceptable to the Authority and the Trustee, to the effect that such Bond has been paid within the meaning and with the effect expressed in this Indenture, this Indenture has been discharged in respect of such Bond and all agreements, covenants and other obligations of the Authority hereunder as to such Bond have ceased, terminated, become void and been completely discharged and satisfied.

Section 10.03 Unclaimed Moneys. Any moneys held by the Trustee in trust for the payment and discharge of the principal of, or premium or interest on, any Bond that remain unclaimed for two years after the date when such principal, premium or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, premium or interest become payable, shall be repaid (without liability for interest) by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owner of such Bond shall look only to the Authority for the payment of such principal, premium or interest.

ARTICLE XI MISCELLANEOUS

Section 11.01 Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained required hereby to be performed by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.02 Limitation of Rights. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Trustee, the Authority and the Owners, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the Authority and the Owners.

Section 11.03 Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds.

Section 11.04 Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, subsection, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, subsections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.05 Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Authority:	Solana Beach School District Public Financing Authority c/o Solana Beach School District 309 North Rios Avenue Solana Beach, California 92705
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Attention: Assistant Superintendent, Business Services

If to the Trustee:

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 400
Los Angeles, California 90071
Attention: Corporate Trust Department

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, or (d) if given by any other means, upon delivery at the address specified in this Section.

Section 11.06 Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Section 11.07 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Authority, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon

request of the Trustee, the Authority shall specify in a Written Certificate of the Authority delivered to the Trustee which Bonds, if any, are, as of the date of such Written Certificate, owned or held by or for the account of the Authority.

Section 11.08 Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners entitled thereto, subject, however, to the provisions of Section 10.03 but without any liability for interest thereon.

Section 11.09 Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with prudent corporate trust industry standards to the extent practicable, and with due regard for the requirements hereof and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish any such additional funds or accounts as it deems necessary to perform its obligations hereunder.

Section 11.10 Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Indenture and, unless otherwise specifically provided in this Indenture, no interest shall accrue for the period from and after such nominal date.

Section 11.11 Waiver of Personal Liability. No member, officer, agent or employee of the Authority or the School District shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by any applicable provision of law or by this Indenture.

Section 11.12 Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 11.13 Conflict with Bond Law. In the event of any conflict between any provision of this Indenture and any provision of the Bond Law, the provision of the Bond Law shall prevail over the provision of this Indenture.

Section 11.14 Conclusive Evidence of Regularity. Bonds issued pursuant to this Indenture shall constitute evidence of the regularity of all proceedings under the Bond Law relative to their issuance and the levy of the Special Taxes.

Section 11.15 Governing Laws. This Indenture shall be governed by and construed in accordance with the laws of the State.

Section 11.16 Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority has caused this Indenture to be signed in its name by its representative thereunto duly authorized, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

**SOLANA BEACH SCHOOL DISTRICT
PUBLIC FINANCING AUTHORITY**

By: _____
Authorized Representative

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

By: _____
Authorized Officer

EXHIBIT A

PERMITTED INVESTMENTS

"Permitted Investments" means the following:

(a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), and obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America ("Federal Securities");

(b) any of the following direct or indirect obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank; (ii) certificates of beneficial ownership issued by the Farmers Home Administration; (iii) participation certificates issued by the General Services Administration; (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration; (v) project notes issued by the United States Department of Housing and Urban Development; and (vi) public housing notes and bonds guaranteed by the United States of America;

(c) interest-bearing money market accounts, demand deposits, time deposits, certificates of deposit, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, other deposit products in a federal or state chartered bank (including those placed by a third party pursuant to an agreement between the Trustee and the Authority), or bankers acceptances of depository institutions, including the Trustee or any of its affiliates or a state licensed branch of a foreign bank or a state or federal association (as defined in Section 5102 of the California Financial Code), provided that (i) the unsecured short-term obligations of such commercial bank or savings and loan association shall be rated A1 or better by S&P, or (ii) such demand deposit accounts or time deposits shall be fully insured by the Federal Deposit Insurance Corporation;

Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories.

(d) commercial paper rated at the time of purchase in the highest short-term rating category by S&P, issued by corporations which are organized and operating within the United States of America, and which matures not more than 180 days following the date of investment therein;

(e) bankers acceptances, consisting of bills of exchange or time drafts drawn on and accepted by a commercial bank including the Trustee and its affiliates whose short-term obligations are rated in the highest short-term rating category by S&P, which mature not more than 270 days following the date of investment therein;

(f) obligations the interest on which is excludable from gross income pursuant to Section 103 of the Code and which are rated A or better by S&P;

(g) obligations issued by any corporation organized and operating within the United States of America having assets in excess of \$500,000,000, which obligations are rated A or better by S&P;

(h) money market mutual funds which are rated Am or better by S&P, including funds for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;

(i) an investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution or corporation, the long-term unsecured obligations of which are or, in the case of an insurance company, the long term financial strength of which is, rated "AA-" or better by S&P at the time of initial investment; provided, that the investment agreement shall be subject to a downgrade provision with at least the following requirements:

(i) the agreement shall provide that within ten Business Days after the financial institution's long-term unsecured credit rating has been withdrawn, suspended, or reduced below "AA-" by S&P (such events referred to as "rating downgrades") the financial institution shall give notice to the Authority and the Trustee and, within such ten-day period, and for as long as the rating downgrade is in effect, shall deliver in the name of the Trustee Federal Securities with an aggregate current market value equal to at least 105% of the principal amount of the investment agreement invested with the financial institution at that time, and shall deliver additional Federal Securities as needed to maintain an aggregate current market value equal to at least 105% of the principal amount of the investment agreement within three days after each evaluation date, which shall be at least weekly, and

(ii) the agreement shall provide that, if the financial institution's long-term unsecured credit rating is reduced below "A-" by S&P, the financial institution shall give notice of the downgrade to the Authority and the Trustee within five Business Days, and the Trustee may, upon five Business Days' written notice to the financial institution, withdraw all amounts invested pursuant to the investment agreement, with accrued but unpaid interest thereon to the withdrawal date, and terminate the agreement.

(j) repurchase agreements with (i) any domestic bank, or domestic branch of a foreign bank, the long-term debt of which is rated at least "A" by S&P and Moody's; (ii) any broker-dealer with "retail customers" or a related affiliate thereof, which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (iii) any other entity (or entity whose obligations are guaranteed by an affiliate or parent company) rated at least "A" by S&P and Moody's, provided that:

(i) the market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

(ii) the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(iii) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and

all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(iv) all other requirements of S&P and Moody's in respect of repurchase agreements shall be met; and

(v) the repurchase agreement shall provide that if during its term the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3" respectively, the provider must immediately notify the Authority and Trustee and the provider must, at the direction of the Authority or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Authority or Trustee.

EXHIBIT B

FORM OF SERIES 2023 BOND

REGISTERED
No. _____

REGISTERED
\$ _____

**SOLANA BEACH SCHOOL DISTRICT
PUBLIC FINANCING AUTHORITY
2023 SPECIAL TAX REVENUE REFUNDING BOND**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
% _____	September 1, 20__	_____, 2023	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Solana Beach School District Public Financing Authority (the "Authority"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above or on any earlier redemption date, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like lawful money from the date hereof payable semiannually on March 1 and September 1 in each year, commencing August 1, 2023 (the "Interest Payment Dates"), until payment of such Principal Amount in full.

This Bond is one of a series of a duly authorized issue of bonds issued for the purpose of purchasing the bonds of certain California local agencies in order to assist such local agencies in financing or refinancing public capital improvements, and is one of the series of bonds designated "Solana Beach School District Public Financing Authority Special Tax Revenue Refunding Bonds, Series 2023" (the "Series 2023 Bonds") in the aggregate principal amount of \$_____. The Series 2023 Bonds are issued pursuant to the Indenture, dated as of September 1, 2023 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (said entity or any successor thereto as trustee under the Indenture, the "Trustee"), and this reference incorporates the Indenture herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. Pursuant to and as more particularly provided in the Indenture, additional bonds ("Additional Bonds") may be issued by the Authority on a parity with the Series 2023 Bonds. The Series 2023 Bonds and any Additional Bonds are collectively referred to as the "Bonds." The Indenture is entered into, and this Bond is issued under, the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code (the "Bond Law") and the laws of the State of California. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

Interest on the Series 2023 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2023 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2023 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Series 2023 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2023 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Notwithstanding the foregoing, interest on any Series 2023 Bond which is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2023 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date. The principal of the Series 2023 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE, AS PROVIDED IN THE INDENTURE, SOLELY FROM REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR THEREUNDER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE SOLANA BEACH SCHOOL DISTRICT OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

Pursuant to and as more particularly provided in the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Bond Law, the Authority pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Revenues and any other amounts held in the Revenue Fund and the Bond Fund. Said pledge constitutes a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Authority, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

The Series 2023 Bonds are subject to redemption on the dates, at the Redemption Prices and pursuant to the terms set forth in the Indenture. Notice of redemption of any Series 2023 Bond or any portion thereof shall be given as provided in the Indenture.

The Series 2023 Bonds are issuable as fully registered Bonds without coupons in Authorized Denominations (\$5,000 and any integral multiple thereof).

Any Series 2023 Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon

surrender of such Series 2023 Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Series 2023 Bond or Series 2023 Bonds shall be so surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Series 2023 Bond or Series 2023 Bonds of the same maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Series 2023 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Series 2023 Bonds of the same maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Indenture and the rights and obligations of the Authority, the Owners and the Trustee may be modified or amended in the manner, to the extent, and upon the terms provided in the Indenture.

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

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 SUCH OTHER NAME AS 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 SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

IN WITNESS WHEREOF, the Authority has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of the Chairperson of the Authority, attested by the manual or facsimile signature of the Secretary of the Authority, all as of the Dated Date identified above.

**SOLANA BEACH SCHOOL DISTRICT
PUBLIC FINANCING AUTHORITY**

By: _____
Chairperson

Attest:

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2023 Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: _____, 2023

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee**

By: _____
Authorized Signatory

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:

Note: Signature guarantee shall be made by a guarantor Institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee Program acceptable to the Trustee.

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 changes whatsoever.

BOND PURCHASE AGREEMENT

by and between

SOLANA BEACH SCHOOL DISTRICT FINANCING AUTHORITY

and

COMMUNITY FACILITIES DISTRICT NO. 99-1
OF THE SOLANA BEACH SCHOOL DISTRICT

Dated _____, 2023

Relating to
Community Facilities District No. 99-1
of the Solana Beach School District
Special Tax Refunding Bonds, Series 2023

BOND PURCHASE AGREEMENT
(CFD 99-1 Bonds)

THIS BOND PURCHASE AGREEMENT (this "Purchase Agreement"), dated _____, 2023, is by and between the SOLANA BEACH SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), and COMMUNITY FACILITIES DISTRICT NO. 99-1 OF THE SOLANA BEACH SCHOOL DISTRICT, a community facilities district organized and existing under the laws of the State of California (the "Community Facilities District").

W I T N E S S E T H:

WHEREAS, the Authority is authorized pursuant to the Marks-Roos Local Bond Pooling Act of 1985 to purchase, with the proceeds of bonds of the Authority, bonds of local agencies within the State of California (the "State") in order to assist such local agencies in financing or refinancing public capital improvements;

WHEREAS, in order to refinance certain public capital improvements, the Community Facilities District is issuing its Community Facilities District No. 99-1 of the Solana Beach School District Special Tax Refunding Bonds, Series 2023 (the "CFD Bonds"), in the aggregate principal amount of \$_____;

WHEREAS, the Authority desires to purchase the CFD Bonds in order to assist the Community Facilities District in refinancing such public capital improvements;

WHEREAS, in order to provide the funds necessary to purchase the CFD Bonds from the Community Facilities District, the Authority has authorized the issuance, pursuant to the Indenture, dated as of June 1, 2023 (the "Authority Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Authority Trustee"), of the Solana Beach School District Financing Authority Special Tax Revenue Refunding Bonds, Series 2023 (the "Authority Bonds"), in the aggregate principal amount of \$_____;

WHEREAS, the Authority Bonds are being purchased from the Authority pursuant to a Bond Purchase Agreement, dated _____, 2023 (the "Authority Purchase Agreement"), by and between the Authority and Stifel, Nicolaus & Company, Incorporated (the "Underwriter"); and

WHEREAS, the Authority and the Community Facilities District desire to enter into this Purchase Agreement providing for the sale of the CFD Bonds by the Community Facilities District to the Authority.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the Authority and the Community Facilities District agree as follows:

Section 1. Purchase and Sale of CFD Bonds. (a) Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Community Facilities District hereby agrees to sell to the Authority, and the Authority hereby agrees to purchase from the Community Facilities District, all (but not less than all) of the \$_____ aggregate principal amount of the CFD Bonds. The CFD Bonds shall have the maturities and shall bear interest as set forth in Exhibit A hereto.

(b) The CFD Bonds and interest thereon shall be payable from Net Special Tax Revenues in accordance with the Indenture, dated as of _____, 1, 2023 (the "CFD Indenture"), by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as trustee (the "CFD Trustee"). The CFD Bonds shall be substantially in the form described in, and shall be executed, delivered and secured under and pursuant to, and shall be payable and subject to redemption as provided in, the CFD Indenture. The proceeds of the CFD Bonds will be used by the Community Facilities District to (i) refinance certain public capital improvements by refunding the Community Facilities District No. 99-1 of the Solana Beach School District 2012 Special Tax Bonds, (ii) fund a reserve fund for the CFD Bonds, and (iii) pay costs of issuance relating to the CFD Bonds and a proportionate share of the costs of issuance of the Authority Bonds. The CFD Indenture and this Purchase Agreement are collectively referred to as the "Legal Documents."

(c) The Community Facilities District hereby ratifies, confirms and approves the Preliminary Official Statement of the Authority, dated _____, 2023, relating to the Authority Bonds, which contains certain information about the Community Facilities District, the CFD Indenture and the CFD Bonds (which, together with the cover page and all appendices thereto, is referred to herein as the "Preliminary Official Statement"), which Preliminary Official Statement the Community Facilities District deemed final and so certified as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12. The Community Facilities District hereby agrees to assist the Authority in the preparation of a final official statement (the "Official Statement"), consisting of the Preliminary Official Statement, with such changes as may be made thereto with the approval of the Authority, the Community Facilities District and the Underwriter, so that the Authority may deliver or cause to be delivered to the Underwriter, no later than seven business days after the date the Underwriter agree to purchase the Authority Bonds, copies of the Official Statement in such reasonable quantity as the Underwriter shall request. The Community Facilities District hereby approves of the use and distribution by the Underwriter of the Official Statement in connection with the offer and sale of the Authority Bonds.

(d) The aggregate purchase price for the CFD Bonds shall be \$_____, (being the principal amount of the CFD Bonds, plus an original issue premium of \$_____ and less the purchaser's discount of \$_____), which shall be payable solely from proceeds of sale of the Authority Bonds. The purchase price for the CFD Bonds shall be paid by the Authority by (i) transferring, or causing to be transferred, to the CFD Trustee, in immediately available funds, the amount of \$_____, and (ii) causing the Authority Trustee to transfer to the Costs of Issuance Fund established under the Authority Indenture, in immediately available funds, the amount of \$_____.

(e) At 8:00 a.m., California time, on _____, 2023, or at such other time or on such other date as the Authority, the Community Facilities District and the Underwriter may mutually agree upon (the "Closing Date"), at the offices of Dannis Woliver Kelley, in Sacramento, California, the Community Facilities District will deliver or cause to be delivered to the Authority, the CFD Bonds in the form of a single fully registered certificate (which may be typewritten) for each maturity, registered in the name of the Authority Trustee, as assignee of the Authority, duly executed and authenticated, and the other documents mentioned herein. The Authority will accept such delivery and pay the purchase price of the CFD Bonds as provided in subparagraph (d) above (such delivery and payment being herein referred to as the "Closing").

Section 2. Representations and Warranties of the Community Facilities District.

The Community Facilities District hereby makes to the Authority the representations and warranties made by the Community Facilities District to the Underwriter in the Community Facilities District's Representation Letter, dated _____, 2023 (the "Representation Letter"), the form of which is attached to the Authority Purchase Agreement, to the same extent as if such representations and warranties were set forth in full herein.

Section 3. Conditions to the Obligations of the Authority. The Authority has entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the Community Facilities District contained herein and to be contained in the documents and instruments to be delivered on the Closing Date, and upon the performance by the Community Facilities District of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Authority's obligations under this Agreement to purchase, to accept delivery of and to pay for the CFD Bonds shall be subject to the performance by the Community Facilities District of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following conditions:

(a) The representations and warranties of the Community Facilities District contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) On the Closing Date, the Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended, modified or supplemented, except in either case as may have been agreed to by the Authority and the Underwriter;

(c) As of the Closing Date, all official action of the Community Facilities District relating to the CFD Bonds shall be in full force and effect, and there shall have been taken all such actions as, in the opinion of Dannis Woliver Kelley, bond counsel ("Bond Counsel"), shall be necessary or appropriate in connection therewith, with the issuance of the Authority Bonds and the issuance and sale of the CFD Bonds, and with the transactions contemplated by the Legal Documents, all as described in the Official Statement;

(d) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering price or prices set forth in the Official Statement, of the Authority Bonds shall not have been materially adversely affected, in the reasonable judgment of the Underwriter, by reason of any of the following:

(i) an amendment to the Constitution of the United States or the constitution of the State shall have been past or legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the United States, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Chairman or ranking minority member of the Committee of Ways and Means of the House of Representatives or the Chairman or ranking minority member of the Committee on Finance of the Senate, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or press release issued or made (A) by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by the owners of the Authority Bonds, (B) by or on behalf of the State or the California

Franchise Tax Board, with the purpose or effect, directly or indirectly, of imposing California personal income taxation upon such interest as would be received by the owners of the Authority Bonds, or (C) by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or by or on behalf of the State or the California Franchise Tax Board, with the purpose or effect, directly or indirectly, of changing the federal or State income tax rates, respectively;

(ii) the declaration of war or engagement in major military hostilities by the United States or the occurrences of any other national emergency or calamity relating to the effective operation of the government of the United States;

(iii) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(iv) the imposition by the New York Stock Exchange or other national securities exchange or any governmental authority, of any material restrictions not now in force with respect to the Authority Bonds or obligations of the general character of the Bonds, or the material increase of any such restrictions now in force;

(v) an amendment to the Constitution of the United States or the constitution of the State shall have been past or legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the United States, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed) or press release issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Authority Bonds, or the Authority Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Authority Indenture or the CFD Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or that the execution, offering or sale of obligations of the general character of the Authority Bonds, or of the Authority Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect;

(vi) the withdrawal or downgrading of any rating of the Authority Bonds by a national rating agency; and

(vii) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) On the Closing Date, the Authority Bonds shall have been issued and delivered to the Underwriter and all of the conditions to closing contained in the Authority Purchase Agreement shall have either been satisfied or waived.

(f) At or prior to the Closing Date, the Authority and the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Authority and the Underwriter:

(i) Two copies of the Legal Documents, each duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Authority and the Underwriter;

(ii) The approving opinion, dated the Closing Date and addressed to the Community Facilities District, of Bond Counsel to the effect that the CFD Bonds are valid and binding obligations of the Community Facilities District, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought, and a letter of such counsel, dated the Closing Date and addressed to the Authority and the Underwriter to the effect that such opinion may be relied upon by each of the Authority and the Underwriter to the same extent as if such opinion were addressed to it;

(iii) Copies of the Resolution adopted by the Board of Education of the Solana Beach School District (the "School District") authorizing the issuance of the CFD Bonds, certified by the Clerk of said Board of Education;

(iv) The opinion of Dannis Woliver Kelley, counsel to the Authority and the School District, dated the Closing Date and addressed to the Authority and the Underwriter, to the effect set forth in the Authority Purchase Agreement;

(v) The opinion of counsel to the CFD Trustee, dated the Closing Date and addressed to the Community Facilities District, the Underwriter and the Authority, to the effect set forth in the Authority Purchase Agreement;

(vi) A certificate, dated the Closing Date, signed by a duly authorized official of the Community Facilities District, in form and substance satisfactory to the Authority and the Underwriter, to the effect that the representations and warranties of the Community Facilities District contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date;

(vii) A certificate, dated the date of Closing, signed by a duly authorized official of the CFD Trustee, satisfactory in form and substance to the Authority and the Underwriter, to the effect set forth in the Authority Purchase Agreement;

(viii) Two certified copies of the general resolution of the CFD Trustee authorizing the execution and delivery of the CFD Indenture by the CFD Trustee; and

(ix) Such additional legal opinions, certificates, proceedings, instruments or evidences thereof and other documents as the Authority, the Underwriter or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations of the Community Facilities District herein and of the statements and information contained in the Official Statement, and the due performance or satisfaction by the CFD Trustee and the Community Facilities District at or prior to the Closing of all

agreements then to be performed and all conditions then to be satisfied by any of them in connection with the transactions contemplated hereby and by the Legal Documents.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Authority, but the approval of the Authority shall not be unreasonably withheld. Receipt of, and payment for, the CFD Bonds shall constitute evidence of the satisfactory nature of such as to the Authority. The performance of any and all obligations of the Community Facilities District hereunder and the performance of any and all conditions contained herein for the benefit of the Authority may be waived by the Authority in its sole discretion.

If the Community Facilities District shall be unable to satisfy the conditions to the obligations of the Authority to purchase, accept delivery of and pay for the CFD Bonds contained in this Purchase Agreement, or if the obligations of the Authority to purchase, accept delivery of and pay for the CFD Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate, and neither the Authority nor the Community Facilities District shall be under further obligation hereunder, except that the respective obligations of the Community Facilities District and the Authority set forth in Section 4 hereof shall continue in full force and effect.

Section 4. Expenses. The Authority shall be under no obligation to pay, and the Community Facilities District shall pay (a) the cost of the preparation of the CFD Bonds and a proportionate share of the cost of the preparation of the Authority Bonds, (b) the fees and disbursements of Bond Counsel relating to the CFD Bonds and a proportionate share of the fees and disbursements of Bond Counsel relating to the Authority Bonds, (c) the fees and disbursements of accountants, advisers and of any other experts or consultants retained in connection with the issuance of the CFD Bonds and a proportionate share of the fees and disbursements of accountants, advisers and of any other experts or consultants retained in connection with the issuance of the Authority Bonds, and (d) any other expenses incident to the issuance of the CFD Bonds or the performance of the Community Facilities District's obligations hereunder and a proportionate share of any other expenses incident to the issuance of the Authority Bonds. For purposes of this Section, a "proportionate share" is a *pro rata* share based on the principal amount of each issue of CFD Bonds (as defined in the Authority Indenture).

Section 5. Benefits; Survival. This Purchase Agreement is made solely for the benefit of the Community Facilities District, the Authority and the Underwriter, and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Community Facilities District's representations, warranties and agreements contained in this Purchase Agreement shall remain operative and in full force and effect regardless of (a) any investigations made by or on behalf of the Authority, or (b) delivery of and payment for the CFD Bonds pursuant to this Purchase Agreement. The agreements contained in this Section shall survive any termination of this Purchase Agreement.

Section 6. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 7. Governing Law. The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State.

IN WITNESS WHEREOF, the Authority and the Community Facilities District have each caused this Purchase Agreement to be executed by their duly authorized officers all as of the date first above written.

**SOLANA BEACH SCHOOL DISTRICT
FINANCING AUTHORITY**

By: _____
Authorized Representative

**COMMUNITY FACILITIES DISTRICT NO. 99-1
OF THE SOLANA BEACH SCHOOL DISTRICT**

By: _____
Authorized Representative

EXHIBIT A

MATURITY SCHEDULE FOR CFD BONDS

Maturity (September 1)	Principal Amount	Interest Rate	Yield
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BOND PURCHASE AGREEMENT

by and between

SOLANA BEACH SCHOOL DISTRICT FINANCING AUTHORITY

and

COMMUNITY FACILITIES DISTRICT NO. 2004-1
OF THE SOLANA BEACH SCHOOL DISTRICT

Dated _____, 2023

Relating to
Community Facilities District No. 2004-1
of the Solana Beach School District
Special Tax Refunding Bonds, Series 2023

BOND PURCHASE AGREEMENT
(CFD 2004-1 Bonds)

THIS BOND PURCHASE AGREEMENT (this "Purchase Agreement"), dated _____, 2023, is by and between the SOLANA BEACH SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), and COMMUNITY FACILITIES DISTRICT NO. 2004-1 OF THE SOLANA BEACH SCHOOL DISTRICT, a community facilities district organized and existing under the laws of the State of California (the "Community Facilities District").

W I T N E S S E T H:

WHEREAS, the Authority is authorized pursuant to the Marks-Roos Local Bond Pooling Act of 1985 to purchase, with the proceeds of bonds of the Authority, bonds of local agencies within the State of California (the "State") in order to assist such local agencies in financing or refinancing public capital improvements;

WHEREAS, in order to refinance certain public capital improvements, the Community Facilities District is issuing its Community Facilities District No. 2004-1 of the Solana Beach School District Special Tax Refunding Bonds, Series 2023 (the "CFD Bonds"), in the aggregate principal amount of \$_____;

WHEREAS, the Authority desires to purchase the CFD Bonds in order to assist the Community Facilities District in refinancing such public capital improvements;

WHEREAS, in order to provide the funds necessary to purchase the CFD Bonds from the Community Facilities District, the Authority has authorized the issuance, pursuant to the Indenture, dated as of June 1, 2023 (the "Authority Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Authority Trustee"), of the Solana Beach School District Financing Authority Special Tax Revenue Refunding Bonds, Series 2023 (the "Authority Bonds"), in the aggregate principal amount of \$_____;

WHEREAS, the Authority Bonds are being purchased from the Authority pursuant to a Bond Purchase Agreement, dated _____, 2023 (the "Authority Purchase Agreement"), by and between the Authority and Stifel, Nicolaus & Company, Incorporated (the "Underwriter"); and

WHEREAS, the Authority and the Community Facilities District desire to enter into this Purchase Agreement providing for the sale of the CFD Bonds by the Community Facilities District to the Authority.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the Authority and the Community Facilities District agree as follows:

Section 1. Purchase and Sale of CFD Bonds. (a) Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Community Facilities District hereby agrees to sell to the Authority, and the Authority hereby agrees to purchase from the Community Facilities District, all (but not less than all) of the \$_____ aggregate principal amount of the CFD Bonds. The CFD Bonds shall have the maturities and shall bear interest as set forth in Exhibit A hereto.

(b) The CFD Bonds and interest thereon shall be payable from Net Special Tax Revenues in accordance with the Indenture, dated as of June 1, 2023 (the "CFD Indenture"), by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as trustee (the "CFD Trustee"). The CFD Bonds shall be substantially in the form described in, and shall be executed, delivered and secured under and pursuant to, and shall be payable and subject to redemption as provided in, the CFD Indenture. The proceeds of the CFD Bonds will be used by the Community Facilities District to (i) refinance certain public capital improvements by refunding the Community Facilities District No. 2004-1 of the Solana Beach School District 2012 Special Tax Bonds, (ii) fund a reserve fund for the CFD Bonds, and (iii) pay costs of issuance relating to the CFD Bonds and a proportionate share of the costs of issuance of the Authority Bonds. The CFD Indenture and this Purchase Agreement are collectively referred to as the "Legal Documents."

(c) The Community Facilities District hereby ratifies, confirms and approves the Preliminary Official Statement of the Authority, dated _____, 2023, relating to the Authority Bonds, which contains certain information about the Community Facilities District, the CFD Indenture and the CFD Bonds (which, together with the cover page and all appendices thereto, is referred to herein as the "Preliminary Official Statement"), which Preliminary Official Statement the Community Facilities District deemed final and so certified as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12. The Community Facilities District hereby agrees to assist the Authority in the preparation of a final official statement (the "Official Statement"), consisting of the Preliminary Official Statement, with such changes as may be made thereto with the approval of the Authority, the Community Facilities District and the Underwriter, so that the Authority may deliver or cause to be delivered to the Underwriter, no later than seven business days after the date the Underwriter agree to purchase the Authority Bonds, copies of the Official Statement in such reasonable quantity as the Underwriter shall request. The Community Facilities District hereby approves of the use and distribution by the Underwriter of the Official Statement in connection with the offer and sale of the Authority Bonds.

(d) The aggregate purchase price for the CFD Bonds shall be \$_____ (being the principal amount of the CFD Bonds, plus an original issue premium of \$_____ and less the purchaser's discount of \$_____), which shall be payable solely from proceeds of sale of the Authority Bonds. The purchase price for the CFD Bonds shall be paid by the Authority by (i) transferring, or causing to be transferred, to the CFD Trustee, in immediately available funds, the amount of \$_____, and (ii) causing the Authority Trustee to transfer to the Costs of Issuance Fund established under the Authority Indenture, in immediately available funds, the amount of \$_____.

(e) At 8:00 a.m., California time, on _____, 2023, or at such other time or on such other date as the Authority, the Community Facilities District and the Underwriter may mutually agree upon (the "Closing Date"), at the offices of Dannis Woliver Kelley, in Sacramento, California, the Community Facilities District will deliver or cause to be delivered to the Authority, the CFD Bonds in the form of a single fully registered certificate (which may be typewritten) for each maturity, registered in the name of the Authority Trustee, as assignee of the Authority, duly executed and authenticated, and the other documents mentioned herein. The Authority will accept such delivery and pay the purchase price of the CFD Bonds as provided in subparagraph (d) above (such delivery and payment being herein referred to as the "Closing").

Section 2. Representations and Warranties of the Community Facilities District. The Community Facilities District hereby makes to the Authority the representations and warranties made by the Community Facilities District to the Underwriter in the Community Facilities District's Representation Letter, dated _____, 2023 (the "Representation Letter"), the form of which is attached to the Authority Purchase Agreement, to the same extent as if such representations and warranties were set forth in full herein.

Section 3. Conditions to the Obligations of the Authority. The Authority has entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the Community Facilities District contained herein and to be contained in the documents and instruments to be delivered on the Closing Date, and upon the performance by the Community Facilities District of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Authority's obligations under this Agreement to purchase, to accept delivery of and to pay for the CFD Bonds shall be subject to the performance by the Community Facilities District of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following conditions:

(a) The representations and warranties of the Community Facilities District contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) On the Closing Date, the Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended, modified or supplemented, except in either case as may have been agreed to by the Authority and the Underwriter;

(c) As of the Closing Date, all official action of the Community Facilities District relating to the CFD Bonds shall be in full force and effect, and there shall have been taken all such actions as, in the opinion of Dannis Woliver Kelley, bond counsel ("Bond Counsel"), shall be necessary or appropriate in connection therewith, with the issuance of the Authority Bonds and the issuance and sale of the CFD Bonds, and with the transactions contemplated by the Legal Documents, all as described in the Official Statement;

(d) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering price or prices set forth in the Official Statement, of the Authority Bonds shall not have been materially adversely affected, in the reasonable judgment of the Underwriter, by reason of any of the following:

(i) an amendment to the Constitution of the United States or the constitution of the State shall have been past or legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the United States, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Chairman or ranking minority member of the Committee of Ways and Means of the House of Representatives or the Chairman or ranking minority member of the Committee on Finance of the Senate, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or press release issued or made (A) by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by the owners of the Authority Bonds, (B) by or on behalf of the State or the California

Franchise Tax Board, with the purpose or effect, directly or indirectly, of imposing California personal income taxation upon such interest as would be received by the owners of the Authority Bonds, or (C) by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or by or on behalf of the State or the California Franchise Tax Board, with the purpose or effect, directly or indirectly, of changing the federal or State income tax rates, respectively;

(ii) the declaration of war or engagement in major military hostilities by the United States or the occurrences of any other national emergency or calamity relating to the effective operation of the government of the United States;

(iii) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(iv) the imposition by the New York Stock Exchange or other national securities exchange or any governmental authority, of any material restrictions not now in force with respect to the Authority Bonds or obligations of the general character of the Bonds, or the material increase of any such restrictions now in force;

(v) an amendment to the Constitution of the United States or the constitution of the State shall have been past or legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the United States, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed) or press release issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Authority Bonds, or the Authority Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Authority Indenture or the CFD Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or that the execution, offering or sale of obligations of the general character of the Authority Bonds, or of the Authority Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect;

(vi) the withdrawal or downgrading of any rating of the Authority Bonds by a national rating agency; and

(vii) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) On the Closing Date, the Authority Bonds shall have been issued and delivered to the Underwriter and all of the conditions to closing contained in the Authority Purchase Agreement shall have either been satisfied or waived.

(f) At or prior to the Closing Date, the Authority and the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Authority and the Underwriter:

(i) Two copies of the Legal Documents, each duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Authority and the Underwriter;

(ii) The approving opinion, dated the Closing Date and addressed to the Community Facilities District, of Bond Counsel to the effect that the CFD Bonds are valid and binding obligations of the Community Facilities District, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought, and a letter of such counsel, dated the Closing Date and addressed to the Authority and the Underwriter to the effect that such opinion may be relied upon by each of the Authority and the Underwriter to the same extent as if such opinion were addressed to it;

(iii) Copies of the Resolution adopted by the Board of Education of the Solana Beach School District (the "School District") authorizing the issuance of the CFD Bonds, certified by the Clerk of said Board of Education;

(iv) The opinion of Dannis Woliver Kelley, counsel to the Authority and the School District, dated the Closing Date and addressed to the Authority and the Underwriter, to the effect set forth in the Authority Purchase Agreement;

(v) The opinion of counsel to the CFD Trustee, dated the Closing Date and addressed to the Community Facilities District, the Underwriter and the Authority, to the effect set forth in the Authority Purchase Agreement;

(vi) A certificate, dated the Closing Date, signed by a duly authorized official of the Community Facilities District, in form and substance satisfactory to the Authority and the Underwriter, to the effect that the representations and warranties of the Community Facilities District contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date;

(vii) A certificate, dated the date of Closing, signed by a duly authorized official of the CFD Trustee, satisfactory in form and substance to the Authority and the Underwriter, to the effect set forth in the Authority Purchase Agreement;

(viii) Two certified copies of the general resolution of the CFD Trustee authorizing the execution and delivery of the CFD Indenture by the CFD Trustee; and

(ix) Such additional legal opinions, certificates, proceedings, instruments or evidences thereof and other documents as the Authority, the Underwriter or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations of the Community Facilities District herein and of the statements and information contained in the Official Statement, and the due performance or satisfaction by the CFD Trustee and the Community Facilities District at or prior to the Closing of all agreements then to be

performed and all conditions then to be satisfied by any of them in connection with the transactions contemplated hereby and by the Legal Documents.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Authority, but the approval of the Authority shall not be unreasonably withheld. Receipt of, and payment for, the CFD Bonds shall constitute evidence of the satisfactory nature of such as to the Authority. The performance of any and all obligations of the Community Facilities District hereunder and the performance of any and all conditions contained herein for the benefit of the Authority may be waived by the Authority in its sole discretion.

If the Community Facilities District shall be unable to satisfy the conditions to the obligations of the Authority to purchase, accept delivery of and pay for the CFD Bonds contained in this Purchase Agreement, or if the obligations of the Authority to purchase, accept delivery of and pay for the CFD Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate, and neither the Authority nor the Community Facilities District shall be under further obligation hereunder, except that the respective obligations of the Community Facilities District and the Authority set forth in Section 4 hereof shall continue in full force and effect.

Section 4. Expenses. The Authority shall be under no obligation to pay, and the Community Facilities District shall pay (a) the cost of the preparation of the CFD Bonds and a proportionate share of the cost of the preparation of the Authority Bonds, (b) the fees and disbursements of Bond Counsel relating to the CFD Bonds and a proportionate share of the fees and disbursements of Bond Counsel relating to the Authority Bonds, (c) the fees and disbursements of accountants, advisers and of any other experts or consultants retained in connection with the issuance of the CFD Bonds and a proportionate share of the fees and disbursements of accountants, advisers and of any other experts or consultants retained in connection with the issuance of the Authority Bonds, and (d) any other expenses incident to the issuance of the CFD Bonds or the performance of the Community Facilities District's obligations hereunder and a proportionate share of any other expenses incident to the issuance of the Authority Bonds. For purposes of this Section, a "proportionate share" is a *pro rata* share based on the principal amount of each issue of CFD Bonds (as defined in the Authority Indenture).

Section 5. Benefits; Survival. This Purchase Agreement is made solely for the benefit of the Community Facilities District, the Authority and the Underwriter, and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Community Facilities District's representations, warranties and agreements contained in this Purchase Agreement shall remain operative and in full force and effect regardless of (a) any investigations made by or on behalf of the Authority, or (b) delivery of and payment for the CFD Bonds pursuant to this Purchase Agreement. The agreements contained in this Section shall survive any termination of this Purchase Agreement.

Section 6. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 7. Governing Law. The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State.

IN WITNESS WHEREOF, the Authority and the Community Facilities District have each caused this Purchase Agreement to be executed by their duly authorized officers all as of the date first above written.

**SOLANA BEACH SCHOOL DISTRICT FINANCING
AUTHORITY**

By: _____
Authorized Representative

**COMMUNITY FACILITIES DISTRICT NO. 2004-1
OF THE SOLANA BEACH SCHOOL DISTRICT**

By: _____
Authorized Representative

EXHIBIT A

MATURITY SCHEDULE FOR CFD BONDS

Maturity (September 1)	Principal Amount	Interest Rate	Yield
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Solana Beach School District
Public Finance Authority
Special Tax Refunding Revenue Bonds, Series 2023
Estimated Costs of Issuance

Description	Cost
Dannis Woliver & Kelley Professional Services (Bond & Disclosure Counsel)	\$113,000.00
Koppel & Gruber Professional Services (Special Tax Consultant)	\$39,000.00
Capitol Public Finance Group, LLC Professional Services (Financial Advisor)	\$75,000.00
Other Expenses	
Standard & Poor's: Rating Agency	\$32,500.00
AVIA (Printer)	\$2,500.00
BNY Mellon (Fiscal & Escrow Agent)	\$9,200.00
Cal-Muni (Tax Base Reports)	\$1,500.00
Verification Agent	\$2,000.00
Contingency	\$5,300.00
ESTIMATED COSTS OF ISSUANCE:	<u>\$280,000.00</u>

**AGREEMENT FOR
PROFESSIONAL SERVICES
BETWEEN
SOLANA BEACH SCHOOL DISTRICT
AND
CAPITOL PUBLIC FINANCE GROUP**

Parties and Date.

This Agreement ("Agreement") is made and entered into this **August 10, 2023**, between the **SOLANA BEACH SCHOOL DISTRICT** (the "District") and **CAPITOL PUBLIC FINANCE GROUP, LLC** ("Consultant") (collectively referred to as the "Parties" and each individually as the "Party").

Recitals.

Consultant. Consultant is a professional consultant, experienced and properly certified/licensed to provide the professional services described herein, and is familiar with the plans of the District.

Terms.

Scope of Services, Qualifications and Term.

General Scope of Services. Consultant promises and agrees to furnish all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply professional services, as more particularly described in the scope of work proposal and fee schedule set forth in **Exhibit "A"** attached hereto and incorporated herein by reference (collectively "Services").

Fiduciary Duty. In accordance with the Municipal Securities Rulemaking Board Rules G-10 and G-42, Consultant has provided a Conflict of Interest Disclosure as set forth in **Exhibit "B"**. Consultant shall provide the District with periodic updates of Exhibit "B" on an as-needed basis. Any such updates of Exhibit "B" shall be incorporated by reference as of the date thereof into this Agreement to the same extent as if set forth herein.

Term. The term of this Agreement shall be from the date first written above and shall continue until June 30, 2026, unless earlier terminated as provided herein. The Parties may mutually agree to extend this term by written amendment.

General Considerations.

Control and Payment of Consultants and its Subordinates. The District retains Consultant on an independent contractor basis and Consultant is not an employee of the District. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of

Services under this Agreement and as required by law including, but not limited to, the payment of prevailing wage, as applicable.

Conformance to Applicable Requirements. All work prepared by Consultant is subject to the approval of the District and any and all applicable regulatory State agencies, and shall be the property of the District.

Coordination of Services. Consultant agrees to work closely with the District staff in the performance of Services and shall be available to the District's staff, consultants and other staff at all reasonable times.

Insurance. Consultant shall provide insurance in amount and type required by the District, if any, subject to the review and approval of the District. Consultant shall also provide District with the copies of its insurance policies prior to commencing work on the Project if required in writing by the District.

Fees and Payments.

Compensation. Consultant shall receive compensation, including reimbursements, for all Services rendered under this Agreement for the fees set forth in Exhibit "A" attached hereto and incorporated herein by reference. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

Reimbursement of Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing in advance by the District.

Payment of Compensation. The District shall pay Consultant within a reasonable time and in accordance with this Agreement.

Extra Work. At any time during the term of this Agreement, the District may request that Consultant perform Extra Work. As used herein, "Extra Work" means any Services which are determined by the District to be necessary, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work except as set forth in an amendment to Exhibit "A."

Authority to Amend Agreement. As the authorized representative for the District for the purposes of binding the District to amendments to this Agreement, the District Administrative Officer or his/her designee, may authorize and execute an amendment to this Agreement to add Extra Work and/or increase the fee if the District Administrative Officer identifies an immediate need for such an amendment. All such amendments executed by the District Administrative Officer shall be subject to ratification by the District's governing board.

General Provisions.

Suspension of Services. The District may, in its sole discretion, suspend all or any part of Services provided hereunder without cost; provided, however, that if the District shall suspend Services for a period of ninety (90) consecutive days or more and in addition such

suspension is not caused by Consultant or the acts or omissions of Consultant, upon rescission of such suspension, the compensation will be subject to adjustment to provide for actual costs and expenses incurred by Consultant as a direct result of the suspension and resumption of Services under this Agreement. Consultant may not suspend its service without the District's express written consent.

Termination of Agreement.

Grounds for Termination. The District may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to the District, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

Effect of Termination. If this Agreement is terminated as provided in this Section, the District may require Consultant to provide all finished or unfinished documents, data, programming source code, reports or any other items prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within sixty (60) days of the request.

Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, the District may procure, upon such terms and in such manner as it may determine appropriate, services similar or identical to those terminated.

Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective Parties may provide in writing for this purpose:

CONSULTANT:

CAPITOL PUBLIC FINANCE GROUP

2436 Professional Drive, Suite 300

Roseville, CA 95661

Tel.: (916) 641-2734

Attn: Jeffrey Small, Managing Partner

DISTRICT:

SOLANA BEACH SCHOOL DISTRICT

309 North Rios Avenue

Solana Beach, CA 92075

Attn: Mark Pong, Assistant Superintendent, Business Services

Such notice shall be deemed made when personally delivered to the address set forth above, or forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed as set forth above. Delivery of notice may also be made by overnight mail with proof of delivery; by facsimile with proof of transmission; or by email if receipt is acknowledged by the recipient of the email notice. Notice shall be deemed adequate on the date actual notice occurred, regardless of the method of service.

Mediation. Disputes arising from this Agreement may be submitted to mediation if mutually agreeable to the Parties hereto. The type and process of mediation to be utilized shall be subject to the mutual agreement of the Parties.

Ownership of Materials and Confidentiality.

All materials and data prepared or collected by Consultant pursuant to performing the Services under this Agreement, shall be the sole property of the District, except for documents prepared solely for the Consultant's business purposes and except that Consultant shall have the right to retain copies of all such documents and data for its records or as may be required by laws, rules and regulations applicable to the Consultant. The District shall not be limited in any way in its use of such materials and data at any time, provided that any such use not within the purposes intended by this Agreement shall be at the District's sole risk and provided that Consultant shall be indemnified against any damages resulting from such use, including the release of this material to third parties for a use not intended by this Agreement.

Should the District wish to obtain possession of any such materials or data during the term of this Agreement or upon completion of the term of this Agreement, it shall make its request in writing. Such information shall be provided to the District within a reasonable time after its request.

Limitation of Liability. In the absence of willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of Consultant or any of its associated persons, Consultant and its associated persons shall have no liability to District for any act or omission in the course of, or connected with, rendering services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other investment, or for any financial or other damages resulting from District's election to act or not to act, as the case may be, contrary to any advice or recommendation provided by Consultant to District. No recourse shall be had against Consultant for loss, damage, liability, cost or expense (whether direct, indirect, or consequential) of District arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action, or other proceeding brought or received from the Internal Revenue Service in connection with any issuance of municipal

securities, any municipal financial product or any other investment or otherwise relating to the tax treatment of any issuance of municipal securities, any municipal financial product or any other investment, or in connection with any opinion or certificate rendered by counsel or any other party. Notwithstanding the foregoing, nothing contained in this paragraph or elsewhere in this Agreement shall constitute a waiver by the District of any of its legal rights under applicable U.S. federal securities laws or any other laws whose applicability is not permitted to be contractually waived, nor shall it constitute a waiver or diminution of Municipal Advisor's fiduciary duty to the District (if applicable) under Section 15B(c)(1) of the Securities Exchange Act of 1934, as amended, and the rules thereunder..

Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.

Governing Law. This Agreement shall be governed by the laws of the State of California. Any action brought to enforce the terms of this Agreement shall be brought in a state or federal court located in the County of San Diego, State of California.

Time of Essence. Time is of the essence for each and every provision of this Agreement.

The District's Right to Employ Other Consultants. The District reserves right to employ other consultants in connection with this Project. However, Consultant shall be the exclusive consultant for purposes of the Services as noted within this Agreement, unless terminated as provided herein.

Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties, and shall not be assigned by Consultant without the prior written consent of the District.

Amendments. This Agreement may not be amended except by in writing signed by the District and Consultant. Consultant agrees to promptly amend or supplement this Agreement to reflect any material changes or additions to this Agreement.

Severability. If any section, subsection, sentence, clause or phrases of this Agreement, or the application thereof to any of the Parties, is for any reason held invalid or unenforceable, the validity of the remainder of the Agreement shall not be affected thereby and may be enforced by the Parties to this Agreement.

Interpretation. In interpreting this Agreement, it shall be deemed that it was prepared jointly by the Parties with full access to legal counsel of their own. No ambiguity shall be resolved against any party on the premise that it or its attorneys were solely responsible for drafting this Agreement or any provision thereof.

Conflict of Interest. For the term of this Agreement, no member, officer or employee of the District, during the term of his or her service with the District, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

Non-Waiver. None of the provisions of this Agreement shall be considered waived by either party, unless such waiver is expressly specified in writing.

Board Approval Required. This Agreement shall not be binding nor take effect unless approved or ratified by the Board of Trustees. Any amendments, except as required by law, to this Agreement shall require Board approval or ratification.

Exhibits and Recitals. All Exhibits and Recitals contained herein are hereby incorporated into this Agreement by this reference.

Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which shall constitute one agreement. Copies of signatures shall have the same force and effect as original signatures.

Authority to Execute. The persons executing this Agreement on behalf of their respective Parties represent and warrant that they have the authority to do so under law and from their respective Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement by their authorized officers as of the day, month and year first written above.

SOLANA BEACH SCHOOL DISTRICT

By: _____

Name: Mark Pong

Title: Asst. Supt., Business Services

**CAPITOL PUBLIC FINANCE GROUP,
LLC**

By:  _____

Name: Jeffrey Small

Title: Managing Partner

EXHIBIT “A”
Scope of Work and Fee Schedule

Capitol Public Finance Group will provide the following, on an as needed basis, as specified by and at the direction of the District, general financial planning and advisory services to the District which include but are not limited to the following:

Municipal Security Issuance Services

Capitol Public Finance Group will assist the District in the issuance of municipal securities by providing the tasks identified below:

- Participate in the selection process and assembly of finance team members
- Prepare schedule of financing and see that members of the financing team take the necessary actions to provide completion of financial sound and responsible transaction
- Participate in document review, financial analysis and credit analysis
- Recommend financing terms such as the type of debt to be issued, sizing, timing, method of sale, credit enhancement and pricing
- Coordinate with members of the finance team and District staff
- Participate and prepare materials for meetings
- Review preliminary, proposed and final numbers provided by the underwriter/bank or lender, and make recommendations to the District on competitiveness of proposed interest rates and costs of issuance
- Assist with coordination of pre-closing and closing as needed

In consideration of Municipal Security Issuance Services for a financing related to the Community Facilities District No. 99-1 and Community Facilities District No. 2004-1 of the Solana Beach School District the Solana Beach School District will pay Capitol Public Finance Group a flat fee of \$75,000.

For additional Municipal Security Issuance Services, the fee will be determined prior to the issuance of municipal securities on the basis of the par amount, term, complexity and number of issues.

Unless otherwise provided above, Capitol Public Finance Group is not responsible for preparing any preliminary or final official statement, or for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about Capitol Public Finance Group provided by Capitol Public Finance Group for inclusion in such documents. The Parties understand and intend that the District shall consult with their disclosure counsel to determine if any information provided in Exhibit “B” shall be disclosed in the preliminary or final official statement.

Extra Work

If Extra work is desired, Capitol Public Finance Group will provide an amended Exhibit “A” specifying the desired scope of work and fees.

EXHIBIT “B”
MSRB Rule G-10 and G-42 Supplement

Conflict of Interest and Other Regulatory Disclosure
Solana Beach School District

As of July 17, 2023

As part of the fiduciary duty Municipal Advisors owe to their clients, Capitol Public Finance Group is providing this supplement to advise you of actual or potential conflicts of interest. Capitol Public Finance Group is identifying actual or potential conflicts of interest by marking the relevant conflict in the boxes below; providing a brief explanation of the nature, implications and potential consequences of each conflict; and providing an explanation of how Capitol Public Finance Group will manage or mitigate the conflict.

- ☐ any actual or potential conflicts of interest of which it is aware after reasonable inquiry that could reasonably be anticipated to impair its ability to provide advice to or on behalf of the client in accordance with its fiduciary duty to municipal entity clients
- ☐ any affiliate of the municipal advisor that provides any advice, service, or product to or on behalf of the client that is directly related to the municipal advisory activities to be performed by the disclosing municipal advisor
- ☐ any payments made by the municipal advisor, directly or indirectly, to obtain or retain an engagement to perform municipal advisory activities for the client
- ☐ any payments received by the municipal advisor from a third party to enlist the municipal advisor’s recommendation to the client of its services, any municipal securities transaction or any municipal financial product
- ☐ any fee-splitting arrangements involving the municipal advisor and any provider of investments or services to the client
- ☒ any conflicts of interest arising from compensation for municipal advisory activities to be performed that is contingent on the size or closing of any transaction as to which the municipal advisor is providing advice

Explanation of Conflict. The fees to be paid by the District for Municipal Security Issuance Services to Capitol Public Finance Group are contingent on the successful closing of the transaction. Although this form of compensation may be customary, it presents a conflict because Capitol Public Finance Group may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the District. For example, when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, Capitol Public Finance Group may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of

alternatives that may result in the cancellation of the financing or other transaction. Capitol Public Finance Group manages and mitigates this conflict primarily by adherence to the fiduciary duty which it owes to municipal entities such as the District which require it to put the interests of the District ahead of its own.

- ☐ any other engagements or relationships of the municipal advisor that could reasonably be anticipated to impair the municipal advisor's ability to provide advice to or on behalf of the client in accordance with its fiduciary duty to municipal entity clients
- ☐ Capitol Public Finance Group has determined, after exercising reasonable diligence, that it has no known material conflicts of interest that would impair its ability to provide advice to the District in accordance with its fiduciary duty to the District. To the extent any such conflicts of interest arise after the date of this Agreement, Capitol Public Finance Group will provide information with respect to such conflicts in the form of a written supplement to this Agreement.
- ☐ any legal or disciplinary event that is material to the District's evaluation of Capitol Public Finance Group or the integrity of its management or advisory personnel

While Capitol Public Finance Group does not believe that the following represents a potential or actual material conflict of interest, Capitol Public Finance Group notes that it serves a variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another Capitol Public Finance Group client. For example, Capitol Public Finance Group serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the District. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its clients, Capitol Public Finance Group could potentially face a conflict of interest arising from these competing client interests. Capitol Public Finance Group fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with the District.

Municipal Advisor Registration, Legal and Disciplinary Events

Capitol Public Finance Group is registered as a "Municipal Advisor" pursuant to Section 15B of the Securities Exchange Act and rules and regulations adopted by the United States Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB").

The MSRB has made available on its website (www.msrb.org) a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the appropriate regulatory authority.

As part of its SEC registration Capitol Public Finance Group is required to disclose to the SEC information regarding criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation involving Capitol Public Finance Group. Pursuant to MSRB Rule G-42, Capitol Public Finance Group is required to disclose any legal or disciplinary event that is material to the Client's

evaluation of Capitol Public Finance Group or the integrity of its management or advisory personnel. Capitol Public Finance Group has determined that no such event exists.

Copies of Capitol Public Finance Group filings with the United States Securities and Exchange Commission can currently be found by accessing the SEC's EDGAR system Company Search Page which is currently available at <https://www.sec.gov/edgar/searchedgar/companysearch.html> and searching for either Capitol Public Finance Group, LLC or for our CIK number which is 0001614042. There have been no material changes to the legal or disciplinary events that Capitol Public Finance Group has disclosed to the SEC.

Information for Municipal Advisory Clients

The MSRB provides a municipal advisory client brochure that is posted on its website. The brochure describes protections that may be provided by the MSRB and how to file a complaint with an appropriate regulatory authority.

The MSRB Client Brochure may be found at the following link:

<http://www.msrb.org/~media/Files/Resources/MSRB-MA-Clients-Brochure.ashx?la=en>

AGREEMENT FOR BOND SERVICES

This AGREEMENT FOR BOND SERVICES is made and entered into this ____ day of _____, 2023 by and between the SOLANA BEACH SCHOOL DISTRICT, hereinafter referred to as "District", and DANNIS WOLIVER KELLEY, a professional corporation, hereinafter referred to as "Attorney."

WHEREAS, District desires to retain Attorney to provide bond counsel and disclosure counsel services associated with the District's issuance of the Solana Beach Public Finance Authority ("Authority") 2023 Special Tax Refunding Bonds ("Bonds") issued under the Marks-Roos Local Bond Pooling Act, secured by bonds or other obligations of one or more community facilities districts ("CFDs") of the District or a similarly structured financing ("CFD Bonds"); and

WHEREAS, Attorneys certify that they are qualified by training and experience to perform the services of bond counsel and are willing to provide such services.

In consideration of the promises and the mutual agreements hereinafter contained, District and Attorney agree as follows:

1. Services

(a) Bond Counsel Services

District appoints Attorney to provide bond counsel services for issuance and delivery of the Bonds. Such services, hereinafter referred to as "Bond Counsel Services" shall include the following:

- Consultation with the District and its staff, San Diego County, as needed, the District's financial advisor, underwriter, special tax consultant and other consultants concerning the Bonds and the CFD Bonds and the timing, terms and structure of the offering, including research on structure options as needed.
- Preparation of the proceedings to authorize and issue the Bonds, including, without limitation, (i) the resolution of the Authority (or such other finance authority selected by the District) authorizing the Bonds, a Trust Indenture, a bond purchase contract, and related Authority documents; and (ii) the resolution(s) of the District Governing Board, as legislative body to the CFDs, authorizing the CFD Bonds, fiscal agent agreement(s), paying agent agreement(s), and all related legal agreements;
- Review of appraisals and other economic or market analysis related to the source of revenue for repayment of the Bonds and the CFD Bonds;
- Preparation of the proceedings for the sale of the Bonds via negotiated sale to a purchaser/investment bank;
- Attendance at up to two (2) meetings of the District Governing Board and with the District's financial advisor regarding the issuance and sale of the Bonds, as needed or requested;
- Preparation of final closing papers, organization and conducting of the bond closing, and rendering of final legal opinion at the time of delivery of and

receipt of payment for the Bonds and the CFD Bonds; Coordination of final recordation of legal documents as needed; Preparation of bond transcript of proceedings.

(b) Disclosure Counsel Services

District also appoints Attorney to provide disclosure counsel services to assure compliance of the Bonds with federal securities laws ("Disclosure Counsel Services"), which services will include the following:

- Prepare the Preliminary Official Statement, the final Official Statement, and continuing disclosure certificate which accompanies the latter, for use in marketing and selling the Bonds;
- Deliver a disclosure counsel opinion at closing; and
- Review of continuing disclosure filing status pursuant to MSRB Rule 15c2-12.

(c) Additional Services Optional

The following additional services are excluded from Bond Counsel and Disclosure Counsel Services and are subject to payment on an hourly basis at the rate of \$360 per hour for shareholders and \$280 per hour for associates and Special Counsel attorneys. Such services may include:

- Legal opinions not customarily provided by Bond Counsel or Disclosure Counsel in a financing such as the Bonds, including, for example, opinions of Attorney as District Counsel or special counsel to the Authority or a CFD;
- Capital project planning, implementation, construction, and litigation;
- Formation, modification, or dissolution of CFDs, including modification of tax formulas, tax collections, special tax delinquencies, foreclosures or remedies;
- Formation, modification or dissolution of joint powers agencies or financing authorities, including actions to return such an authority to good standing or legally compliant operations;
- Negotiation of school impact fee mitigation agreements or amendments to existing agreements;
- Applications for Private Letter Rulings from the IRS;
- Negotiation of investment contracts;
- In-person participation in rating agency meetings or bond insurance agencies outside California;
- Post-closing research requiring more than one hour to complete.

2. Terms of Payment

(a) Bond Counsel Services

Bond Counsel Services shall be compensated at a set fee of \$70,000 per transaction, plus reimbursement of expenses of \$1,500 per transaction. Costs of publication of legal notices or other costs of issuance may be advanced by Attorney as a convenience to District but shall be reimbursed by District without regard to the

cap on Attorney's out of pocket expenses described above. Attorney shall be paid in conjunction with the closing of the transaction.

(b) Disclosure Counsel Services

Disclosure Counsel Services shall be compensated at a set fee of \$40,000 per transaction, plus reimbursement of expenses of \$1,500 per transaction.

(c) Additional Services

Additional contingent fee bond transactions, including private placements or other financings, can be performed on agreement between Attorney and District, which shall be documented in an addendum to this Agreement.

3. Term and Termination

(a) Term

The term of this Agreement shall be from July 1, 2023 to June 30, 2024 and may be renewed beginning July 1, 2024 for up to four (4) one-year additional terms thereafter upon mutual agreement of the Parties. Services rendered prior to July 1, 2023 are hereby ratified and approved.

(b) Termination of Attorney

District may terminate Attorney without cause upon 30 days' written notice to Attorney; provided, however, that if District terminates these services without cause after Attorney has rendered Bond Services on the bond issuance, then District shall pay Attorney for services rendered, at the rate of \$360 per hour for shareholder attorneys, \$280 per hour for non-shareholder attorneys and \$140 per hour for paralegals, plus Attorney's out-of-pocket expenses.

4. Other Provisions

(a) Malpractice Coverage

Attorney agrees to keep current and in force at all times a policy covering incidents of legal malpractice.

(b) Performance of Obligations

District shall be truthful with Attorney, cooperate with Attorney, keep Attorney informed of developments, perform the obligations it has agreed to perform under this Agreement.

(c) Independent Contractor

It is expressly understood and agreed to by both parties that Attorney, while carrying out and complying with any of the terms and conditions of this Agreement, is an independent contractor and is not an employee of the District.

(d) Use of Subconsultants/Subcontractors

Attorney uses the services of legal subconsultants and independent contractors from time to time on finance transactions, including specialists in federal taxation of

municipal bonds, which costs are paid in full by Attorney without additional expense to District. District consents to the use of such sub-consultants or independent contractors at Attorney's discretion.

(e) Conflicts of Interest Notice

Because Attorney represents many school and community college districts, county offices of education, joint powers authorities, SELPAs, and bond underwriters on an occasional basis, conflicts of interest may arise in the course of Attorney's representation. If Attorney becomes aware of any actual conflicts of interest, Attorney will inform the District of the conflict and comply with the legal and ethical requirements to fulfill its duties of loyalty and confidentiality to District. If District has any question about whether Attorney has a conflict of interest in its representation of District in any matter, it may contact Attorney or other legal counsel for clarification.

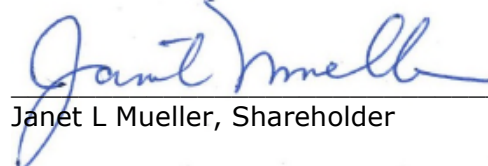
IN WITNESS WHEREOF, the parties hereto have signed this Agreement for Professional Services.

SOLANA BEACH SCHOOL DISTRICT

Mark Pong
Asst. Superintendent, Business Services

Dated

DANNIS WOLIVER KELLEY



Janet L Mueller, Shareholder

June 26, 2023
Dated

**SOLANA BEACH SCHOOL DISTRICT
PROFESSIONAL SERVICES AGREEMENT
FOR CONSULTING SERVICES – BOND ISSUANCE**

THIS AGREEMENT is made and entered into this _____ day of _____, 2023, by and between the Solana Beach School District (“School District”) and Koppel & Gruber Public Finance, a California Corporation (“Consultant”).

WHEREAS, the School District desires to engage Consultant to furnish Consulting Services – Bond Issuance (“Project”) as set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions herein contained, the parties agree as follows:

1. SERVICES

The Consultant shall perform Consulting Services. The scopes of services (“Services”) is attached as Exhibit “A” and incorporated herein by this reference.

2. COMPENSATION

Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit “B” attached hereto and incorporated herein by reference. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

2.1 Payment of Compensation. Consultant shall submit to the School District a quarterly itemized statement which indicates work completed and Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. The School District shall, within 30 days of receiving such statement, review the statement and pay all approved charges thereon.

2.2 Reimbursement for Expenses. Consultant shall be reimbursed for any expenses as authorized in Exhibit “B”.

2.3 Extra Work. At any time during the term of this Agreement, the School District may request that Consultant perform Extra Work. As used herein, “Extra Work” means any work which is determined by the School District to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from the School District's Representative.

3. SUSPENSION OR TERMINATION

3.1 Suspension. The School District may, at any time, by thirty (30) days written notice, suspend further performance by Consultant. All suspensions shall extend the time schedule for performance in a mutually satisfactory manner and the Consultant shall be paid for all services performed and reimbursable expenses incurred prior to the suspension date.

3.2 Termination. Either party may terminate this Agreement at any time by giving thirty (30) days' written notice to the other party of such termination. If this Agreement is terminated as provided herein, Consultant will be paid an amount which bears the same ratio to the total compensation as the services actually performed bears to the total services of Consultant covered by this Agreement, less payments of compensation previously made.

4. RESPONSIBILITIES OF CONSULTANT

The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods, and details of performing the Services subject to the requirements of this Agreement. The School District retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of the School District and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

5. INSURANCE

As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder and without limiting the indemnity provisions of the Agreement, the Consultant in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement, the following policies of insurance.

Coverage	Minimum Limits
(a) General Liability 1) Products and completed operations 2) Contractual liability 3) Personal liability	\$1,000,000 Combined Single Limit, per occurrence and general aggregate
(b) Automobile Liability 1) Comprehensive automobile liability including owned, non-owned and hired autos	\$1,000,000 Combined Single Limit, each accident

Coverage	Minimum Limits
(c) Workers' Compensation 1) Workers' Compensation Insurance 2) Employer's Liability	\$1,000,000 (Statutory)
(d) Professional Liability Insurance 1) Providing coverage on claims made basis for errors and omissions	\$1,000,000 per claim and annual aggregate

6. DOCUMENTS & DATA; LICENSING OF INTELLECTUAL PROPERTY

The Consultant may rely upon the accuracy of any documents provided to Consultant by the School District. The School District may copy, use, modify, or reuse any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on a computer data storage devices, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the School District. The School District shall not be limited in any way in its use of the Documents and Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at the School District's sole risk.

7. GENERAL PROVISIONS

7.1 Accounting Records. Records of the Consultant's direct labor costs, payroll costs and reimbursable expenses pertaining to the Services covered by this agreement shall be maintained on a generally recognized accounting basis and made available during normal business hours upon reasonable notice. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

7.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of the School District, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use the School District's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of the School District.

7.3 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

7.4 Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

7.5 Indemnification. Consultant shall defend, indemnify and hold the School District, its officials, officers, employees, volunteers, and agents free and harmless from all claims, damages, losses, and expenses arising out of the performance of the services described herein caused solely by the negligent acts, errors, or omission of the Consultant, its officials, officers, employees, agents, subcontractors, and subconsultants, except where caused in whole or in part by the active negligence or willful misconduct of the School District or its officials, officers, employees, agents, or volunteers.

7.6 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

7.7 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

7.8 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

7.9 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the School District. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

7.10 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to School District include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

7.11 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

7.12 Ratification. In accordance with California Education Code Section 17604, this Agreement is not valid or an enforceable obligation against the District until approved or ratified by motion of the Governing Board duly passed and adopted.

7.13 Waiver. Consultant's waiver of any term, condition, or covenant, or breach of any term, condition, or covenant, shall not constitute the waiver of any subsequent breach of any other term, condition, or covenant.

7.14 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

7.15 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

7.16 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, the parties hereto have accepted, made and executed this Agreement upon the terms, conditions, and provisions above stated, the day and the year first above written.


Solana Beach School District	Koppel & Gruber Public Finance
By: Mark Pong	By: Lyn Gruber
	
Title: Asst. Supt. Business Services	Title: Principal
Address: 309 North Rios Avenue Solana Beach, CA 92075	Address: 334 Via Vera Cruz, Suite 256 San Marcos, CA 92078

EXHIBIT "A"
SCOPES OF SERVICES

K&G Public Finance proposes to provide the following scope of services relating to Bond Issuance.

Bond Issuance Participation

1. Create tables for the Preliminary Official Statement (POS) and Official Statement (OS). These tables typically include:
 - a. Maximum special tax coverage.
 - b. Effective tax rate table showing the projected tax rate on an average developed parcel in the CFD.
 - c. Projected special taxes based on development status at bond sale.
 - d. Sample tax bill.
 - e. Direct and overlapping debt.
 - f. Top owners.
 - g. Value to lien range summaries.
 - h. Historical delinquencies and assessed value.

Additional tables may be necessary based on team discussion.

2. Review and comment on the Fiscal Agent Agreement/Trust Indenture, Preliminary Official Statements and Official Statements with respect to information included in the CFD Report, additional bond issues, foreclosure covenants, disclosure agreements, flow of funds, arbitrage requirements, and escrowed proceeds (if applicable).
3. Review and sign the Special Tax Consultant Certificate certifying the maximum special tax rates are sufficient to meet debt service and coverage requirements in relation to the issuance of bonds.
4. Calculate amounts required for a letter of credit posted by the developer(s), if applicable.
5. Provide Continuing Disclosure compliance summary for the prior five years.

EXHIBIT "B"
COMPENSATION

We will provide the Scope of Services described above for the following fees in Fiscal Year 2023/2024.

Task	Fees
<i>Bond Issuance Participation</i>	
CFD 99-1	\$19,500
CFD 2004-1	\$19,500

Expenses

In addition to fees for services, K&G Public Finance shall be reimbursed for direct expenses, including travel, mileage, photocopying, data sources, recorded documents, courier services, overnight delivery, and long-distance telephone expenses.

Billing Structure

K&G Public Finance will invoice on a quarterly basis for Annual Administration and on a monthly basis for all other services. The quoted fees will be subject to an annual Consumer Price Index increase for San Diego-Carlsbad, CA, Urban Consumer Price Index (All Items) beginning July 2024.

Additional Services

If authorized by the School District, K&G Public Finance will provide additional services not included in the above scope of services at the hourly rates provided below unless otherwise agreed upon between the School District and K&G Public Finance.

Title	Rate
Principal	\$285
Vice President	250
Senior Associate	220
Associate	160
Production/Administration	100

FORM OF REPRESENTATION LETTER

Community Facilities District No. ___-__ of the Solana Beach School District

The Community Facilities District No. ___-__ of the Solana Beach School District (the "Community Facilities District") hereby certifies in connection with the Bond Purchase Agreement (the "Purchase Agreement"), dated _____, 2023, by and between Stifel, Nicolaus & Company, Incorporated and the Solana Beach School District Public Financing Authority, as follows (capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture, dated as of September 1, 2023 (the "CFD No. ___-__ Indenture"), by and between CFD No. ___-__ and the Trustee, or the Purchase Agreement):

The Community Facilities District hereby represents and warrants to and agrees with the Underwriter that:

a) The Community Facilities District is a community facilities district of the State of California (the "State"), duly organized and validly existing pursuant to the Constitution and laws of the State;

b) The Community Facilities District had full legal right, power and authority to adopt the CFD No. ___-__ Procedural Resolutions and the CFD No. ___-__ Ordinance, and the Community Facilities District has, and as of the Closing will have, full legal right, power and authority (i) to execute, deliver and perform its obligations under the CFD No. ___-__ Purchase Agreement, the CFD No. ___-__ Indenture and the CFD No. ___-__ Bonds (collectively, the "CFD No. ___-__ CFD Documents"), (ii) to issue, sell and deliver the CFD No. ___-__ Bonds to the Authority as provided in the CFD No. ___-__ Purchase Agreement, and (iii) to carry out, give effect to and consummate the transactions contemplated by the CFD No. ___-__ CFD Documents, the CFD No. ___-__ Procedural Resolutions, the CFD No. ___-__ Ordinance and the Official Statement;

c) The Community Facilities District is, and as of the Closing will be, in compliance, in all material respects, with the CFD No. ___-__ CFD Documents with respect to CFD No. ___-__;

d) The Board of Trustees of the Solana Beach School District, acting as the Legislative Body of the Community Facilities District, has duly and validly adopted the CFD No. ___-__ Procedural Resolutions and the CFD No. ___-__ Ordinance and approved the execution and delivery of the CFD No. ___-__ CFD Documents, and the performance by the Community Facilities District of its obligations contained therein, and the taking of any and all actions as may be necessary to carry out, give effect to and consummate the transactions contemplated by each of said documents. The CFD No. ___-__ CFD Documents have been, or on or before the Closing will be, duly executed and delivered by the Community Facilities District, and, on the Closing, the CFD No. ___-__ Bonds, when authenticated and delivered to the Authority in accordance with the CFD No. ___-__ Indenture, and the CFD No. ___-__ CFD Documents will constitute legally valid and binding obligations, enforceable against the Community Facilities District in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

e) The Community Facilities District is not, and as of the Closing will not be, in breach of or in default under any applicable law or administrative rule or regulation of the State or of the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or

order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of the Community Facilities District to perform its obligations under the CFD No. ___-__ CFD Documents;

f) The adoption of the CFD No. ___-__ Procedural Resolutions and the CFD No. ___-__ Ordinance and the execution and delivery of the CFD No. ___-__ CFD Documents, the CFD No. ___-__ Bonds or any other applicable agreements and the other instruments contemplated by any of such documents to which the Community Facilities District is a party, and compliance with the provisions thereof, did not and will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State or of the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of the Community Facilities District to perform its obligations under the CFD No. ___-__ CFD Documents;

g) Except as may be required under the "blue sky" laws of any state, all approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute conditions precedent to, or the absence of which would materially adversely affect, the ability of the Community Facilities District to perform its obligations under any of the CFD No. ___-__ CFD Documents, or any other applicable agreements, have been obtained and are in full force and effect;

h) The CFD No. ___-__ Bonds, the CFD No. ___-__ Indenture, the CFD No. ___-__ Ordinance and the CFD No. ___-__ Procedural Resolutions conform as to form and tenor to the descriptions thereof contained in the Preliminary Official Statement, and which will be contained in the Official Statement as of the Closing and, when delivered to and paid for by the Authority on the Closing Date as provided herein, the CFD No. ___-__ Bonds will be validly issued and outstanding;

i) The Special Taxes constituting the security for the CFD No. ___-__ Bonds have been duly and lawfully authorized and may be levied under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 and following of the Government Code of the State) and the Constitution of the State, and such Special Taxes, when levied, will constitute valid and legally binding liens on the parcels within the Community Facilities District on which they have been levied;

j) There are no outstanding special tax liens levied by the Community Facilities District against any of the properties within the Community Facilities District which are senior to the Special Taxes referred to in paragraph (i) hereof, and the Community Facilities District has no present intention of conducting further proceedings leading to the levying of additional special taxes or assessments against any of the properties within the Community Facilities District;

k) As of the date thereof, the Preliminary Official Statement (other than information with respect to The Depository Trust Company and the book-entry system, as to which the Community Facilities District does not express any view) did not contain any untrue statement of a material fact or omit a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and the Official

Statement (other than information with respect to The Depository Trust Company and the book-entry system, as to which the Community Facilities District does not express any view) does not and, as of the Closing Date, will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

l) Until the date which is 25 days after the End Date, if any event shall occur of which the Community Facilities District is aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements contained in the Official Statement, in light of the circumstances existing at such time, not misleading, the Community Facilities District shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, as required by the Purchase Agreement;

m) The CFD No. ___-___ Indenture will create a valid pledge of and lien upon the Net Special Tax Revenues and any other amounts (including proceeds of the sale of the CFD No. ___-___ Bonds), held in the Bond Fund, the Reserve Fund and the Redemption Fund, to secure the payment of the principal of, premium, if any, and interest on the CFD No. ___-___ Bonds, subject in all cases to the provisions permitting the application thereof for the purposes and on the terms and conditions set forth therein;

n) No action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending, or to the knowledge of the Community Facilities District threatened in any way, affecting the existence of the Community Facilities District or the titles of its officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the CFD No. ___-___ Bonds, the application of the proceeds thereof, or the collection or application of Special Taxes pledged or to be pledged to pay the principal of and interest on the CFD No. ___-___ Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the CFD No. ___-___ Procedural Resolutions, the CFD No. ___-___ Ordinance or the CFD No. ___-___ CFD Documents, or any action of the Community Facilities District contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the Community Facilities District or its authority with respect to the CFD No. ___-___ Procedural Resolutions, the CFD No. ___-___ Ordinance or the CFD No. ___-___ CFD Documents, or any action of the Community Facilities District contemplated by any of said documents, or which would adversely affect the exemption of interest paid on the CFD No. ___-___ Bonds from federal income taxation or State personal income taxation, nor to the knowledge of the Community Facilities District is there any basis therefor;

o) The Community Facilities District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter to qualify the Series 2023 Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate; provided, however, the Community Facilities District shall not be required to register as a dealer or a broker of securities or consent to the jurisdiction of any state of the United States of America, other than the State;

p) Any certificate signed by any authorized official of the Community Facilities District authorized to do so shall be deemed a representation and warranty by the Community Facilities District to the Underwriter as to the statements made therein;

q) During the period from the date hereof until the Closing, the Community Facilities District agrees to furnish the Underwriter copies of any documents it files with any regulatory authority which are requested by the Underwriter;

r) The Community Facilities District is not in default, nor has the Community Facilities District been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the Community Facilities District or with respect to an obligation guaranteed by the Community Facilities District as guarantor;

s) The Community Facilities District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Community Facilities District is a bond issuer whose arbitrage certificates may not be relied upon;

t) The Community Facilities District will apply the proceeds from the sale of the CFD No. ____-__ Bonds as set forth in and for the purposes specified in the CFD No. ____-__ Indenture; and

u) The Community Facilities District will undertake, pursuant to the CFD No. ____-__ Indenture, to provide the Authority with such information and data concerning the Community Facilities District as is necessary to enable the Authority to comply with the Continuing Disclosure Agreement.

Very truly yours,

COMMUNITY FACILITIES DISTRICT NO. ____-__
OF THE SOLANA BEACH SCHOOL DISTRICT

By: _____
Assistant Superintendent, Business Services

NEW ISSUE – BOOK ENTRY ONLY**RATINGS:**

S&P: (Insured): “__”

(Underlying): “__”

(See “RATINGS” herein.)

In the opinion of Dannis Woliver Kelley, Bond Counsel to the Authority, under existing law, interest on the Series 2023 Bonds is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Series 2023 Bonds with certain covenants contained in the Resolution authorizing the Series 2023 Bonds and subject to the matters set forth under “TAX MATTERS” herein, interest on the Series 2023 Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of Series 2023 Bonds, and will not be included in computing the alternative minimum taxable income of the owners thereof; the Series 2023 Bonds is taken into account in determining annual adjusted financial statement income for the purpose of minimum tax imposed on certain corporations. See “TAX MATTERS” herein.

**\$25,000,000***

**SOLANA BEACH SCHOOL DISTRICT
PUBLIC FINANCING AUTHORITY
(COUNTY OF SAN DIEGO, STATE OF CALIFORNIA)
SPECIAL TAX REVENUE REFUNDING BONDS,
SERIES 2023**

Dated: Date of Delivery**Due: September 1, as shown on the inside cover**

The Solana Beach School District Public Financing Authority Special Tax Revenue Refunding Bonds, Series 2023 (the “Series 2023 Bonds”) are being issued by the Solana Beach School District Public Financing Authority (the “Authority”) pursuant to the Marks-Roos Local Bond Pooling Act of 1985 and an Indenture, dated as of September 1, 2023 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and will be secured as described herein. Additional bonds (“Additional Bonds”) may be issued by the Authority on a parity with the Series 2023 Bonds but only in order to refund the Series 2023 Bonds or any subsequent issue of refunding bonds thereunder. The Series 2023 Bonds and any Additional Bonds are collectively referred to herein as the “Bonds.” See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS” herein.

The Series 2023 Bonds are being issued to provide funds to purchase those certain i) Community Facilities District No. 99-1 of the Solana Beach School District Special Tax Refunding Bonds, Series 2023 (the “CFD No. 99-1 Bonds”) to be issued by Community Facilities District No. 99-1 of the Solana Beach School District (“CFD No. 99-1”) and ii) Community Facilities District No. 2004-1 of the Solana Beach School District Special Tax Refunding Bonds, Series 2023 (the “CFD No. 2004-1 Bonds” and together with the CFD No. 99-1 Bonds, the “CFD Bonds”) to be issued by Community Facilities District No. 2004-1 of the Solana Beach School District (“CFD No. 2004-1” and together with CFD No. 99-1, the “Community Facilities Districts”). The CFD Bonds are being issued simultaneously with the Series 2023 Bonds. See “SOURCES AND USES OF FUNDS” herein. Net proceeds of the CFD Bonds will be applied to refund certain outstanding series of special tax bonds issued by the Community Facilities Districts, as described herein. See “PLAN OF REFUNDING” and “SOURCES AND USES OF FUNDS” herein.

The Series 2023 Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers will not receive certificates representing their interest in the Series 2023 Bonds. Individual purchases will be in principal amounts of \$5,000 or any integral multiple thereof. Payments of principal of, premium, if any, and interest on the Series 2023 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Series 2023 Bonds. See “THE SERIES 2023 BONDS – Book-Entry Only System” and APPENDIX F – “DTC BOOK-ENTRY ONLY SYSTEM” herein. Interest on the Series 2023 Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2024.

The Series 2023 Bonds will be subject to redemption prior to maturity as described herein. See “THE SERIES 2023 BONDS – Redemption of the Series 2023 Bonds” herein.

The Authority has applied for insurance to guarantee the payments of principal and interest on the Series 2023 Bonds when due under a municipal bond insurance policy to be issued concurrently with the issuance of the Series 2023 Bonds.

The Series 2023 Bonds are special obligations of the Authority, payable solely from (i) Revenues of the Authority, consisting primarily of debt service payments on the CFD Bonds and (ii) any other amounts pledged therefor under the Indenture, all as more fully described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS” herein.

THE BONDS ARE NOT A DEBT OR LIABILITY OF THE SOLANA BEACH SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICTS, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY, AND THEN ONLY TO THE LIMITED EXTENT DESCRIBED IN THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SOLANA BEACH SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICTS, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

MATURITY SCHEDULE

(See Inside Cover Page)

Investment in the Series 2023 Bonds involves risks which may not be appropriate for some investors. See “RISK FACTORS” for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2023 Bonds. This cover page contains information for quick reference only. It is not a complete summary of the Series 2023 Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

* Preliminary; subject to change.

The Series 2023 Bonds are offered when, as and if issued and delivered to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), subject to the approval as to their validity by Dannis Woliver Kelley, San Diego, California, Bond Counsel to the Authority, and subject to certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Kutak Rock, LLP, Irvine, California. It is anticipated that the Series 2023 Bonds will be available for delivery in book-entry form through the facilities of DTC on or about September __, 2023.

STIFEL

Dated: _____, 2023

MATURITY SCHEDULE

\$25,000,000*

SOLANA BEACH SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY SPECIAL TAX REVENUE REFUNDING BONDS, SERIES 2023

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹ (83412V)</u>
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				

\$ _____ % Term Bonds due September 1, 20__ – Priced to Yield: _____ % CUSIP¹ No.

* Preliminary; subject to change.

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No dealer, broker, salesperson or other person has been authorized by the Authority, the School District, the Community Facilities Districts or the Underwriter to give any information or to make any representations with respect to the Authority, the Community Facilities Districts or the Series 2023 Bonds other than the information contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, the Community Facilities Districts or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2023 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2023 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

Certain of the information set forth herein has been obtained from sources which the Authority, the School District, the Community Facilities Districts and the Underwriter each believes to be reliable, but such information is not guaranteed as to accuracy or completeness.

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

All summaries of the Indenture, the CFD Indentures (each as defined herein), each Rate and Method of Apportionment of Special Taxes, and other documents are made subject to the complete provisions thereof and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Authority for further information in connection therewith. This Official Statement is submitted in connection with the sale of the Series 2023 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement contains forward-looking statements within the meaning of the federal securities laws. Such statements are based on currently available information, expectations, estimates, assumptions, projections and general economic conditions. Such words as expects, intends, plans, believes, estimates, anticipates or variations of such words or similar expressions are intended to identify forward-looking statements and include, but are not limited to, statements under the captions “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS” and “THE COMMUNITY FACILITIES DISTRICTS AND THE SPECIAL TAXES” and elsewhere in this Official Statement. The forward-looking statements are not guarantees of future performance. Actual results may vary materially from what is contained in a forward-looking statement. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Community Facilities Districts’ forecasts in any way, regardless of the level of optimism communicated in the information. None of the Authority, the School District or the Community Facilities Districts assumes any obligation to provide public updates of forward-looking statements.

In connection with the offering of the Series 2023 Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Series 2023 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2023 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriter.

The School District maintains a website and certain social media accounts for various purposes. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2023 Bonds.

SOLANA BEACH SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY

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Dana King, *Vice-Chairman*
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Vicki King, *Member*
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Administration

Jodee Brentlinger, *Superintendent*
Sabrina Lee, *Associate Superintendent*
Mark Pong, *Assistant Superintendent, Business Services*
Mike Reed, *Assistant Superintendent, Human Resources*
John Leland, *Assistant Superintendent, Administrative Operations*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
San Diego, California

Municipal Advisor

Capitol Public Finance Group, LLC
Roseville, California

Community Facilities District Administrator

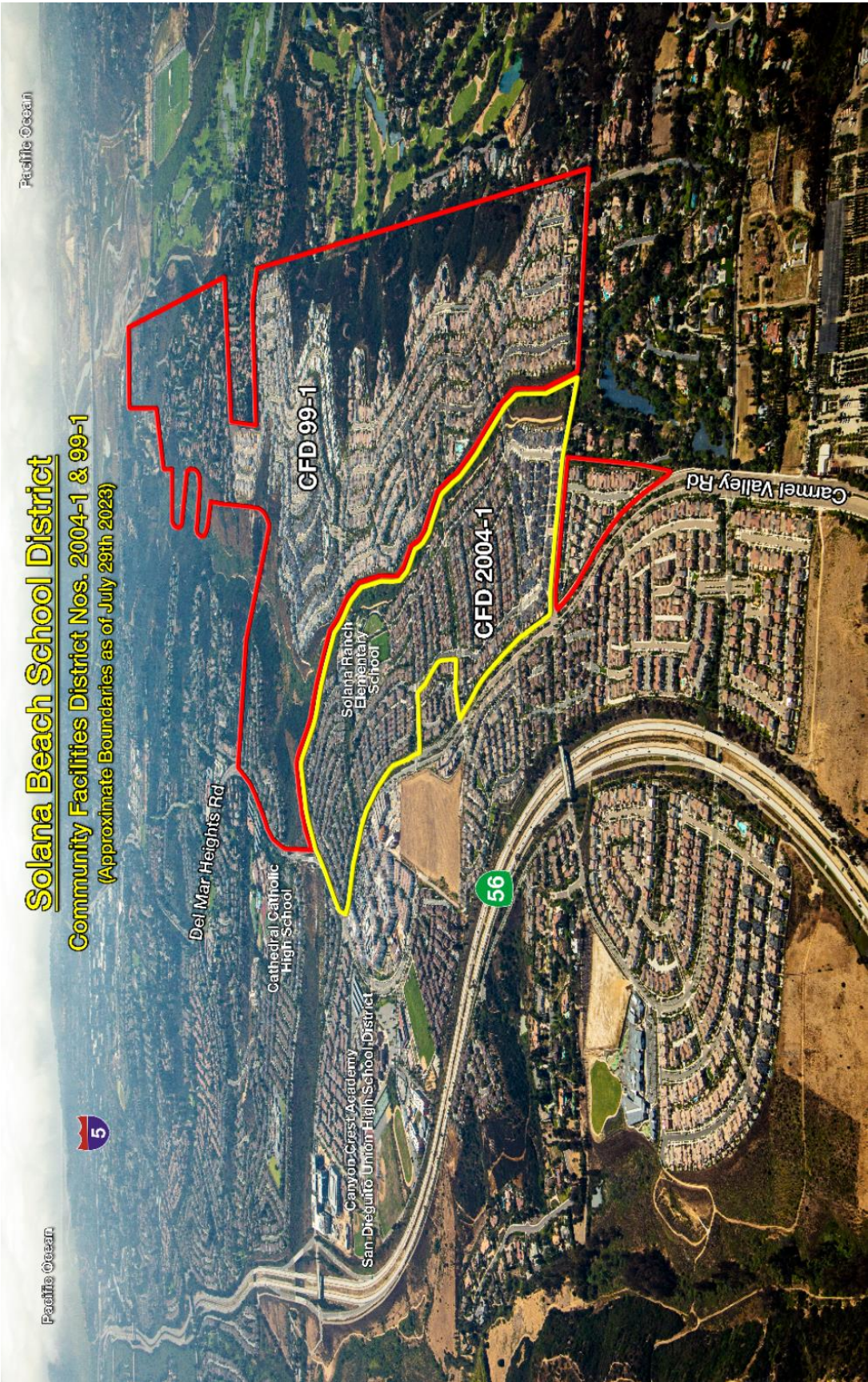
Koppel & Gruber Public Finance
San Marcos, California

Trustee, CFD Trustee and Escrow Agent

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Verification Agent

Causey, Demgen & Moore P.C.
Denver Colorado



Solana Beach School District
Community Facilities District Nos. 2004-1 & 99-1
(Approximate Boundaries as of July 29th 2023)

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OFFICIAL STATEMENT

\$25,000,000*

SOLANA BEACH SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY SPECIAL TAX REVENUE REFUNDING BONDS, SERIES 2023

INTRODUCTION

The purpose of this Official Statement, including the cover page, inside cover page and the Appendices, is to provide certain information in connection with the issuance and sale by the Solana Beach School District Public Financing Authority (the “Authority”) of its Solana Beach School District Public Financing Authority Special Tax Revenue Refunding Bonds, Series 2023, issued in the aggregate principal amount of \$25,000,000* (the “Series 2023 Bonds”). The Series 2023 Bonds are being issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985 (the “Bond Law”) and an Indenture, dated as of September 1, 2023 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Bank of New York Mellon Trust Company, N.A. is also acting as trustee under each of the CFD Indentures (as defined herein). Capitalized terms not defined elsewhere in this Official Statement have the meanings assigned to such terms in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS.”

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of the Series 2023 Bonds to potential investors is made only by means of the entire Official Statement.

The Series 2023 Bonds are being issued to provide funds to purchase (i) \$3,000,000* aggregate principal amount of Community Facilities District No. 99-1 of the Solana Beach School District (“CFD No. 99-1”) Special Tax Refunding Bonds, Series 2023 (the “CFD No. 99-1 Bonds”) and (ii) \$22,000,000* aggregate principal amount of Community Facilities District No. 2004-1 of the Solana Beach School District (“CFD No. 2004-1”) Special Tax Refunding Bonds, Series 2023 (the “CFD No. 2004-1 Bonds” and together with the CFD No. 99-1 Bonds, the “CFD Bonds”).

Proceeds of the CFD No. 99-1 Bonds will be applied to (i) refund the outstanding Community Facilities District No. 99-1 of the Solana Beach School District 2012 Special Tax Bonds (the “CFD No. 99-1 Prior Bonds”), (ii) acquire a municipal bond insurance policy and a debt service reserve surety policy for deposit into a reserve fund established for the CFD No. 99-1 Bonds, and (iii) pay the costs of issuing the CFD No. 99-1 Bonds and a portion of the costs of issuing the Series 2023 Bonds.

Proceeds of the CFD No. 2004-1 Bonds will be applied to (i) refund the outstanding Community Facilities District No. 2004-1 of the Solana Beach School District 2012 Special Tax Bonds (the “CFD No. 2004-1 Prior Bonds” and together with the CFD No. 99-1 Prior Bonds, the “CFD Prior Bonds”), (ii) acquire a municipal bond insurance policy and a debt service reserve surety policy for deposit into a reserve fund established for the CFD No. 2004-1 Bonds, and (iii) pay the costs of issuing the CFD No. 2004-1 Bonds and a portion of the costs of issuing the Series 2023 Bonds.

* Preliminary; subject to change.

Upon the refunding of the CFD Prior Bonds, redemption proceeds received by the Authority, as owner, will be applied to the redemption of the Solana Beach School District Public Financing Authority 2012 Special Tax Revenue Bonds (the “Prior Authority Bonds” and together with the Prior CFD Bonds, the “Prior Bonds”) that were issued on December 6, 2012, \$27,090,000 of which are currently outstanding. See “PLAN OF REFUNDING” and “SOURCES AND USES OF FUNDS.”

The Series 2023 Bonds are payable from and secured by the Revenues of the Authority. “Revenues” is defined under the Indenture to mean all amounts derived from or with respect to the CFD Bonds, including all payments of principal thereof, premium, if any, and interest thereon (including Special Tax Prepayments). The Series 2023 Bonds are special obligations of the Authority, payable solely from the Revenues and any other amounts pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the Solana Beach School District (the “School District”) or the State of California (the “State”) or any political subdivision thereof, is pledged to the payment of the principal of, premium, if any, and interest on the Series 2023 Bonds. The Authority has no taxing power. The Series 2023 Bonds are not general or special obligations of the School District or the Community Facilities Districts nor general obligations of the Authority but are special obligations of the Authority payable exclusively from Revenues as provided in the Indenture, as more fully described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS.”

Pursuant to the Act, the qualified electors of CFD No. 99-1 approved the levy of a special tax (the “CFD No. 99-1 Special Taxes”) within the boundaries of CFD No. 99-1 and the qualified electors of CFD No. 2004-1 approved the levy of a special tax (the “CFD No. 2004-1 Special Taxes” and together with the CFD No. 99-1 Special Taxes, the “Special Taxes”) within the boundaries of CFD No. 2004-1.

The CFD No. 99-1 Bonds will be payable from the CFD No. 99-1 Special Taxes and will be issued and secured pursuant to an Indenture, dated as of September 1, 2023 (the “CFD No. 99-1 Indenture”), by and between CFD No. 99-1 and The Bank of New York Mellon Trust Company, N.A., as trustee (the “CFD Trustee”).

The CFD No. 2004-1 Bonds will be payable from the CFD No. 2004-1 Special Taxes and will be issued and secured pursuant to an Indenture, dated as of September 1, 2023 (the “CFD No. 2004-1 Indenture” and together with the CFD No. 99-1 Indenture, the “CFD Indentures”), by and between CFD No. 2004-1 and the CFD Trustee. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE CFD INDENTURES,” for a more detailed description of certain provisions of the CFD Indentures.

The CFD No. 99-1 Indenture provides that the CFD No. 99-1 Bonds are payable solely from Net Special Tax Revenues and the other assets pledged therefor under the CFD No. 99-1 Indenture. The CFD No. 2004-1 Indenture provides that the CFD No. 2004-1 Bonds are payable solely from Net Special Tax Revenues and the other assets pledged therefor under the CFD No. 2004-1 Indenture. “Net Special Tax Revenues” is defined under each CFD Indenture to mean Special Tax Revenues less amounts required to pay Administrative Expenses as defined respectively in each CFD Indenture. “Special Tax Revenues” is defined under each CFD Indenture to mean the proceeds of the applicable Special Taxes received by or on behalf of a Community Facilities District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, which is limited to the amount of said lien and interest and penalties thereon.

All of the real property in CFD No. 99-1 and CFD No. 2004-1, unless exempted by law or by the provisions of the Rate and Method of Apportionment for Community Facilities District No. 99-1 (the “CFD No. 99-1 RMA”) or the Rate and Method of Apportionment for Community Facilities District No. 2004-1 (the “CFD No. 2004-1 RMA” and together with the CFD No. 99-1 RMA, the “RMAs”), as

applicable, shall be taxed for the purposes, to the extent, and in the manner set forth in the related CFD Indenture and related RMA. The full text of the CFD No. 99-1 RMA and the CFD No. 2004-1 RMA is set forth in APPENDIX A hereto.

Each RMA generally provides for the classification of property within such Community Facilities District to be classified for each Fiscal Year as Taxable Property or Exempt Property, and each Assessor's Parcel of Taxable Property will be further classified as Developed Property or Undeveloped Property. "Developed Property" means, for each Fiscal Year, all Assessor's Parcels for which Building Permits were issued on or before January 1 of the prior Fiscal Year for the construction of a residential structure. "Undeveloped Property" means all Assessors Parcels of Taxable Property that are not Developed Property.

Annual payments of principal of, premium, if any, and interest on, CFD No. 99-1 Bonds are payable from Net Special Tax Revenues, meaning the CFD No. 99-1 Special Taxes collected during that year and remaining after the payment of Administrative Expenses. Annual payments of principal of, premium, if any, and interest on, CFD No. 2004-1 Bonds are payable from Net Special Tax Revenues, meaning the CFD No. 2004-1 Special Taxes collected during that year and remaining after the payment of Administrative Expenses. The CFD No. 99-1 Bonds are separate obligations of CFD No. 99-1 and the CFD No. 2004-1 Bonds are separate obligations of CFD No. 2004-1. The CFD Bonds are not cross-collateralized. CFD No. 99-1 and the Special Taxes attributable thereto are not liable for the obligations of CFD No. 2004-1 and CFD No. 2004-1 and the Special Taxes attributable thereto are not liable for the obligations of CFD No. 99-1. The Series 2023 Bonds are payable from and secured by the Revenues of the Authority.

The CFD No. 99-1 Special Taxes are not available to pay debt service on the CFD No. 2004-1 Bonds and the CFD No. 2004-1 Special Taxes are not available to pay debt service on the CFD No. 99-1 Bonds. Neither the faith and credit nor the taxing power of the Community Facilities Districts (except to the limited extent set forth in each CFD Indenture), the School District, the State or any political subdivision thereof, is pledged to the payment of the principal of, premium, if any, and interest on the Series 2023 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Payment of the CFD Bonds," "– The Special Taxes," and "– Rates and Methods of Apportionment" and APPENDIX A – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX."

Additional bonds ("Additional Bonds") may be issued by the Authority on a parity with the Series 2023 Bonds only for the purpose of refunding the Series 2023 Bonds or any subsequent issue of refunding bonds thereunder. The Series 2023 Bonds and any Additional Bonds are collectively referred to herein as the "Bonds." See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS" herein.

The Community Facilities Districts

The Community Facilities Districts are located in the northern portion of the City of San Diego in a master-planned community known as Pacific Highlands Ranch. The property within the Community Facilities Districts has been developed with over 2,000 residential homes. Pardee Homes, a California corporation, has acted as master developer for the majority of the property within the Community Facilities Districts. For additional information see "THE COMMUNITY FACILITIES DISTRICTS AND THE SPECIAL TAXES."

The School District

The School District was established in 1925. The School District boundaries include the City of Solana Beach and portions of Del Mar, Rancho Santa Fe, Fairbanks Ranch, Carmel Valley, San Diego and unincorporated portion of the County. The District currently operates one preschool and seven elementary schools. The current schools in the District are: Solana Vista (grades K-3), Skyline (grades 4-6 and the K-6 Global Education Program), Solana Santa Fe (grades K-6), Solana Highlands (grades K-6), Carmel Creek (grades K-3), Solana Pacific (grades 4-6), Solana Ranch (grades K-6), and the Child Development Center (toddler, preschool, before and after school support and services). Total enrollment for the 2023-24 school year is budgeted to be 2,716 students.

The School District is governed by a Board of Education consisting of five members, each of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The day-to-day operations are managed by a board-appointed Superintendent. The Superintendent is responsible for management of the School District's day-to-day operations and supervises the work of other key District administrators. Information concerning the Superintendent and Assistant Superintendent of Business Services, is set forth below.

Jodee Brentlinger, Superintendent. Superintendent Brentlinger has served as Superintendent of the District since July, 2018. Prior to the District she served as the Assistant Superintendent Education Services in the Ocean View School District for approximately 3 years and as the Assistant Superintendent, Personnel Services in the Capistrano Unified School District. In all, Superintendent Brentlinger has over 30 years of education experience. Superintendent Brentlinger received a Bachelor Degree in Liberal Studies, Elementary Education and Teaching from San Diego State University and a Master's Degree in School Administration from Pepperdine University.

Mark Pong, Assistant Superintendent of Business Services. Mr. Pong has served as the Assistant Superintendent of Business Services of the District since January, 2023. Prior to the District, he served as the Director of Finance for Del Mar School District. Mr. Pong has over 18 years of experience working in various roles within public education. Mr. Pong received Bachelor's Degrees in Applied Mathematics and Economics from the University of California at San Diego, a Master's Degree in School Business Leadership from Wilkes University, and obtained his Chief Business Official certification from University of Southern California - Rossier School of Education.

Further Information

Brief descriptions of the Series 2023 Bonds, the CFD Bonds, the Indenture, the CFD Indentures, the Continuing Disclosure Agreement, the security for the Series 2023 Bonds, the Authority, the Community Facilities Districts, the School District and certain other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Series 2023 Bonds, the CFD Bonds, the Indentures, the CFD Indentures, the Continuing Disclosure Agreement and other documents.

Copies of such documents are available for inspection at the School District and, following delivery of the Series 2023 Bonds, will be on file at the offices of the Trustee in Los Angeles, California.

THE SERIES 2023 BONDS

Authority for Issuance

The Series 2023 Bonds are authorized to be issued by the Authority under and subject to the terms of the Bond Law and the Indenture.

General

The Series 2023 Bonds will be dated the date of delivery and will bear interest at the rates per annum and will mature on the dates and in the principal amounts, all as set forth on the inside cover page hereof. Interest on the Series 2023 Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2024 (each, an “Interest Payment Date”), to the persons in whose names ownership of the Series 2023 Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as otherwise provided in the Indenture. As defined in the Indenture, “Record Date” means, with respect to interest payable on any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day. Interest on the Series 2023 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2023 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2023 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the date upon which the Series 2023 Bonds are issued (the “Closing Date”), or (iii) interest on any Series 2023 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for.

Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2023 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Interest on any Series 2023 Bond which is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefore, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2023 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

Principal of and premium, if any, and interest on the Series 2023 Bonds will be paid in lawful money of the United States of America; provided, however, that so long as DTC or its nominee is the registered owner of the Series 2023 Bonds, interest payments will be made as described in APPENDIX F – “DTC BOOK-ENTRY ONLY SYSTEM.”

The Series 2023 Bonds will be issued in fully registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2023 Bonds. Ownership interests in the Series 2023 Bonds may be purchased in book-entry form only, in denominations of \$5,000 or any integral multiple thereof within a single maturity. So long as DTC is acting as securities depository for the Series 2023 Bonds, principal, premium, if any, and interest payments with respect to the Series 2023 Bonds will be made directly to DTC. See “THE SERIES 2023 BONDS – Book-Entry Only System” and APPENDIX F – “DTC BOOK-ENTRY ONLY SYSTEM.”

Redemption of the Series 2023 Bonds*

Optional Redemption

The Series 2023 Bonds maturing on or after September 1, 2034 will be subject to optional redemption, in whole or in part, in Authorized Denominations, on any date on or after September 1, 2033, from any source of available funds, at a redemption price equal to the principal amount of the Series 2023 Bonds to be redeemed, plus accrued interest thereon to the date of redemption.

The Authority will give the Trustee written notice of its intention to redeem Series 2023 Bonds pursuant as described above not less than 45 days prior to the applicable redemption date, unless such notice shall be waived by the Trustee.

Mandatory Redemption from Special Tax Prepayments

The Series 2023 Bonds will be subject to mandatory redemption, in whole or in part in Authorized Denominations, on any Interest Payment Date, from and to the extent of any Special Tax Prepayments with respect to the CFD Bonds as may be specified in a notice of the respective Community Facilities District, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2023 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Prices
March 1, 2024 to March 1, 2031	103%
September 1, 2031 to March 1, 2032	102
September 1, 2032 to March 1, 2033	101
September 1, 2033 and thereafter	100

The principal amount of Series 2023 Bonds to be redeemed from any Special Tax Prepayments with respect to CFD Bonds shall be the greatest principal amount of Series 2023 Bonds, the redemption price of which is less than or equal to such Special Tax Prepayments, as specified in a Written Request of the Authority delivered to the Trustee. In the event that a CFD Trustee mails notice of the redemption of any CFD Bonds that will produce Special Tax Prepayments with respect to such CFD Bonds, the Trustee shall concurrently mail notice of the redemption of Series 2023 Bonds, such redemption to occur on the date fixed for such redemption of such CFD Bonds. On the date of such redemption of the CFD Bonds specified in such notice, the proceeds of such redemption shall be applied by the Trustee to pay the redemption price of Series 2023 Bonds pursuant to the Indenture.

For purposes of the selection of Series 2023 Bonds for redemption pursuant to the Indenture, the Series 2023 Bonds shall be selected for redemption among maturities by the Authority (evidenced pursuant to a Written Certificate of the Authority delivered to the Trustee at least 45 days prior to the redemption date or such later date as shall be acceptable to the Trustee) on such basis that the debt service on the CFD Bonds to be received on each Interest Payment Date will be sufficient to pay debt service on the Series 2023 Bonds on such Interest Payment Date, as shall be demonstrated in a report of an Independent Consultant filed with the Trustee; provided, however, that no such report need be filed with the Trustee if, after such redemption, no Series 2023 Bonds will be Outstanding.

* Preliminary; subject to change.

Mandatory Sinking Fund Redemption

The Series 2023 Bonds maturing September 1, 20__ will be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2023 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Mandatory Sinking Fund Redemption Date (<u>September 1</u>)	Principal Amount to <u>be Redeemed</u>
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If some but not all of the Series 2023 Bonds maturing on September 1, 20__ are optionally redeemed under the Indenture, the principal amount of the Series 2023 Bonds maturing on September 1, 20__ to be redeemed under the Indenture from mandatory sinking fund deposits on any subsequent September 1 will be reduced, by \$5,000 or an integral multiple thereof, as designated by the Authority in a Written Certificate of the Authority filed with the Trustee; provided, however, that the aggregate amount of such reductions will not exceed the aggregate amount of the Series 2023 Bonds maturing on September 1, 20__ optionally redeemed under the Indenture. If some but not all of the Series 2023 Bonds maturing on September 1, 20__ are redeemed under the Indenture from Special Tax Prepayments, the principal amount of the Series 2023 Bonds maturing on September 1, 20__ to be redeemed under the Indenture from mandatory sinking fund deposits on any subsequent September 1 will be reduced by the aggregate principal amount of the Series 2023 Bonds maturing on September 1, 20__ so redeemed under the Indenture from Special Tax Prepayments, such reduction to be allocated among redemption dates such that the remaining payments of principal of and interest on the CFD Bonds maturing on September 1, 20__ will be sufficient on a timely basis to redeem on each such redemption date the Series 2023 Bonds maturing on September 1, 20__ to be so redeemed under the Indenture from mandatory sinking fund deposits and to pay interest thereon through the maturity date thereof, as will be demonstrated in a written report of an Independent Consultant, which, together with a Written Request of the Authority specifying such reduction in the principal amount of Series 2023 Bonds to be redeemed on each subsequent September 1 based on such written report, will be delivered to the Trustee at the time the written report of an Independent Consultant and the Written Request of the Authority required pursuant to the Indenture for redemption from Special Tax Prepayments are delivered to the Trustee.

Notice of Redemption

So long as DTC is acting as securities depository for Series 2023 Bonds, notice of redemption, containing the information required by the Indenture, will be mailed by first-class mail, postage prepaid, by the Trustee to DTC (not to the Beneficial Owners of any Series 2023 Bonds designated for redemption) at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice will state the date of the notice, the redemption date, the redemption place and the Redemption Price and will designate the CUSIP numbers, if any, the bond numbers and the maturity or maturities of the Series 2023 Bonds to be redeemed (except in the event of redemption of all of the Series 2023 Bonds of such maturity or maturities in whole), and will require that such Series 2023 Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Series 2023 Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the

redemption of the Series 2023 Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. With respect to any notice of (a) any optional redemption of Series 2023 Bonds, unless at the time such notice is given the Series 2023 Bonds to be redeemed shall be deemed to have been paid within the meaning the Indenture, (b) any mandatory redemption of Series 2023 Bonds resulting from the optional redemption of CFD Bonds, unless at the time such notice is given such CFD Bonds shall be deemed to have been paid within the meaning of the defeasance provisions of the CFD Indenture pursuant to which such CFD Bonds are issued, such notice will state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Series 2023 Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority will not be required to redeem such Series 2023 Bonds. In the event a notice of redemption of Series 2023 Bonds contains such a condition and such moneys are not so received, the redemption of Series 2023 Bonds as described in the conditional notice of redemption will not be made and the Trustee will, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Series 2023 Bonds pursuant to such notice of redemption.

Selection of Series 2023 Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the Series 2023 Bonds, the Trustee will select the Series 2023 Bonds to be redeemed from all Series 2023 Bonds not previously called for redemption (a) with respect to any optional redemption of Series 2023 Bonds, among maturities of Series 2023 Bonds as directed in a Written Request of the Authority, (b) with respect to any redemption from Special Tax Prepayments, from maturities by the Authority on such basis that the debt service on the CFD Bonds to be received on each Interest Payment Date will be sufficient to pay debt service on the Series 2023 Bonds on such Interest Payment Date, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Series 2023 Bonds or Additional Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all Series 2023 Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Series 2023 Bonds which may be separately redeemed.

Partial Redemption of Series 2023 Bonds

Upon surrender of any Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series in Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bonds surrendered.

Effect of Notice of Redemption

Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside with the Trustee, the Series 2023 Bonds will become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Series 2023 Bonds will be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Series 2023 Bonds to be redeemed, together with interest to said date, will be held by the Trustee so as to be available

therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Series 2023 Bonds will cease to accrue and become payable.

All Series 2023 Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Indenture will be canceled upon surrender thereof and destroyed.

Transfers and Exchanges

So long as the Series 2023 Bonds remain in book-entry form, the Series 2023 Bonds may be transferred or exchanged only as described in “THE SERIES 2023 BONDS – Book-Entry Only System.” However, should the Series 2023 Bonds cease to be in book-entry form, then they may be transferred or exchanged as provided in the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE.”

Book-Entry Only System

DTC will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2023 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX F – “DTC BOOK-ENTRY ONLY SYSTEM.”

PLAN OF REFUNDING

CFD No. 99-1 Prior Bonds

The CFD No. 99-1 Prior Bonds are outstanding in the aggregate principal amount of \$3,290,000. CFD No. 99-1 will deposit a portion of the proceeds of the CFD No. 99-1 Bonds, together with other funds of CFD No. 99-1, in an irrevocable escrow fund (the “CFD No. 99-1 Escrow Fund”) established under that certain Escrow Agreement, dated as of September 1, 2023, by and between CFD No. 99-1 and The Bank of New York Mellon Trust Company, N.A. as escrow agent thereunder (the “Escrow Agent”) to redeem the CFD No. 99-1 Prior Bonds maturing in the years September 1, 2024 through September 1, 2040 on or about September __, 2023* at a redemption price equal to the principal amount of the CFD No. 99-1 Prior Bonds to be redeemed, plus accrued interest, without premium.

CFD No. 2004-1 Prior Bonds

The CFD No. 2004-1 Prior Bonds are outstanding in the aggregate principal amount of \$23,800,000. CFD No. 2004-1 will deposit a portion of the proceeds of the CFD No. 2004-1 Bonds, together with other funds of CFD No. 2004-1, in an irrevocable escrow fund (the “CFD No. 2004-1 Escrow Fund”) established under that certain Escrow Agreement, dated as of September 1, 2023, by and between CFD No. 2004-1 and the Escrow Agent to redeem the CFD No. 2004-1 Prior Bonds maturing in the years September 1, 2024 through September 1, 2042 on or about September __, 2023* at a redemption price equal to the principal amount of the CFD No. 2004-1 Prior Bonds to be redeemed, plus accrued interest, without premium.

* Preliminary; subject to change.

The sufficiency of amounts deposited to the CFD No. 99-1 Escrow Fund and the CFD No. 2004-1 Escrow Fund to effect the refunding of the remaining CFD No. 99-1 Prior Bonds and the remaining CFD No. 2004-1 Prior Bonds, respectively, will be verified by Causey Demgen & Moore P.C., certified public accountants. See the caption “CONCLUDING INFORMATION - Verification” herein.

The moneys held under the Escrow Agreements are pledged to the redemption of the CFD Prior Bonds and are not available for the payment of the Series 2023 Bonds.

SOURCES AND USES OF FUNDS

The Series 2023 Bonds

The estimated sources and uses of funds with respect to the Series 2023 Bonds are set forth in the following table:

Sources of Funds

Principal Amount of Series 2023 Bonds
 Net Original Issue Premium
 Total Sources

Uses of Funds

Deposit to Program Fund
 Costs of Issuance⁽¹⁾
 Total Uses

(1) Amounts on deposit in the Program Fund will be used to purchase the CFD Bonds.

(2) Including deposit pursuant to the Purchase Agreement for legal, Municipal Advisor, Trustee, CFD Trustee, Verification Agent, rating, bond insurance, reserve fund surety policy, printing and other miscellaneous costs of issuance relating to the CFD Bonds and the Series 2023 Bonds.

The CFD Bonds

The sources and uses of funds with respect to the CFD Bonds are set forth in the following table:

<i>Sources of Funds</i>	CFD No. 99-1 Bonds	CFD No. 2004-1 Bonds
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Principal Amount of CFD Bonds		
Net Original Issue Premium		
Total Sources		

Uses of Funds

Deposit to Escrow Fund		
Costs of Issuance ⁽¹⁾		
Total Uses		

(1) Includes insurance premium and reserve surety premium, legal, Municipal Advisor, Trustee, CFD Trustee, printing and other miscellaneous costs of issuance relating to the CFD Bonds and the Series 2023 Bonds.

THE SERIES 2023 BONDS DEBT SERVICE REQUIREMENTS

The debt service requirements with respect to the Series 2023 Bonds are set forth on the following schedule:

Bond Year Ending September 1	Principal	Interest	Total Debt Service
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
Total			

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The table below sets forth estimated debt service and debt service coverage for the CFD Bonds.

**Community Facilities District No. 99-1
and Community Facilities District No. 2004-1
Estimated Debt Service Coverage**

Bond Year Ending September 1	CFD No. 99-1 Bonds*	CFD No. 2004-1 Bonds*	Total CFD Bonds*	CFD No. 99-1 Projected Special Tax Revenues ⁽¹⁾	CFD No. 2004- 1 Projected Special Tax Revenues ⁽¹⁾	Total Net Special Tax Revenues	Coverage Ratio
2024	\$ 245,333	\$ 1,621,736	\$ 1,867,069	\$ 2,518,375	\$ 2,951,341	\$ 5,444,716	291.62%
2025	242,250	1,621,500	1,863,750	2,518,375	2,951,341	5,444,716	292.14
2026	246,750	1,617,750	1,864,500	2,518,375	2,951,341	5,444,716	292.02
2027	240,750	1,622,500	1,863,250	2,518,375	2,951,341	5,444,716	292.22
2028	244,750	1,620,250	1,865,000	2,518,375	2,951,341	5,444,716	291.94
2029	243,250	1,616,250	1,859,500	2,518,375	2,951,341	5,444,716	292.81
2030	246,500	1,620,500	1,867,000	2,518,375	2,951,341	5,444,716	291.63
2031	244,250	1,617,500	1,861,750	2,518,375	2,951,341	5,444,716	292.45
2032	241,750	1,622,500	1,864,250	2,518,375	2,951,341	5,444,716	292.06
2033	244,000	1,620,000	1,864,000	2,518,375	2,951,341	5,444,716	292.10
2034	245,750	1,620,250	1,866,000	2,518,375	2,951,341	5,444,716	291.79
2035	247,000	1,623,000	1,870,000	2,518,375	2,951,341	5,444,716	291.16
2036	242,750	1,618,000	1,860,750	2,518,375	2,951,341	5,444,716	292.61
2037	243,250	1,620,500	1,863,750	2,518,375	2,951,341	5,444,716	292.14
2038	243,250	1,620,000	1,863,250	2,518,375	2,951,341	5,444,716	292.22
2039	242,750	1,621,500	1,864,250	2,518,375	2,951,341	5,444,716	292.06
2040	246,750	1,619,750	1,866,500	2,518,375	2,951,341	5,444,716	291.71
2041	--	1,609,750	1,609,750	--	2,951,341	5,444,716	181.79
2042	--	<u>1,611,750</u>	<u>1,611,750</u>	<u>--</u>	<u>2,951,341</u>	<u>2,926,341</u>	181.56
Total	\$4,151,083	\$30,764,986	\$34,916,069	\$45,330,750	\$56,075,472	\$100,931,222	

⁽¹⁾ Net Projected Special Tax Revenues is calculated based on the Assigned Special Tax applied to parcels classified as Developed Property for the combined CFDs less the Administrative Expense Requirement (\$25,000). Special Taxes may be levied by CFD No. 99-1 for a period not to exceed 30 Fiscal Years after the last bonds have been issued, but no later than 2039-40. Special Taxes may be levied by CFD No. 2004-1 for a period not to exceed 30 Fiscal Years after the last bonds have been issued, but not later than 2045-46.

* Preliminary; subject to change.

Source: *Koppel & Gruber Public Finance*.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS

General

The Series 2023 Bonds are special obligations of the Authority, payable solely from the Revenues and any other amounts pledged therefor under the Indenture.

“Revenues” is defined under the Indenture to mean all amounts derived from or with respect to the CFD No. 99-1 Bonds and the CFD No. 2004-1 Bonds, including all payments of principal thereof, premium, if any, and interest thereon (including Special Tax Prepayments) as described in this Official Statement. “Special Tax Prepayments” is defined under the Indenture to mean, for any CFD Bonds, any amounts received by the Trustee representing a redemption (other than a mandatory sinking fund redemption, if any) of such CFD Bonds pursuant to a CFD Indenture, consisting of the principal amount of such CFD Bonds being redeemed and the premium paid upon such redemption, but excluding the amount of regularly scheduled payments (including mandatory sinking fund payments, if any) of principal of and interest on such CFD Bonds paid concurrent therewith.

The CFD No. 99-1 Bonds and the interest thereon are payable from Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund under the CFD No. 99-1 Indenture. The CFD No. 2004-1 Bonds and the interest thereon are payable from Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund under the CFD No. 2004-1 Indenture. Said pledges constitute a first lien on and security interest in such assets under the related CFD Indenture.

“Net Special Tax Revenues” is defined in each CFD Indenture as Special Tax Revenues, less amounts required to pay Administrative Expenses. “Special Tax Revenues” is defined as the proceeds of the Special Taxes received by each CFD, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes. Administrative Expenses consist of reasonable and necessary expenses incurred in the administration of the CFD and bonds issued by a CFD.

Pursuant to the Act, the qualified electors of CFD No. 99-1 approved the levy of the CFD No. 99-1 Special Taxes and the qualified electors of CFD No. 2004-1 approved the levy of the CFD No. 2004-1 Special Taxes.

The CFD No. 99-1 Bonds are separate obligations of CFD No. 99-1 and the CFD No. 2004-1 Bonds are separate obligations of CFD No. 2004-1. The CFD Bonds are not cross-collateralized and CFD No. 99-1 and the Special Taxes attributable thereto are not liable for the obligations of CFD No. 2004-1. CFD No. 2004-1 and the Special Taxes attributable thereto are not liable for the obligations of CFD No. 99-1. The summary information under this caption and elsewhere in this Official Statement should not be read to suggest that there is any cross collateralization among the CFD Bonds, the CFD Indentures, or the Community Facilities Districts.

The Series 2023 Bonds are special obligations of the Authority, payable solely from the Revenues and any other amounts pledged therefor under the Indenture. The Series 2023 Bonds are not a debt or liability of the School District, the Community Facilities Districts, the State or any political subdivision thereof other than the Authority (and then only to the limited extent described in the Indenture). Neither the faith and credit nor the taxing power of the School District, the Community Facilities Districts, the State or any political subdivision thereof, is pledged to the payment of the Series 2023 Bonds. The Authority has no taxing power. None of the School District, the Community Facilities Districts, the State or any of its political subdivisions is liable for the payment of the Series 2023 Bonds. In no event shall

the Series 2023 Bonds or any interest thereon be payable out of any funds or properties other than those of the Authority as set forth in the Indenture. Neither the Series 2023 Bonds nor the CFD Bonds constitute an indebtedness of the Authority, the School District, the Community Facilities Districts, the State or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Revenue Fund

All Revenues received by the Authority are deposited into the Revenue Fund (except that any portion of Revenues that represents Special Tax Prepayments are deposited in the Redemption Fund). On each Interest Payment Date for the Bonds, amounts in the Revenue Fund are required to be transferred to the Bond Fund for payment by the Trustee to the Owners of the Bonds the principal of and interest on the Bonds then due and payable. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE.”

Payment of the CFD Bonds

The CFD No. 99-1 Bonds and the CFD No. 2004-1 Bonds have been issued under and are governed by the terms of the CFD No. 99-1 Indenture and the CFD No. 2004-1 Indenture, respectively. The Revenues are primarily composed of payments of principal and interest to be received by the Authority, as owner of the CFD No. 99-1 Bonds and the CFD No. 2004-1 Bonds. The principal of and interest on the CFD No. 99-1 Bonds are payable from the Net Special Tax Revenues of CFD No. 99-1, as provided in the CFD No. 99-1 Indenture. The principal of and interest on the CFD No. 2004-1 Bonds are payable from the Net Special Tax Revenues of CFD No. 2004-1, as provided in the CFD No. 2004-1 Indenture.

The amount of Special Taxes that a Community Facilities District may levy in any year is strictly limited by the maximum rates approved by the qualified electors within such Community Facilities District. See “– Rates and Methods of Apportionment” below, APPENDIX A – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX.” See also APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS –THE CFD INDENTURES,” for a more detailed description of certain provisions of the CFD No. 99-1 Indenture and the CFD No. 2004-1 Indenture.

The CFD No. 99-1 Special Taxes may only be applied to the payment of the CFD No. 99-1 Bonds and are not available to pay debt service on CFD No. 2004-1 Bonds. The CFD No. 2004-1 Special Taxes may only be applied to the payment of the CFD No. 2004-1 Bonds and are not available to pay debt service on CFD No. 99-1 Bonds. CFD No. 99-1 is only responsible for the principal of and interest on the CFD No. 99-1 Bonds and CFD No. 2004-1 is only responsible for the principal of and interest on CFD No. 2004-1 Bonds. The percentage of total Revenues that will be generated by CFD No. 99-1 and CFD No. 2004-1 to pay debt service on the CFD No. 99-1 Bonds and the CFD No. 2004-1 Bonds, respectively, will vary from year to year.

Optional Redemption of CFD Bonds*

Each CFD Indenture provides that the CFD Bonds issued thereunder will be subject to optional redemption. The CFD Bonds of a Community Facilities District maturing on or after September 1, 2034 will be subject to optional redemption, in whole or in part, in Authorized Denominations, on any date on or after September 1, 2033, from any source of available funds, at a redemption price equal to the

* Preliminary; subject to change.

principal amount of the CFD Bonds to be redeemed, plus accrued interest thereon to the date of redemption.

Each Community Facilities District shall give the Trustee written notice of its intention to optionally redeem CFD Bonds not less than 45 days prior to the applicable redemption date, unless such notice shall be waived by the Trustee.

Mandatory Redemption of CFD Bonds from Special Tax Prepayments

The CFD Bonds will be subject to mandatory redemption, in whole or in part in Authorized Denominations, on any Interest Payment Date, from and to the extent of prepaid Special Taxes required to be applied under the CFD Indenture with respect to the CFD Bonds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the CFD Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
March 1, 2024 to March 1, 2031	103%
September 1, 2031 to March 1, 2032	102
September 1, 2032 to March 1, 2033	101
September 1, 2033 and thereafter	100

Mandatory Sinking Fund Redemption

Each CFD Indenture provides for mandatory sinking fund redemption, in part, on September 1 in each year, as to certain term maturities of CFD Bonds. If some but not all of the term CFD Bonds are optionally redeemed under the respective CFD Indenture, the principal amount of such CFD Bonds to be redeemed under the respective CFD Indenture from mandatory sinking fund deposits on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the CFD Bonds optionally redeemed under the respective CFD Indenture. If some but not all of the term CFD Bonds are redeemed pursuant to mandatory redemption of CFD Bonds from Special Tax Prepayments under the respective CFD Indenture, the principal amount of such CFD Bonds to be redeemed under the respective CFD Indenture from mandatory sinking fund deposits on any subsequent September 1 shall be reduced by the aggregate principal amount of the CFD Bonds so redeemed, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Community Facilities District.

The CFD Bonds Reserve Funds

Each CFD Indenture provides that the respective CFD Trustee shall establish and maintain a special fund designated the “Reserve Fund” in an amount equal the Reserve Requirement. “Reserve Requirement” is defined under each CFD Indenture to mean, as of the date of any calculation, the least of (a) 10% of the original aggregate principal amount of the CFD Bonds (excluding CFD Bonds refunded with the proceeds of subsequently issued CFD Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service (each as defined in the related CFD Indenture). As defined under each CFD Indenture, the term “Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made. The term “Annual Debt Service” means, for each Bond Year, the sum of (a) the interest due on the Outstanding CFD Bonds issued under

such CFD Indenture in such Bond Year, assuming that the Outstanding CFD Bonds issued under such CFD Indenture are retired as scheduled (including by reason of mandatory sinking fund redemptions, if any), and (b) the principal of the Outstanding CFD Bonds issued under such CFD Indenture due in such Bond Year (including by reason of mandatory sinking fund redemptions, if any). The term “Average Annual Debt Service” means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

As provided in each CFD Indenture, amounts in or credited to the Reserve Fund established under such CFD Indenture shall be used and withdrawn by the CFD Trustee solely for the purpose of (i) making transfers to the Interest Account in accordance with such CFD Indenture in the event of any deficiency at any time in the Interest Account of the amount then required for payment of the interest on the CFD Bonds, (ii) making transfers to the Principal Account in accordance with such CFD Indenture in the event of any deficiency at any time in the Principal Account of the amount then required for payment of the principal of the CFD Bonds, and (iii) redeeming CFD Bonds in accordance with such CFD Indenture.

The CFD No. 99-1 Indenture further provides that there shall additionally be deposited in or credited to the Reserve Fund established thereunder, in connection with the issuance of Additional CFD No. 99-1 Bonds (defined below), the amount required to be deposited therein under the Supplemental Indenture pursuant to which such Additional CFD No. 99-1 Bonds are issued.

Whenever CFD Bonds are to be optionally redeemed or redeemed from Special Tax Prepayments, a proportionate share, determined as provided below, of the amount on deposit in or credited to the Reserve Fund shall, on the date on which amounts to redeem such CFD Bonds are deposited in the Redemption Fund or otherwise deposited with the CFD Trustee in connection with a defeasance of CFD Bonds or a discharge of the related CFD Indenture, be transferred by the CFD Trustee from the Reserve Fund to the Redemption Fund or to such deposit held by the CFD Trustee and shall be applied to the redemption of said CFD Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said CFD Bonds to be redeemed). Such proportionate share shall be equal to the largest integral multiple of the minimum Authorized Denomination for said CFD Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of CFD Bonds to be so redeemed and the denominator of which is the principal amount of CFD Bonds to be Outstanding on the day prior to the date on which such CFD Bonds are to be so redeemed.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding CFD Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the CFD Trustee shall, upon receipt of a Written Request of the Community Facilities District, transfer the amount in the Reserve Fund to the Interest Account, Principal Account and/or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding CFD Bonds.

If, as a result of the scheduled payment of principal of or interest on the CFD Bonds, the Reserve Requirement is reduced, the CFD Trustee shall transfer an amount equal to the amount of such reduction to the Interest Account. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS –THE CFD INDENTURES.”

The Special Taxes

Each Community Facilities District has covenanted in its CFD Indenture that so long as any of its CFD Bonds are outstanding it will levy the amount of Special Taxes within the related Community Facilities District in each Fiscal Year in accordance with the related RMA and, subject to the limitations in such RMA as to the maximum Special Tax that may be levied, in an amount sufficient to yield Special Tax Revenues in the amount required for (i) the payment of principal of and interest on any Outstanding CFD Bonds issued under such CFD Indenture becoming due and payable during the Corresponding Bond Year, (ii) any necessary replenishment of the related Reserve Fund, and (iii) the payment of Administrative Expenses estimated to be paid from such Special Tax Revenues, taking into account the balances in the funds and accounts established under the related CFD Indenture. As defined under each CFD Indenture, the term “Corresponding Bond Year” means, with respect to any Fiscal Year, the Bond Year that commences in such Fiscal Year. No assurance can be given that the foregoing amount will in fact be collected in any given year due to a variety of factors, including the limitation imposed by the maximum Special Tax rates. See “RISK FACTORS – Right to Vote on Taxes Act” and APPENDIX A – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX.”

The Special Taxes imposed by each Community Facilities District are customarily billed with ad valorem property taxes and collected by the County of San Diego (the “County”). When received, the Special Taxes will be deposited in the Special Tax Fund established for such Community Facilities District, to be held first for the payment of Administrative Expenses and then for payment of debt service on such Community Facilities District’s CFD Bonds or for deposit in the Reserve Fund established under the CFD Indenture for such Community Facilities District, to restore the balance therein to the Reserve Requirement, subject to the maximum annual amounts of Special Taxes authorized to be levied by the qualified electors of such Community Facilities District. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS –THE CFD INDENTURES” and APPENDIX A - “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX.”

Although the Special Taxes of each Community Facilities District will be levied against, and constitute a lien against, taxable parcels within such Community Facilities District, they do not constitute a personal indebtedness of the respective property owners. There is no assurance that the property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so.

Rates and Methods of Apportionment

Each Community Facilities District has adopted its own RMA following public hearings and an election conducted pursuant to the provisions of the Act. A summary of the RMAs is set forth under “THE COMMUNITY FACILITIES DISTRICTS AND THE SPECIAL TAXES” herein and the full text of each RMA is set forth in APPENDIX A hereto.

Each Community Facilities District is legally authorized and has covenanted to cause the levy of the Special Taxes in an amount determined according to its RMA. The CFD No. 99-1 Bonds and the CFD No. 2004-1 Bonds are payable from Annual Special Tax Revenues. As defined under the respective CFD Indenture for the CFD No. 99-1 Bonds and the CFD No. 2004-1 Bonds, respectively, “Special Taxes” means the special taxes defined in the respective RMA as “Annual Special Tax” levied within the respective Community Facilities District pursuant to the Act, the respective Ordinance Levying Special Taxes, the respective RMA and the respective CFD Indenture.

Certain types of property may be absolutely exempt from the Special Taxes. Each RMA apportions the total amount of Special Taxes to be collected among the taxable parcels in the Community

Facilities District as more particularly described herein. Capitalized but undefined terms used in this section have the meanings ascribed thereto in the Community Facilities District's RMA.

For more detail with respect to each Community Facilities District, see the information herein below in "THE COMMUNITY FACILITIES DISTRICTS AND THE SPECIAL TAXES" and each RMA attached hereto in APPENDIX A – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX."

Additional Indebtedness of the Authority

The Authority may, subject to the requirements of the Indenture, by Supplemental Indenture establish a Series of Additional Bonds payable on a parity with all other Bonds Outstanding thereunder, including the Series 2023 Bonds. Additional Bonds may be issued by the Authority on a parity with the Series 2023 Bonds but only for the purpose of refunding the Series 2023 Bonds or any subsequent issue of refunding bonds thereunder and to cover related costs. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE."

No Additional Indebtedness of CFD No. 99-1 Except Refunding Bonds

CFD No. 99-1 may from time to time issue additional bonds under the CFD No. 99-1 Indenture for the purpose of refunding the CFD No. 99-1 Bonds or any bonds issued to refund the CFD No. 99-1 Bonds. CFD No. 99-1 may not issue additional bonds under the CFD No. 99-1 Indenture on a basis senior to the CFD No. 99-1 Bonds. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – CFD INDENTURES – CFD NO. 99-1 – NO ADDITIONAL BONDS."

No Additional Indebtedness of CFD No. 2004-1 Except Refunding Bonds

CFD No. 2004-1 may from time to time issue additional bonds under the CFD No. 2004-1 Indenture for the purpose of refunding the CFD No. 2004-1 Bonds or any bonds issued to refund the CFD No. 2004-1 Bonds. CFD No. 2004-1 may not issue additional bonds under the CFD No. 2004-1 Indenture on a basis senior to the CFD No. 2004-1 Bonds. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – CFD INDENTURES – CFD NO. 2004-1 – NO ADDITIONAL BONDS."

Existing Liens Community Facilities District

The property within the Community Facilities Districts, as applicable, is subject to assessment liens imposed by the City for several assessment and reassessment districts, the boundaries of which overlap some or all of the Community Facilities Districts. The lien for the Special Taxes is co-equal to the lien for the annual maintenance assessment, the recreation assessment and the lien for general property taxes. The residential units in CFD No. 99-1 and CFD No. 2004-1 are subject to a special tax imposed by one or more of the community facilities districts of the San Dieguito Union High School District. See "THE COMMUNITY FACILITIES DISTRICTS AND THE SPECIAL TAXES – Direct and Overlapping Debt."

Except for the overlapping districts and debt described herein, the Community Facilities Districts are unaware of any present or contemplated assessment district or community facilities district that includes property within the Community Facilities Districts. See "THE COMMUNITY FACILITIES DISTRICT AND THE SPECIAL TAXES – Direct and Overlapping Debt."

Covenant for Superior Court Foreclosure; No Teeter Plan

In the event of a delinquency in the payment of any installment of CFD No. 99-1 Special Taxes or CFD No. 2004-1 Special Taxes, CFD No. 99-1 and CFD No. 2004-1, as applicable, is authorized by the Act to order institution of an action in the Superior Court of the State to foreclose any lien therefor. In such action the real property subject to the Special Taxes may be sold at a judicial foreclosure sale. Because the Community Facilities Districts do not participate in the "Teeter Plan" (which is the County's Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds, as provided for in Section 4701 et seq. of the California Revenue and Taxation Code), collections of Special Taxes will reflect actual delinquencies.

Such judicial foreclosure proceedings are not mandatory. Notwithstanding the foregoing, each Community Facilities District has covenanted under its respective CFD Indenture that it will determine or cause to be determined, on or about June 15 of each year, whether or not any owners of property within the Community Facilities District are delinquent in the payment of Special Taxes and, if such delinquencies exist, the Community Facilities District will send or cause to be sent a notice of delinquency and demand for payment thereof to the property owner within 45 days of such determination and if such delinquency remains uncured, order and cause to be commenced within 90 days of such determination of delinquency, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of any Special Taxes or installment thereof not paid when due; provided, however, that the Community Facilities District shall not be required to order the commencement of foreclosure proceedings if (a) the total Special Tax delinquency in the Community Facilities District for such Fiscal Year is less than 5% of the total Special Tax levied in such Fiscal Year, and (b) the amount then on deposit in or credited to the Reserve Fund is equal to the Reserve Requirement. Notwithstanding the foregoing, if the Community Facilities District determines that any single property owner in the Community Facilities District is delinquent in the payment of three installments of the Special Tax, then the Community Facilities District shall diligently institute, prosecute and pursue foreclosure proceedings against such property owner.

Prompt commencement of foreclosure proceedings may not, in and of itself, result in a timely or complete resolution of the arrearage. In the event of delinquencies in the payment of Special Taxes for a Community Facilities District there could be a default or a delay in payments of debt service on the related CFD Bonds and, consequently, a default or delay in payments to the Owners of the Series 2023 Bonds pending prosecution of foreclosure proceedings and receipt by such Community Facilities District, of foreclosure sale proceeds, if any.

The ability of a Community Facilities District to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the obligee in the event the property is owned by or in receivership of the Federal Deposit Insurance Corporation. See "RISK FACTORS - Bankruptcy," "- Billing of Special Taxes" and "- Payments by FDIC and Other Governmental Agencies."

No assurances can be given that a judicial foreclosure action, once commenced, will be completed or that it will be completed in a timely manner. If a judgment of foreclosure and order of sale is obtained, the judgment creditor (a Community Facilities District) must cause a Notice of Levy to be issued. Under current law, a judgment debtor (i.e., a property owner) has 120 days from the date of service of the Notice of Levy in which to redeem the property to be sold, which period may be shortened to 20 days for parcels other than those on which a dwelling unit for not more than four persons is located. If a judgment debtor fails to redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action, a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the

revived judgment as if the sale had not been made (Section 701.680 of the California Code of Civil Procedure). The constitutionality of the aforementioned legislation, which repeals the former one-year redemption period, has not been tested; there can be no assurance that, if tested, such legislation will be upheld.

THE AUTHORITY

The Authority is a joint exercise of powers authority, duly organized and validly existing under and pursuant to a Joint Exercise of Powers Agreement, dated July 25, 2012 (the “Joint Powers Agreement”), by and between the School District and CFD No. 2004-1. The Joint Powers Agreement was entered into pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Joint Exercise of Power Act”). The governing body of the Authority consists of the same individuals who comprise the members of the Board of Education of the School District.

The Authority was created for the purpose of providing financing or refinancing of Public Capital Improvements (within the meaning of the Joint Exercise of Powers Act) for the School District or any other local agencies (including CFD No. 99-1 and CFD No. 2004-1) through the acquisition by the Authority of such Public Capital Improvements and/or the purchase by the Authority of local obligations pursuant to bond purchase agreements in those instances in which the District or such other local agency determines that there are “significant public benefits” for taking such action.

THE COMMUNITY FACILITIES DISTRICTS AND THE SPECIAL TAXES

The CFD No. 99-1 Bonds and the interest thereon is payable from a portion of the annual CFD No. 99-1 Special Taxes to be levied and collected on the real property within CFD No. 99-1, subject to the Special Taxes and the proceeds, if any, from the sale of such property for delinquency of such Special Taxes. The CFD No. 2004-1 Bonds and the interest thereon is payable from a portion of the annual CFD No. 2004-1 Special Taxes to be levied and collected on the real property within CFD No. 2004-1, subject to the Special Taxes and the proceeds, if any, from the sale of such property for delinquency of such Special Taxes. Annual payments of principal of, premium, if any, and interest on, each of the CFD No. 99-1 Bonds and the CFD No. 2004-1 Bonds are payable from Net Special Tax Revenues, meaning the Special Taxes collected within CFD No. 99-1 and CFD No. 2004-1, respectively, during that year and remaining after the payment of Administrative Expenses.

The CFD No. 99-1 Bonds are separate obligations of CFD No. 99-1 and the CFD No. 2004-1 Bonds are separate obligations of CFD No. 2004-1. The CFD Bonds are not cross-collateralized and CFD No. 99-1 and the Special Taxes attributable thereto are not liable for the obligations of CFD No. 2004-1 and CFD No. 2004-1 and the Special Taxes attributable thereto are not liable for the obligations of CFD No. 99-1. The summary information under this caption and elsewhere in this Official Statement should not be read to suggest that there is any cross collateralization among the CFD Bonds, the CFD Indentures, or the Community Facilities Districts.

Formation and Background

CFD No. 99-1. The School District established CFD No. 99-1, following a noticed public hearing, on June 15, 1999. The qualified electors within CFD No. 99-1 approved a ballot proposition authorizing CFD No. 99-1 to incur bonded indebtedness in a maximum principal amount of \$50,000,000 to finance the acquisition and construction of authorized facilities. CFD No. 99-1 has \$45,550,000 of authorization to issue special tax bonds remaining.

CFD No. 2004-1. The School District established CFD No. 2004-1 on July 14, 2005, following a noticed public hearing. The qualified electors of CFD No. 2004-1 approved a ballot proposition authorizing CFD No. 2004-1 to incur bonded indebtedness in a maximum principal amount of \$30,000,000 to finance the acquisition and construction of authorized facilities. No bonding authorization remains for issuance by CFD No. 2004-1.

Mitigation Agreement. The Community Facilities Districts were formed pursuant to an agreement titled “Impact Mitigation Agreement” between the School District and Pardee Homes, a California corporation (then operating under the name Pardee Construction Company) dated as of June 16, 1998, including by a Memorandum of Understanding between the School District and Pardee Homes dated November 10, 2004, and a First Amendment to Memorandum of Understanding between the School District and Pardee Homes dated May 17, 2012.

Issuance of Special Tax Bonds. On December 6, 2012, CFD No. 99-1 issued the CFD No. 99-1 Prior Bonds and CFD No. 2004-1 issued the CFD No. 2004-1 Prior Bonds. The CFD Prior Bonds are the only bonds outstanding issued by the Community Facilities Districts. The CFD Prior Bonds were purchased by the Authority which simultaneously issued the Prior Authority Bonds. All of the Prior CFD Bonds are intended to be refunded and defeased with proceeds of the Series 2023 Bonds.

Rate and Methods

CFD No. 99-1 adopted the CFD No. 99-1 RMA and CFD No. 2004-1 adopted the CFD No. 2004-1 RMA following public hearings and an election conducted in the applicable CFD pursuant to the provisions of the Act. The CFD No. 99-1 RMA and the CFD No. 2004-1 RMA are substantially similar and will be described together except for as otherwise set forth below. This section contains only a brief description of each RMA and is qualified by the complete CFD No. 99-1 RMA and the complete CFD No. 2004-1 RMA attached hereto as Appendix A. Capitalized terms used in this subsection “—Rate and Methods” shall have those meanings assigned to them in the CFD No. 99-1 RMA and the CFD No. 2004-1 RMA attached hereto as Appendix A.

Classification of Property. For each fiscal year, each Assessor’s Parcel within each CFD is classified as Exempt Property or Taxable Property, and each Assessor’s Parcel of Taxable Property is classified as Developed Property or Undeveloped Property. Developed Property mean all Assessor’s Parcels for which building permits were issued on or before January 1 of the prior Fiscal Year for the construction of a residential structure. Undeveloped Property means all Assessor’s Parcels which are not classified as Developed Property.

Maximum Special Tax. The Maximum Special Tax is the greater of (a) the applicable Assigned Annual Special Tax or (b) the applicable Back-up Special Tax, as set forth in each RMA.

Method of Apportionment. Under each RMA, the Board will levy an Annual Special Tax on Taxable Property as follows:

Step One: An Annual Special Tax will be levied on each Assessor’s Parcel of Developed Property in an amount equal to the Assigned Special Tax.

Step Two. If the Additional Annual Special Tax Requirement is greater than zero, an Annual Special Tax will be levied Proportionately on each Assessor’s Parcel of Undeveloped Property in order to satisfy the Additional Annual Special Requirement, up to the Assigned Annual Special Tax applicable to each Assessor’s Parcel.

Step Three. If the Additional Annual Special Tax Requirement is greater than zero and the sum of the amounts levied in Step Two is insufficient to satisfy the Additional Annual Special Tax Requirement, an Annual Special Tax will additionally be levied Proportionately on each Assessor's Parcel of Developed Property for which the Back Annual Special Tax is greater than the Assigned Annual Special Tax up to an amount that, when combined with the amounts levied in Step Two, is sufficient to satisfy the Additional Annual Special Tax Requirement, up to the Backup Annual Special Tax applicable to each Assessor's Parcel.

Prepayment of Annual Special Taxes. The CFD No. 99-1 RMA and the CFD No. 2004-1 RMA each permit the prepayment in part or in full of the Annual Special Tax obligation of an Assessor's Parcel at the times and under the conditions set forth in the respective RMA. See APPENDIX A – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX."

Description and Location

The substantial majority of the property within CFD No. 99-1 and CFD No. 2004-1 is located within Pacific Highlands Ranch, a master planned community located in the northern portion of the City of San Diego. Pacific Highlands Ranch encompasses approximately 2,652 acres of land within the North City Future Urbanizing Area portion of the City of San Diego, the majority of which is intended to remain undeveloped. Pacific Highlands Ranch is bounded by the community of Fairbanks Ranch to the north, Torrey Highlands (Subarea IV) to the east, Del Mar Mesa (Subarea V) to the south, and the community of Carmel Valley to the west.

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Property Ownership and Development Status. The property within CFD No. 99-1 currently has been developed as 1,306 units, six of which have prepaid their special tax obligation, classified under the Rate and Method as Developed Property and subject to the Special Tax levy. The property within CFD No. 2004-1 currently has been developed as 818 units classified under the Rate and Method as Developed Property and subject to the Special Tax levy. The tables below presents the breakdown of developed units within CFD No. 99-1 and CFD No. 2004-1.

**Solana Beach School District
Community Facilities District No. 99-1
Developed Parcels**

	Number of Developed Units ⁽¹⁾
Single-family detached homes	1,244
Multi-family attached homes	<u>56</u>
Total	1,300

⁽¹⁾ Excludes six parcels that have prepaid their special tax obligation.

Source: *Koppel & Gruber Public Finance.*

**Solana Beach School District
Community Facilities District No. 2004-1
Developed Parcels**

	Building Square Feet (BSF)	Number of Developed Units
Single-family detached homes	> 2,900 BSF	294
Single-family detached homes	2,501-2,900 BSF	198
Single-family detached homes	≤ 2,500 BSF	326
Multi-family attached homes	≤ 1,599 BSF	<u>0</u>
	Total	818

Source: *Koppel & Gruber Public Finance.*

Special Tax Levy – Taxable Property

The Special Tax in Fiscal Year 2023-24 is levied on Developed Property only in both CFD No. 99-1 and CFD No. 2004-1. Only CFD No. 99-1 has undeveloped acreage and some parcels of Undeveloped Property, none of which is subject to the related Special Tax in Fiscal Year 2023-24. CFD No. 99-1 is substantially developed, CFD No. 2004-1 is completely built out, and the Special Tax on the Developed Property in CFD No. 99-1 and CFD No. 2004-1 is projected to be sufficient to pay debt service on the CFD No. 99-1 Bonds and the CFD No. 2004-1 Bonds, respectively.

For Fiscal Year 2023-24, there are 2,118 parcels taxed in the Community Facilities Districts including 1,300 parcels in CFD No. 99-1 and 818 parcels in CFD No. 2004-1. The following table sets forth the 2023-24 Special Taxes to be levied in CFD No. 99-1 and CFD No. 2004-1.

**Solana Beach School District
Community Facilities District No. 99-1
and Community Facilities District No. 2004-1
Aggregate Special Tax Levy by CFD
2023-24 Special Tax Levy**

		Developed Only			Undeveloped Only			
Land Use Type	Number of Units Levied	Minimum	Maximum	Special Tax Levy	Total Acreage of Undeveloped Property	Special Tax Levy	Total Special Tax Levy	Aggregate Percent of Special Tax Levy
<u>CFD No. 99-1</u>								
Single-family Detached	1,244	\$1,188.14	\$2,942.00	\$2,482,850.20	--	\$0.00	\$2,482,850.20	45.39%
Multi-family Attached	<u>56</u>	358.62	888.02	<u>35,525.12</u>	<u>--</u>	<u>0.00</u>	<u>35,525.12</u>	0.65
Total	1,300			\$2,518,375.32	1.02	\$0.00	\$2,518,375.32	46.04%
<u>CFD No. 2004-1</u>								
Single-family Detached								
Class 2: less than 2,500 BSF	326	\$2,202.24		\$ 807,527.46	--	\$0.00	\$807,527.46	14.76
Class 3: 2,501 – 2,900 BSF	198	2,914.50		718,485.16	--	0.00	718,485.16	13.14
Class 4: > 2,900 BSF	<u>294</u>	3,532.16		<u>1,425,328.02</u>	<u>--</u>	<u>0.00</u>	<u>1,425,328.02</u>	26.06
Total	818			\$2,951,340.64	0.00	\$0.00	\$2,951,340.64	53.96%

Source: *Koppel & Gruber Public Finance*.

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Special Tax Collections

The following tables set forth the Special Tax collections and delinquencies for Fiscal Years 2018-19 through 2022-23 on Taxable Property within each of the Community Facilities Districts.

**Solana Beach School District
Community Facilities District No. 99-1
Special Tax Collections and Delinquency Rates
Fiscal Years 2018-19 through 2022-23**

Fiscal Year	Subject Fiscal Year						As of July 17, 2023		
	Aggregate Annual Special Tax	Aggregate Parcels Levied	Annual Special Taxes Collected	Fiscal Year Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Delinquent Amount	Remaining Delinquency Rate
2018-19	\$1,054,003.10	603	\$1,039,703	16	\$14,300	1.36%	0	\$ 0	0.00%
2019-20	1,337,025.40	736	1,330,028	11	9,952	1.49	1	1,926	0.14
2020-21	1,963,929.36	1,029	1,951,463	10	12,467	1.27	1	1,926	0.10
2021-22	2,302,344.66	1,182	2,296,812	3	5,533	0.48	1	1,926	0.08
2022-23	2,359,954.80	1,203	2,346,703	9	13,251	0.56 ⁽¹⁾	9	13,251	0.56

⁽¹⁾ As of July 17, 2023.

Source: *Koppel & Gruber Public Finance*.

**Solana Beach School District
Community Facilities District No. 2004-1
Special Tax Collections and Delinquency Rates
Fiscal Years 2018-19 through 2022-23**

Fiscal Year	Subject Fiscal Year						As of July 17, 2023		
	Aggregate Annual Special Tax	Aggregate Parcels Levied	Annual Special Taxes Collected	Fiscal Year Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Delinquent Amount	Remaining Delinquency Rate
2018-19	\$2,400,671	737	\$2,380,339	11	\$20,332	0.85%	0	\$ 0	0.00%
2019-20	2,400,671	737	2,396,698	1	3,973	0.17	0	0	0.00
2020-21	2,400,671	737	2,391,156	3	9,515	0.40	1	3,973	0.17
2021-22	2,417,593	740	2,413,620	1	3,973	0.16	1	3,973	0.16
2022-23	2,858,153	805	2,846,817	4	11,336	0.40	4	11,336	0.40

⁽¹⁾ As of July 17, 2023.

Source: *Koppel & Gruber Public Finance*.

Assessed Values

The Fiscal Year 2022-23 aggregate secured assessed valuation of the taxable property within CFD No. 99-1 was \$2,589,534,225 and within CFD No. 2004-1 was \$866,829,497. The following tables shows the assessed value for taxable property in each of the Community Facilities Districts for Fiscal Years 2018-19 through 2022-23. Five-year average growth for Fiscal Years 2018-19 through 2022-23 is 19.42% for CFD No. 99-1 and 4.54% for CFD No. 2004-1.

**Solana Beach School District
Community Facilities District No. 99-1
Summary of Historical Assessed Values
Fiscal Years 2018-19 through 2022-23**

<u>Fiscal Year</u>	<u>Parcels Taxable</u>	<u>Secured Assessed Value</u>	<u>Percent Change</u>
2018-19	1,213	\$1,352,271,838	26.25%
2019-20	1,249	1,584,307,786	17.16
2020-21	1,251	1,979,163,520	24.92
2021-22	1,251	2,265,982,379	14.49
2022-23	1,251	2,589,534,225	14.28

Source: *Koppel & Gruber Public Finance*.

**Solana Beach School District
Community Facilities District No. 2004-1
Summary of Historical Assessed Values
Fiscal Years 2018-19 through 2022-23**

<u>Fiscal Year</u>	<u>Parcels Taxable</u>	<u>Secured Assessed Value</u>	<u>Percent Change</u>
2018-19	738	\$721,841,914	3.62%
2019-20	738	745,855,825	3.33
2020-21	813	772,668,765	3.59
2021-22	813	794,286,644	2.80
2022-23	818	866,829,497	9.13

Source: *Koppel & Gruber Public Finance*.

Under Proposition 13, real property is reappraised upwards only when a change in ownership occurs, or when new construction takes place. Except for these two instances, property assessments cannot be increased by more than 2.00% annually.

Revenue and Taxation Code Section 51 requires the assessor to enroll the lower of either the property's Factored-Base-Year Value (established under Proposition 13) or its market value as of the lien date (January 1).

If the assessed value is reduced due to the market value being lower than the Factor-Base-Year Value, the assessor is required to review the market value of the property each lien date after the reduction until such time as the Factored-Base-Year Value is less than or equal to the market value. When

the Factored-Base-Year Value is again enrolled, the property is no longer subject to the annual review, and will receive indexing not to exceed 2.00% per year.

The following table sets forth remaining parcels and acreage of Undeveloped Property in each of the Community Facilities Districts. The Special Tax in Fiscal Year 2023-24 is levied on Developed Property only. Only CFD No. 99-1 has undeveloped acreage and some parcels of Undeveloped Property, whereas CFD No. 2004-1 is completely built out. The Special Tax on the Developed Property in each Community Facilities District is projected to be sufficient to pay debt service on the related series of CFD Bonds.

The Community Facilities Districts
Aggregate Summary of Remaining Units/Acreage to Develop per CFD

CFD	Number of Undeveloped Property Parcels	Total Undeveloped Property Acreage
CFD No. 99-1	1	1.02
CFD No. 2004-1	<u>0</u>	<u>0.00</u>
Total	1	1.02

Source: *Koppel & Gruber Public Finance*.

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Property Values

The table below and on the following page depict value-to-lien ratios including overlapping debt in CFD No. 99-1 and CFD No. 2004-1, respectively, as of July 13, 2023. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Rates and Methods of Apportionment” and APPENDIX A – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX.”

Solana Beach School District Community Facilities District No. 99-1 Aggregate Value to Lien Ratios and Overlapping Debt

Project Name	Property Ownership	Number of Parcels	2023-24 Projected Special Tax Levy	Percent of Special Tax Levy	2022-23 Assessed Value	Principal Amount of Special Tax Bonds*	Total Overlapping Debt	Total Debt Burden	Value to Lien Ratio
<u>Developed Property</u>									
Almeria	Individuals	75	\$155,047	6.16%	\$132,597,513	\$169,922	\$3,910,130	\$4,080,052	32.50:1
Artesana	Individuals	56	114,624	4.55	126,892,922	125,621	1,660,799	1,786,420	71.03:1
Carmel	Individuals	105	229,353	9.11	188,225,379	251,358	5,578,050	5,829,408	32.29:1
Casabella	Individuals	17	33,755	1.34	19,994,838	36,993	158,101	195,094	102.49:1
Del Mar Highlands Estates	DMHE LLC	1	23,089	0.92	97,949	25,304	62,949	88,253	1.11:1
Derby Terrace	Derby Terrace LLC	1	8,607	0.34	7,675,000	9,433	58,107	67,540	113.64:1
Highlands	Individuals	52	129,316	5.13	107,032,026	141,723	3,034,931	3,176,654	33.69:1
Highlands 9C	Individuals ⁽²⁾	42	123,564	4.91	12,307,979	135,419	2,265,289	2,400,709	5.13:1
Meadowood	Individuals	29	53,289	2.12	31,300,431	58,402	285,328	343,730	91.06:1
Olvera	Individuals	87	181,391	7.20	147,063,256	198,794	4,535,750	4,734,544	31.06:1
Palomar	Individuals	69	151,653	6.02	197,357,158	166,203	3,616,708	3,782,911	52.17:1
Rancho Pacifica	Individuals	146	203,023	8.06	644,865,514	222,502	1,317,317	1,539,819	418.79:1
Santa Barbara	Individuals	97	121,643	4.83	145,637,075	133,314	954,372	1,087,686	133.9:1
Sendero	Individuals	112	243,132	9.65	175,121,945	266,459	5,949,920	6,216,380	28.17:1
Terraza	Individuals	81	174,955	6.95	124,789,217	191,741	4,303,067	4,494,808	27.76:1
Vista Del Mar	Individuals	79	172,115	6.83	166,277,299	188,628	4,196,819	4,385,447	37.92:1
Vista Santa Fe	Individuals	45	95,720	3.80	114,713,265	104,904	2,337,469	2,442,372	46.97:1
Watermark	Individuals	156	304,103	12.08	244,828,692	333,280	1,469,834	1,803,114	135.78:1
Subtotal		1,250	\$2,518,375	100.00%	\$2,586,777,458	\$2,760,000	\$45,694,942	\$48,454,942	53.39:1
<u>Undeveloped Property</u>									
Rancho Pacifica	North Peak Properties LLC	1	\$0	0.00%	\$2,756,767	\$0	\$0	\$0	N/A
Subtotal		1	\$0	0.00%	\$2,756,767	\$0	\$0	\$0	N/A
Grand Total		1,251	\$2,518,375	100.00%	\$2,589,534,225	\$2,760,000	\$45,694,942	\$48,454,942	53.39:1

⁽¹⁾ Overlapping Debt includes the community facilities district bonds issued by San Dieguito Union High School District and California Statewide Communities Development Authority (SCIP) Assessment Districts. General Obligation Bonds are not included. Overlapping Debt from California Municipal Statistics dated July 13, 2023.

⁽²⁾ One remaining parcel is owned by TriPointe Homes.

* Preliminary; subject to change.

Source: Koppel & Gruber Public Finance.

**Solana Beach School District
Community Facilities District No. 2004-1
Aggregate Value to Lien Ratios and Overlapping Debt**

Project Name	Property Ownership	Number of Parcels	2023-24 Projected Special Tax Levy	Percent of Special Tax Levy	2022-23 Assessed Value	Principal Amount of Special Tax Bonds*	Total Overlapping Debt	Total Debt Burden	Value to Lien Ratio
Arabella	Individuals	93	\$231,415	7.84%	\$ 99,000,535	\$1,538,801	\$1,025,747	\$2,564,548	38.60:1
Hampton Brightwater	Individuals	189	734,295	24.88	197,207,446	4,882,712	2,084,583	6,967,295	28.30:1
Manzanita	Individuals	147	514,069	17.42	152,525,266	3,418,314	1,621,342	5,039,656	30.27:1
Portico	Individuals	185	450,244	15.26	177,175,996	2,993,909	2,040,465	5,034,373	35.19:1
Santa Rosa	Individuals	123	470,647	15.95	180,761,029	3,129,576	1,356,633	4,486,209	40.29:1
Sendero Collection	Individuals	<u>81</u>	<u>550,670</u>	<u>18.66</u>	<u>60,159,225</u>	<u>3,661,689</u>	<u>753,305</u>	<u>4,414,994</u>	<u>13.63:1</u>
Total		818	\$2,951,341	100.00%	\$866,829,497	\$19,625,000	\$8,882,076	\$28,507,076	30.41:1

⁽¹⁾ Overlapping Debt includes the community facilities district bonds issued by San Dieguito High School District. General Obligation Bonds are not included. Overlapping Debt from California Municipal Statistics dated July 13, 2023.

* Preliminary; subject to change.

Source: *Koppel & Gruber Public Finance*.

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**Solana Beach School District
Community Facilities District No.99-1
Fiscal Year 2022-23 Sample Property Tax Bills**

<u>Assessed Valuation and Property Taxes</u>		<u>Average Single Family Detached Residence</u>	<u>Average Multi Family Detached Residence</u>
Assessed Value ⁽¹⁾		\$2,142,876	\$319,792
Homeowner's Exemption		<u>(7,000)</u>	<u>(7,000)</u>
Net Assessed Value ⁽²⁾		\$2,135,876	\$312,792
Ad Valorem Property Taxes ⁽³⁾	<u>Percent of Total Assessed Value</u>		<u>Amount</u>
General Purposes	1.00000%	\$21,358.76	\$3,127.92
Ad Valorem Tax Overrides			
San Dieguito Union High School District	0.02143	457.72	67.03
Mira Costa Community College District	0.01357	289.84	42.45
San Diego City Zoological Exhibits	0.00500	106.79	15.64
Metropolitan Water District	<u>0.00350</u>	<u>74.76</u>	10.95
Total Ad Valorem Property Taxes	1.04350	\$22,287.87	\$3,263.99
Assessments, Special Taxes and Parcel Charges			
Solana Beach School District CFD No. 99-1 ⁽⁴⁾		\$2,743.34	\$828.04
San Dieguito Union High School District CFD No. 03-1 ⁽⁵⁾		1,014.00	855.00
California Statewide Communities Development Authority (SCIP) Assessment District No. 17-04 ⁽⁶⁾		3,228.72	0.00
City of San Diego Pacific Highlands Ranch Maintenance Assessment District		38.02	38.02
San Diego County CWA Water Availability Standby Charge		10.00	10.00
Metropolitan Water District of Southern California Standby Charge		11.50	11.50
County of San Diego Mosquito/Disease Control		<u>11.36</u>	11.36
Total Assessments, Special Taxes and Parcel Charges		\$7,056.94	\$1,753.92
Total Property Taxes		\$29,344.81	\$5,017.91
Total Effective Tax Rate		1.37%	1.60%

⁽¹⁾ Fiscal Year 2022-23 assessed valuations, selected to represent the average assessed valuation for single family detached and multi-family attached units within CFD No. 99-1 for properties with improved assessed valuation greater than \$0. There is one (1) multi-family attached project consisting of 24 units currently developed within CFD No. 99-1 the total assessed valuation for the project was divided by the number of units to determine the median valuation.

⁽²⁾ Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption.

⁽³⁾ Tax Rate Area 08021, Fiscal Year 2022-23.

⁽⁴⁾ Represents the special tax levy per unit for parcel levied in Fiscal Year 2022-23.

⁽⁵⁾ San Dieguito Union High School District CFD No. 95-1 and CFD No. 99-1 also overlap properties within Solana Beach School District CFD No. 99-1; however, the San Dieguito Union High School District CFD No. 03-1 encompasses a larger proportion of Developed Single Family Detached Units and is therefore more representative.

⁽⁶⁾ California Statewide Communities Development Authority AD No. 17-02 and AD No. 17-03 also overlap properties within CFD No. 99-1; however, the AD No. 17-04 encompasses a larger proportion of Developed Single Family Detached Units and is therefore more representative.

Source: Koppel & Gruber Public Finance.

**Solana Beach School District
Community Facilities District No.2004-1
Fiscal Year 2022-23 Sample Property Tax Bills**

Assessed Valuation and Property Taxes		Land Use Class < 2,500	Land Use Class 2,500 – 2,900	Land Use Class > 2,900
Assessed Value ⁽¹⁾		\$890,203	\$912,795	\$1,210,465
Homeowner's Exemption		<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>
Net Assessed Value ⁽²⁾		\$883,203	\$905,795	\$1,203,465
Ad Valorem Property Taxes ⁽³⁾				
	Percent of Total Assessed Value	Amount		
General Purposes	1.00000%	\$8,832.03	\$9,057.95	\$12,034.65
<i>Ad Valorem Tax Overrides</i>				
San Dieguito Union High School District	0.02143	189.27	194.11	257.90
Mira Costa Community College District	0.01357	119.85	122.92	163.31
San Diego City Zoological Exhibits	0.00500	44.16	45.29	60.17
Metropolitan Water District	<u>0.00350</u>	<u>30.91</u>	<u>31.70</u>	<u>42.12</u>
Total Ad Valorem Property Taxes	1.04350	\$9,216.22	\$9,451.97	\$12,558.15
Assessments, Special Taxes and Parcel Charges				
Solana Beach School District CFD No. 2004-1 ⁽⁴⁾		\$2,477.08	\$3,628.71	\$4,740.71
San Dieguito Union High School District CFD No. 03-1		1,014.00	1,014.00	1,014.00
City of San Diego Pacific Highlands Ranch Maintenance Assessment District		38.02	38.02	38.02
San Diego County CWA Water Availability Standby Charge		10.00	10.00	10.00
Metropolitan Water District of Southern California Standby Charge		11.50	11.50	11.50
County of San Diego Mosquito/Disease Control		11.36	11.36	11.36
Total Assessments, Special Taxes and Parcel Charges		\$3,561.96	\$4,713.59	\$5,825.59
Total Property Taxes		\$12,778.18	\$14,165.56	\$18,383.74
Total Effective Tax Rate		1.45%	1.56%	1.53%

⁽¹⁾ Fiscal Year 2022-23 assessed valuations , selected to represent the average assessed valuation for each land use class.

⁽²⁾ Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption.

⁽³⁾ Tax Rate Area 08229, Fiscal Year 2022-23.

⁽⁴⁾ Represents the special tax levy per unit for parcel levied in Fiscal Year 2022-23.

Source: *Koppel & Gruber Public Finance*.

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Debt Service Coverage

Each RMA as described herein provides for the levy of an annual Special Tax at a Maximum Annual Special Tax. As to each Community Facilities District, the projected Maximum Special Tax is set forth in “THE COMMUNITY FACILITIES DISTRICTS AND THE SPECIAL TAXES” in those tables entitled “Estimated Debt Service Coverage.” As to each Community Facilities District, the actual amount of applicable Special Taxes that will be levied against each parcel in each year will be determined in accordance with the respective RMA. See APPENDIX A – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX.”

The Special Taxes on any Taxable Property is limited to an increase of 10% for delinquencies under Section 53321 of the Act as applied to the Community Facilities District. That section at time of formation of each Community Facilities District provided that under no circumstances will the special tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within the community facilities district by more than 10%. See “RISK FACTORS – Insufficiency of Special Taxes” herein.

The CFD No. 99-1 Bonds are separate obligations of CFD No. 99-1 and the CFD No. 2004-1 Bonds are separate obligations of CFD No. 2004-1. The CFD Bonds are not cross-collateralized and CFD No. 99-1 and the Special Taxes attributable thereto are not liable for the obligations of CFD No. 2004-1 and CFD No. 2004-1 and the Special Taxes attributable thereto are not liable for the obligations of CFD No. 99-1. The summary information under this caption and elsewhere in this Official Statement should not be read to suggest that there is any cross collateralization among the CFD Bonds, the CFD Indentures, the Community Facilities Districts.

Direct and Overlapping Debt

Contained within the Community Facilities Districts are numerous overlapping local agencies providing public services. Some of such local agencies have outstanding bonds issued in the form of general obligation, special tax and special assessment bonds. Additional indebtedness could be authorized by other public agencies at any time. As discussed herein, CFD No. 99-1 may issue Additional CFD No. 99-1 Bonds payable from Annual Special Tax revenues. The Community Facilities Districts cannot predict the amount of additional debt or authorized but unissued bonds that will ultimately be issued by such local agencies, nor can it predict when such debt would be issued or the debt service payments thereon. The tables on the following pages illustrate the direct and overlapping debt within CFD No. 99-1 and CFD No. 2004-1 as of August 1, 2023.

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**Solana Beach School District
Community Facilities District No. 99-1
Direct and Overlapping Debt**

2022-23 Assessed Valuation:\$2,589,534,225(includes unbilled parcels)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/23</u>	
Metropolitan Water District	0.071%	\$ 13,683	
Mira Costa Community College District	1.928	6,926,709	
San Dieguito Union High School District	3.187	13,007,996	
Solana Beach School District School Facilities Improvement District No. 2016-1	0.162	141,731	
San Dieguito Union High School District Community Facilities Districts	5.625 - 31.148	11,578,655	
Solana Beach School District Community Facilities District No. 99-1	100.000	3,290,000	(1)
California Statewide Community Development Authority Assessment Districts	98.780 - 100	<u>34,116,286</u>	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$69,075,060	
 <u>OVERLAPPING GENERAL FUND DEBT:</u>			
San Diego County General Fund Obligations	0.394%	\$ 905,336	
San Diego County Pension Obligation Bonds	0.394	1,095,761	
San Diego County Superintendent of Schools Obligations	0.394	27,336	
San Dieguito Union High School District Certificates of Participation	3.187	405,743	
Solana Beach School District General Fund Obligations	11.379	662,171	
City of San Diego General Fund Obligations	0.830	<u>5,333,151</u>	
TOTAL OVERLAPPING GENERAL FUND DEBT		\$8,429,498	
 COMBINED TOTAL DEBT			\$77,504,558 (2)

Ratios to 2022-23 Assessed Valuation:

Direct Debt (\$3,290,000)	0.13%
Total Direct and Overlapping Tax and Assessment Debt	2.67%
Combined Total Debt	2.99%

(1) Excludes the CFD No. 99-1 Bonds.

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

Source: California Municipal Statistics, Inc.

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**Solana Beach School District
Community Facilities District No. 2004-1
Direct and Overlapping Debt**

2022-23 Assessed Valuation: \$866,829,497 (includes unbilled parcels)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/23</u>	
Metropolitan Water District	0.024%	\$ 4,579	
Mira Costa Community College District	0.645	2,318,002	
San Dieguito Union High School District	1.067	4,353,086	
San Dieguito Union High School District Community Facilities District No. 03-1	31.083	8,882,076	
Solana Beach School District Community Facilities District No. 2004-1	100.000	<u>23,800,000</u>	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$39,357,743	
 <u>OVERLAPPING GENERAL FUND DEBT:</u>			
San Diego County General Fund Obligations	0.132%	\$ 302,968	
San Diego County Pension Obligation Bonds	0.132	366,693	
San Diego County Superintendent of Schools Obligations	0.132	9,148	
San Dieguito Union High School District Certificates of Participation	1.067	135,781	
Solana Beach School District General Fund Obligations	3.808	221,594	
City of San Diego General Fund Obligations	0.278	<u>1,784,723</u>	
TOTAL OVERLAPPING GENERAL FUND DEBT		\$2,820,907	
 COMBINED TOTAL DEBT		\$42,178,650	(2)

Ratios to 2022-23 Assessed Valuation:

Direct Debt (\$23,800,000)	2.75%
Total Direct and Overlapping Tax and Assessment Debt.....	4.54%
Combined Total Debt.....	4.87%

(1) Excludes the CFD No. 2004-1 Bonds.

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

Source: California Municipal Statistics, Inc.

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RISK FACTORS

The purchase of the Series 2023 Bonds involves certain investment risks. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Series 2023 Bonds. The discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Series 2023 Bonds, and this Official Statement should be read in its entirety for the purpose of making an informed investment decision.

Risks of Real Estate Secured Investments Generally

The Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (a) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of CFD No. 99-1 and CFD No. 2004-1, the supply of or demand for competitive properties in such area, and the market value of homes or institutional facilities and/or sites in the event of sale or foreclosure, (b) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to hazardous materials) and fiscal policies, and (c) natural disasters (including, without limitation, earthquakes, wildfires, floods and droughts), which may result in uninsured losses.

Insufficiency of Special Taxes

Under each RMA, the annual amount of Special Tax to be levied on each taxable parcel in CFD No. 99-1 and CFD No. 2004-1 will be based primarily on such parcel's land use classification. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Rates and Methods of Apportionment." The collection of the Special Taxes will be dependent on the willingness and ability of the owners of property to pay Special Taxes when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – The Special Taxes."

The Act provides that if any property within the community facilities districts not otherwise exempt from the special tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the special taxes will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that if property subject to the special tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the special tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operative effect of these provisions have not been tested in the courts. If for any reason a property subject to the Special Taxes becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government, or another public agency, subject to the limitation of the maximum Special Tax rates, the Special Taxes will be reallocated to the remaining properties within the Community Facilities District in which such property is located. This would result in the owners of such remaining properties within that Community Facilities District paying a greater amount of the Special Tax and could have an adverse effect on the timely payment of the Special Tax with respect to such Community Facilities District.

Pursuant to Section 53321 of the Act as applied to CFD No. 99-1 and CFD No. 2004-1, under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within such Community Facilities District, by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For such purposes, a parcel will be considered used for private residential purposes not later than the date on

which an occupancy permit for private residential use is issued. The application of this limitation to a parcel containing an apartment unit remains subject to clarification by act of the legislature or the courts.

The Bonds are Special Obligations of the Authority

Funds for the payment of the principal of and interest on the Series 2023 Bonds are derived from debt service payments on the CFD Bonds, which are derived from Special Taxes levied in the Community Facilities Districts. The CFD No. 99-1 Special Taxes or the CFD No. 2004-1 Special Taxes could be insufficient to pay the principal of and interest on the CFD No. 99-1 Bonds or the CFD No. 2004-1 Bonds, respectively, and, consequently, debt service on the Series 2023 Bonds, due to non-payment of such annual Special Taxes or insufficient proceeds received from the sales of taxable parcels in the Community Facilities Districts due to delinquencies. Each Community Facilities District's obligation with respect to delinquent Special Taxes is limited to the institution of judicial foreclosure proceedings under certain circumstances with respect to parcels for which Special Taxes are delinquent. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS - Covenant for Superior Court Foreclosure."

The Special Taxes Are Not Personal Obligations of the Property Owners

The obligation to pay Special Taxes levied within CFD No. 99-1 and CFD No. 2004-1 does not constitute a personal obligation of the current or subsequent owners of the property in such Community Facilities Districts. Enforcement of payment obligations by the Community Facilities Districts is limited to judicial foreclosure in the San Diego County Superior Court. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Covenant for Superior Court Foreclosure." There is no assurance that any current or subsequent owner of a parcel subject to Special Taxes will be able to pay the Special Taxes, or that such owner will choose to pay such Special Taxes, even though financially able to do so.

Special Tax Delinquencies

The Special Taxes are billed to the properties within CFD No. 99-1 and CFD No. 2004-1 on the ad valorem property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do ad valorem property tax installments. Because the Community Facilities Districts do not participate in the "Teeter Plan" (which is the County's Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds, as provided for in Section 4701 et seq. of the California Revenue and Taxation Code), collections of Special Taxes will reflect actual delinquencies.

As noted in this Official Statement, for example, CFD No. 99-1 and CFD No. 2004-1 have at times experienced a level of delinquencies above 0.8% within the last five years. See "THE COMMUNITY FACILITIES DISTRICTS AND THE SPECIAL TAXES" for additional detail with respect to CFD No. 99-1 and CFD No. 2004-1. Likewise, a small number of principal property owners have been delinquent in the payment of Special Taxes in recent years as discussed in this Official Statement.

Significant delinquencies in the payment of annual Special Tax installments, or delays in the prosecution of foreclosure proceedings to collect such Special Taxes, could result in a default in the payment of the debt service on the CFD Bonds and, ultimately, a default in the payment of debt service on the Series 2023 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS - Covenant for Superior Court Foreclosure," for a discussion of the provisions that apply, and the procedures that each Community Facilities District is obligated to follow, in the event of delinquencies in

the payment of Special Taxes. See “- Bankruptcy” and “- Payments by FDIC and Other Governmental Agencies” for a discussion of the limitations on the Community Facilities Districts’ ability to foreclose on the lien of the Special Taxes in certain circumstances and the policy of the Federal Deposit Insurance Corporation regarding the payment of Special Taxes.

Property Values

The value of property within the Community Facilities Districts is an important factor in evaluating the investment quality of the Series 2023 Bonds. In the event that a property owner defaults in the payment of an installment of Special Taxes, a Community Facilities District’s only remedy is to judicially foreclose on that property. Prospective purchasers of the Series 2023 Bonds should not assume that the property within the Community Facilities Districts could be sold for the assessed values described under the caption, “THE COMMUNITY FACILITIES DISTRICTS AND THE SPECIAL TAXES – Property Values,” at a foreclosure sale for delinquent Special Taxes or for an amount adequate to pay delinquent Special Taxes. In addition to the foregoing, property values are not evenly distributed throughout the Community Facilities Districts. This disparity of values across the Community Facilities Districts is significant because, in the event of nonpayment of Special Taxes, each Community Facilities District’s only remedy is to foreclose against the delinquent parcel. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS.”

The assessed values for the property within the Community Facilities Districts are the property values determined by the County Assessor for property tax purposes. Such assessed value determinations may be subject to appeal by property owners. Assessment appeals are filed with the County Assessment Appeals Board for a hearing and resolution. At the time of filing, applicants are required to estimate an opinion of value. The resolution of an appeal may result in a reduction to the County Assessor’s original taxable value and a tax refund to the applicant/property owner. Although such a result would not reduce the special tax levy on the property, any reduction in the assessed taxable values of property within the Community Facilities Districts would have an adverse impact on the value-to-lien ratios discussed herein, and could lessen the ability or willingness of the owners of such property to pay their Special Taxes. Moreover, assessed values do not necessarily represent the current market value for any parcel.

Bankruptcy

The payment of Special Taxes and the ability of the Community Facilities Districts to foreclose the lien of a delinquent Special Tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditor’s rights or by the laws of the State relating to judicial foreclosure.

The various legal opinions to be delivered concurrently with the delivery of the Series 2023 Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien would then be treated as an unsecured claim by the court. Further, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the related CFD Bonds and, consequently, debt service on the Series 2023 Bonds, and the possibility of delinquent tax installments not being paid in

full. The prosecution of foreclosure proceedings could also be delayed for other reasons, including crowded court calendars and procedural delaying tactics.

Disclosures to Future Purchasers

Each Community Facilities District has recorded a Notice of Special Tax Lien in the Office of the County Recorder of the County. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such obligation for Special Taxes in the purchase of property within such Community Facilities Districts, or the lending of money secured thereby. Failure to disclose the existence of the Special Taxes or the full amount of the pro rata share of debt on the land in the Community Facilities Districts may affect the willingness and ability of future owners of land within the Community Facilities Districts, to pay the Special Taxes when due.

Billing of Special Taxes

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts the taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by the community facilities district.

Under provisions of the Act, the Special Taxes are billed to the properties within each Community Facilities District which were entered on the Assessment Roll of the County Assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for nonpayment, as do regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Covenant for Superior Court Foreclosure,” for a discussion of the provisions which apply, and procedures which each Community Facilities District is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes with respect to a Community Facilities District.

Potential Early Redemption of Series 2023 Bonds from Special Tax Prepayments

Property owners within the Community Facilities Districts are permitted to prepay their Special Taxes at any time. Such payments will result in a mandatory redemption of Series 2023 Bonds from Special Tax prepayments on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of such Special Tax prepayment. The resulting redemption of Series 2023 Bonds purchased at a price greater than par could reduce the otherwise expected yield on such Series 2023 Bonds. See “THE SERIES 2023 BONDS — Redemption of the Series 2023 Bonds — Mandatory Redemption from Special Tax Prepayments.”

Payments by FDIC and Other Governmental Agencies

The ability of the Community Facilities Districts to collect the Special Taxes and interest and penalties specified by State law, and to foreclose the lien of delinquent Special Taxes, may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”), the Federal National Mortgage Association (Fannie Mae), Freddie Mac, the Drug Enforcement

Agency, the Internal Revenue Service, or other similar federal governmental agencies has or obtains an interest.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of such military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate.

FDIC. Specifically, with respect to the FDIC, on June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Property Taxes (the "1991 Policy Statement"). The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the "Policy Statement"). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non ad valorem taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. With respect to property in California owned by the FDIC on January 9, 1997 and that was owned by the Resolution Trust Corporation ("RTC") on December 31, 1995, or that became the property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC's prior practice of paying special taxes imposed pursuant to the Act if the taxes were imposed prior to the RTC's acquisition of an interest in the property. All other special taxes may be challenged by the FDIC.

The Authority and the Community Facilities Districts are unable to predict what effect the FDIC's application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within a Community Facilities District in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would reduce or eliminate the persons willing to purchase a parcel at a foreclosure sale. Owners of the Series 2023 Bonds should assume that the Community Facilities Districts will be unable to collect Special Taxes or to foreclose on any parcel owned by the FDIC. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, a default in payment on the Series 2023 Bonds. Based upon the secured tax roll for Fiscal Year 2019-20, the FDIC does not presently own any of the property in the Community Facilities Districts. None of the parcels appear to be subject to bank ownership in connection with a lender's foreclosure on a deed.

Mortgage Interests. Similarly, in the event a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution (“This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, anything in the Constitution or Laws of any State to the contrary notwithstanding”), in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments. Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and a Community Facilities District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. For a discussion of risks associated with taxable parcels within a Community Facilities District becoming owned by the federal government, federal government entities or federal government sponsored entities, see “Payments by FDIC and Other Governmental Agencies” above.

Cumulative Burden of Parity Taxes and Special Assessments

The Special Taxes constitute a lien against the parcels of land on which they have been levied. Such lien is on a parity with all special taxes levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property.

Neither the Authority nor the Community Facilities Districts have control over the ability of other entities to issue indebtedness secured by ad valorem taxes, special taxes or assessments levied on all or a portion of the property within the Community Facilities Districts. In addition, the owners of property within a Community Facilities Districts may, without the consent or knowledge of the Community Facilities District, petition other public agencies to issue public indebtedness secured by ad valorem taxes, special taxes or assessments. Any such special taxes may have a lien on such property on a parity with the lien of the Special Taxes. See “THE COMMUNITY FACILITIES DISTRICTS AND THE SPECIAL TAXES – Direct and Overlapping Debt.”

Value-to-Lien Ratios

The estimated value-to-lien ratios set forth herein are based on the County Assessor’s secured tax roll for Fiscal Year 2022-23, of the taxable parcels in the Community Facilities Districts, and the direct and overlapping debt allocable to property in the Community Facilities Districts as of August 1, 2023. No assurance can be given that such value-to-lien ratios will be maintained over time. As discussed herein, many factors which are beyond the control of the Authority, the School District and the Community Facilities Districts could adversely affect the property values within the Community Facilities Districts. The Authority and the Community Facilities Districts also have no control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which, through the levy of a tax or an assessment, is on a parity with the Special Taxes. See “– Cumulative Burden of Parity Taxes and Special Assessments” and “THE COMMUNITY FACILITIES DISTRICTS AND THE SPECIAL TAXES - Direct and Overlapping Debt.” A decrease in the assessed values in the

Community Facilities Districts or an increase in the parity liens on property in the Community Facilities Districts, or both, could result in a lowering of the value-to-lien ratios of the property in the Community Facilities Districts.

Hazardous Substances

The market value of the property in the Community Facilities Districts is subject to diminution upon the future release or discovery thereon of a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect therefore, should any of the parcels be affected by a hazardous substance, would be to reduce the marketability and value by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

None of the Authority, the School District or the Community Facilities Districts has independently verified, and is not aware, that any owner (or operator) of any of the parcels within the Community Facilities Districts has such a current liability with respect to any such parcel. However, it is possible that such liabilities do currently exist and that the Authority and the Community Facilities Districts are not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within the Community Facilities Districts, resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly adversely affect the value of a parcel and the willingness or ability of the owner of any parcel to pay their Special Taxes.

Natural Disasters

Drought. Water shortfalls resulting from the driest conditions in recorded State history caused a State-wide drought State of Emergency for California in 2014 and the imposition by State regulators of reductions in water usage through 2017 when the State-wide drought ended in almost all California counties.

During fiscal year 2020-21, 2021-22, and continuing during fiscal year 2022-23, much of the State has experienced Severe or Extreme Drought, pursuant to the U.S. Drought Monitor Classification Scheme. On July 8, 2021, Governor Newsom signed Executive Order N-10-21 calling on all Californians to voluntarily reduce water usage by 15%. On October 19, 2021, Governor Newsom declared a State of Emergency due to drought in the State. On January 4, 2022, State Water Board adopted emergency use regulations prohibiting certain wasteful water practices such as watering ornamental landscapes during rain and using potable water to clean hard surfaces and driveways. On June 14, 2022, additional emergency water conservation regulations took effect limiting watering of ornamental grasses in certain locations.

Currently, according to the U.S. Drought Monitor, approximately 72% of the State is experiencing no drought, approximately 22% of the State is experiencing Abnormally Dry conditions, and approximately 6% of the State is experiencing Moderate Drought. The Authority cannot predict if or when water usage restrictions might be imposed again or what impact such restrictions, if imposed, might have on the assessed valuation of the Community Facilities Districts and the local economy.

Wildfires. In recent years, certain portions of the State were affected by large wildfires which destroyed both natural lands and residential and commercial properties and resulted in large-scale property value reductions in the impacted areas. During the summer of 2020, California experienced large-scale wildfires in several portions of the State. The District was not materially impacted by recent wildfires.

Earthquakes. All jurisdictions in California are subject to the effects of damaging earthquakes. Earthquakes are considered a threat to the District due to the highly active seismic region and the proximity of fault zones, which could influence the entire southern coastal portion of the State. An earthquake along one of the faults in the vicinity, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such a quake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake can easily exceed the resources of the District and other local public entities and would require a high level of self-help, coordination and cooperation.

Portions of the Community Facilities Districts, located primarily within the City of San Diego, are located in a high risk-level earthquake zone. The City of San Diego has experienced a total of 1,299 earthquakes since 1931, with the largest earthquake within 30 miles of the City of San Diego being a 4.4 magnitude, which occurred in 1983. According to the USGS database, there is an almost 70% chance of a major earthquake (i.e., a 5.0 magnitude or greater) within 30 miles of the City of San Diego within the next 50 years.

Climate Change. Climate change caused by human activities may have adverse effects on the property within the boundaries of the District. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts and wildfires as well as increased risk of flooding and a rise in sea levels. Projections of the impacts of global climate change are complex and depend on many factors that are outside the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts.

The Community Facilities Districts, like all California communities, may be subject to unpredictable seismic activity, drought, fires, or flooding in the wake of fires or in the event of unseasonable rainfall. The School District, like most regions in the State, is located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Additionally, numerous minor faults transect the area. Seismic hazards encompass both potential surface rupture and ground shaking. The occurrence of seismic activity, fires or flooding in or around the Community Facilities Districts could result in substantial damage to properties in the Community Facilities Districts which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes when due.

Limitations on Remedies

Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Series 2023 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Series 2023 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or others similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Series 2023 Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Cyber-Security Risk

The School District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage. The School District has never had a major cyber breach that resulted in a financial loss. The School District currently maintains insurance coverage for cyber security losses.

No assurance can be given that the School District's efforts to manage cyber threats and attacks will, in all cases, be successful or that any such attack will not materially impact the operations or finances of the School District. The School District is also reliant on other entities and service providers, such as the County Treasurer for investment of funds, the Trustee in its role as Trustee, and Koppel & Gruber Public Finance in its role the Dissemination Agent in connection with compliance with its disclosure undertakings.

No assurance can be given that the School District may not be affected by cyber threats and attacks against other entities or service providers in a manner which may affect the Bonds owners, e.g., systems related to the timeliness of payments to Bonds owners or compliance with disclosure filings pursuant to the Continuing Disclosure Certificate.

Right to Vote on Taxes Act

An initiative measure commonly referred to as the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIIC ("Article XIIC") and Article XIID to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges."

Among other things, Section 3 of Article XIIC states that "... the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely

retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

“Section 3 of Article XIII C of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.”

Although the matter is not free from doubt, it is likely that the exercise by the voters of the initiative power referred to in Article XIII C to reduce or terminate a special tax is subject to the same restrictions as are applicable to the Board of Education of the School District, as the legislative body for the Community Facilities Districts, pursuant to the Act. Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes, respectively, if such reduction would interfere with the timely retirement of the Series 2023 Bonds.

It may be possible, however, for voters, or the Community Facilities Districts to reduce the Special Taxes, respectively, in a manner which does not interfere with the timely repayment of the Series 2023 Bonds, but which does reduce the maximum amount of Special Taxes, respectively, that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the future levy of the Special Taxes, respectively, in amounts greater than the amount necessary for the timely retirement of the Series 2023 Bonds in accordance with the Indenture and the CFD Indentures.

The Act also establishes time limits for initiating any challenge to the validity of special taxes levied pursuant to the Act and any challenge to the validity of bonds issued pursuant to the Act. Section 53341 of the Act provides that:

“Any action or proceeding to attack, review, set aside, void, or annul the levy of a special tax or an increase in a special tax pursuant to this chapter shall be commenced within 30 days after the special tax is approved by the voters. Any appeal from a final judgment in that action or proceeding shall be perfected within 30 days after the entry of judgment.”

Section 53359 of the Act provides that:

“An action to determine the validity of bonds issued pursuant to this chapter or the validity of any special taxes levied pursuant to this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure but shall, notwithstanding the time limits specified in Section 860 of the Code of Civil Procedure, be commenced within 30 days after the voters approve the issuance of the bonds or the special tax if the action is brought by an interested person pursuant to Section 863 of the Code of Civil Procedure. Any appeal from a judgment in that action or proceeding shall be commenced within 30 days after entry of judgment.”

Based on the foregoing, with respect to any challenge to the validity of the Special Taxes, the CFD Bonds or the Series 2023 Bonds, each Community Facilities District believes that under current State law the time for initiating any such legal challenge has expired.

Like its antecedents, the Initiative is likely to undergo both judicial and legislative scrutiny before its impact on the Community Facilities Districts and their respective obligations can be determined. Certain provisions of the Initiative may be examined by the courts for their constitutionality under both State and federal constitutional law. For example, on December 1, 2014, in *City of San Diego v. Shapiro*, an Appellate Court ruled that an election held by the City of San Diego to authorize the levying of special taxes on hotels city-wide pursuant to a City of San Diego ordinance which created a convention center facilities district and which specifically defined the electorate to consist solely of (1) the owners of real property in the City of San Diego on which a hotel is located, and (2) the lessees of real property owned by a governmental entity on which a hotel is located, was invalid under the California Constitution because such landowners and lessees are neither “qualified electors” of the City of San Diego for purposes of Articles XIII A, Section 4 of the California Constitution nor do they comprise a proper “electorate” under Article XIII C, Section 2(d). The Court specifically noted that the decision did not require the Court to consider the distinct question of whether landowner voting to impose special taxes pursuant to Section 53326(b) of the Act is constitutional under Article XIII A, Section 4 and Article XIII C, Section 2(d) in districts that lack sufficient registered voters to conduct an election among registered voters, and thus does not affect the validity of the levy of the Special Taxes with respect to the Community Facilities Districts. In addition, the provisions of the Act described above that establish time limits for initiating any challenge to the validity of the Special Taxes levied pursuant to the Act or the issuance of Series 2023 Bonds pursuant to the Act described above would provide obstacles to any party which sought to present a legal challenge to the validity of the Special Taxes or the Series 2023 Bonds based on the *City of San Diego v. Shapiro* case. The Authority and the Community Facilities Districts are not able to predict the outcome of any such examination of the Initiative in relation to community facilities districts formed under the Act.

Each Community Facilities District generally covenants in its CFD Indenture not to initiate proceedings under the Act to modify the RMA if such modification would adversely affect the security for the related CFD Bonds. Each Community Facilities District further covenants that if an initiative is adopted that purports to modify the RMA in a manner that would adversely affect the security for the CFD Bonds, each Community Facilities District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the RMA in a manner that would adversely affect the security for the applicable CFD Bonds.

The foregoing discussion of the Initiative should not be considered an exhaustive or authoritative treatment of the issues. The Authority and the Community Facilities Districts do not expect to be in a position to control the consideration or disposition of these issues and cannot predict the timing or outcome of any judicial or legislative activity in this regard. Interim rulings, final decisions, legislative proposals and legislative enactments may all affect the impact of the Initiative on the Series 2023 Bonds as well as the market for the Bonds. Legislative and court calendar delays and other factors may prolong any uncertainty regarding the effects of the Initiative.

The interpretation and application of the Initiative will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See “RISK FACTORS – Limitations on Remedies.”

Ballot Initiatives and Legislative Measures

Proposition 218 was adopted pursuant to a measure qualified for the ballot pursuant to California’s constitutional initiative process, and the State legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation

enacted by the State legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State or local districts to increase revenues or to increase appropriations or on the ability of a landowner to complete the development of property.

Absence of Secondary Market

No representation is made concerning the existence of any secondary market for the Series 2023 Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Series 2023 Bonds and no assurance can be given that the initial offering prices for the Series 2023 Bonds will continue for any period of time. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of the Owners and Beneficial Owners of the Series 2023 Bonds to provide certain financial information and operating data relating to the Series 2023 Bonds, the Community Facilities Districts, the Special Tax delinquency rate for each Community Facilities District, and the status of foreclosure proceedings, if any, relating to Special Tax delinquencies within each Community Facilities District (the “Annual Report”), commencing with the Annual Report for the 2022-23 Fiscal Year, by not later than the first day of the month following the ninth month after the end of the Authority’s Fiscal Year. The Annual Report will be filed on behalf of the Authority with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (the “EMMA System”), for purposes of Rule 15c2-12(b)(5) (the “Rule”) adopted by the U.S. Securities and Exchange Commission (“SEC”). In addition, the Authority has covenanted for the benefit of holders and Beneficial Owners of the Series 2023 Bonds to provide notices of the occurrence of certain enumerated events, which will be filed on behalf of the Community Facilities Districts with the EMMA System. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) in complying with S.E.C. Rule 15c2-12(b)(5), as amended (“Rule 15c2-12”).

The School District, for itself, and certain other community facilities districts, as to which the School District provides staff support and coordinates continuing disclosure, have previously entered into a number of undertakings to provide continuing disclosure (the “Previous Undertakings”). During the five-year period preceding the offering of the Series 2023 Bonds, the School District’s audited financial statements were filed late for fiscal years 2018-19 through 2021-22, inclusive. On _____, the School District filed a notice of failure to file and corrected the issue by filing the audits with the EMMA system.

Koppel & Gruber Public Finance currently serves as dissemination agent in connection with prior undertakings by the School District’s community facilities districts as well as the undertaking relating to the Series 2023 Bonds.

TAX MATTERS

The delivery of the Series 2023 Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Series 2023 Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Series 2023 Bonds (the “Code”), of the owners thereof pursuant to section 103 of the Code, (2) will not be included in computing alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals, and (3) will be taken into account in determining adjusted financial

statement income for the alternative minimum tax imposed on certain corporations. The delivery of the Series 2023 Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Series 2023 Bonds is exempt from personal income taxes of the State of California. The form of Bond Counsel's anticipated opinion respecting the Series 2023 Bonds is included in APPENDIX D. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the Authority made in a certificate (the "Tax Certificate") of even date with the initial delivery of the Series 2023 Bonds pertaining to the use, expenditure, and investment of the proceeds of the Series 2023 Bonds and will assume continuing compliance with the provisions of the Indenture subsequent to the issuance of the Series 2023 Bonds. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Series 2023 Bonds and the facilities and equipment financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Series 2023 Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any "arbitrage profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants could cause interest on the Series 2023 Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Series 2023 Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Series 2023 Bonds. Prospective purchasers of the Series 2023 Bonds should be aware that the ownership of tax-exempt obligations such as the Series 2023 Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority described above. No ruling has been sought from the Internal Revenue Service ("IRS" or the "Service") or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service or the State of California. The Service has an ongoing program of auditing the tax status of the interest on municipal obligations. If an audit of the Series 2023 Bonds is commenced, under current procedures, the Service is likely to treat the Authority as the "taxpayer," and the Owners of the Series 2023 Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Series 2023 Bonds, the Authority may have different or conflicting interests from the owners of the respective Series 2023 Bonds. Public awareness of any future audit of the Series 2023 Bonds could adversely affect the value and liquidity of the Series 2023 Bonds during the pendency of the audit, regardless of its ultimate outcome.

Tax Accounting Treatment of Discount and Premium on Certain of the Series 2023 Bonds.
The initial public offering price of certain of the Series 2023 Bonds (the "Discount Bonds") may be less than the amount payable on such Series 2023 Bonds at maturity. An amount equal to the difference

between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Series 2023 Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. The tax rules requiring inclusion in income annually by the holder of a debt instrument having original issue discount of the daily portion of original issue discount for each day during a taxable year in which such holder held such debt instrument is inapplicable to the Series 2023 Bonds. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, and will be added to the holder's basis in the Discount Bond, for federal income tax purposes, on the same terms and conditions as those for other interest on the bonds described above under "TAX MATTERS." Such interest is considered to be accrued in accordance with the constant-yield-to-maturity method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial Owner prior to maturity, the amount realized by such Owner in excess of the basis of such Discount Bond in the hands of such Owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain Series 2023 Bonds (the "Premium Bonds"), may be greater than the amount payable on such bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Series 2023 Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Form of Bond Counsel Opinion. The form of the proposed opinion of Bond Counsel relating to the Series 2023 Bonds is attached to this Official Statement as APPENDIX D.

CONCLUDING INFORMATION

Legal Opinions

The validity of the Series 2023 Bonds and certain other legal matters are subject to the approving opinion of Dannis Woliver Kelley, Bond Counsel. See APPENDIX D – “PROPOSED FORM OF OPINION OF BOND COUNSEL.” Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain other legal matters will be passed upon for the School District by Dannis Woliver Kelley, as Disclosure Counsel to the School District, for the Underwriter by its counsel, Kutak Rock, Irvine, California.

Financial Interests

The fees of Bond Counsel, Disclosure Counsel and the Municipal Advisor are contingent upon issuance of the Series 2023 Bonds.

Municipal Advisor

Capitol Public Finance Group, LLC (the “Municipal Advisor”), has acted as municipal advisor to the Community Facilities Districts in connection with the issuance of the Series 2023 Bonds and certain other financial matters. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The Municipal Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The fees of the Municipal Advisor are contingent upon issuance of the Series 2023 Bonds.

No Litigation

No litigation is pending or, to the best knowledge of Authority and the Community Facilities District, threatened concerning the validity of the Series 2023 Bonds or the CFD Bonds and a certificate of the Authority and each Community Facilities District to that effect will be furnished to the Underwriter at the time of the original delivery of the Series 2023 Bonds. None of the Authority or the Community Facilities Districts is aware of any litigation pending or threatened which questions the existence of the Authority or the Community Facilities Districts or contests the authority of the Community Facilities Districts to levy and collect the Special Taxes or which contests the Authority’s authority to issue the Series 2023 Bonds.

Verification

Causey Demgen & Moore P.C., the Verification Agent, an independent firm of certified public accountants, will deliver to the School District its reports indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Community Facilities Districts. Included in the scope of its examination will be a verification of the mathematical accuracy of the mathematical computations of the adequacy of the cash and securities deposited with the Escrow Bank to pay the interest, principal and redemption price coming due on the Prior Bonds on the Redemption Date as described in “PLAN OF REFUNDING.”

Underwriting

The Series 2023 Bonds are being purchased by the Underwriter. Pursuant to a Bond Purchase Agreement between the Underwriter and the Authority (the “Purchase Agreement”), the Underwriter has agreed to purchase the Series 2023 Bonds for an aggregate purchase price of \$_____, which represents the par amount of the Series 2023 Bonds, plus a net original issue premium of \$_____, less an Underwriter’s discount of \$_____. The Purchase Agreement provides that the Underwriter will purchase all of the Series 2023 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Series 2023 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriter

RATINGS

Standard & Poor’s Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), has assigned its municipal bond rating of “___” to the Series 2023 Bonds, with the understanding that the Bond Insurer will deliver the Policy at Closing. S&P has also assigned its underlying municipal bond rating of “___” to the Series 2023 Bonds without regards to the Policy. Such ratings reflect only the view of S&P and an explanation of the significance of such ratings may be obtained as follows: S&P at Municipal Finance Department, 55 Water Street, New York, New York 10041, tel. (212) 208-8000. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2023 Bonds.

The District will covenant in a Continuing Disclosure Agreement to file on EMMA, notices of any ratings changes on the Bonds. See the caption “CONTINUING DISCLOSURE” above and APPENDIX E — “FORM OF CONTINUING DISCLOSURE AGREEMENT.” Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from S&P prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to S&P and its websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial delivery of the Bonds.

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MISCELLANEOUS

The quotations from, and the summaries and explanations of the Indenture, the CFD Indentures, the Continuing Disclosure Agreement, each RMA, the Bond Law, the Act, and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for the full and complete statements of their respective provisions.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is submitted only in connection with the sale of the Series 2023 Bonds by the Authority. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers of the Series 2023 Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

SOLANA BEACH SCHOOL DISTRICT PUBLIC
FINANCING AUTHORITY

By: _____
Chairperson

APPENDIX A

RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES

APPENDIX B

GENERAL INFORMATION ABOUT THE CITY OF SOLANA BEACH AND SAN DIEGO COUNTY

The following information is included only for the purpose of supplying general information regarding the City of Solana Beach and San Diego County. This information is provided only for general informational purposes, and provides prospective investors limited information about San Diego County and its economic base. Neither the CFD No. 99-1 Bonds, the CFD No. 2004-1 Bonds nor the Series 2023 Bonds are a debt of the County, the State or any of its political subdivisions other than the respective Community Facilities Districts as described herein, and neither the County, the State nor any of such political subdivisions is liable therefor.

Introduction

The City of Solana Beach is a coastal city that encompasses approximately 3.6 square adjacent to the Pacific Ocean in northern San Diego County. Incorporated in 1986, the City operates as a general law city. It has a council-manager form of government, with the Mayor and other council members elected by trustee areas for four-year terms.

The County is located in the southwestern corner of the State of California and is bordered by the Pacific Ocean to the west, Orange and Riverside Counties to the north and Imperial County to the east. The County includes 70 miles of the Pacific Ocean coastline, the Anza-Borrego Desert in the eastern portion of the County, the Laguna Mountains and the San Diego Bay, one of the world's largest natural deep-water harbors. The County is the second-most populous county in California, the fifth-most populous county in the United States, and encompasses approximately 4,526 square miles.

Transportation

Transportation within and without the County is available by car, train, bus and air. Several interstate highways provide access to the County. Interstate Highway 5 runs parallel to the Pacific Coast from the Mexico border and runs north through the County and the State. Interstate Highway 15 provides access inland from the County northeast through Riverside, San Bernardino, Las Vegas and Salt Lake City, while Interstate Highway 8 runs east through the southern United States. In addition, several State routes provide access from the County to adjacent counties and other regions of the State.

San Diego's International Airport (Lindbergh Field) is located approximately one mile west of the downtown San Diego area at the edge of San Diego Bay. The facilities are owned and maintained by the San Diego Airport Authority and are leased to commercial airlines and other tenants. The airport is California's third most active commercial airport, served by 20 major airlines. In addition to San Diego International Airport, there are several general aviation airports located in the County, including McClellan-Palomar Airport in Carlsbad. Amtrak provides rail service through the County and local bus and light rail service is available in the City and provides connecting services between most cities in the County.

Education

The County has many higher education opportunities for residents as well as for students who travel from outside of the County to attend its universities. The County is home to three public state universities: University of California, San Diego; San Diego State University; and California State

University, San Marcos; as well as four private universities: University of San Diego, Point Loma Nazarene University, Alliant International University, and National University. In addition, the County has 23 public elementary school districts, six high school districts, and 13 unified school districts providing kindergarten through twelfth grade educational services throughout the County. There are also five community college districts in the County.

Population

The following table shows historical population statistics for the cities in the County, as well as the County, since 2018.

POPULATION Cities of the County and the County of San Diego Calendar Years 2018 through 2022

Area	2018	2019	2020	2021	2022 ⁽¹⁾
Carlsbad	113,994	113,986	114,664	115,680	115,585
Chula Vista	268,588	271,362	273,384	276,922	276,785
Coronado	21,416	23,880	21,422	22,611	22,277
Del Mar	4,289	4,288	4,271	3,957	3,929
El Cajon	103,954	103,741	103,576	106,447	105,638
Encinitas	62,394	62,296	62,243	61,724	61,515
Escondido	151,068	151,311	151,803	151,389	150,679
Imperial Beach	27,599	27,869	27,978	26,448	26,243
La Mesa	60,057	59,833	59,621	60,608	60,472
Lemon Grove	26,575	26,515	26,432	27,422	27,242
National City	62,673	62,701	62,496	61,755	61,471
Oceanside	176,569	177,365	176,969	173,932	173,048
Poway	49,518	49,343	49,096	48,850	48,759
San Diego	1,416,956	1,421,675	1,421,462	1,371,832	1,374,790
San Marcos	95,032	96,865	97,281	92,958	93,585
Santee	56,450	57,308	57,430	59,146	59,015
Solana Beach	13,866	13,876	13,872	12,909	12,812
Vista	102,498	102,277	102,570	99,536	100,291
Balance Of County	507,622	506,828	504,709	514,377	513,170
Incorporated	<u>2,813,496</u>	<u>2,826,491</u>	<u>2,826,570</u>	<u>2,774,126</u>	2,774,136
County Total	3,321,118	3,333,319	3,331,279	3,288,503	3,287,306

⁽¹⁾ This column provisional population estimates for January 1, 2022.

Source: State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties, and the State, 2011-2020, with 2010 Census Benchmark* and *E-4 Population Estimates for Cities, Counties, and the State, 2021-2022, with 2020 Census Benchmark*. Sacramento, California, May 2022.

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Employment

The table below provides the California Employment Development Department's estimates of total annual civilian nonagricultural wage and salary employment by number of employees in each major industry in the County from calendar years 2017 through 2021.

WAGE AND SALARY EMPLOYMENT County of San Diego Calendar Years 2017 through 2021

Industry Category	2017	2018	2019	2020	2021
Total, All Industries	1,460,900	1,491,400	1,512,800	1,394,900	1,447,300
Total Farm	8,700	9,300	9,700	9,200	8,800
Total Nonfarm	1,452,200	1,482,200	1,503,100	1,385,800	1,438,500
Total Private	1,206,000	1,234,100	1,254,500	1,148,700	1,201,200
Goods Producing	189,200	196,400	200,000	195,400	197,800
Mining and Logging	300	400	400	300	300
Construction	79,500	83,700	84,000	81,300	83,400
Construction of Buildings	18,200	19,300	19,100	18,600	19,700
Heavy & Civil Engineering Construction	7,000	7,500	7,700	8,000	7,600
Specialty Trade Contractors	54,300	56,900	57,200	54,700	56,100
Building Foundation & Exterior Contractors	10,400	11,100	10,500	10,400	10,200
Building Equipment Contractors	22,400	23,000	23,200	23,000	24,400
Building Finishing Contractors	15,000	16,300	16,600	14,900	15,100
Residual-Other Specialty Trade Contractors	6,500	6,600	6,900	6,400	6,400
Manufacturing	109,400	112,300	115,700	113,800	114,100
Durable Goods	81,500	83,700	86,300	85,400	83,800
Nondurable Goods	27,900	28,600	29,400	28,400	30,300
Service Providing	1,263,000	1,285,800	1,303,100	1,190,400	1,240,700
Private Service Providing	1,016,700	1,037,700	1,054,500	953,300	1,003,400
Trade, Transportation & Utilities	224,700	225,000	224,000	207,800	216,300
Wholesale Trade	43,800	43,800	44,000	41,300	41,700
Retail Trade	148,900	147,900	145,600	133,200	137,800
Transportation, Warehousing & Utilities	32,000	33,300	34,300	33,300	36,800
Utilities	5,200	4,900	4,600	4,700	5,000
Information	23,400	23,600	23,500	22,100	22,200
Financial Activities	74,600	76,000	76,500	74,800	75,500
Finance & Insurance	46,300	46,700	46,400	46,200	46,500
Real Estate & Rental & Leasing	28,400	29,300	30,200	28,600	28,900
Real Estate	22,500	23,200	23,900	23,800	23,900
Professional & Business Services	239,100	249,000	255,800	248,300	264,900

Source: State of California Employment Development Department, Labor Market Information Division, *Employment by Industry Data based on March 2021 Benchmark*. June 2022.

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The following table summarizes the labor force, employment and unemployment figures for the County, the State and the United States from 2017 through 2021.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT
County of San Diego, State of California, and United States
2017 through 2021

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2017				
San Diego County	1,571,900	1,508,200	63,600	4.0%
California	19,185,400	18,258,100	927,300	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
San Diego County	1,579,700	1,526,300	53,400	3.4%
California	19,289,500	18,468,100	821,400	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
San Diego County	1,580,100	1,528,300	51,800	3.3%
California	19,409,400	18,612,600	796,800	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
San Diego County	1,538,400	1,396,500	141,800	9.5%
California	18,931,100	16,996,700	1,934,500	10.2
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
San Diego County	1,563,200	1,489,100	74,100	6.5%
California	18,923,200	17,541,900	1,381,200	7.3
United States	161,204,000	152,581,000	8,623,000	5.3

⁽¹⁾ Unemployment rate is calculated using unrounded data.

Source: California State Employment Development Department, *Industry Employment – Official Estimates based on March 2021 Benchmark* and U.S. Department of Labor, *Current Population Survey (CPS)*. January 2022.

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Personal Income

The following tables show the personal income and per capita personal income for the County, the State and United States from 2017 through 2021.

PERSONAL INCOME
County of San Diego, State of California, and United States
2017-2021
(Dollars in Thousands)

Year	County	State	United States
2017	\$189,127,670	\$2,318,280,905	\$16,839,839,000
2018	196,316,898	2,431,773,865	17,683,797,000
2019	206,231,115	2,567,425,620	18,586,994,000
2020	223,652,407	2,790,523,455	19,832,307,000
2021	238,691,713	3,006,183,929	21,294,815,000

Source: U.S. Bureau of Economic Analysis, *CAINCI County and MSA personal income summary: personal income, population, per capita personal income and Table 2.1. Personal Income and Its Disposition* (accessed Thursday, January 19, 2023).

PER CAPITA PERSONAL INCOME⁽¹⁾
County of San Diego, State of California, and United States
2017-2021

Year	County	State	United States
2017	\$57,423	\$58,804	\$45,252
2018	59,428	61,508	47,473
2019	62,533	64,919	49,585
2020	67,830	70,647	53,038
2021	72,637	76,614	56,088

⁽¹⁾ Per capita personal income was computed using Census Bureau midyear population estimates. BEA produced intercensal annual county population statistics for 2010 to 2019 that are tied to the Census Bureau decennial counts for 2010 and 2020. BEA developed intercensal population statistics because this data was not published when Census released county population data for 2020 and 2021, which are based on the 2020 decennial counts. BEA used the Census Bureau Das Gupta method (see <https://www2.census.gov/programs-surveys/popest/technical-documentation/methodology/intercensal/2000-2010-intercensal-estimates-methodology.pdf>), modified to account for an extra leap year day, to produce the intercensal population figures that will be used until Census releases its official intercensal population data.

Source: U.S. Bureau of Economic Analysis, *CAINCI County and MSA personal income summary: personal income, population, per capita personal income and Table 2.1. Personal Income and Its Disposition* (accessed Thursday, January 19, 2023).

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Major Employers

The following table sets forth the ten largest employers in the County in 2022.

MAJOR EMPLOYERS County of San Diego 2022

Employer	Number of Employees	Percentage of Total County Employment
U.C. San Diego	35,802	2.36%
Sharp Healthcare	19,468	1.28
County of San Diego	17,954	1.18
City of San Diego	11,820	0.78
General Atomics (and affiliated companies)	6,745	0.44
San Diego State University	6,454	0.43
Rady Children's Hospital San Diego	5,711	0.38
San Diego Community College District	5,400	0.36
Sempra Energy	5,063	0.33
YMCA of San Diego County	<u>5,057</u>	<u>0.33</u>
Total	119,474	7.87%

Source: *County of San Diego, Comprehensive Annual Financial Report for the year ended June 30, 2022, Table 14 Principal Employers.*

Commercial Activity

A summary of taxable sales within the County from 2017 through 2021, the most recent data available, is shown in the following table.

TAXABLE SALES County of San Diego 2017-2021

Year	Retail and Food Permits	Retail and Food Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2017	59,798	\$40,371,714.60	97,412	\$57,551,359.51
2018	59,836	41,886,824.90	100,674	59,041,041.69
2019	59,447	42,816,938.43	101,901	61,365,277.20
2020	62,897	41,336,898.11	109,428	58,814,527.89
2021	55,683	49,891,084.24	98,392	71,714,654.86

Source: *California Department of Tax and Fee Administration, Taxable Sales - Counties by Type of Business (Taxable Table 3). January 2023.*

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

The following summarizes certain provisions of the Indenture and the CFD Indentures. These summaries do not purport to be complete or definitive and reference should be made to the Indenture and CFD Indentures for a full and complete statement of their respective provisions.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2023 Bonds, Dannis Woliver Kelley proposes to render its final approving opinion with respect to the Series 2023 Bonds in substantially the following form:

[Date of Delivery]

Board of Directors Trustees
Solana Beach School District Public Financing Authority
309 North Rios Avenue
San Diego, California 92075

Re: \$_____ Solana Beach School District Public Financing Authority
Special Tax Revenue Refunding Bonds, Series 2023

Ladies and Gentlemen:

We have acted as bond counsel for the Solana Beach School District Public Financing Authority (the "Authority"), in connection with the issuance by the Authority of \$_____ aggregate principal amount of the Authority's Special Tax Revenue Refunding Bonds, Series 2023 (the "Bonds"). The Bonds are issued pursuant to an Indenture, dated September 1, 2023 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. All terms used herein and not otherwise defined shall have the meanings given to them in the Indenture.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Indenture. Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection, we have also examined such certificates of public officials and officers of the Authority, the Solana Beach School District, Community Facilities District No. 99-1 of the Solana Beach School District and Community Facilities District No. 2004-1 of the Solana Beach School District as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any effect on any Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second

paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors, rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion herein with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding special obligations of the Authority, payable solely from the Revenues and other assets pledged therefor under the Indenture.
2. The Indenture has been duly executed and delivered and constitutes a valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.
3. Interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.
4. Interest on the Bonds is exempt from personal income taxes of the State of California.

Bondholders should note that interest on the Bonds is not a preference item for purposes of the alternative minimum tax imposed on individuals but is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. Ownership of tax-exempt obligations such as the Bonds may result in collateral tax consequences. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner of the Bonds or such owner's other items of income or deduction. We express no opinion with respect to any federal, state, or local tax consequences, under present law or any proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results.

Respectfully submitted,

Dannis Woliver Kelley

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”), dated as of September 1, 2023, is by and between the SOLANA BEACH SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the “Authority”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as Trustee (the “Trustee”).

WITNESSETH:

WHEREAS, pursuant to the Indenture, dated as of September 1, 2023, by and between the Authority and the Trustee, the Authority has issued its Solana Beach School District Public Financing Authority Special Tax Revenue Refunding Bonds, Series 2023 (the “Series 2023 Bonds”), in the aggregate principal amount of \$_____; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Authority and the Trustee for the benefit of the Owners and Beneficial Owners of the Series 2023 Bonds and in order to assist the underwriter of the Series 2023 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the receipt whereof is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

“Annual Report” means any Annual Report provided by the Authority pursuant to, and as described in, Sections 2 and 3 hereof.

“Annual Report Date” means the date in each year that is the first day of the month following the ninth month after the end of the Authority’s fiscal year, which date, as of the date of this Disclosure Agreement, is April 1.

“Authority” means the Solana Beach School District Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State, and any successor thereto.

“Disclosure Representative” means the Assistant Superintendent, Business Services of the School District or his or her designee, or such other officer or employee of the School District as the School District shall designate in writing to the Trustee from time to time.

“Dissemination Agent” means Koppel & Gruber Public Finance, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Trustee a written acceptance of such designation.

“Financial Obligation” means (a) a debt obligation of the Authority, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the Authority, or (c) a guarantee of (i) a debt obligation of the Authority, or (ii) a

derivative instrument described in clause (b), above; provided, however, that the term “Financial Obligation” shall not include “municipal securities” (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a “final official statement” (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Indenture” means the Indenture, dated as of September 1, 2023, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“Listed Events” means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” means the Official Statement, dated _____, 2023, relating to the Series 2023 Bonds.

“Participating Underwriter” means the original underwriter of the Series 2023 Bonds required to comply with the Rule in connection with the offering of the Series 2023 Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“School District” means the Solana Beach School District, a school district organized and existing under the laws of the State, and any successor thereto.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., as Trustee under the Indenture, or any successor thereto as Trustee thereunder, substituted in its place as provided therein.

Section 2. Provision of Annual Reports. (a) The Authority shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report that is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2022-23 Fiscal Year (which is due no later than April 1, 2024). The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Authority, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Authority’s fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the Authority shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with the first sentence of this subsection (b).

If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) of this Section, the Dissemination Agent shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) provide each Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the Authority and (if the Dissemination Agent is not the Trustee) the Trustee certifying that such Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) The Authority's audited financial statements, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements, if any, are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements, in a format similar to that used for the Authority's audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) The following information with respect to the Series 2023 Bonds and the CFD Bonds:

(i) The principal amount of Series 2023 Bonds Outstanding as of the December 31 next preceding the Annual Report Date;

(ii) The principal amount of Bonds Outstanding as of the December 31 next preceding the Annual Report Date, if different from (i) above;

(iii) The principal amount of CFD Bonds of each Community Facilities District outstanding as of the December 31 next preceding the Annual Report Date;

(iv) For each of the Community Facilities Districts, the principal amount of additional bonds payable on a parity with the CFD Bonds of such Community Facilities District, if any, outstanding as of the December 31 next preceding the Annual Report Date;

(v) The balance in the Reserve Fund established under each CFD Indenture, and a statement of the Reserve Requirement (as defined in such CFD Indenture), as of the December 31 next preceding the Annual Report Date;

(c) The following information with respect to each Community Facilities District:

(i) The total assessed value of all parcels within such Community Facilities District on which the special taxes of such Community Facilities District are levied as shown on the assessment roll of the San Diego County Assessor last equalized prior to the December 31 next preceding the Annual Report Date;

(ii) A five year summary of special tax collections for such Community Facilities District and delinquencies for all parcels within such Community Facilities District substantially in the form of

the table for such Community Facilities District entitled “Special Tax Collections and Delinquency Rates” in the Official Statement;

(iii) An update for such Community Facilities District of the table for such Community Facilities District entitled “Aggregate Value-to-Lien Ratios and Overlapping Debt” in the Official Statement;

(iv) The status of foreclosure proceedings and a summary of the results of any foreclosure sales with respect to parcels within such Community Facilities District as of the December 31 next preceding the Annual Report Date;

(v) The identity of any property owner representing more than 5% of the special tax levy for such Community Facilities District delinquent in payment of such special taxes as of the December 31 next preceding the Annual Report Date; and

(vi) A statement as to whether the County includes the special taxes for such Community Facilities District in its Teeter Plan.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, that have been made available to the public on the MSRB’s website. The Authority shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2023 Bonds or the CFD Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties.

(iv) Substitution of credit or liquidity providers, or their failure to perform.

(v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).

(vi) Tender offers.

(vii) Defeasances.

(viii) Rating changes.

(ix) Bankruptcy, insolvency, receivership or similar event of the Authority.

(x) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

For purposes of the event identified in paragraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated

person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(b) Pursuant to the provisions of this Section, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2023 Bonds or the CFD Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) Unless described in paragraph (v) of subsection (a) of this Section, material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2023 Bonds or other material events affecting the tax status of the Series 2023 Bonds.

(ii) Modifications to rights of holders of the Series 2023 Bonds or the CFD Bonds.

(iii) Optional, unscheduled or contingent Series 2023 Bond calls.

(iv) Release, substitution, or sale of property securing repayment of the Series 2023 Bonds.

(v) Non-payment related defaults.

(vi) The consummation of a merger, consolidation, or acquisition involving the Authority or a Community Facilities District or the sale of all or substantially all of the assets of the Authority or a Community Facilities District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(viii) Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Series 2023 Bonds.

(c) The Dissemination Agent shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event. The Dissemination Agent shall have no responsibility for determining (i) the materiality of any such event, or (ii) whether any such event reflects financial difficulties.

(d) If a Listed Event described in subsection (b) of this Section occurs, the Authority shall determine if such event would be material under applicable Federal securities law.

(e) If a Listed Event described in subsection (a) of this Section occurs, or if the Authority determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the Authority shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, in a timely manner not later than ten business days after the date of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (b) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2023 Bonds pursuant to the Indenture.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2023 Bonds. If such termination occurs prior to the final maturity of the Series 2023 Bonds, the Authority shall give, or cause to be given, notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the Authority and the Trustee. The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the Authority in a timely manner and in a form suitable for filing. If at any time there is not any other designated Dissemination Agent, the Authority shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Authority; provided, however, that the Trustee shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) or (b) of Section 4 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2023 Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series 2023 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the proposed amendment or waiver (i) is approved by Owners of the Series 2023 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of Owners or Beneficial Owners of the Series 2023 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authority shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form

and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 10. Default. In the event of a failure of the Authority, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of Outstanding Series 2023 Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any Owner or Beneficial Owner of the Series 2023 Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Trustee and Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. Neither the Trustee nor the Dissemination Agent shall be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement to the extent permitted by law, the Authority agrees to indemnify and save the Trustee and Dissemination Agent, and their officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, and which are not due to its negligence or its willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and Trustee and the termination of this Disclosure Agreement.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Series 2023 Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Laws. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

SOLANA BEACH SCHOOL
DISTRICT PUBLIC FINANCING
AUTHORITY

By: _____
Chairperson

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., AS TRUSTEE

By: _____
Authorized Officer

ACCEPTED AND AGREED TO:

KOPPEL & GRUBER PUBLIC FINANCE, AS
DISSEMINATION AGENT

By: _____
Authorized Signatory

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy or completeness thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2023 Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Series 2023 Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2023 Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Series 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Series 2023 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The foregoing internet addresses are included for reference only, and the information on these internet sites is not incorporated by reference herein.

Purchases of Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their

purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the District takes no responsibility for the accuracy thereof.