San Ysidro Schools
Public Financing Corporation

AGENDA MATERIALS

March 11, 2021

Via Zoom Teleconference

The Corporation Meeting will begin upon completion of the San Ysidro School District's Governing Board's regular meeting which is scheduled to begin at 5:00 p.m., or as soon thereafter as practicable.

Pursuant to Governor Newsom's Executive Order N-29-20, this Regular Meeting of the San Ysidro Schools Public Financing Corporation shall be held by teleconference. The Board of Directors of San Ysidro Public Financing Corporation Board and the public shall participate in this meeting via teleconference.

The Public may view this meeting by accessing the following link https://www.youtube.com/channel/UCGyF01068pwbhe-B5xnyl-A/videos. Public comment may be submitted by email to publiccomment@sysdschools.org on or before Thursday, March 11, 2021 at 3:00 pm. Please include the word "Corporation" in the subject of your email. Public wanting to address the Board of Directors telephonically may submit the Public Comment Request Form: https://forms.gle/BU6J3Ujqh9hEErhq8 on or before Thursday, March 11, 2021 at 3:00 pm.

To listen to this meeting in Spanish, please call 1 (414) 909-3640 and enter the access code 897 832 423#. Para escuchar esta junta en español, favor de llamar al 1 (414) 909-3640 y use este código de acesso 897 832 423#.

SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION

AGENDA ITEM

TO: Board of Directors

MEETING DATE: March 11, 2021

VIA: San Ysidro School District
Marilyn Adrianzen, Chief Business Official

☐ Informational ☒ Action

AGENDA ITEM: MINUTES

BACKGROUND INFORMATION:
The San Ysidro Schools Public Financing Corporation meets at least annually to comply with Section 3.7 of the Corporation's Bylaws (Regular, Annual and Organizational Meetings).

RECOMMENDATION:
Approve the Minutes of the San Ysidro Public Financing Corporation of July 16, 2020.

☐ **Renewal** ☒ **New** ☐ **Amendment** ☐ **Ratify** ☐ **Other**

Recommended for: ☒ Approval ☐ Denial Certification Requested ☐ Yes ☐ No

SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION

REGULAR MEETING

Thursday, July 16, 2020 **Via Zoom Teleconference**

The Corporation Meeting will begin upon completion of the San Ysidro School District's Governing Board's regular meeting which is scheduled to begin at 5:00 p.m., or as soon thereafter as practicable.

MINUTES

Pursuant to Governor Newsom's Executive Order N-29-20, this Regular Meeting of the San Ysidro Schools Public Financing Corporation shall be held by teleconference. The Board of Directors of San Ysidro Public Financing Corporation Board and the public shall participate in this meeting via teleconference. The Public may view this meeting by accessing the following link **https://www.youtube.com/channel/UCGyF01068pwbhe-B5xnyl-A/videos.** Public comment may be submitted by email to **publiccomment@sysdschools.org** on or before Thursday, July 16, 2020 at 3:00 pm. Please include the word "Corporation" in the subject of your email. To listen to this meeting in Spanish, please call **1-319-505-8263** and enter the access code **PIN: 105300564#**.

MEETING WILL BE RECORDED

1. **CALL TO ORDER** Who: President Gurmilan Time: 9:03 p.m.

2. **ROLL CALL** by Marilyn Adrianzen, Chief Business Official

   Humberto Gurmilan, President - Present
   Antonio Martinez, Vice-President - Present
   Rodolfo Lopez, Secretary - Present
   Irene Lopez, Treasurer - Present
   Rosalia Pallasigue, Director - Present

3. **FLAG SALUTE** by Board President

4. **PUBLIC COMMENTS -** No public Comments
   Members of the public who wish to address the Corporation's Board of Directors and/or comment on topics included on the Agenda are invited to submit comments via email to the following email address publiccomment@sysdschools.org on or before Thursday, July 16, at 3:00 pm. Please include the word "Corporation" on the subject of your email and limit comments to 300 words or less. All comments submitted will be read aloud during the meeting. Please note, all email correspondence relating to this meeting will become part of the Board minutes.

5. **AGENDA -** Corrections and additions to the agenda.
   The Corporation approved the agenda for the meeting. The numbering sequence was corrected.

   Motion Martinez Second Gurmilan Vote Unanimous

6. **MINUTES**
   The Corporation approved the Minutes of the San Ysidro Public Financing Corporation of June 18, 2020.

   Motion Pallasigue Second Gurmilan Vote Unanimous

7. **RESOLUTION NO. 20/21-0007 AUTHORIZING CERTAIN ACTIONS IN CONNECTION WITH THE PREPAYMENT OF THE SAN YSIDRO SCHOOL DISTRICT 2017 CERTIFICATES OF PARTICIPATION**
The Corporation approved and adopted Resolution No. 20/21-0007.

Motion Martinez	Second I. Lopez	Vote Unanimous

8. **ADJOURN** 9:14 p.m.

Motion Martinez	Second I. Lopez	Vote Unanimous

Respectfully Submitted,

Rodolfo Lopez
Corporation Secretary

In compliance with the Americans with Disabilities Act, if you need special assistance to access the Board of Directors' meeting room or to otherwise participate at this meeting, including auxiliary aids or services, please contact the Superintendent's Office at (619) 428-4476, extension 3022. Notification at least 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure Accessibility to the Board meeting.

SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION
AGENDA ITEM

TO: Board of Directors **MEETING DATE:** March 11, 2021

VIA: San Ysidro School District
Marilyn Adrianzen, Chief Business Official

☐ Informational ☒ Action

AGENDA ITEM: RESOLUTIONS FOR 2021 CERTIFICATES OF PARTICIPATION

BACKGROUND INFORMATION:
The School District will issue its 2021 Certificates of Participation (the "Certificates") related to Community Facilities Districts (CFD) No. 1, CFD No. 2 and CFD No. 3. These Resolutions were approved and adopted by the San Ysidro School District's Governing Board:

- Resolution No. 20/21-0021 Authorizing the execution and delivery of the San Ysidro Elementary School District 2021 Certificates of Participation in an aggregate principal amount not to exceed $16,500,000, authorizing the distribution of an official statement in connection therewith, and authorizing the execution of various documents and related actions.
- Resolution No. 20/21-0022 of the Board of Education of the San Ysidro School District, acting as the Legislative Body of Community Facilities District No. 1 of the San Ysidro School District, authorizing the execution and delivery of a Pledge Agreement Amendment and taking certain other actions in connection therewith.
- Resolution No. 20/21-0023 of the Board of Education of the San Ysidro School District, acting as the Legislative Body of Community Facilities District No. 2 of the San Ysidro School District, authorizing the execution and delivery of a Pledge Agreement Amendment and taking certain other actions in connection therewith.
- Resolution No. 20/21-0024 of the Board of Education of the San Ysidro School District, acting as the Legislative Body of Community Facilities District No. 3 of the San Ysidro School District, authorizing the issuance of Special Tax Bonds and approving certain documents and taking certain other actions in connection therewith.

RECOMMENDATION:
Information Only. *The District's bond legal counsel will provide a brief overview of each Resolution.*

☐ **Renewal** ☒ **New** ☐ **Amendment** ☐ **Ratify** ☐ **Other**

Recommended for: ☒ Approval ☐ Denial Certification Requested ☐ Yes ☐ No

RESOLUTION NO. 20/21-0021

RESOLUTION OF THE BOARD OF EDUCATION OF THE SAN YSIDRO SCHOOL DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF THE SAN YSIDRO ELEMENTARY SCHOOL DISTRICT 2021 CERTIFICATES OF PARTICIPATION IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $16,500,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION THEREWITH, AND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS AND RELATED ACTIONS

WHEREAS, the San Ysidro School District (the "School District") is a school district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "State");

WHEREAS, the School District previously caused the execution and delivery of its 2012 Certificates of Participation (the "2012 Certificates") for the purpose of financing the acquisition, construction and installation of certain capital improvements (the "Project");

WHEREAS, in connection with the execution and delivery of the 2012 Certificates, the School District entered into certain pledge agreement amendments with each of its three community facilities districts (the "Community Facilities Districts") for the purpose of pledging special taxes collected from within the Community Facilities Districts (the "Special Taxes") to the payments due on the 2012 Certificates, which pledge agreement amendments amended certain pledge agreements previously entered into by and between the School District and the Community Facilities Districts (as amended, the "Pledge Agreements");

WHEREAS, the School District subsequently caused the execution and delivery of its 2015 Certificates of Participation and its 2016 Certificates of Participation (the "Outstanding Certificates");

WHEREAS, pursuant to further amendments to the Pledge Agreements, the Special Taxes are pledged to the Outstanding Certificates on a parity with the 2012 Certificates;

WHEREAS, the 2012 Certificates are subject to special optional prepayment at any time from the proceeds of any "Mello-Roos special tax bonds" issued by, or on behalf of, or for the benefit of the School District;

WHEREAS, the Pledge Agreements prohibit the Community Facilities Districts from pledging the Special Taxes to the School District on a parity basis with the Outstanding Certificates except for the purpose of securing the payments on certificates of participation of the School District;

WHEREAS, Community Facilities District No. 3 of the San Ysidro School District ("CFD No. 3") expects to issue special tax bonds (the "CFD No. 3 Bonds"), which will constitute "Mello-Roos special tax bonds" for purposes of the special optional prepayment provision of the 2012 Certificates, the proceeds of which will be used to defease and prepay the 2012 Certificates and finance additional authorized facilities;

WHEREAS, the School District will cause the execution and delivery of its 2021 Certificates of Participation (the "Certificates") for the purpose of acquiring the CFD No. 3 Bonds pursuant to a Local Obligation Purchase Contract by and between the School District and CFD No. 3 (the "Local Obligation Purchase Contract"), which Certificates will be secured by the Special Taxes on a parity with the payments due on the Outstanding Certificates;

WHEREAS, in order to facilitate the execution and delivery of the Certificates, the School District will lease certain real property and the improvements described herein (the "Property") to the San Ysidro Schools Public Financing Corporation (the "Corporation") pursuant to a Site Lease (the "Site Lease") to be entered into by and between the School District and the Corporation, and will sublease the Property back from the Corporation pursuant to the Lease Agreement to be entered into by and between the School District and the Corporation (the "Lease Agreement");

WHEREAS, the Certificates will evidence direct, fractional undivided interests in the lease payments to be made under the Lease Agreement;

WHEREAS, the School District and the Corporation have determined that it would be in the best interests of the School District and the Corporation to cause the Certificates to be executed and delivered pursuant to a Trust Agreement (the "Trust Agreement") to be entered into by and among U.S. Bank National Association (the "Trustee"), the Corporation and the School District;

WHEREAS, all rights to receive the lease payments will be assigned, without recourse, by the Corporation to the Trustee pursuant to an Assignment Agreement to be entered into by such parties;

WHEREAS, in consideration of such assignment and the execution of the Trust Agreement, the Trustee will execute and deliver the Certificates, each evidencing a direct, fractional undivided interest in the lease payments to be paid under the Lease Agreement;

WHEREAS, a form of Certificate Purchase Agreement (the "Purchase Agreement") relating to the Certificates has been prepared whereby the School District will sell the Certificates to Stifel, Nicolaus & Company, Incorporated (the "Underwriter");

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), requires that, in order to be able to purchase or sell the Certificates, the underwriter thereof must have reasonably determined that the School District has undertaken in a written agreement or contract for the benefit of the holders of the Certificates to provide disclosure of certain financial information and certain listed events on an ongoing basis;

WHEREAS, in order to comply with Rule 15c2-12, the School District proposes to enter into a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate");

WHEREAS, a form of the Preliminary Official Statement (the "Preliminary Official Statement") to be distributed in connection with the public offering of the Certificates has been prepared;

WHEREAS, an Escrow Agreement (the "Escrow Agreement"), by and between the School District and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), has been prepared to effect the prepayment of the 2012 Certificates;

WHEREAS, each of Community Facilities District No. 1 of the San Ysidro School District (CFD No. 1"), Community Facilities District No. 2 of the San Ysidro School District ("CFD No. 2") and CFD No. 3 will enter into further amendments to the Pledge Agreements (the "2021 Pledge Agreement Amendments") with the School District to pledge the Special Taxes to the Certificates on a parity with the pledge of such Special Taxes to the Outstanding Certificates;

WHEREAS, CFD No. 1, CFD No. 2, CFD No. 3 and the School District will enter into a Special Tax Pooling Agreement (the "Special Tax Agreement") pursuant to which each of such parties will agree that the Special Taxes, once collected and following the payment of certain administrative expenses, shall be transferred by the School District to the Trustee for application in accordance with the terms of the Special Tax Agreement and the Pledge Agreements, as amended by the 2021 Pledge Agreement Amendments;

WHEREAS, the Board of Education of the School District (the "Board") has been presented with the form of each document referred to herein relating to the actions contemplated hereby, and the Board has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such actions;

WHEREAS, in accordance with Government Code Section 5852.1, there has been presented to this Board and disclosed to the public certain good faith estimates provided to the School District by its municipal advisor with respect to the Certificates, as set forth in Exhibit A hereto, and the requirements of Section 5852.1 have been satisfied; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the School District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, this Board hereby ORDERS, RESOLVES, and DETERMINES, as follows:

SECTION 1. Recitals. All of the recitals herein contained are true and correct and the Board so finds.

SECTION 2. Approval of Site Lease. The form of the Site Lease, on file with the Clerk of the Board, is hereby approved, and each of the President of the Board, and such other members of the Board as the President may designate, the Superintendent of the School District, the Chief Business Official of the School District, and such other officers or employees of the School District as the Superintendent or the Chief Business Official may designate (collectively, the "Authorized Officers"), acting alone, is hereby authorized and directed, for and in the name and on behalf of the School District, to execute and deliver the Site Lease in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. Approval of Lease Agreement. The form of the Lease Agreement, on file with the Clerk of the Board, is hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the School District, to execute

and deliver the Lease Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the principal components of the lease payments payable under the Lease Agreement shall not exceed $16,500,000, the term of the Lease Agreement shall end on or before September 1, 2050 (provided that such initial term may be extended as provided therein) and the rate applicable to any interest component of the lease payments payable under the Lease Agreement shall not exceed 6% per annum. The Property to be leased under the Site Lease and the Lease Agreement shall consist of the Ocean View Hills School, and/or such other or additional school sites and facilities of the School District as are selected by the Superintendent or the Chief Business Official and are determined by such official to have an annual fair rental value at least equal to the annual lease payments to be made under the Lease Agreement. The Board hereby determines that the lease payments due under the Lease Agreement in each fiscal year are reasonable and will not exceed the fair rental value of the Property to the School District in each fiscal year and that each individual lease payment will be accompanied by consideration received by the School District corresponding to that payment. The Board finds and determines based on the value of the Ocean View Hills School that the annual fair rental value of the property is not less than $1.3 million.

SECTION 4. Approval of Trust Agreement. The form of Trust Agreement, on file with the Clerk of the Board, is hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the School District, to execute and deliver the Trust Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 5. Bond Insurance. Each of the Authorized Officers, acting alone, is hereby authorized (a) to solicit bids for a municipal bond insurance policy and a reserve fund surety policy, (b) to negotiate the terms of such policies, (c) to finalize the form of such policies with one or more municipal bond insurers, and (d) to pay the insurance premium of such policies from the proceeds of the sale of the Certificates provided that such Authorized Officer determines, based on the advice of the School District's municipal advisor, that the net present value savings in interest costs resulting from the municipal bond insurance policy exceeds the premium cost of such policy.

SECTION 6. Approval of Execution and Delivery of Certificates of Participation. The execution and delivery of the Certificates evidencing principal in an aggregate amount not to exceed $16,500,000, payable in the years and in the amounts, and evidencing interest in accordance with the 6% limitation set forth in Section 3 above and as specified in the Trust Agreement as finally executed, are hereby authorized and approved.

SECTION 7. Terms and Conditions of Sale; Approval of Certificate Purchase Agreement. The Certificates shall be sold as a negotiated sale to the Underwriter. The form of the Purchase Agreement by and between the School District and the Underwriter is hereby approved and each of the Authorized Officers, acting alone, is hereby authorized and directed to approve, execute and deliver the Purchase Agreement, substantially in the form on file with the Clerk of the Board, with such changes therein as the Authorized Officer executing the same may require or approve, with such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the Underwriter's discount, excluding original issue discount or premium on the Certificates, shall not exceed 1.20% of the aggregate of principal amount of Certificates sold pursuant to the Purchase

Agreement. Each Authorized Officer is further authorized to determine the principal amount of the Certificates to be sold pursuant to the Purchase Agreement, up to $16,500,000.

SECTION 8. Approval of Continuing Disclosure Certificate. The form of Continuing Disclosure Certificate, on file with the Clerk of the Board, is hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the School District, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 9. Approval of Preliminary Official Statement. The form of Preliminary Official Statement, on file with the Clerk of the Board, is hereby approved, together with such changes therein as may be approved by an Authorized Officer as necessary to cause the Preliminary Official Statement, as of its date, not to contain any untrue statement of a material fact or to omit to state a material fact. The Authorized Officers are authorized and directed to make necessary changes to the Preliminary Official Statement to include the most recently Board-approved financial information available at the time the Preliminary Official Statement is finalized. The use of the Preliminary Official Statement in connection with the offering and sale of the Certificates is hereby authorized and approved. Each of the Authorized Officers, acting alone, is hereby authorized to certify on behalf of the School District 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 10. Approval of Official Statement. The preparation and delivery of an Official Statement, and its use by the Underwriter in connection with the offering and sale of the Certificates, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and deletions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the delivery thereof to the Underwriter. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the School District, to execute the final Official Statement and any amendment or supplement thereto and to cause the final Official Statement and any such amendment or supplement to be delivered to the Underwriter.

SECTION 11. Approval of Escrow Agreement. The form of the Escrow Agreement, on file with the Clerk of the Board, is hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the School District, to execute and deliver the Escrow Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 12. Approval of Local Obligation Purchase Contract. The form of the Local Obligation Purchase Contract, on file with the Clerk of the Board, and the acquisition of the CFD No. 3 Bonds from CFD No. 3, is hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the School District, to execute and deliver the Local Obligation Purchase Contract in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 13. Approval of 2021 Pledge Agreement Amendments. The form of the 2021 Pledge Agreement Amendments, on file with the Clerk of the Board, is hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the School District, to execute and deliver such amendments in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 14. Approval of Special Tax Agreement. The form of the Special Tax Agreement, on file with the Clerk of the Board, is hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the School District, to execute and deliver the Special Tax Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 15. Official Action. Each of the Authorized Officers, acting alone, is hereby authorized and directed to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized, including undertaking of any and all actions, and the execution and delivery of any and all documents, necessary to effect the prepayment of the 2012 Certificates, the execution and delivery of the 2021 Pledge Agreement Amendments and the Special Tax Agreement and the acquisition of the CFD No. 3 Bonds, and also including the execution of termination agreements for the leases and agreements executed with respect to the 2012 Certificates, and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

SECTION 16. Prior Actions. All actions heretofore taken by the officers, employees and agents of the School District with respect to the transactions described herein are hereby approved, confirmed and ratified.

SECTION 17. Retention of Services. Each of the Authorized Officers is authorized to provide for all services necessary to effect the execution and delivery of the Certificates. Such services shall include, but are not limited to, obtaining bond and disclosure counsel services, other legal services, municipal advisor services, trustee services and any other services deemed by an Authorized Officer to be appropriate and necessary to effect the execution and delivery of the Certificates. Any one of the Authorized Officers is authorized to pay for the cost of such services, together with other costs of issuance for the Certificates, from the proceeds of the Certificates, and to execute and any all agreements required to obtain such services.

SECTION 18. Good Faith Estimates. In accordance with Government Code Section 5852.1, good faith estimates of the following have been obtained from the School District's municipal advisor and are set forth on Exhibit A attached hereto: (a) the true interest cost of the Certificates, (b) the sum of all fees and charges paid to third parties with respect to the Certificates, including an estimate of the Costs of Issuance, (c) the amount of proceeds of the Certificates expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Certificates, and (d) the sum total of all debt service payments on the Certificates calculated to the final maturity of the Certificates plus the fees and charges paid to third parties not paid with the proceeds of the Certificates. The Board finds and determines that the provisions of Government Code Section 5852.1 have been satisfied with respect to the authorization of the Certificates.

SECTION 19. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED by the Board of Education of the San Ysidro School District of San Diego County, California, this 11th day of March, 2021 by the following vote:

AYES: Members

NOES: Members

ABSTAIN: Members

ABSENT: Members

- - - - - - - - - - - - - - -

STATE OF CALIFORNIA)
)ss
COUNTY OF SAN DIEGO)

I, Gina A. Potter, Ed.D., Clerk to the Board of Education of the San Ysidro School District, County of San Diego, State of California, do hereby certify that the foregoing is a true copy of a resolution adopted by said Board of Education at a regular meeting thereof, at the time and by the vote therein stated, which original resolution is on file in the Office of said Board.

_____ _____

Date Secretary of the Board of Education

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Certificates in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the School District by the municipal advisor, Dale Scott & Company, Inc. (the "Municipal Advisor").

Principal Amount. The Municipal Advisor has informed the School District that, based on the School District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Certificates to be sold is $14,415,000 (the "Estimated Principal Amount"), and including net premium of $2,415,261, totaling $16,830,261.

True Interest Cost of the Certificates. The Municipal Advisor has informed the School District that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Certificates, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Certificates, is 2.75%.

Finance Charge of the Certificates. The Municipal Advisor has informed the School District that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Certificates, which means the sum of all fees and charges paid to third parties (or costs associated with the Certificates), is $661,136.

Amount of Proceeds to be Received. The Municipal Advisor has informed the School District that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the School District for sale of the Certificates, less the finance charge of the Certificates, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Certificates, is $15,859,545.

Total Payment Amount. The Municipal Advisor has informed the School District that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the School District will make to pay debt service on the Certificates, plus the finance charge for the Certificates, as described above, not paid with the proceeds of the Certificates, calculated to the final maturity of the Certificates, is $22,833,322.

RESOLUTION NO. 20/21-0022

RESOLUTION OF THE BOARD OF EDUCATION OF THE SAN YSIDRO SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 1 OF THE SAN YSIDRO SCHOOL DISTRICT, AUTHORIZING THE EXECUTION AND DELIVERY OF A PLEDGE AGREEMENT AMENDMENT AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Board of Education of the San Ysidro School District (the "School District"), located in San Diego County, California (hereinafter sometimes referred to as the "legislative body of the District"), has heretofore undertaken proceedings to form Community Facilities District No. 1 of the San Ysidro School District (the "District") pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act"); and

WHEREAS, the School District has previously caused several series of Certificates of Participation to be executed and delivered, including its 2012 Certificates of Participation (the "2012 Certificates"), its 2015 Certificates of Participation (the "2015 Certificates") and its 2016 Certificates of Participation (the "2016 Certificates"), all of which are payable on a parity basis with each other from special taxes (the "Special Taxes") collected within the District, Community Facilities District No. 2 of the San Ysidro School District ("CFD No. 2") and Community Facilities District No. 3 of the San Ysidro School District ("CFD No. 3," and with the District and CFD No. 2, the "Community Facilities Districts") pursuant to various pledge agreements, and amendments relating thereto (collectively, the "Pledge Agreements"), by and between the School District and each of the District, CFD No. 2 and CFD No. 3, respectively; and

WHEREAS, the 2012 Certificates are subject to special optional prepayment at any time from the proceeds of any "Mello-Roos special tax bonds" issued by, or on behalf of, or for the benefit of the School District; and

WHEREAS, the Pledge Agreements permit the Community Facilities Districts to pledge the Special Taxes to the payment of lease payments securing certificates of participation of the School District on a parity with the pledge of the Special Taxes to the 2015 Certificates and the 2016 Certificates; and

WHEREAS, CFD No. 3 expects to issue special tax bonds (the "CFD No. 3 Bonds"), which will constitute "Mello-Roos special tax bonds" for purposes of the special optional prepayment provision of the 2012 Certificates, the proceeds of which will be used to defease and prepay the 2012 Certificates, and provide certain additional proceeds for eligible facilities; and

WHEREAS, the School District will cause the execution and delivery of its 2021 Certificates of Participation (the "2021 Certificates") to provide funds for its purchase of the CFD No. 3 Bonds, which 2021 Certificates will be certificates of participation under the Pledge Agreements eligible to have the Special Taxes pledged for their repayment on a parity basis with the pledge thereof to the 2015 Certificates and the 2016 Certificates; and

WHEREAS, each of the District, CFD No. 2 and CFD No. 3 will enter into further amendments to the Pledge Agreements (the "2021 Pledge Agreement Amendments") with the School District to pledge

the Special Taxes to the 2021 Certificates on a parity with the pledge of such Special Taxes to the 2015 Certificates and the 2016 Certificates; and

WHEREAS, U.S. Bank National Association, as trustee for the 2021 Certificates (the "Trustee"), the Community Facilities Districts and the School District will enter into a Special Tax Pooling Agreement (the "Special Tax Agreement") pursuant to which each of such parties will agree that the Special Taxes, once collected and following the payment of certain administrative expenses, shall be transferred by the School District to the Trustee for application in accordance with the terms of the Special Tax Agreement and the Pledge Agreements, as amended by the 2021 Pledge Agreement Amendments; and

WHEREAS, pursuant to the Special Tax Agreement, the District, CFD No. 2 and CFD No. 3 will pledge their Special Taxes: (i) to the payments due on the 2021 Certificates on a parity basis with the pledge of the Special Taxes to the 2015 Certificates and the 2016 Certificates, and (ii) to the payments due on the CFD No. 3 Bonds on a subordinate basis to the pledge of such Special Taxes to the 2015 Certificates, the 2016 Certificates and the 2021 Certificates; and

WHEREAS, CFD No. 1 is authorized to incur $65,000,000 of bonded indebtedness; and

WHEREAS, CFD No. 1 has sufficient remaining authorized bonded indebtedness to pledge its Special Taxes to the 2021 Certificates and the CFD No. 3 Bonds as set forth herein; and

NOW, THEREFORE, THE BOARD OF EDUCATION OF THE SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF THE DISTRICT, DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. Each of the above recitals is true and correct.

SECTION 2. The form of the 2021 Pledge Agreement Amendment relating to the District and the Special Tax Agreement presented herewith is hereby approved; and any one of the President or Secretary of the legislative body of the District, the Superintendent of the School District or the Chief Business Official of the School District, and their written designees (collectively, the "Authorized Officers"), is hereby authorized and directed, for and in the name of the District, to execute such agreements substantially in the form approved, with such additions thereto and changes therein as may be approved or required by an Authorized Officer. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of such agreements.

SECTION 3. The Authorized Officers are each authorized to provide for all services necessary to effect the execution and delivery of the execution and delivery of the 2021 Pledge Agreement Amendments and the Special Tax Agreement, the execution and delivery of the 2021 Certificates and the issuance of the CFD No. 3 Bonds.

SECTION 4. All actions heretofore taken by officers and agents of the District and the School District with respect to the execution and delivery of the 2021 Pledge Agreement Amendments and the Special Tax Agreement, the sale and issuance of the CFD No. 3 Bonds and the execution and delivery of the 2021 Certificates, are hereby approved, confirmed and ratified, and the President and Secretary of the legislative body of the District, the Superintendent, the Chief Business Official, and the other officers and staff of the School District and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents as are necessary to accomplish such purposes in accordance with the provisions of this Resolution. In the event that the President of the legislative body of the District is unavailable to sign any document authorized for execution herein, any other member of the legislative body of the District or the Superintendent or the Chief Business

Official, or their written designee, may sign such document. Any document authorized herein to be signed by the Secretary of the legislative body of the District may be signed by a duly appointed deputy or assistant secretary.

SECTION 5. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Education of the San Ysidro School District of San Diego County, California, acting as the legislative body of Community Facilities District No. 1 of the San Ysidro School District, this 11th day of March, 2021 by the following vote:

AYES: Members

NOES: Members

ABSTAIN: Members

ABSENT: Members

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STATE OF CALIFORNIA)
)ss
COUNTY OF SAN DIEGO)

I, Gina A. Potter, Ed.D., Secretary of the Board of Education of the San Ysidro School District, County of San Diego, State of California, do hereby certify that the foregoing is a true copy of a resolution adopted by said Board of Education, acting as the legislative body of Community Facilities District No. 1 of the San Ysidro School District, at a regular meeting thereof, at the time and by the vote therein stated, which original resolution is on file in the Office of said Board.

Date

Secretary of the Board of Education

RESOLUTION NO. 20/21-0023

RESOLUTION OF THE BOARD OF EDUCATION OF THE SAN YSIDRO SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2 OF THE SAN YSIDRO SCHOOL DISTRICT, AUTHORIZING THE EXECUTION AND DELIVERY OF A PLEDGE AGREEMENT AMENDMENT AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Board of Education of the San Ysidro School District (the "School District"), located in San Diego County, California (hereinafter sometimes referred to as the "legislative body of the District"), has heretofore undertaken proceedings to form Community Facilities District No. 2 of the San Ysidro School District (the "District") pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act"); and

WHEREAS, the School District has previously caused several series of Certificates of Participation to be executed and delivered, including its 2012 Certificates of Participation (the "2012 Certificates"), its 2015 Certificates of Participation (the "2015 Certificates") and its 2016 Certificates of Participation (the "2016 Certificates"), all of which are payable on a parity basis with each other from special taxes (the "Special Taxes") collected within the District, Community Facilities District No. 1 of the San Ysidro School District ("CFD No. 1") and Community Facilities District No. 3 of the San Ysidro School District ("CFD No. 3," and with the District and CFD No. 1, the "Community Facilities Districts") pursuant to various pledge agreements, and amendments relating thereto (collectively, the "Pledge Agreements"), by and between the School District and each of the District, CFD No. 1 and CFD No. 3, respectively; and

WHEREAS, the 2012 Certificates are subject to special optional prepayment at any time from the proceeds of any "Mello-Roos special tax bonds" issued by, or on behalf of, or for the benefit of the School District; and

WHEREAS, the Pledge Agreements permit the Community Facilities Districts to pledge the Special Taxes to the payment of lease payments securing certificates of participation of the District on a parity with the pledge of the Special Taxes to the 2015 Certificates and the 2016 Certificates; and

WHEREAS, CFD No. 3 expects to issue special tax bonds (the "CFD No. 3 Bonds"), which will constitute "Mello-Roos special tax bonds" for purposes of the special optional prepayment provision of the 2012 Certificates, the proceeds of which will be used to defease and prepay the 2012 Certificates, and provide certain additional proceeds for eligible facilities; and

WHEREAS, the School District will cause the execution and delivery of its 2021 Certificates of Participation (the "2021 Certificates") to provide funds for its purchase of the CFD No. 3 Bonds, which 2021 Certificates will be certificates of participation under the Pledge Agreements eligible to have the Special Taxes pledged for their repayment on a parity basis with the pledge thereof to the 2015 Certificates and the 2016 Certificates; and

WHEREAS, each of CFD No. 1, the District and CFD No. 3 will enter into further amendments to the Pledge Agreements (the "2021 Pledge Agreement Amendments") with the School District to pledge the Special Taxes to the 2021 Certificates on a parity with the pledge of such Special Taxes to the 2015 Certificates and the 2016 Certificates; and

WHEREAS, U.S. Bank National Association, as trustee for the 2021 Certificates (the "Trustee"), the Community Facilities Districts and the School District will enter into a Special Tax Pooling Agreement (the "Special Tax Agreement") pursuant to which each of such parties will agree that the Special Taxes, once collected and following the payment of certain administrative expenses, shall be transferred by the School District to the Trustee for application in accordance with the terms of the Special Tax Agreement and the Pledge Agreements, as amended by the 2021 Pledge Agreement Amendments; and

WHEREAS, pursuant to the Special Tax Agreement, CFD No. 1, the District and CFD No. 3 will pledge their Special Taxes: (i) to the payments due on the 2021 Certificates on a parity basis with the pledge of the Special Taxes to the 2015 Certificates and the 2016 Certificates, and (ii) to the payments due on the CFD No. 3 Bonds on a subordinate basis to the pledge of such Special Taxes to the 2015 Certificates, the 2016 Certificates and the 2021 Certificates; and

WHEREAS, CFD No. 2 is authorized to incur $30,000,000 of bonded indebtedness; and

WHEREAS, CFD No. 2 has sufficient remaining authorized bonded indebtedness to pledge its Special Taxes to the 2021 Certificates and the CFD No. 3 Bonds as set forth herein; and

NOW, THEREFORE, THE BOARD OF EDUCATION OF THE SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF THE DISTRICT, DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. Each of the above recitals is true and correct.

SECTION 2. The form of the 2021 Pledge Agreement Amendment relating to the District and the Special Tax Agreement presented herewith is hereby approved; and any one of the President or Secretary of the legislative body of the District, the Superintendent of the School District or the Chief Business Official of the School District, and their written designees (collectively, the "Authorized Officers"), is hereby authorized and directed, for and in the name of the District, to execute such agreements substantially in the form approved, with such additions thereto and changes therein as may be approved or required by an Authorized Officer. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of such agreements.

SECTION 3. The Authorized Officers are each authorized to provide for all services necessary to effect the execution and delivery of the execution and delivery of the 2021 Pledge Agreement Amendments and the Special Tax Agreement, the execution and delivery of the 2021 Certificates and the issuance of the CFD No. 3 Bonds.

SECTION 4. All actions heretofore taken by officers and agents of the District and the School District with respect to the execution and delivery of the 2021 Pledge Agreement Amendments and the Special Tax Agreement, the sale and issuance of the CFD No. 3 Bonds and the execution and delivery of the 2021 Certificates, are hereby approved, confirmed and ratified, and the President and Secretary of the legislative body of the District, the Superintendent, the Chief Business Official, and the other officers and staff of the School District and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents as are necessary to accomplish such purposes in accordance with the provisions of this Resolution. In the event that the

President of the legislative body of the District is unavailable to sign any document authorized for execution herein, any other member of the legislative body of the District or the Superintendent or the Chief Business Official, or their written designee, may sign such document. Any document authorized herein to be signed by the Secretary of the legislative body of the District may be signed by a duly appointed deputy or assistant secretary.

SECTION 5. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Education of the San Ysidro School District of San Diego County, California, acting as the legislative body of Community Facilities District No. 2 of the San Ysidro School District, this 11th day of March 2021 by the following vote:

AYES: Members

NOES: Members

ABSTAIN: Members

ABSENT: Members

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STATE OF CALIFORNIA)
)ss
COUNTY OF SAN DIEGO)

I, Gina A. Potter, Ed.D., Secretary of the Board of Education of the San Ysidro School District, County of San Diego, State of California, do hereby certify that the foregoing is a true copy of a resolution adopted by said Board of Education, acting as the legislative body of Community Facilities District No. 2 of the San Ysidro School District, at a regular meeting thereof, at the time and by the vote therein stated, which original resolution is on file in the Office of said Board.

_____ _____

Date Secretary of the Board of Education

RESOLUTION NO. 20/21-0024

RESOLUTION OF THE BOARD OF EDUCATION OF THE SAN YSIDRO SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 3 OF THE SAN YSIDRO SCHOOL DISTRICT, AUTHORIZING THE ISSUANCE OF SPECIAL TAX BONDS AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Board of Education of the San Ysidro School District (the "School District"), located in San Diego County, California (hereinafter sometimes referred to as the "legislative body of the District"), has heretofore undertaken proceedings to form Community Facilities District No. 3 of the San Ysidro School District (the "District") pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act"); and

WHEREAS, the School District has previously caused several series of Certificates of Participation to be executed and delivered, including its 2012 Certificates of Participation (the "2012 Certificates"), its 2015 Certificates of Participation (the "2015 Certificates") and its 2016 Certificates of Participation (the "2016 Certificates"), all of which are payable on a parity basis with each other from special taxes (the "Special Taxes") collected within the District, Community Facilities District No. 1 of the San Ysidro School District ("CFD No. 1") and Community Facilities District No. 2 of the San Ysidro School District ("CFD No. 2," and with the District and CFD No. 1, the "Community Facilities Districts") pursuant to various pledge agreements, and amendments relating thereto (collectively, the "Pledge Agreements"), by and between the School District and each of the District, CFD No. 1 and CFD No. 2, respectively; and

WHEREAS, the 2012 Certificates are subject to special optional prepayment at any time from the proceeds of any "Mello-Roos special tax bonds" issued by, or on behalf of, or for the benefit of the School District; and

WHEREAS, the Pledge Agreements permit the Community Facilities Districts to pledge the Special Taxes to the payment of lease payments securing certificates of participation of the School District on a parity with the pledge of the Special Taxes to the 2015 Certificates and the 2016 Certificates; and

WHEREAS, the legislative body of the District now desires to issue special tax bonds (the "CFD No. 3 Bonds"), which will constitute "Mello-Roos special tax bonds" for purposes of the special optional prepayment provision of the 2012 Certificates, the proceeds of which will be used to defease and prepay the 2012 Certificates, and provide certain additional proceeds for eligible facilities; and

WHEREAS, the legislative body of the District has determined in accordance with Section 53360.4 of the Act that a sale of the CFD No. 3 Bonds to the School District pursuant to a Local Obligation Purchase Contract (the "Local Obligation Purchase Contract") approved as to form by this legislative body herein will result in a lower overall cost to the District than a public sale; and

WHEREAS, in order to effect the issuance of the CFD No. 3 Bonds, the legislative body of the District desires to enter into a Bond Indenture (the "Indenture"), in substantially the form presented herewith, by and between the District and U.S. Bank National Association, as fiscal agent thereunder (the "Fiscal Agent"), in substantially the form presented herewith; and

WHEREAS, the legislative body of the District has determined that it is prudent in the management of its fiscal affairs to issue the CFD No. 3 Bonds and to sell such CFD No. 3 Bonds to the School District; and

WHEREAS, the School District will cause the execution and delivery of its 2021 Certificates of Participation (the "2021 Certificates") to provide funds for its purchase of the CFD No. 3 Bonds, which 2021 Certificates will be certificates of participation under the Pledge Agreements eligible to have the Special Taxes pledged for their repayment on a parity basis with the pledge thereof to the 2015 Certificates and the 2016 Certificates; and

WHEREAS, each of CFD No. 1, CFD No. 2 and the District will enter into further amendments to the Pledge Agreements (the "2021 Pledge Agreement Amendments") with the School District to pledge the Special Taxes to the 2021 Certificates on a parity with the pledge of such Special Taxes to the 2015 Certificates and the 2016 Certificates; and

WHEREAS, U.S. Bank National Association, as trustee for the 2021 Certificates (the "Trustee"), the Community Facilities Districts and the School District will enter into a Special Tax Pooling Agreement (the "Special Tax Agreement") pursuant to which each of such parties will agree that the Special Taxes, once collected and following the payment of certain administrative expenses, shall be transferred by the School District to the Trustee for application in accordance with the terms of the Special Tax Agreement and the Pledge Agreements, as amended by the 2021 Pledge Agreement Amendments; and

WHEREAS, pursuant to the Special Tax Agreement, CFD No. 1, CFD No. 2 and the District will pledge their Special Taxes: (i) to the payments due on the 2021 Certificates on a parity basis with the pledge of the Special Taxes to the 2015 Certificates and the 2016 Certificates, and (ii) to the payments due on the CFD No. 3 Bonds on a subordinate basis to the pledge of such Special Taxes to the 2015 Certificates, the 2016 Certificates and the 2021 Certificates; and

WHEREAS, the parties to the Special Tax Agreement will acknowledge that to the extent that a payment of principal and/or interest is made by the 2021 Certificates, such payment shall act as a credit to the District for the corresponding payment due on the CFD No. 3 Bonds and the District shall be excused of its obligation to make such corresponding payment.

WHEREAS, CFD No. 3 is authorized to incur $50,000,000 of bonded indebtedness; and

WHEREAS, CFD No. 3 has sufficient remaining authorized bonded indebtedness to issue the CFD No. 3 Bonds and pledge its Special Taxes to the 2021 Certificates and the CFD No. 3 Bonds, as set forth herein; and

NOW, THEREFORE, THE BOARD OF EDUCATION OF THE SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF THE DISTRICT, DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. Each of the above recitals is true and correct.

SECTION 2. The legislative body of the District is authorized pursuant to the Act to issue the CFD No. 3 Bonds for the benefit of the District for the purposes set forth herein and to take the necessary steps to prepay the 2012 Certificates.

SECTION 3. The issuance of the CFD No. 3 Bonds in the aggregate principal amount not to exceed $16,500,000 is hereby authorized with the exact principal amount to be determined by the official signing the Local Obligation Purchase Agreement in accordance with Section 6 below. The legislative body of the District hereby determines that it is prudent in the management of its fiscal affairs to issue the CFD No. 3 Bonds. The CFD No. 3 Bonds shall mature on the dates and pay interest at the rates set forth in the Local Obligation Purchase Agreement to be executed on behalf of the District in accordance with Section 6 hereof. The CFD No. 3 Bonds shall be governed by the terms and conditions of the Indenture, which is hereby approved. The Indenture shall be executed by one or more of the President or Secretary of the legislative body of the District, the Superintendent of the School District or the Chief Business Official of the School District, and their written designees (collectively, the "Authorized Officers"), substantially in the form presented at this meeting, with such additions thereto and changes therein as the officer or officers executing the same deem necessary, including, but not limited to, additions and changes to cure any ambiguity or defect therein, to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices and such other related terms and provisions as limited by Section 6 hereof and to conform any provisions therein to the trust agreement for the 2021 Certificates. Approval of such changes shall be conclusively evidenced by the execution and delivery of the Indenture by one or more Authorized Officers. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Indenture.

SECTION 4. The CFD No. 3 Bonds shall be executed on behalf of the District by the manual or facsimile signature of the President of the legislative body of the District, and attested with the manual or facsimile signature of the Secretary of the legislative body of the District. U.S. Bank National Association is hereby appointed to act as fiscal agent for the CFD No. 3 Bonds with respect to the Indenture.

SECTION 5. The covenants set forth in the Indenture are hereby approved, shall be deemed to be covenants of the Board of Education in its capacity as the legislative body of the District and shall be complied with by the District and its officers.

SECTION 6. The forms of the Local Obligation Purchase Contract, the Special Tax Agreement and the 2021 Pledge Agreement Amendment relating to the District presented herewith are hereby approved; and any one of the Authorized Officers is hereby authorized and directed, for and in the name of the District, to execute such agreements substantially in the forms approved, with such additions thereto and changes therein as may be approved or required by an Authorized Officer, including, but not limited to, changes relating to dates and numbers as are necessary to conform the Local Obligation Purchase Contract to the dates, amounts and interest rates applicable to the CFD No. 3 Bonds and the 2021 Certificates as of the sale date. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of such documents.

SECTION 7. In accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District hereby determines that the Fiscal Year 2020-21 assessed value of the real property in the District subject to the special tax to pay debt service on the CFD No. 3 Bonds is at least three times the maximum principal amount of the CFD No. 3 Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within the District.

SECTION 8. Each of the Authorized Officers are authorized, but not required, to cooperate with the School District so that the School District may obtain a rating of the 2021 Certificates from a nationally

recognized rating service and to obtain a municipal bond insurance policy guaranteeing payment of principal and interest with respect to some or all of the 2021 Certificates and/or a debt service reserve policy with respect to the 2021 Certificates. The Authorized Officers are hereby further authorized to revise any of the documents referenced herein, or any related documents, to incorporate any provisions required in order to obtain such a municipal bond insurance policy and/or a debt service reserve policy.

SECTION 9. The Authorized Officers are each authorized to provide for all services necessary to effect the execution and delivery of the 2021 Certificates, the execution and delivery of the 2021 Pledge Agreement Amendments and the Special Tax Agreement, and the issuance of the CFD No. 3 Bonds. Such services shall include, but not be limited to, obtaining legal services, fiscal agent services and any other services deemed appropriate as set forth in a certificate of an Authorized Officer. The Authorized Officers are authorized to pay for the cost of such services, together with other costs of issuance from CFD No. 3 Bond proceeds, including premium costs for a municipal bond insurance policy and for a debt service reserve policy.

SECTION 10. All actions heretofore taken by officers and agents of the District and the School District with respect to the sale and issuance of the CFD No. 3 Bonds, the execution and delivery of the 2021 Certificates, and the execution and delivery of the 2021 Pledge Agreement Amendments and the Special Tax Agreement are hereby approved, confirmed and ratified, and the President and Secretary of the legislative body of the District, the Superintendent, the Chief Business Official, and the other officers and staff of the School District and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents as are necessary to accomplish such purposes in accordance with the provisions of this Resolution and the fulfillment of the purposes of the CFD No. 3 Bonds as described in the Indenture. In the event that the President of the legislative body of the District is unavailable to sign any document authorized for execution herein, any other member of the legislative body of the District or the Superintendent or the Chief Business Official, or their written designee, may sign such document. Any document authorized herein to be signed by the Secretary of the legislative body of the District may be signed by a duly appointed deputy or assistant secretary.

SECTION 11. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Education of the San Ysidro School District of San Diego County, California, acting as the legislative body of Community Facilities District No. 3 of the San Ysidro School District, this 11th day of March, 2021 by the following vote:

AYES: Members

NOES: Members

ABSTAIN: Members

ABSENT: Members

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STATE OF CALIFORNIA)
)ss
COUNTY OF SAN DIEGO)

I, Gina A. Potter, Ed.D., Secretary of the Board of Education of the San Ysidro School District, County of San Diego, State of California, do hereby certify that the foregoing is a true copy of a resolution adopted by said Board of Education, acting as the legislative body of Community Facilities District No. 3 of the San Ysidro School District, at a regular meeting thereof, at the time and by the vote therein stated, which original resolution is on file in the Office of said Board.

_____ _____

Date Secretary of the Board of Education

SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION
AGENDA ITEM

TO: Board of Directors **MEETING DATE:** March 11, 2021

VIA: San Ysidro School District
Marilyn Adrianzen, Chief Business Official

☐ Informational ☒ Action

AGENDA ITEM: RESOLUTION NO. 20/21-0020 OF THE BOARD OF DIRECTORS OF THE SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION AUTHORIZING THE EXECUTION BY THE CORPORATION OF VARIOUS DOCUMENTS WITH RESPECT TO THE SAN YSIDRO SCHOOL DISTRICT 2021 CERTIFICATES OF PARTICIPATION, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $16,500,000 AND AUTHORIZING RELATED ACTIONS IN CONNECTION THEREWITH

BACKGROUND INFORMATION:
The Corporation is a nonprofit public benefit corporation with the authority to assist in the financing and refinancing of certain improvements on behalf of the District. As mentioned above, to facilitate the execution and delivery of the 2021 COPs, the District will lease the Property to the Corporation pursuant to the Site Lease and will sublease the Property back from the Corporation pursuant to the Lease Agreement. The Corporation Resolution approves the form of the Site Lease, Lease Agreement, Trust Agreement, Assignment Agreement, and Escrow Agreement, and authorizes its officers to execute and deliver these documents.

The San Diego County Office of Education and its financial advisor conducted a review of the proposed financing under Education Code 17150.1 and 42133(a) and has determined that repayment of principal and interest on the new 2021 Certificates of Participation is probable.

RECOMMENDATION:
Approve and Adopt Resolution No. 20/21-0020. *(The District's bond legal counsel will provide a brief overview.)*

☐ **Renewal** ☒ **New** ☐ **Amendment** ☐ **Ratify** ☐ **Other**

Recommended for: ☒ Approval ☐ Denial Certification Requested ☐ Yes ☐ No

RESOLUTION NO. 20/21-0020

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION AUTHORIZING THE EXECUTION BY THE CORPORATION OF VARIOUS DOCUMENTS WITH RESPECT TO THE SAN YSIDRO SCHOOL DISTRICT 2021 CERTIFICATES OF PARTICIPATION, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $16,500,000 AND AUTHORIZING RELATED ACTIONS IN CONNECTION THEREWITH

WHEREAS, the San Ysidro Schools Public Financing Corporation is a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation") with the authority to assist in the financing and refinancing of the acquisition, construction, installation and equipping of certain capital improvements on behalf of the San Ysidro School District (the "School District");

WHEREAS, the School District previously caused the execution and delivery of its 2012 Certificates of Participation (the "2012 Certificates") for the purpose of financing the acquisition, construction and installation of certain capital improvements (the "Project");

WHEREAS, in connection with the execution and delivery of the 2012 Certificates, the School District entered into certain pledge agreement amendments with each of its three community facilities districts (the "Community Facilities Districts") for the purpose of pledging special taxes collected from within the Community Facilities Districts (the "Special Taxes") to the payments due on the 2012 Certificates, which pledge agreement amendments amended certain pledge agreements previously entered into by and between the School District and the Community Facilities Districts (as amended, the "Pledge Agreements");

WHEREAS, the School District subsequently caused the execution and delivery of its 2015 Certificates of Participation and its 2016 Certificates of Participation (the "Outstanding Certificates");

WHEREAS, pursuant to further amendments to the Pledge Agreements, the Special Taxes are pledged to the Outstanding Certificates on a parity with the 2012 Certificates;

WHEREAS, the 2012 Certificates are subject to special optional prepayment at any time from the proceeds of any "Mello-Roos special tax bonds" issued by, or on behalf of, or for the benefit of the School District;

WHEREAS, the Pledge Agreements prohibit the Community Facilities Districts from pledging the Special Taxes to the School District on a parity basis with the Outstanding Certificates except for the purpose of securing the payments on certificates of participation of the School District;

WHEREAS, Community Facilities District No. 3 of the San Ysidro School District ("CFD No. 3") expects to issue special tax bonds (the "CFD No. 3 Bonds"), which will constitute "Mello-Roos special tax bonds" for purposes of the special optional prepayment provision of the 2012

Certificates, the proceeds of which will be used to defease and prepay the 2012 Certificates and finance additional authorized facilities;

WHEREAS, the School District will cause the execution and delivery of its 2021 Certificates of Participation (the "Certificates") for the purpose of acquiring the CFD No. 3 Bonds pursuant to a Local Obligation Purchase Contract by and between the School District and CFD No. 3 (the "Local Obligation Purchase Contract"), which Certificates will be secured by the Special Taxes on a parity with the payments due on the Outstanding Certificates;

WHEREAS, in order to facilitate the execution and delivery of the Certificates, the School District will lease certain real property and the improvements described herein (the "Property") to the Corporation pursuant to a Site Lease (the "Site Lease") to be entered into by and between the School District and the Corporation, and will sublease the Property back from the Corporation pursuant to the Lease Agreement to be entered into by and between the School District and the Corporation (the "Lease Agreement");

WHEREAS, the School District and the Corporation have determined that it would be in the best interests of the School District and the Corporation to cause the issuance of the Certificates through the sale and delivery of the Certificates pursuant to a Trust Agreement (the "Trust Agreement") to be entered into by and among U.S. Bank National Association (the "Trustee"), the Corporation and the School District;

WHEREAS, all rights to receive such lease payments will be assigned, without recourse, by the Corporation to the Trustee pursuant to an Assignment Agreement (the "Assignment Agreement") to be entered into by and between the Corporation and the Trustee;

WHEREAS, in consideration of such assignment and the execution of the Trust Agreement, the Trustee will execute and deliver the Certificates, each evidencing a direct, fractional undivided interest in the lease payments to be paid by the School District under the Lease Agreement;

WHEREAS, a form of Certificate Purchase Agreement (the "Purchase Agreement") relating to the Certificates has been prepared whereby the School District will sell the Certificates to Stifel, Nicolaus & Company, Incorporated (the "Underwriter");

WHEREAS, each of Community Facilities District No. 1 of the San Ysidro School District (CFD No. 1"), Community Facilities District No. 2 of the San Ysidro School District ("CFD No. 2") and CFD No. 3 will enter into further amendments to the Pledge Agreements (the "2021 Pledge Agreement Amendments") with the School District to pledge the Special Taxes to the Certificates on a parity with the pledge of such Special Taxes to the Outstanding Certificates;

WHEREAS, CFD No. 1, CFD No. 2, CFD No. 3 and the School District will enter into a Special Tax Pooling Agreement (the "Special Tax Agreement") pursuant to which each of such parties will agree that the Special Taxes, once collected and following the payment of certain administrative expenses, shall be transferred by the School District to the Trustee for application in accordance with the terms of the Special Tax Agreement and the Pledge Agreements, as amended by the 2021 Pledge Agreement Amendments;

WHEREAS, the Board of Directors of the Corporation (the "Board") has been presented with the form of each document referred to herein relating to the actions contemplated hereby, and the Board

has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such actions; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Corporation is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, this Board of Directors hereby ORDERS, RESOLVES and DETERMINES, as follows:

SECTION 1. All of the recitals herein contained are true and correct and the Board so finds.

SECTION 2. The form of the Site Lease, on file with the Secretary of the Corporation, is hereby approved, and each of the President of the Corporation, the Vice President of the Corporation, the Secretary of the Corporation and Treasurer of the Corporation, or their designees and such other officers of the Corporation as the President of the Corporation may designate (collectively, the "Authorized Officers"), acting alone, is hereby authorized and directed, for and in the name and on behalf of the Corporation, to execute and deliver the Site Lease in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Property to be leased under the Site Lease shall consist of all or a portion of the Ocean View Hills School, and/or one or more other school sites or school facilities selected by the School District and determined by the School District to have an annual fair rental value at least equal to the annual lease payments to be made under the Lease Agreement.

SECTION 3. The form of the Lease Agreement, on file with the Secretary of the Corporation, is hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Corporation, to execute and deliver the Lease Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of principal components of the lease payments payable under the Lease Agreement shall not exceed $16,500,000, the term of the Lease Agreement shall end on or before September 1, 2050 (provided that such initial term may be extended as provided therein) and the rate applicable to any interest component of the lease payments payable under the Lease Agreement shall not exceed 6% per annum.

SECTION 4. The form of Trust Agreement, on file with the Secretary of the Corporation, is hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Corporation, to execute and deliver the Trust Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 5. The form of Assignment Agreement, on file with the Secretary of the Corporation, is hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Corporation, to execute and deliver the Assignment Agreement in substantially said form, with such changes therein as the Authorized

Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 6. This Board hereby approves the sale of the Certificates by negotiated sale to Stifel, Nicolaus & Company, Incorporated. The Authorized Officers are authorized and directed to execute any and all agreements and certificates necessary to cause such sale on a negotiated basis.

SECTION 7. The execution and delivery of the Certificates evidencing principal in an amount not to exceed $16,500,000, payable in the years and in the amounts, and evidencing interest in accordance with the 6% limitation set forth in Section 3 above and as specified in the Trust Agreement as finally executed, are hereby authorized and approved.

SECTION 8. The officers of the Corporation are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized, including the execution of termination agreements for the leases executed with respect to the 2012 Certificates, and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including making the necessary filings for the Corporation to obtain and maintain its tax exempt status and including the execution of termination agreements for the leases and agreements executed with respect to the 2012 Certificates.

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

SECTION 10. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the Board of Directors of the San Ysidro Schools Public Financing Corporation this 11th day of March, 2021 by the following vote:

AYES: Members

NOES: Members

ABSTAIN: Members

ABSENT: Members

- - - - - - - - - - - - - - -

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

I, Rodolfo Lopez, Secretary to the Board of Directors of the San Ysidro Schools Public Financing Corporation, County of San Diego, State of California, do hereby certify that the foregoing is a true copy of a resolution adopted by said Board at a regular meeting thereof, at the time and by the vote therein stated, which original resolution is on file in the Office of said Board.

_____ _____

Date Secretary to the Board of Directors

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2021

NEW ISSUE

FULL BOOK-ENTRY

RATINGS: S&P: "__" (Insured)
Moody's "Baa2" (Underlying)
(See "MISCELLANEOUS — Ratings" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Special Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) with respect to the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Special Counsel, interest (and original issue discount) with respect to the Certificates is exempt from State of California personal income tax. See "TAX MATTERS" herein.

$14,415,000*
2021 CERTIFICATES OF PARTICIPATION
Evidencing the Fractional Interests of the Owners Thereof in Lease Payments to be Made by the SAN YSIDRO SCHOOL DISTRICT
(San Diego County, California)

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

The San Ysidro School District 2021 Certificates of Participation (the "Certificates") are being executed and delivered pursuant to a Trust Agreement, dated as of _____ 1, 2021 (the "Trust Agreement"), by and among U.S. Bank National Association, as trustee, the San Ysidro Schools Public Financing Corporation (the "Corporation") and the San Ysidro School District (the "District") to acquire and purchase the Community Facilities District No. 3 of the San Ysidro School District 2021 Special Tax Bonds (the "CFD No. 3 Bonds"). The proceeds of the CFD No. 3 Bonds will be used to (i) prepay the outstanding San Ysidro School District, 2012 Certificates of Participation, (ii) finance the costs of the acquisition, construction and installation of certain capital improvements, (iii) acquire a municipal bond insurance policy and a debt service reserve insurance policy for the Certificates, and (iv) pay the costs related to the execution and delivery of the Certificates. See the captions "THE FINANCING PLAN" and "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

Pursuant to a Site Lease, dated as of _____ 1, 2021, the District will lease certain property owned by the District as more particularly described herein (the "Property"), to the Corporation, and will lease the Property back from the Corporation pursuant to a Lease Agreement, dated as of _____ 1, 2021 (the "Lease"), by and between the Corporation and the District. The Certificates evidence fractional interests in Lease Payments to be made by the District, as lessee under the Lease. The District will covenant to budget and appropriate Lease Payments in each year in consideration of the use and occupancy of the Property from any source of legally available funds, and to take such action as may be necessary to include all Lease Payments in its annual budgets and to make the necessary annual appropriations therefor. See "SECURITY AND SOURCES OF PAYMENT OF THE CERTIFICATES — Lease Payments" herein. The District's obligation to make Lease Payments is subject to abatement in the event of the taking of, damage to or loss of use and possession of the Property. See "RISK FACTORS — Abatement."

Interest represented by the Certificates is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2021. The Certificates will be delivered as fully registered certificates, without coupons, and when delivered will be registered in the name of The Depository Trust Company ("DTC"), New York, New York, or its nominee. DTC will act as securities depository for the Certificates. Ownership interests in the Certificates may be purchased in book-entry form only, in authorized denominations, as described in this Official Statement. See Appendix H — "BOOK-ENTRY ONLY SYSTEM."

The Certificates are subject to prepayment prior to their stated maturity as described herein. See "THE CERTIFICATES — Prepayment."

The scheduled payment of principal and interest with respect to the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Certificates by_____ (the "Insurer"). See "MUNICIPAL BOND INSURANCE" herein.

[INSURER LOGO]

THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS CONSTITUTES A DEBT OF THE DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS IS SUBJECT TO THE DISTRICT'S BENEFICIAL USE AND POSSESSION OF THE PROPERTY.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Certificates or the Lease. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "RISK FACTORS" herein.

The Certificates will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Special Counsel. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel. Certain matters will be passed on for the Underwriter by its counsel, Kutak Rock LLP, Denver, Colorado. It is anticipated that the Certificates in definitive form will be available for delivery through the facilities of DTC on or about _____, 2021.

[STIFEL LOGO]

Dated: _____, 2021

* *Preliminary, subject to change.*

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

MATURITY SCHEDULE

$_____
2021 CERTIFICATES OF PARTICIPATION
Evidencing the Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
SAN YSIDRO SCHOOL DISTRICT
(San Diego County, California)

(BASE CUSIP[†] NO.: _____)

Maturity (September 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP[†] No.*

$_____ _____% Term Certificates due September 1, 20__ Yield: _____% Price: ____ CUSIP[†] No. ____

$_____ _____% Term Certificates due September 1, 20__ Yield: _____% Price: ____ CUSIP[†] No. ____

[†] *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright © 2020 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by Standard & Poor's CUSIP Service Bureau. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such numbers.*

SAN YSIDRO SCHOOL DISTRICT
(SAN DIEGO COUNTY, CALIFORNIA)

Board of Education

Antonio Martinez, *President*
Rudy Lopez, *Vice President*
Rosaleah Pallasigue, *Clerk*
Irene Lopez, *Member*
Humberto Gurmilan, *Member*

District Administrators

Gina A. Potter, Ed.D., *Superintendent*
Marilyn Adrianzen, *Chief Business Official*

PROFESSIONAL SERVICES

Special Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Municipal Advisor

Dale Scott & Company, Inc.
San Francisco, California

Trustee

U.S. Bank National Association
Los Angeles, California

Escrow Agent
U.S. Bank National Association
Los Angeles, California

Verification Agent
Causey Demgen & Moore, P.C.
Denver, Colorado

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No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained herein. If given or made, such other information or representations must not be relied upon as having been authorized by the District 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 Certificates 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 or owners of the Certificates. 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 representations of fact.

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."

The information and expression of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described herein since the date hereof. This Official Statement is being submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the District. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

All information for investors regarding the District and the Certificates is contained in this Official Statement. While the District maintains an internet website for various purposes, none of the information on this website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Certificates or any other Certificates or obligations of the District.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a "plan," "expect," "estimate," "project," "budget" or similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions "THE DISTRICT" and "DISTRICT FINANCIAL MATTERS" herein.

The achievement of certain results or other expectations contained in such forward-looking statements involves 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. While the District has agreed to provide certain on-going financial and operating data for a limited period of time, it does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which statements are based change. See "CONTINUING DISCLOSURE" and Appendix F — "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

_____ ("_____") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, _____ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding _____ supplied by _____ and presented under the heading "MUNICIPAL BOND INSURANCE" and Appendix G — "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

WITH RESPECT TO THIS OFFERING, THE UNDERWRITER MAY ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE CERTIFICATES DESCRIBED HEREIN TO CERTAIN

SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED IN THIS OFFICIAL STATEMENT AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

$14,415,000*
2021 Certificates of Participation
Evidencing the Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
SAN YSIDRO SCHOOL DISTRICT
(San Diego County, California)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover and Appendices hereto, provides certain information concerning the sale and delivery of the San Ysidro School District 2021 Certificates of Participation (the "Certificates"), in the aggregate principal amount of $14,415,000*, evidencing the fractional interests of the registered owners thereof (the "Owners") in Lease Payments (as hereinafter defined) to be made by the San Ysidro School District (the "District") pursuant to a Lease Agreement, dated as of _____ 1, 2021 (the "Lease"), by and between the San Ysidro Schools District Public Financing Corporation (the "Corporation"), as lessor, and the District, as lessee, for the use and possession of the Ocean View Hills School, owned by the District (the "Property").

This introduction is not a summary of the 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. Capitalized terms not defined herein shall have the meanings set forth in Appendix A hereto.

The District

The District is located in the southwesternmost region of San Diego County (the "County"), adjacent to the United States-Mexico border approximately 15 miles south of downtown San Diego, consisting primarily of the community of San Ysidro and unincorporated areas of the County and encompassing a population of approximately 44,000 residents. Most of the District's territory is located in the City of San Diego. The District provides education services in three transitional kindergarten (TK) through sixth grade elementary schools, two kindergarten through sixth grade elementary schools, and two seventh and eighth grade middle schools. In addition, the District includes a preschool and child development center. The enrollment for the District for fiscal year 2020-21 is approximately 4,500 preschool through eighth grade students.

The District is governed by a five-member Board of Education (the "Board"), each member 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 management and policies of the District are administered by a Board appointed Superintendent who is responsible for the day-to-day operations and the supervision of other key personnel. See "THE DISTRICT."

Purpose of the Certificates

The proceeds received from the sale of the Certificates will be used to acquire and purchase the Community Facilities District No. 3 of the San Ysidro School District 2021 Special Tax Bonds (the "CFD No. 3 Bonds"). The proceeds of the CFD No. 3 Bonds will be used to (i) prepay the outstanding San Ysidro School District, 2012 Certificates of Participation (the "2012 Certificates"), (ii) to finance the costs of the acquisition, construction and installation of certain capital improvements (the "2021 Project"), (iii) to acquire a municipal bond insurance policy and a debt service reserve insurance policy for the Certificates, and (iv) to pay the costs related to the execution and delivery of the Certificates. See "THE FINANCING PLAN" and "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

* *Preliminary, subject to change.*

Security and Source of Payment of the Certificates

The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of _____ 1, 2021 (the "Trust Agreement"), by and among the District, the Corporation and U.S. Bank National Association, as trustee (the "Trustee"). The District is required under the Lease to pay Lease Payments for the use and possession of the Property, which is further described under the caption "THE PROPERTY" herein. The District is also required to pay any taxes and assessments and the cost of maintenance and repair of the Property.

Pursuant to an Assignment Agreement, dated as of _____ 1, 2021 (the "Assignment Agreement"), by and between the Corporation and the Trustee, the Corporation will assign to the Trustee, for the benefit of the Owners of the Certificates, substantially all of its rights under a Site Lease, dated as of _____ 1, 2021 (the "Site Lease"), by and between the District and the Corporation, pursuant to which the District will lease the Property to the Corporation, and under the Lease. The rights assigned include the Corporation's rights to receive and collect Lease Payments, Reserve Replenishment Rent and Prepayments from the District under the Lease and rights as may be necessary to enforce payment of Lease Payments, Reserve Replenishment Rent and Prepayments and to exercise all rights and remedies under the Lease following a default. All rights assigned by the Corporation pursuant to the Assignment Agreement shall be administered by the Trustee in accordance with the provisions of the Trust Agreement for the equal and proportionate benefit of all Owners.

The Certificates evidence fractional and undivided interests in the right to receive Lease Payments and Prepayments thereof to be made by the District to the Corporation under the Lease. The Lease Payments are designed to pay, when due, the principal and interest with respect to the Certificates. The District will covenant in the Lease that it will take such action as may be necessary to include the Lease Payments and other payments due under the Lease in its annual budgets and to make the necessary annual appropriations therefor. The District's obligation to make Lease Payments is subject to abatement in the event of the loss of use and possession of all or a portion of the Property due to its damage, destruction, title defect or taking by eminent domain. See "RISK FACTORS — Abatement" herein.

The obligation of the District to make Lease Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. Neither the Certificates nor the obligation of the District to make Lease Payments constitutes a debt of the District, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Description of the Certificates

For a more complete description of the Certificates and the basic documentation pursuant to which they are being sold and delivered, see "THE CERTIFICATES" and Appendix A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" herein. The summaries and descriptions in this Official Statement of the Trust Agreement, the Lease, the Site Lease, the Assignment Agreement and other agreements relating to the Certificates are qualified in their entirety by the form thereof and the information with respect thereto included in such documents.

Prepayment. The Certificates are subject to prepayment prior to maturity. See "THE CERTIFICATES — Prepayment" herein.

Registration, Transfers and Exchanges. The Certificates will be executed and delivered as fully registered Certificates, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), and will be available to actual purchasers of the Certificates (the "Beneficial Owners") in the denominations set forth below, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Certificates. See "THE CERTIFICATES — Book-Entry Only System" herein.

In the event that the book-entry only system is no longer used with respect to the Certificates, the Certificates will be registered and transferred in accordance with the provisions of the Trust Agreement. The Certificates may be held and transferred only in the minimum denominations of $5,000 and any integral multiple thereof.

Payments. Principal and interest due with respect to the Certificates are payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Certificates, the Beneficial Owners will become the registered owners of the Certificates and will be paid principal and interest by the Trustee, all as described in the Trust Agreement. See "THE CERTIFICATES — General" herein.

Certificate Insurance

The scheduled payment of principal and interest evidenced by the Certificates when due will be guaranteed under an insurance policy (the "Policy") to be issued concurrently with the execution and delivery of the Certificates by _____ (the "Insurer" or "_____"). See "MUNICIPAL BOND INSURANCE" and Appendix G — "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

The Reserve Requirement for the Certificates will initially be satisfied by a debt service reserve insurance policy to be provided by the Insurer. See "SECURITY AND SOURCES OF PAYMENT OF THE CERTIFICATES—Reserve Fund" and Appendix A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE TRUST AGREEMENT—Reserve Fund."

Continuing Disclosure

The District will agree in the Continuing Disclosure Certificate for the benefit of Certificate Owners and Beneficial Owners to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission, as amended. The specific nature of the information to be made available and of the event notices to be provided is summarized below under the caption "CONTINUING DISCLOSURE" and Appendix F — "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein. For information concerning the District's compliance with its continuing disclosure undertakings over the past five years, see "CONTINUING DISCLOSURE" herein.

Professionals Involved in the Offering

U.S. Bank National Association, will act as Trustee with respect to the Certificates. The Certificates will be delivered subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Special Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation will also act as the District's Disclosure Counsel with respect to the Certificates. Dale Scott & Company, Inc. will act as Municipal Advisor to the District. The District's financial statements for the fiscal year ended June 30, 2019 are included as Appendix E hereto. Such financial statements have been audited by Wilkinson Hadley King & Co., LLP, CPAs and Advisors.

Certificate Owners' Risks

Certain events could affect the ability of the District to make the Lease Payments when due. See "RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Certificates.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The sale and delivery of the Certificates to potential investors is made only by means of this Official Statement.

Copies of the Lease, the Site Lease, the Trust Agreement, the Assignment Agreement and the Continuing Disclosure Certificate are available, upon request, and upon payment to the District of a charge for copying, mailing and handling, from the District at 4350 Otay Mesa Road, San Ysidro, California 92173.

This Official Statement contains brief descriptions of, among other things, the District, the Corporation, the Certificates, the Trust Agreement, the Lease, the Assignment Agreement, the Site Lease and certain other matters relating to the security for the Certificates. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to documents and agreements are qualified in their entirety by reference to such documents, and agreements and references herein to the Certificates are qualified in their entirety by reference to the form thereof included in the Trust Agreement. Copies of such documents will be available for inspection at the principal office of the Trustee after delivery of the Certificates.

THE FINANCING PLAN

Purchase of the CFD No. 3 Bonds

The District expects to apply the proceeds received from the sale of the Certificates deposited in the Purchase Fund established under the Trust Agreement to the purchase of the CFD No. 3 Bonds.

Prepayment of the 2012 Certificates

A portion of the proceeds of the purchase of the CFD No. 3 Bonds will be deposited into an escrow fund (the "Escrow Fund") to prepay the outstanding 2012 Certificates. The Escrow Fund is to be created an maintained by U.S. Bank National Association, as escrow agent (the "Escrow Agent") pursuant to an Escrow Agreement, dated as of _____ 1, 2021 (the "Escrow Agreement") by and between the District and the Escrow Agent.

Moneys in the Escrow Fund will be held uninvested in cash. Causey, Demgen & Moore, P.C., independent certified public accountants, acting as verification agent with respect to the Escrow Fund, will certify, in writing, that the amounts in the Escrow Fund, along with the interest earnings thereon, will be sufficient to prepay the 2012 Certificates on _____, 2021 at the required prepayment price, together with accrued but unpaid interest thereon.

The 2021 Project

A portion of the proceeds of the purchase of the CFD No. 3 Bonds will be deposited into the Project Fund established under the Trust Agreement to finance the costs of the 2021 Project. The 2021 Project is not included as part of the Property under the Lease and Owners of the Certificates have no rights or remedies with respect to the 2021 Project.

THE PROPERTY

Pursuant to the Site Lease, the District is leasing the Property to the Corporation and, pursuant to the Lease, leasing the Property back from the Corporation. The Property consists of the District's Ocean View Hills School.

The Ocean View Hills School is located in the city of San Diego on a 20-acre site and is comprised of approximately 102,000 square feet of permanent school facilities, including 45 classrooms, multi-purpose rooms, library, and administration facilities. The construction of Ocean View Hills School was completed in January 2005 and the District believes the insured value of the school is approximately $22.8 million. For fiscal year 2020-21, enrollment in Ocean View Hills School was 992 students in grades K-8.

THE CERTIFICATES

General

The Certificates will be executed in the aggregate principal amount of $14,415,000.* The Certificates will be dated their date of delivery, and will be delivered as registered Certificates without coupons in denominations of $5,000 each, and any integral multiple thereof. Interest with respect to the Certificates will be payable on each March 1 and September 1, commencing March 1, 2021 (each a "Certificate Payment Date"), at the rates per annum set forth on the inside cover page of this Official Statement. The Certificates will mature on September 1 in the designated years and in the principal amounts as set forth on the inside cover of this Official Statement.

If a Certificate is executed: (i) as of a Certificate Payment Date, interest will be payable from such Certificate Payment Date; (ii) after the close of business on the fifteenth day of the month preceding each Certificate Payment Date (whether or not a business day) (each, a "Record Date") and before the following Certificate Payment Date, interest will be payable from such following Certificate Payment Date; or (iii) on or prior to February 15, 2021, interest will be payable from the date of delivery of the Certificates. Interest with respect to the Certificates will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Certificates evidence and represent fractional and undivided interests of the Owners thereof in the Lease Payments and Prepayments thereof to be made by the District pursuant to the Lease. To the extent Lease Payments are abated or not made under the Lease and insurance proceeds or amounts in the Reserve Fund are not available to make such Lease Payments, all Certificate Owners will receive a proportionate reduction in their payments. See "RISK FACTORS — Abatement."

So long as the Certificates are held in book-entry form, principal and interest will be paid to DTC for disbursement to Beneficial Owners of interests in the Certificates in accordance with DTC's procedures. See "— Book-Entry Only System" below. In the event that the Certificates are no longer held in book-entry form, the following provisions will apply. Principal with respect to the Certificates will be payable upon surrender by the Certificate Owners thereof at the principal office of the Trustee. Interest with respect to the Certificates will be payable by check mailed by first class mail to the Certificate Owners of record as of the Record Date at the address shown on the Certificate registration books maintained by the Trustee for such purpose. Certificate Owners in an aggregate principal amount of $1,000,000 or more may, by providing written instruction to the Trustee, receive interest with respect to the Certificates by wire transfer.

Prepayment*

Optional Prepayment. The Certificates maturing on or after September 1, 20__, are subject to optional prepayment prior to their stated maturities on any date on or after _____ 1, 20__, in whole or in part,

* *Preliminary, subject to change.*

at the option of the District, from any lawfully available source of funds in the event the District exercises its option under the Lease to prepay the Principal Component of the Lease Payments (in integral multiples of $5,000), at a prepayment price equal to the Principal Component of the Lease Payments to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

In the event the District gives a notice to the Trustee of its intention to exercise its option to prepay Lease Payments, but does not deposit with the Trustee on or prior to the prepayment date an amount equal to the prepayment price, the prepayment of the Certificates shall not occur and the District shall not be required to prepay the Certificates and the District will continue to pay the Lease Payments as if no such notice had been given. See "—Prepayment Procedures" below.

Extraordinary Prepayment. The Certificates are subject to prepayment prior to their respective maturity dates on any date, in whole or in part, from Net Proceeds which the Trustee shall transfer to the Prepayment Fund as provided in the Lease at least 45 days prior to the date set for prepayment, at a prepayment price equal to the Principal Component of the Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Mandatory Prepayment from Special Tax Prepayments. The Certificates are subject to extraordinary prepayment upon the redemption of CFD No. 3 Bonds that result from the prepayment of special taxes collected within Community Facilities District No. 3 of the San Ysidro School District. Because the payments of principal and interest on the Certificates are sized to match the payments of principal and interest due on the CFD No. 3 Bonds, the Certificates to be prepaid shall match those CFD No. 3 Bonds that are redeemed from the special tax prepayments.

Mandatory Prepayment from Sinking Fund Payments. The Certificates maturing on September 1, 20__ are subject to mandatory prepayment in part, by lot, on September 1, 20__, and each September 1 thereafter prior to maturity, at a prepayment price equal to the principal amount thereof, together with accrued interest to the date fixed for prepayment, without premium, and to payment at maturity in the amounts set forth in the following table:

Term Certificates Due on September 1, 20__

Year (September 1)	***Principal Amount***

The Certificates maturing on September 1, 20__ are subject to mandatory prepayment in part, by lot, on September 1, 20__, and each September 1 thereafter prior to maturity, at a prepayment price equal to the principal amount thereof, together with accrued interest to the date fixed for prepayment, without premium, and to payment at maturity in the amounts set forth in the following table:

Term Certificates Due on September 1, 20__

Year (September 1)	***Principal Amount***

In the event of a partial optional prepayment of the Certificates maturing on September 1, 20__ or September 1, 20__, each of the remaining mandatory sinking fund payments for such Certificates will be reduced, as nearly as practicable, on a *pro rata* basis in the amount of $5,000 or any integral multiple thereof, as directed by the District.

Selection of Certificates for Prepayment. Whenever provision is made for the optional prepayment of Certificates and less than all Outstanding Certificates are called for prepayment, the Trustee shall select Certificates for optional prepayment from among maturities selected by the District and by lot within any maturity. In connection with an extraordinary prepayment of the Certificates, the Trustee shall select Certificates for prepayment *pro rata* among maturities and by lot within a maturity. The Trustee will promptly notify the District and the Corporation in writing of the Certificates so selected for prepayment by mailing to the District and the Corporation copies of the notice of prepayment provided.

Prepayment Procedures

So long as DTC is the registered Owner of the Certificates, all such notices will be provided only to DTC as the registered Owner, and will not be mailed by the Trustee to the Beneficial Owners of the Certificates. See "—Book-Entry Only System" herein.

So long as the Certificates are held by DTC, or its nominee, notice of prepayment shall be given in such manner as is consistent with DTC procedures at least thirty (30) but no more than sixty (60) days prior to the prepayment date. In the event that the Certificates are no longer held in book-entry form, notice of prepayment shall be mailed by first-class mail, postage prepaid, not less than 30 nor more than 60 days before the prepayment date to the respective Certificates Owners of the Certificates designated for prepayment at their addresses appearing on the Certificate registration books. Neither the failure to receive notice of prepayment nor any defect in any notice so delivered shall affect the sufficiency of the proceedings for prepayment. In addition, a copy of such notice of prepayment shall be sent to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System. Neither failure to send such notice nor any defect in any notice so sent shall affect the sufficiency of the proceedings for the prepayment of the Certificates.

A notice of prepayment shall specify: (a) the prepayment date, (b) the prepayment price, (c) if less than all of the Outstanding Certificates are to be prepaid, the Certificate numbers (and in the case of partial prepayment, the respective principal amounts), (d) the CUSIP numbers of the Certificates to be prepaid, (e) the place or places where the prepayment will be made, (f) the original date of execution and delivery of the Certificates, (g) the rate of interest payable with respect to each Certificate being prepaid, (h) any other descriptive information regarding the Certificates needed to identify accurately the Certificates being prepaid, and (i) if the notice is conditional, a statement to that effect. Such notice shall further state that on the specified date there shall become due and payable upon each Certificate to be prepaid, the portion of the principal amount of such Certificate to be prepaid, together with interest accrued to said date and that from and after such date, provided that moneys therefor have been deposited with the Trustee, interest with respect thereto shall cease to accrue and be payable.

Any notice of prepayment for an optional prepayment of the Certificates may be conditional, and, if any condition stated in the notice of prepayment shall not have been satisfied on or prior to the prepayment date: (i) the notice of prepayment shall be of no force and effect, (ii) the Trustee shall not be required to prepay such Certificates, (iii) the prepayment shall not be made, and (iv) the Trustee shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional notice of prepayment was given that such condition or conditions were not met and that the prepayment was canceled.

Effect of Prepayment. Notice having been given to the Owners of the Certificates in accordance with the Trust Agreement, and the moneys for the prepayment (including the interest to the applicable date of prepayment), having been set aside in the Prepayment Fund, the Certificates shall become due and payable on the date of prepayment, and upon presentation and surrender thereof at the Principal Office, said Certificates

shall be paid at the prepayment price with respect thereto, plus interest accrued and unpaid to said date of prepayment.

If, on the date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest to the date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, and, if notice of prepayment thereof shall have been given as provided in the Trust Agreement, then, from and after the date of prepayment, interest with respect to the Certificates to be prepaid shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid, without liability for interest thereon.

Book-Entry Only System

The Certificates will be executed and delivered as one fully registered certificate without coupons for each maturity and, when issued, will be registered in the name of Cede & Co., as nominee DTC. DTC will act as securities depository of the Certificates. Individual purchases may be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof for each maturity. Beneficial Owners will not receive certificates representing their interest in the Certificates purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to the Beneficial Owners of the Certificates in accordance with DTC's procedures. See Appendix H — "BOOK-ENTRY ONLY SYSTEM" herein.

CERTIFICATE PAYMENT SCHEDULE

Lease Payments are required to be made by the District under the Lease on or before February 15 and August 15 of each year for the use and possession of the Property for the period commencing as of the Closing Date and terminating as provided in the Lease. The aggregate semi-annual amounts of Lease Payments, comprising interest and principal payable to the Owners, are set forth on the following table that summarizes the semi-annual Certificate payments to be made from the Lease Payments of the District assuming no optional or extraordinary prepayments.

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SEMI-ANNUAL CERTIFICATE PAYMENT SCHEDULE

Certificate Payment Date[(1)]	*Principal Component*	*Interest Component*	*Total Semi-Annual Certificate Payments*

(1) Lease Payments are required to be made on the February 15 or the August 15 preceding the applicable Certificate payment date.

SECURITY AND SOURCES OF PAYMENT OF THE CERTIFICATES

Neither the Certificates nor the obligation of the District to make Lease Payments constitutes an obligation of the District for which the District is obligated to levy or pledge, or for which the District has levied or pledged, any form of taxation. Neither the Certificates nor the obligation of the District to make Lease Payments constitutes a debt of the District, the State or any of its political subdivisions within the meaning of any constitutional limitation or violates any statutory debt limitation.

General

Each Certificate represents a fractional interest in the Lease Payments and Prepayments to be made by the District to the Trustee pursuant to the Lease. The District expects to make lease payments from certain

Special Taxes (as defined herein) pledged and allocated pursuant to the Pledge Agreements (as defined herein) and the Special Tax Pooling Agreement (as defined herein). See "— The CFD No. 3 Bonds." In the event that such Special Taxes are insufficient to make a Lease Payment when due, the District is obligated to make such Lease Payment from any other source of legally available funds, and will covenant in the Lease, subject to the abatement provisions therein, to include all Lease Payments coming due, that are not otherwise being paid from Special Taxes, in its annual budgets and to make the necessary annual appropriations therefor. The Corporation, pursuant to the Assignment Agreement, will assign all of its rights under the Lease (excepting certain rights as specified therein), including the right to receive Lease Payments, Reserve Replenishment Rent and Prepayments, to the Trustee for the benefit of the Certificate Owners. By the fifteenth day of each February and August (if such day is not a Business Day, the next succeeding Business Day), the District must pay to the Trustee a Lease Payment (to the extent required under the Lease) which is equal to the amount necessary to pay the principal, if any, and interest due with respect to the Certificates on the next succeeding Certificate Payment Date.

Under the Lease, the District will agree to pay certain taxes, assessments, utility charges, and insurance premiums due with respect to the Property and the Certificates and fees and expenses of the Trustee. The District is responsible for repair and maintenance of the Property during the term of the Lease. The District may at its own expense in good faith contest such taxes, assessments and utility and other charges if certain requirements set forth in the Lease are satisfied, including obtaining an opinion of counsel that the Property will not be subjected to loss or forfeiture.

In accordance with the Lease, the District will certify to the Trustee on or before September 1 of each year that the District has included all Lease Payments, Reserve Replenishment Rent and Additional Payments (known as of the date of budget adoption) due under the Lease in the Fiscal Year covered by its annual budget and the amount so included. If the District fails to certify that it has included all such Lease Payments, Reserve Replenishment Rent and Additional Payments in its annual budget, the Trustee will promptly provide the District written notice specifying that the District has failed to observe and perform its covenant and agreement in the Lease and requesting that such failure be remedied within 30 days, or such failure shall constitute an Event of Default under the Lease.

The District's obligation to make Lease Payments will be abated in the event of, and to the extent of, substantial interference with use and possession of the Property arising from damage, destruction, title defect, or taking by eminent domain or condemnation of the Property. Abatement does not constitute a default under the Lease and the Trustee will not be entitled in such event to pursue remedies against the District. See "RISK FACTORS — Abatement" herein.

Should the District default under the Lease, the Trustee, as assignee of the Corporation, may terminate the Lease and re-lease the Property or may continue the Lease in effect and hold the District liable for all Lease Payments thereunder on an annual basis. So long as it is not in default under its Policy, the Insurer shall have the right to control the exercise of all remedies following an Event of Default by the District. Under no circumstances will the Trustee or the Insurer have the right to accelerate Lease Payments. See "RISK FACTORS — No Acceleration Upon Default" and "—Limited Recourse on Default; Insurer Right to Control Remedies" herein.

Lease Payments

Subject to the provisions of the Lease regarding abatement in the event of loss of use and possession of any portion of the Property (see "RISK FACTORS — Abatement" herein) and prepayment of Lease Payments (see the provisions relating to prepayment under the caption "THE CERTIFICATES" above), the District agrees to pay to the Corporation, its successors and assigns, as annual rental for the use and possession of the Property, the Lease Payments to be due and payable on March 1 and September 1 of each year. Under the Lease, the District is required to deposit the Lease Payments with the Trustee on February 15 and

August 15 of each year, or, if such day is not a Business Day, the next succeeding Business Day (each, a "Lease Payment Deposit Date").

Any amounts held in the Lease Payment Fund on any Lease Payment Deposit Date (other than amounts received by the Trustee under the Policy, amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to the Lease and amounts required for payment of past due principal or interest with respect to any Certificates not presented for payment) shall be credited to the payment of Lease Payments due and payable on such Lease Payment Deposit Date.

The Trust Agreement requires that Lease Payments be deposited in the Lease Payment Fund maintained by the Trustee. Pursuant to the Trust Agreement, on each Certificate Payment Date, the Trustee will apply such amounts in the Lease Payment Fund as are necessary to make interest and principal payments, respectively, with respect to the Certificates as the same shall become due and payable.

Reserve Fund

A Reserve Fund will be established by the Trust Agreement for the Certificates and any Additional Certificates in an amount equal to the least of (i) maximum aggregate annual Lease Payments then payable under the Lease in any Certificate Year with respect to the Certificates and any Additional Certificates, (ii) 125% of the average annual aggregate Lease Payments then payable under the Lease (calculated based on Certificate Years) with respect to the Certificates and any Additional Certificates, or (iii) 10% of the original face amount of the Certificates and any Additional Certificates (less original issue discount of in excess of two percent (2%) of the stated Principal Components at maturity) (collectively, the "Reserve Requirement").

The full amount available in the Reserve Fund may be used by the Trustee in the event that amounts in the Lease Payment Fund are not sufficient to pay the principal or interest due with respect to the Certificates due to abatement or failure by the District to make Lease Payments.

The District will initially satisfy the Reserve Requirement with a Municipal Bond Debt Service Reserve Insurance Policy in the stated amount of $_____ (the "Reserve Policy") issued by the Insurer. Under the Trust Agreement the Trustee is obligated to draw on the Reserve Policy in the event the amounts held under the Trust Agreement are insufficient to pay the interest and principal represented by the Certificates when due. The amounts available to be drawn under the Reserve Policy will be automatically reduced by the amount of any payment on the Reserve Policy and will be reinstated only to the extent that Reserve Replenishment Rent is paid to the Insurer to reimburse it for previous draws together with interest thereon and expenses. See Appendix A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE TRUST AGREEMENT — The Reserve Fund" herein.

Subject to the requirements and restrictions contained in the Trust Agreement, the District may deposit cash to the Reserve Fund or substitute a line of credit, letter of credit, an insurance policy, surety bond or any other comparable credit facility (each, a "Reserve Facility"), or any combination thereof, in lieu of all or a portion of the Reserve Policy, which, in the aggregate, makes funds available in the Reserve Fund in an amount equal to the Reserve Requirement; provided, however, other than the Reserve Policy, the long-term unsecured debt or claim-paying ability, as the case may be, of the provider of any such Reserve Facility, must be rated in one of the two highest rating categories by S&P Global Ratings, a Standard & Poor's Financial Services LLP Business and/or Moody's Investors Service (without regard to qualifiers), but only at the time of purchase of the Reserve Facility.

The District has no obligation to replace the Reserve Policy or to fund the Reserve Fund with cash if, at any time that the Certificates are Outstanding, the Reserve Policy (or its provider) is downgraded or the provider becomes insolvent, if there is an unscheduled termination of the Reserve Policy or if for any reason insufficient amounts are available to be drawn upon under the Reserve Policy; provided, however, that the

District shall reimburse the provider, in accordance with the terms of the Reserve Policy, for any draws made thereon.

The CFD No. 3 Bonds

The District previously established Community Facilities District No. 1 of the San Ysidro School District ("CFD No. 1"), Community Facilities District No. 2 of the San Ysidro School District ("CFD No. 2") and Community Facilities District No. 3 of the San Ysidro School District ("CFD No. 3" and, together with CFD No. 1 and CFD No. 2, the "CFDs") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended. Pursuant to separate elections held in CFD No. 1, CFD No, 2 and CFD No. 3, respectively, CFD No. 1, CFD No. 2 and CFD No. 3 are each authorized to levy and collect special taxes for the purpose of financing certain authorized school facilities as approved at the election within such CFD. As previously explained herein, CFD No. 3 will be issuing the CFD No. 3 Bonds, which CFD NO. 3 Bonds will be acquired with the proceeds of the Certificates. See "THE FINANCING PLAN."

Historically, the District has pledged the special taxes collected from within the CFDs, after the deduction of certain administrative expenses (the "Special Taxes"), to the payment of certain of the District's Certificates of Participation pursuant to certain pledge agreements, together with amendments and supplements thereto (as so supplemented and amended, the "Pledge Agreements"), by and between the District and each of CFD No. 1, CFD No. 2, and CFD No. 3. Currently, the District has two series of certificates of participation, its 2015 Refunding Certificates of Participation (the "2015 Certificates") and the District's 2016 Refunding Certificates of Participation (the "2016 Certificates"), together with the 2012 Certificates, that are payable from the Special Taxes, on a parity basis with each other. In connection with the execution and delivery of the Certificates, the District and each CFD will enter into an amendment and supplement to the applicable Pledge Agreement that will pledge the Special Taxes to the payments of the Certificates on a parity basis with the pledge thereon of the 2015 Certificates and the 2016 Certificates, and to the CFD No. 3 Bonds on a subordinate basis.

The District, the CFDs and the Trustee have also entered into a Special Tax Pooling Agreement (the "Special Tax Pooling Agreement"), pursuant to which the Special Taxes will be transferred to the Trustee and, after the transfer of certain amounts to a Revenue Stabilization Account, held to make the payments, on a parity basis, on the Certificates, the 2015 Certificates and the 2016 Certificates. Pursuant to the Special Tax Pooling Agreement, the Special Taxes shall also be used to make the payments due on the CFD No. 3 Bonds on a subordinate basis to the payments on the Certificates, the 2015 Certificates and the 2016 Certificates. Pursuant to the Special Tax Pooling Agreement, the District and the CFDs agree that to the extent Special Taxes are directly used to make the Lease Payments, such payments shall satisfy the obligation of CFD No. 3 to make the corresponding payments on the CFD No. 3 Bonds from the Special Taxes. Accordingly, the debt service on the CFD No. 3 Bonds has been sized to match the debt service on the Certificates.

See Appendix A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for further information regarding the Pledge Agreements and the Special Tax Pooling Agreement. For more information regarding each of the CFDs and the Special Taxes, see Appendix B — "INFORMATION REGARDING THE COMMUNITY FACILITIES DISTRICTS."

The table below sets forth the projected Special Taxes which will be available to make the Lease Payments, as set forth in the Pledge Agreements and the Special Tax Pooling Agreement, after the payment of certain administrative expenses and any required deposit to the Revenue Stabilization Account established under the Pledge Agreements. Though the Lease requires the District to make the Lease Payments from any source of legally available funds, the District expects to make the Lease Payments from the Special Taxes received pursuant to the Pledge Agreements and the Special Tax Pooling Agreement.

TABLE 1
SAN YSIDRO SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICTS SPECIAL TAX COVERAGE TABLE

Fiscal Year[(1)]	*Available Special Tax of CFD No. 1*	*Available Special Tax of CFD No. 2*	*Available Special Tax of CFD No. 3*	*Estimated Administrative Expenses*	*Change in Revenue Stabilization Account*[(2)]	*Revenue Available for Debt Payments*	*2015 Certificates and 2016 Certificates*	*Certificates*[(3)]*	*Total Debt Payment*[(4)]*	*Coverage*[(5)]*
2020-21	$ 513,155	$ 928,733	$ 1,996,861	$ (110,408)	$ 0	$ 3,328,341	$ 2,200,975	$ 820,000	$ 3,020,975	110.17%
2021-22	523,418	947,308	2,036,799	(112,616)	0	3,394,908	2,240,275	843,800	3,084,075	110.08
2022-23	533,886	966,254	2,077,534	(114,869)	0	3,462,806	2,286,425	856,800	3,143,225	110.17
2023-24	381,211	985,579	2,119,085	(117,166)	0	3,368,710	2,194,075	863,800	3,057,875	110.17
2024-25	125,588	1,005,291	2,161,467	(119,509)	0	3,172,836	2,016,375	865,000	2,881,375	110.12
2025-26	1,119	1,025,396	2,204,696	(87,165)	0	3,144,046	1,949,175	905,600	2,854,775	110.13
2026-27	0	1,045,904	2,248,790	(87,768)	0	3,206,927	1,992,475	919,000	2,911,475	110.15
2027-28	0	1,066,822	2,293,766	(89,523)	0	3,271,065	2,030,200	941,200	2,971,400	110.08
2028-29	0	1,088,159	2,339,641	(91,313)	0	3,336,487	2,074,450	956,800	3,031,250	110.07
2029-30	0	1,109,922	2,148,266	(93,140)	0	3,165,048	2,068,150	806,000	2,874,150	110.12
2030-31	0	1,132,120	2,086,274	(95,002)	0	3,123,392	1,900,150	935,400	2,835,550	110.15
2031-32	0	1,113,284	2,010,453	(96,903)	0	3,026,835	1,800,750	949,000	2,749,750	110.08
2032-33	0	1,111,177	1,903,107	(98,841)	(350,000)	2,565,444	1,737,850	591,200	2,329,050	110.15
2033-34	0	1,058,687	1,743,875	(100,817)	(200,000)	2,501,744	1,540,150	731,800	2,271,950	110.11
2034-35	0	527,174	1,570,878	(102,834)	350,000	2,345,218	922,950	1,206,400	2,129,350	110.14
2035-36	0	0	1,517,839	(58,272)	225,000	1,684,567	363,150	1,166,400	1,529,550	110.13
2036-37	0	0	1,370,377	(59,438)	(125,000)	1,185,940	267,800	806,600	1,074,400	110.38
2037-38	0	0	1,316,690	(60,627)	(150,000)	1,106,064	0	1,004,800	1,004,800	110.08
2038-39	0	0	676,131	(61,839)	650,000	1,264,292	0	1,144,200	1,144,200	110.50
2039-40	0	0	677,780	(63,076)	0	614,704	0	556,800	556,800	110.40
2040-41	0	0	664,494	(64,337)	100,000	700,157	0	631,400	631,400	110.89
2041-42	0	0	677,784	(65,624)	0	612,160	0	552,400	552,400	110.82
2042-43	0	0	691,340	(66,937)	0	624,403	0	565,800	565,800	110.36
2043-44	0	0	705,166	(68,275)	0	636,891	0	578,000	578,000	110.19
2044-45	0	0	719,270	(69,641)	0	649,629	0	589,000	589,000	110.29
2045-46	0	0	675,912	(71,034)	0	604,878	0	548,800	548,800	110.22
2046-47	0	0	689,430	(72,454)	0	616,976	0	559,400	559,400	110.29
2047-48	0	0	530,100	(73,904)	0	456,196	0	413,800	413,800	110.25
2048-49	0	0	260,434	(75,382)	0	185,053	0	168,200	168,200	110.02
2049-50	0	0	130,214	(76,889)	0	53,325	0	46,800	46,800	113.94
Total	**$ 2,078,377**	**$ 15,111,811**	**$ 42,244,454**	**$(2,525,603)**		**$ 57,409,039**	**$ 29,585,375**	**$ 22,524,200**	**$ 52,109,575**	

* *Preliminary, subject to change.*

(1) Special Taxes collected in a fiscal year will be used to pay interest due on the March 1 of such fiscal year and the principal and interest due on the September 1 of the following fiscal year.

(2) Pursuant to the Pledge Agreements, a certain amount of Special Taxes is required to be on deposit annually in a Revenue Stabilization Account. There is currently $500,000 on deposit in such Account and this column shows the transfers of Special Taxes to and from that Account, which will need to occur in each Fiscal Year prior to the payment of debt service.

(3) Includes interest due on the 2012 Certificates on March 1, 2021.

(4) Represents total payments due on the 2015 Certificates, the 2016 Certificates and the Certificates.

(5) Represents Revenue Available for Debt Payments column divided by the Total Debt Payment column.

Source: KeyAnalytics.

Additional Payments

The District shall pay such amounts ("Additional Payments") as shall be required for the payment of all administrative costs of the Corporation relating to the Property or the Certificates, including, without limitation, all expenses, assessments, compensation and indemnification of the Trustee payable by the District under the Trust Agreement, taxes of any sort whatsoever payable by the Corporation as a result of its leasehold interest in the Property or undertaking of the transactions contemplated in the Lease or in the Trust Agreement, fees of auditors, accountants, attorneys or engineers, any and all amounts due to the Insurer under the Trust Agreement (other than amounts paid by the Insurer to Certificate Owners under the Policy and the Reserve Policy), and all other necessary administrative costs of the Corporation or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Certificates or of the Trust Agreement, including premiums on insurance required to be maintained by the Lease or to indemnify the Corporation and its officers and directors and any fees, expenses and other amounts due to the Insurer as described in the Lease.

Insurance

Pursuant to the Lease, the District will obtain an ALTA or CLTA leasehold title insurance policy (with certain exceptions) on the Property in an amount equal to the aggregate Principal Component of unpaid Lease Payments. The Lease also requires that the District maintain (a) casualty and theft insurance to insure against the perils covered by such insurance in an amount not less than the greater of (i) the replacement cost of the Property and (ii) the aggregate principal amount of the Certificates at the time Outstanding, and (b) rental interruption insurance to insure against loss of Lease Payments from the Property due to a peril covered by the insurance described in (a) above in an amount not less than the maximum remaining scheduled Lease Payments in any future two-year period. The District is also obligated to obtain a standard comprehensive general public liability and property damage insurance policy or policies and workers' compensation insurance or to self-insure against such risks as permitted by the Lease. See Appendix A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE LEASE — Insurance" and "THE DISTRICT — Insurance" herein.

The proceeds of any rental interruption or use and occupancy insurance will be deposited to (i) the Reserve Fund to make up any deficiency therein, and (ii) in the Lease Payment Fund to be credited towards the payment of the Lease Payments in the order in which such Lease Payments become due and payable. The Lease requires the District to apply the Net Proceeds of any insurance or condemnation award either to replace or repair the Property or to prepay Certificates if certain certifications with respect to the adequacy of the Net Proceeds to make repairs, and the timing thereof, cannot be made. See Appendix A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Lease — Application of Net Proceeds."

The amount of Lease Payments will be abated and Lease Payments due under the Lease reduced during any period in which a title defect, condemnation, material damage or destruction to all or part of the Property substantially interferes with the District's use and possession thereof. The District is not required under the Lease to insure against loss and damage due to earthquake or flood and the rental interruption insurance required under the Lease will not provide coverage for such losses. See "RISK FACTORS — Abatement" and "—Absence of Earthquake Insurance and Flood Insurance" herein.

Remedies on Default

If the District defaults in performance of its obligations under the Lease, the Trustee, as assignee of the Corporation, may, among other things, elect either (i) to terminate the Lease and re-enter and relet the Property, or (ii) without terminating the Lease enforce the Lease and hold the District liable for all Lease Payments on an annual basis whether or not it has re-entered and relet the Property. So long as the Insurer is not in default under the Policy, it will have the right to control all remedies under the Lease and the Trust Agreement. See "RISK FACTORS — Limited Recourse on Default; Insurer Right to Control Remedies" and

Appendix A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE TRUST AGREEMENT — Events of Default and Remedies."

Additional Certificates

Pursuant to the Trust Agreement, the District may cause Additional Certificates to be executed and delivered without the consent of the Owners of the Certificates if certain conditions precedent are satisfied. See "RISK FACTORS — Additional Certificates" and Appendix A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE TRUST AGREEMENT — Additional Certificates."

MUNICIPAL BOND INSURANCE

The information under this caption has been prepared by the Insurer for inclusion in this Official Statement. The District has not reviewed this information and the District does not make any representation with respect to the accuracy or completeness thereof. The following information is not complete and reference is made to Appendix G for a specimen of the Policy.

[TO COME]

ESTIMATED SOURCES AND USES OF PROCEEDS

The estimated sources and uses of proceeds to be received from the sale of the Certificates are as follows:

***Sources*[(1)]**

Certificate Par Amount	
[Plus/Less] [Net] Original Issue [Premium/Discount]	
Total	

***Uses*[(2)]**

Project Fund[(3)]	
Escrow Fund[(4)]	
Costs of Delivery[(5)]	
Total	

(1) Represents amounts used by the District to purchase the CFD No. 3 Bonds.

(2) Represents amounts received by the fiscal agent for the CFD No. 3 Bonds and subsequently transferred for the below purposes in accordance with the Bond Indenture pursuant to which the CFD No. 3 Bonds were issued.

(3) Used to finance the 2021 Project.

(4) Used to prepay the 2012 Certificates.

(5) Includes Underwriter's discount, legal fees, municipal advisor fees, Trustee fees, Escrow Agent fees, Verification Agent fees, title insurance premiums, printing, municipal bond insurance premium, municipal bond debt service reserve insurance policy premium and rating agency fees and expenses, and other miscellaneous delivery costs.

RISK FACTORS

The following factors, together with all other information provided in this Official Statement, should be considered by potential investors in evaluating the purchase of the Certificates. The discussion below does not purport to be, nor should it be construed to be, complete nor a summary of all factors which may affect the financial condition of the District, the District's ability to make Lease Payments in the future, the effectiveness of any remedies that the Trustee may have or the circumstances under which Lease Payments may be abated.

No representation is made as to the future financial condition of the District. Payment of the Lease Payments is an obligation of the District payable from legally available funds and the ability of the District to make Lease Payments may be adversely affected by its financial condition as of any particular time. See "STATE OF CALIFORNIA FISCAL ISSUES."

General Considerations – Security for the Certificates

The obligation of the District to make the Lease Payments does not constitute a debt of the District or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the District or the State is obligated to levy or pledge any form of taxation or for which the District or the State has levied or pledged any form of taxation.

Although the Lease does not create a pledge, lien or encumbrance upon the funds of the District, the District is obligated under the Lease to pay the Lease Payments, Reserve Replenishment Rent and Additional Payments from any source of legally available funds and the District will covenant in the Lease that it will take such action as may be necessary to include all Lease Payments, Reserve Replenishment Rent and Additional Payments due under the Lease in its annual budgets and to make necessary annual appropriations for all such rental payments. The District is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Lease Payments. To the extent that additional obligations are incurred by the District, the funds available to make Lease Payments may be decreased. In the event the District's revenue sources are less than its total obligations, the District could choose to fund other activities before making Lease Payments and other payments due under the Lease.

Constitutional and Statutory Limitations on Appropriations

There are limitations on the ability of the District to increase revenues. The ability of the District to increase the *ad valorem* property tax is limited pursuant to Article XIIIA of the State Constitution, which was enacted in 1978. In 1986, California voters approved an initiative statute to limit the imposition of new or higher taxes by local agencies, including the District. On November 5, 1996, voters approved Proposition 218 – the "Right to Vote on Taxes Act," which further affects the ability of local agencies to levy and collect existing and future taxes, assessments, fees and charges. On November 3, 2010, California voters approved Proposition 26, which generally expands the definition of "taxes" that are subject to voter approval requirements imposed by Proposition 218. Additionally, Article XIIIB of the State Constitution places certain limits on the appropriations the District is permitted to make. See "STATE CONSTITUTIONAL LIMITATIONS ON DISTRICT SOURCES AND EXPENDITURES" herein.

Abatement

The obligation of the District under the Lease to pay Lease Payments is in consideration for the use and possession of the Property. The obligation of the District to make Lease Payments (other than to the extent that funds to make Lease Payments are available in the Lease Payment Fund and the Reserve Fund) may be abated in whole or in part if the District does not have full use and possession of the Property. An abatement of Lease Payments is not an event of default and no remedy is available under the Lease or the Trust Agreement to the Owners of the Certificates under such circumstances.

The amount of Lease Payments due under the Lease will be adjusted or abated during any period in which by reason of damage, destruction, title defect or taking by eminent domain or condemnation, there is substantial interference with the use and possession of any portion of the Property. The amount of such abatement shall be determined by the District such that the resulting Lease Payments and Additional Payments represent fair consideration for the District's right to use and possession of the portion of the Property not damaged, destroyed or interfered with as a result of title defect or taking. The Reserve Fund will be funded on the date of execution and delivery of the Certificates with the Reserve Policy, in an amount equal to the Reserve Requirement, and amounts available in the Reserve Fund shall be used by the Trustee to make

payments in the event Lease Payments received by the Trustee are insufficient to pay principal and interest with respect to the Certificates as such amounts become due.

If damage or destruction, title defect or taking of the Property results in abatement or adjustment of Lease Payments and the resulting Lease Payments, together with moneys in the Reserve Fund, are insufficient to make all payments of principal and interest with respect to the Certificates during the period that the Property is being replaced, repaired or reconstructed, then such payments of principal and interest may not be made and the only source of funds available to the Trustee or Owners will be any proceeds of rental interruption insurance. Such insurance is required to provide coverage of Lease Payments for up to two years following damage or destruction of the Property with respect to an insured loss. The rental interruption insurance required under the Lease does not cover a loss of use due to uninsured events such as earthquake and flood.

Notwithstanding the provisions of the Lease and the Trust Agreement specifying the extent of abatement in the event of the District's failure to have use and possession of the Property, such provisions may be superseded by operation of law and, in such event, the resulting Lease Payments of the District may not be sufficient to pay all of the remaining principal and interest with respect to the Certificates Outstanding.

No Cash Reserve

Initially, the Reserve Requirement will be satisfied by the Reserve Policy. In the event that the Insurer was to experience financial difficulties and fail to pay draws under the Reserve Policy, there would be no cash available for transfer from the Reserve Fund. The obligations of the Insurer under the Reserve Policy are unsecured contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies. See "RISK FACTORS — Certificate Insurance."

Natural Disasters

The occurrence of any natural disaster within the boundaries of the District, including, without limitation, fire, windstorm, drought, earthquake, landslide, mudslide, flood or a rise in sea levels as result of climate change, could have an adverse material impact on the economy within the boundaries of the District, the District's General Fund and the revenues available for the payment of Lease Payments.

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.

The State, including the property within the boundaries of the District, is periodically subject to wildfires. When wildfires scorch land, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rain water from seeping deep into the ground. The result is erosion, mudslides, and excess water running off the hillsides often causing flash flooding.

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 occurrence of natural disasters within the boundaries of the District could result in substantial damage to property within the District, including the Property, and, in turn, could substantially reduce General Fund revenues. Natural disasters could also result in substantial damage to properties within the District that are paying special taxes to the District. Although those special taxes are not pledged to payment of the Certificates, the District expects to use certain of these special taxes to pay the Lease Payments. As a result, natural disasters could affect the ability of the District to make Lease Payments or cause an abatement in Lease Payments. Reduced ability to pay Lease Payments could affect the timely payment of the principal of and interest on the Certificates.

Absence of Earthquake Insurance and Flood Insurance

Much of California is seismically active, with numerous faults that could be earthquake sources. The District has no earthquake insurance on the Property and is not obligated under the Lease to procure and maintain, or cause to be procured and maintained, earthquake insurance on the Property. Seismic activity could cause significant damage to the Property and the value of the Property could be adversely affected and an abatement of Lease Payments could occur due to a seismic event. The District is not able to predict whether or to what extent these results might occur.

The Property is not in a 100-year flood plain. The District has no flood insurance on the Property and is not obligated under the Lease to procure and maintain flood insurance on the Property.

Other Limitations on Liability

Although the District will covenant to budget and appropriate annually to provide for Lease Payments, the District has not pledged its full faith and credit to such payment. In the event that the District's revenue sources are less than its total obligations in any year, the District could choose to pay other District expenditures before paying any or all of the annual Lease Payments.

Except as expressly provided in the Trust Agreement, the Corporation shall not have any obligation or liability to the Owners with respect to the payment when due of the Lease Payments by the District, or with respect to the performance by the District of other agreements and covenants required to be performed by it contained in the Lease or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

No Acceleration Upon Default

In the event of a default by the District under the Lease, the remedy of acceleration of the remaining Lease Payments is not available. The District will only be liable for Lease Payments on an annual basis, and, in the event of default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal

remedies against school districts in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Limited Recourse on Default; Insurer Right to Control Remedies

The Lease provides that the Trustee, without terminating the Lease, may take possession of the Property and re-lease it if there is a default by the District and that, in the event such re-leasing occurs, the District would be liable for any resulting deficiency in the Lease Payments. The Lease provides that the Trustee may have such rights of access to the Property as may be necessary to exercise any remedies. If the Property is determined to be of an essential nature to the District by a court, it is not certain whether such court would permit the exercise of the remedies of repossession and re-leasing of the Property. The Trustee is not empowered to sell the Property for the benefit of the Owners.

Alternatively, the Lease provides that, following an event of default, the Trustee may terminate the Lease with respect to the Property and proceed against the District to recover damages pursuant to the Lease. Any suit for money damages would be subject to limitations on legal remedies against school districts in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

The enforceability of the rights and remedies of the Owners of the Certificates, and the obligations incurred by the District, may become subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, would subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently entail risks of delay, limitation, or modification of their rights with respect to the Certificates. In a bankruptcy case, a plan of adjustment for the District could be confirmed that would allow for enforcement of the Lease, but the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants and other terms or provisions of the Lease and the Certificates may be altered by the bankruptcy court. Such a plan could be confirmed even over the objections of the Trustee and the Owners, and without their consent. In addition, if the Lease is determined to constitute a "true lease" by the bankruptcy court (rather than a financing lease providing for the extension of credit), the District could choose not to perform under the Lease and the claim of the Owners could be substantially limited. An allowable claim could be substantially less than the amount of the Certificates outstanding, resulting in the Owners not receiving the full amount of the principal and interest due with respect to the Certificates.

So long as the Policy remains in effect and the Insurer is not in default of its obligations thereunder, the Insurer shall have the right to control all remedies for default under the Lease and the Trust Agreement and shall not be required to obtain the consent of the Owners with respect to the exercise of remedies.

Remedies available to the Owners of the Certificates may be limited by a variety of factors and may be inadequate to assure the timely payment of principal and interest due with respect to the Certificates or to preserve the tax-exempt status of the interest due with respect to the Certificates.

Special Counsel has limited its opinion as to the enforceability of the Certificates and of the Trust Agreement 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 creditors' rights, by equitable principles and by the exercise of judicial discretion. Additionally, the

Certificates are not subject to acceleration in the event of the breach of any covenant or duty under the Trust Agreement. 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 Certificate Owners.

Addition to, Substitution or Release of Property

The Lease provides that the District may add additional real property to the Property for the purpose of effecting the execution and delivery of Additional Certificates. In addition, the Lease provides that, upon the satisfaction of certain conditions specified therein, the District may substitute other public facilities or real property for all or any portion of the Property and may release a portion of the Property from the Lease. Although the Lease requires, among other things, that the Property, as constituted after such substitution or release, have an annual fair rental value at least equal to the maximum Lease Payments payable by the District in any fiscal year, it does not require that such Property have an annual fair rental value equal to the annual fair rental value of the Property at the time of substitution or release. Thus, a portion of the Property could be replaced with less valuable real property, or could be released altogether. Such a replacement or release could have an adverse impact on the security for the Certificates, particularly if an event requiring abatement of Lease Payments were to occur subsequent to such substitution or release. See Appendix A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE LEASE AGREEMENT — Addition to, Substitution or Release of the Property."

Additional Certificates

The Trust Agreement permits Additional Certificates secured on a parity with the Certificates to be executed and delivered upon compliance with the provisions in the Trust Agreement. In connection with the execution and delivery of any Additional Certificates, the Lease Payments due under the Lease could be increased. The Certificates and the Additional Certificates will be secured on a parity under the Trust Agreement by Lease Payments and other amounts held in the funds established thereunder, other than the Project Fund. See Appendix A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE CERTIFICATES OF PARTICIPATION — Additional Certificates."

Economic Conditions in California

As described further under "STATE OF CALIFORNIA FISCAL ISSUES," for several years prior to fiscal year 2013-14, the State experienced significant financial pressure and State funding of K-12 education for local school districts had been reduced substantially. Although State funding has increased annually since fiscal year 2013-14 and is proposed by the Governor to increase in fiscal year 2020-21, the District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address State budget issues, changing State revenues and expenditures or the impact such actions will have on State revenues available in future fiscal years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control, including the COVID-19 pandemic. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools. State budget shortfalls in future fiscal years could have an adverse financial impact on the State General Fund budget and on the District. See "DISTRICT FINANCIAL MATTERS — Current Financial Condition" and "—Considerations Regarding COVID-19."

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," certain acts or omissions of the District in violation of its covenants in the Trust Agreement and the Lease and future court decisions or legislation could result in the interest represented by the Certificates being includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Certificates. Should such an event of taxability occur, the Certificates would not be subject to mandatory prepayment and would remain Outstanding until maturity or until prepaid at the option of the District.

Certificate Insurance

In the event of default in the payment of the scheduled principal or interest with respect to the Certificates when due, the Trustee on behalf of any Owner of the Certificates shall have a claim under the Policy for such payments. However, notwithstanding any acceleration of the due date of such principal by reason of mandatory or optional prepayment or acceleration resulting from default or otherwise, if any, other than any advancement of maturity pursuant to a scheduled mandatory sinking fund payment, the payments under the Policy are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure a prepayment premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates which is recovered from the Certificate Owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment unless the Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may direct and must consent to any remedies with respect to the Certificates and the Insurer's consent may be required in connection with amendments to any applicable documents relating to the Certificates.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely from the Lease Payments and other sources specifically provided for in the Trust Agreement. In the event the Insurer becomes obligated to make payments with respect to the Certificates, such event could adversely affect the market price of the Certificates and the marketability (liquidity) of the Certificates.

The long-term ratings on the Certificates are dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and the ratings on the Certificates will not be subject to downgrade and such event could adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates. See "RATINGS" herein.

The obligations of the Insurer are unsecured contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Corporation has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay the Lease Payments from which the Owners of the Certificates will be paid as provided in the Trust Agreement and the claims paying ability of the Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" herein for further information regarding the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

CONTINUING DISCLOSURE

Current Undertaking. The District will covenant in the Continuing Disclosure Certificate for the benefit of the Purchaser, the Owners and Beneficial Owners of the Certificates to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than March 31 following the end of the District's fiscal year (the District's fiscal year ends on June 30), commencing with the report for the 2019-20 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of the enumerated events will be filed by the District, or its appointed

Dissemination Agent, with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and in the notices of the enumerated events is set forth in Appendix F — "FORM OF CONTINUING DISCLOSURE CERTIFICATE" hereto. These covenants will be made in order to assist the Purchaser in complying with Rule 15c2-12(b)(5)(i)(C) promulgated under the Securities Exchange Act of 1934, as amended.

Prior Undertakings. A review of the District's compliance with its previous continuing disclosure undertakings was conducted in May 2020. The review found several instances within the past five years in which the District had failed to comply with its undertakings by failing to timely file all information required to be included in its annual reports, and some notices of changes to the District's underlying and insured ratings were filed late or not linked to all required bond issues. The missing information and notices have since been filed and properly linked, and the District is currently in compliance with its continuing disclosure undertakings. The District has also engaged the services of a third party dissemination agent to assist in complying with its continuing disclosure undertakings going forward.

THE CORPORATION

The San Ysidro Schools Public Financing Corporation (defined previously as the "Corporation") was organized on June 30, 1998, as a California nonprofit public benefit corporation. The Corporation was formed for the specific and primary purpose of providing financial assistance to the District by acquiring, constructing, and financing various public facilities, land and equipment, and by leasing certain facilities, land and equipment for the use, benefit and enjoyment of the public served by the District, as well as any other purpose incidental thereto.

The Corporation functions as an independent entity and its policies are determined by a five-member Board of Directors. The Corporation has no employees and the Directors of the Corporation receive no compensation for work or service performed as Corporation directors. The Directors of the Corporation are the current members of the District's Board of Education.

THE DISTRICT

Introduction

The District is located in the southwesternmost region of the County, adjacent to the United States-Mexico border approximately 15 miles south of downtown San Diego, consisting primarily of the community of San Ysidro and unincorporated areas of the County and encompassing a population of approximately 44,000 residents. Most of the District's territory is located in the City of San Diego. The District provides education services in three transitional kindergarten (TK) through sixth grade elementary schools, two kindergarten through sixth grade elementary schools, and two seventh and eighth grade middle schools. In addition, the District includes a preschool and child development center. The enrollment for the District for fiscal year 2020-21 is approximately 4,500 preschool through eighth grade students.

Board of Education

The District is governed by a five-member Board. Members are elected to serve alternating four-year terms.

Table 2
SAN YSIDRO SCHOOL DISTRICT
Board of Education

Name	*Term Expires*
Antonio Martinez, President	December 2024
Rudy Lopez, Vice President	December 2022
Rosaleah Pallasigue, Clerk	December 2024
Irene Lopez, Member	December 2022
Humberto Gurmilan, Member	December 2022

Source: San Ysidro School District.

Superintendent and Administrative Personnel

The District Superintendent (the "Superintendent") is the chief executive officer of the District and is appointed by the Board to manage the day-to-day operations of the District. Dr. Gina Potter serves as the Superintendent. Brief biographical information for the Superintendent and other senior management of the District is set forth below.

Gina A. Potter, Ed.D., Superintendent. Dr. Potter was appointed Superintendent of the District in May 2018. Prior to her appointment as Superintendent of the District, Dr. Potter served in various capacities at the Lemon Grove School District, including as Deputy Superintendent, Assistant Superintendent of Business Services, and principal. Dr. Potter has served in the education field for approximately 29 years. Dr. Potter earned her Bachelor of Arts in Rhetoric, Political and Legal Discourse, from the University of California at Berkeley. She received her Master's Degree of Education at the University of California, Los Angeles and her doctoral degree in Educational Leadership from the Joint Doctoral Program of the University of California, San Diego, San Diego State University and California State University San Marcos.

Marilyn Adrianzen, Chief Business Official. Ms. Adrianzen was appointed as the Chief Business Official of the District in July 2018. Ms. Adrianzen has 24 years of finance and accounting experience, and previously served as the Director of Fiscal Services for two local school districts. Ms. Adrianzen holds a Bachelor of Accountancy from the University of San Diego and a certificate of completion from the San Diego County Office of Education Finance Director and Small District Manager Academy.

Employee Relations

In the fall of 1974, the State Legislature enacted a public school employee collective bargaining law known as the Rodda Act, which became effective in stages in 1976. The law provides that employees are to be divided into appropriate bargaining units which are to be represented by an exclusive bargaining agent.

The teachers of the District (certificated personnel) are represented by the San Ysidro Education Association (the "SYEA"). The SYEA contract with the District expires on June 30, 2021, and salaries and benefits have been agreed upon through that date.

As of June 30, 2020, the District employed 262 SYEA certificated employees with a total covered payroll of approximately $28,752,000, and an additional 19 non-SYEA certificated employees. Table 3 below lists the number of certificated employees for the previous five fiscal years.

Table 3
SAN YSIDRO SCHOOL DISTRICT
Certificated Employees

Fiscal Year	*Number of SYEA Employees*	*Number of Non-SYEA Employees*
2015-16	264	16
2016-17	264	19
2017-18	276	19
2018-19	279	19
2019-20	262	19

Source: San Ysidro School District.

The California School Employees Association ("CSEA") has been selected as the exclusive bargaining agent for non-teaching (classified) personnel. The contract with CSEA expires on June 30, 2022, and salaries have not yet been agreed upon for fiscal year 2020-21.

As of June 30, 2020, the District employed 328 CSEA classified employees with a total covered payroll of approximately $16,693,000, and an additional 9 non-CSEA employees. Table 4 below lists the number of classified employees for the previous five fiscal years.

Table 4
SAN YSIDRO SCHOOL DISTRICT
Classified Employees

Fiscal Year	*Number of CSEA Employees*[(1)]	*Number of Non-CSEA Employees*
2015-16	267	14
2016-17	258	14
2017-18	332	11
2018-19	334	9
2019-20	328	9

Source: San Ysidro School District.

Retirement System

This section contains certain information relating to the Public Employees' Retirement System ("PERS") and the State Teachers' Retirement System ("STRS"). The information is primarily derived from information publicly available from PERS and STRS, their independent accountants and their actuaries. The District has not independently verified the information regarding PERS and STRS and makes no representations nor expresses any opinion as to the accuracy of the information publicly available from PERS and STRS.

The comprehensive annual financial reports of PERS and STRS are available on their websites at www.calpers.ca.gov and www.calstrs.ca.gov, respectively. The PERS and STRS websites also contain the most recent actuarial valuation reports, as well as other information concerning benefits and other matters. Such information is not incorporated by reference herein. The District cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not

materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

District Contributions to STRS and PERS and Net Pension Liability. District employees are members of two retirement systems, as described below. Certificated personnel are generally members of STRS and classified personnel are generally members of PERS. The District contributed $2,874,486 and $3,993,214 to STRS for fiscal years 2017-18 and 2018-19, respectively. In its Unaudited Actuals for fiscal year 2019-20 (the "2019-20 Unaudited Actuals"), the District estimates that it made a STRS contribution of $3,984,231 in fiscal year 2019-20. In its fiscal year 2020-21 First Interim Report (the "2020-21 First Interim Report"), which projects financial information for the District as of October 31, 2020 for fiscal year 2020-21, the District estimates a STRS contribution of $5,127,512 in fiscal year 2020-21. The foregoing amounts do not include on-behalf contributions towards STRS made by the State.

The District's contribution to PERS was $1,314,923 and $1,969,641 in fiscal years 2017-18 and 2018-19, respectively. In the 2019-20 Unaudited Actuals, the District estimates that it made a PERS contribution of $1,927,858 in fiscal year 2019-20. In its 2020-21 First Interim Report, the District has estimates a PERS contribution of $1,828,928 in fiscal year 2020-21.

For additional information regarding the District's participation in STRS and PERS, see Note O to the District's audited financial statements for fiscal year 2018-19 attached as Appendix E hereto.

On June 25, 2012, Governmental Accounting Standards Board ("GASB") approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. These Statements replaced GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities were typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. In November 2013, GASB issued Statement No. 71 which addressed an issue in the transition provisions of GASB No. 68.

The reporting requirements under GASB Statement No. 68 for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014. As a result of implementing GASB No. 68, the District restated the beginning net position in its Governmental Activities Statement of Net Position, effectively decreasing the net position as of July 1, 2014 by $39,642,712. The District's net pension liability was $62,053,765 at June 30, 2019, of which $40,962,948 was attributable to STRS and $21,090,817 to PERS.

The District's proportionate shares of the net pension liabilities, pension expense and deferred inflow of resources for STRS and PERS and a deferred outflow of resources for STRS and PERS, as of June 30, 2019, are as shown in the following table:

SPECIFIC PENSION PLAN INFORMATION AS OF JUNE 30, 2019

Pension Plan	*Net Pension Liability*	*Deferred Outflows Related to Pensions*	*Deferred Inflows Related to Pensions*	*Pension Expense*
STRS	$ 40,962,948	$ 11,135,031	$ (4,389,054)	$ 5,186,376
PERS	21,090,817	9,630,708	(1,699,304)	4,350,287
Total	$ 62,053,765	$ 20,765,739	$ (6,088,358)	$ 9,536,663

Source: San Ysidro School District.

For additional information regarding the District's participation in STRS and PERS, see Note O to the District's audited financial statements for fiscal year 2018-19 attached as Appendix E hereto.

The District can make no representations regarding the future program liabilities of STRS or PERS, or whether the District will be required to make additional contributions to STRS and PERS in the future above those amounts currently projected as described below. See "DISTRICT FINANCIAL MATTERS — Considerations Regarding COVID-19" below for a discussion of certain events that may impact STRS and PERS and the District's required contributions to such pension plans.

STRS. All full-time certificated employees, as well as certain classified employees, are members of STRS. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is a multiple-employer defined benefit plan which is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer or State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. Under this approach, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses in certain years, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, in 2014 the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by statute to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the schedule set forth in Table 5 below.

Table 5
MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	*STRS Members Hired Prior to January 1, 2013*	*STRS Members Hired After January 1, 2013*
July 1, 2014	8.15%	8.150%
July 1, 2015	9.20	8.560
July 1, 2016	10.25	9.205
July 1, 2017	10.25	9.205
July 1, 2018	10.25	10.205
July 1, 2019	10.25	10.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for the fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2020, the contribution rate is 10.250% for employees hired before the Implementation Date (defined below) and 10.205% employees hired after the Implementation Date.

Pursuant to AB 1469, K-14 school districts' contribution rates have increased over a seven-year phase-in period in accordance with the schedule set forth in Table 6 below.

Table 6
K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	*K-14 School Districts*[(1)]
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

(1) Percentage of eligible salary expenditures to be contributed.
Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to

members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the State's fiscal year 2019-20 budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of $1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment will be reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected $2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate is 16.15% in fiscal year 2020-21 and is projected to be 15.92% in fiscal year 2021-22. See "STATE OF CALIFORNIA FISCAL ISSUES—2020-21 State Budget."

The State also contributes to STRS, annually with a contribution of 7.828% for fiscal year 2019-20 and 8.328% for fiscal year 2020-21. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. The STRS Board approved State supplemental contribution rate for fiscal year 2020-21 reflects an increase of 0.5% of payroll, the maximum allowed under current law.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of PERS. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2019 included 1,612 public agencies and 1,319 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The employer contribution rate for fiscal year 2020-21 is 20.7%, which reflects an initial actuarially determined rate of 23.35% that was reduced by pursuant to SB 90 (discussed below) and further reduced by the State's 2020-21 Budget as a result of the redirection of funds previously appropriated pursuant to SB 90 for long-term unfunded liabilities (discussed above). The State's 2020-21 Budget projects an employer contribution rate of 22.84% in fiscal year 2021-22. See "STATE OF CALIFORNIA FISCAL ISSUES — 2020-21 State Budget." Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2019-20 and will be 7% of such salaries in fiscal year 2020-21, while participants enrolled after

January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2019-20 and will be 7% in fiscal year 2020-21. See "—California Public Employees' Pension Reform Act of 2013" herein.

Pursuant to SB 90, the State Legislature appropriated $144 million for fiscal year 2019-20 and $100 million for fiscal year 2020-21 to be transferred to the Public Employees' Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated $660 million to be applied toward certain unfunded liabilities for K-14 school district employers. As a result of the payments made by the State pursuant to SB 90, the employer contribution rate will be reduced to 20.7% in fiscal year 2020-21 and 22.84% in fiscal year 2021-22. See "STATE OF CALIFORNIA FISCAL ISSUES—2020-21 State Budget."

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. STRS and PERS each maintain a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. The information presented in such financial reports and on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. Table 7 below summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS (School Pool). Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Table 7
Funded Status
STRS (Defined Benefit Program) and PERS (School Pool)
(Dollar Amounts in Millions)[1]
Fiscal Years 2013-14 through 2018-19

STRS

Fiscal Year	*Accrued Liability*	*Value of Trust Assets (MVA)[2]*	*Unfunded Liability (MVA)[3]*	*Value of Trust Assets (AVA)[4]*	*Unfunded Liability (AVA)[4][5]*
2013-14	$231,213	$179,749	$61,807	$158,495	$ 72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703

PERS

Fiscal Year	*Accrued Liability*	*Value of Trust Assets (MVA)[2]*	*Unfunded Liability (MVA)[3]*	*Value of Trust Assets (AVA)*	*Unfunded Liability (AVA)*
2013-14	$65,600	$56,838	$ 8,761	--[6]	--[6]
2014-15	73,325	56,814	16,511	--[6]	--[6]
2015-16	77,544	55,785	21,759	--[6]	--[6]
2016-17	84,416	60,865	23,551	--[6]	--[6]
2017-18	92,071	64,846	27,225	--[6]	--[6]
2018-19	99,528	68,177	31,351	--[6]	--[6]

(1) Amounts may not sum to totals due to rounding.
(2) Reflects market value of assets.
(3) Unfunded Liability (MVA) is equal to the Accrued Liability column minus the Value of Trust Assets (MVA) column minus the amount deposited in the Supplemental Benefits Maintenance Account reserve, which is not available to provide benefits under the STRS Defined Benefit Program.
(4) Based on actuarial value of assets.
(5) Unfunded Liability (AVA) is equal to the Accrued Liability column minus the Value of Trust Assets (AVA) column.
(6) Effective with the June 30, 2014 valuation, PERS no longer uses an actuarial valuation of assets.
Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the "2017 Experience Study"), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the "2020 Experience Analysis"), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the "2019 STRS Actuarial Valuation"). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Study, certain demographic

changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both employees hire before the Implementation Date and after the Implementation Date to better reflect the anticipated impact of years of service on retirements. The 2019 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed, additional State contributions and actuarial asset gains recognized from the current and prior years, the 2019 STRS Program Actuarial Valuation reports that the unfunded actuarial obligation decreased by $1.5 billion since the 2018 Actuarial Valuation and the funded ratio increased by 2.0% to 66.0% over such time period.

According to the 2019 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990. AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption and includes the $1.117 billion State contribution made in July 2019 pursuant to SB 90.

The actuary for the STRS Defined Benefit Program notes in the 2019 STRS Actuarial Report that, since such report is dated as of June 30, 2019, the significant declines in the investment markets that have occurred in the first half the 2020 calendar year are not directly reflected in the 2019 STRS Actuarial Report. The actuary notes that such declines will almost certainly impact the future of the STRS Defined Benefit Program funding, and that, all things being equal, it is expected that the actuarial valuation for the fiscal year ending June 30, 2020 will show a greater increase in the projected State contribution rate (and possibly the employer rate) and a possible decline in the funded ratio. See "DISTRICT FINANCIAL MATTERS — State Funding of Education — *Coronavirus*."

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate went into effect on July 1, 2017 for the State and on July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will likely see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. According to PERS, the three-year reduction of the discount rate to 7.0% is expected to result in average employer rate increases of approximately 1-3% of normal cost as a percent of payroll for most miscellaneous retirement plans and a 2-5% increase for most safety plans.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 21, 2020, the PERS Board established the employer contribution rates for 2020-21 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2019, ahead of its release date in the latter half of 2020. From June 30, 2018 to June 30, 2019 the funded status for the Schools Pool decreased by 1.9% (from 70.4% to 68.5%); mainly due to the reduction in the discount rate from 7.25% to 7.00% and investment return in 2018-19 being lower than expected. The funded status as of June 30, 2019 does not reflect the State's additional payment of $660 million that was made pursuant to SB 90, since PERS received the payment in July 2019. PERS attributes the decline in the funded status over the last five years to recent investment losses in excess of investment gains, adoption of new assumptions, both demographic and economic, lowering of the discount rate, and negative amortization. Assuming all actuarial assumptions are realized, including investment return of 7% in fiscal year 2019-20, that no changes to assumptions, methods of benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the contribution rate for 2021-22 was projected to increase annually, resulting in a projected 26.2% employer contribution rate for fiscal year 2026-27. As of the April 21, 2020, PERS reported that the year to date return for the 2019-20 fiscal year was well below the 7% assumed return. See "STATE OF CALIFORNIA FISCAL ISSUES — 2020-21 State Budget."

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

Post-Employment Benefits

The District provides post-employment health care benefits, in accordance with the District's employment contracts, to all employees who retire from the District on or after attaining a certain age with certain years of service (the "District OPEB Plan"). All employees who retire from the District will receive these benefits upon attaining the age of 55 with 15 years of service. For eligible certificated employees and eligible management, confidential and supervisory employees, the District pays 100% of the retiree medical coverage costs. For eligible classified employees, the District pay 50% of the retiree medical coverage costs, and the District will pay an additional 10% for each additional year of service after 15 years up to 100%. Retirees pay 100% of the cost of any spouse or dependent coverage. A retiree will receive these health care benefits to the end of the month in which the retiree turns 65. Expenditures for post-employment benefits are recognized by the District on a pay-as-you-go basis, as retirees report claims paid. As of June 30, 2019, 40 retired employees and beneficiaries met those eligibility requirements and the District employed 886 active participants

Beginning with its fiscal year ending June 30, 2009, the District was required to comply with GASB Statement 45 relating to the District OPEB Plan, which required the District to recognize the expenses and related liabilities and assets for any post-employment benefits provided by the District in its government-wide financial statements of net assets and activities. The District was required to conduct a report on its unfunded actuarial liability every two years with respect to its post-employment benefits.

In June 2015, GASB issued Statement 75, which replaced the requirements under the GASB Statement 45. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The primary objective of Statement 75 is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or "OPEB"). Statement 75 also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Statement 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

More specifically, Statement 75 requires the liability of employers to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. Statement 75 requires the recognition of the total OPEB liability in the Statement of Net Position.

The District's most recent actuarial valuation report for the District OPEB Plan, dated June 30, 2020 (the "Valuation Report"), reflects the application of GASB Statement 75. Based on such actuarial valuation report, the total liability for the District OPEB Plan was $17,019,214 as of the June 30, 2019 measurement date. This amount represented the present value of all benefits projected to be paid by the District for current and future retirees.

The District recognizes the post-employment health care benefits on a pay-as-you-go basis. The most recent actuarial valuation report for the District OPEB Plan did not provide an actuarially determined contribution for the District OPEB Plan (i.e. a contribution amount that is projected to fully fund the District OPEB Plan over a period of amortization). The District contributed $470,127 to the District OPEB Plan in fiscal year 2018-19. The District recognized an OPEB expense of $1,348,578 for fiscal year 2018-19. The changes in net District OPEB Plan liability as of June 30, 2019, are shown in the following table:

Total District OPEB Plan Liability	***June 30, 2019***
Service Cost	$ 691,833
Interest on Total OPEB Liability	544,221
Differences between expected and actual experience	570,501
Changes of Assumptions	590,377
Benefit Payments/Refunds of member contributions	(470,127)
Net Change in OPEB Liability	**1,926,805**
Total OPEB Liability, Beginning	**15,092,409**
Total OPEB Liability, Ending	**$17,019,214**

Source: San Ysidro School District's Valuation Report.

See Note P to the District's Audited Financial Statements for fiscal year 2018-19 attached as Appendix E hereto.

The District expects that it will establish an irrevocable trust with respect to its post-employment benefit obligations in the near future, but will not begin funding such trust until its financial position is more stable.

Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District currently receives property and liability insurance coverage through Southern California Regional Liability Excess Fund (SC ReLiEF), a non-profit member-owned and operated Joint Powers Authority. Settled claims have not exceeded this commercial coverage in any of the past three years. The District receives its workers' compensation insurance through Protected Insurance Program for Schools (P.I.P.S) Joint Power Authority.

Cybersecurity

The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District is 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 District's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To date, there has been one significant cyber-attack on the District's computers and technologies. In 2017, the District experienced an attack on its computer operating systems which resulted in several of the District's computers being infected with a virus. In response to the attack, the District worked with Vector USA, a cybersecurity firm, to quarantine the affected devices and remove the infection. As a result of the cyber-attack, the District implemented new cybersecurity measures including contracting with Vector USA for computer protection, purchasing a new antivirus system, scanning all computers, hardening servers and reviewing network security. Additionally, the District carries cybersecurity insurance through Chubb.

While the District is routinely maintaining its technology systems and regularly implementing new information security controls, no assurances can be given that the District's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the District's computer and technology system could negatively impact the District's operations, and the costs related to such attacks could be substantial.

DISTRICT FINANCIAL MATTERS

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles and are in accordance with the policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all State school districts.

The District generally adopts the Government Accounting Standards Board Statements for its financial reporting. Changes to the GASB Statements can result in changes in accounting principles which impact the District's financial reporting and results.

District Budget

The District is required by provisions of the California Education Code to maintain each fiscal year a balanced budget in which the sum of expenditures plus the ending fund balance from the previous fiscal year cannot exceed the revenues plus the ending fund balance from the previous year. The California State Department of Education (the "Department") imposes a uniform budgeting format for each school district in the State.

School districts must adopt a budget no later than June 30 of each year. The budget must be submitted to the County Superintendent of Schools (the "County Superintendent") within five days of adoption or by July 1, whichever occurs first. The budget is only readopted if it is disapproved by the County Superintendent, or as needed.

Upon receipt of an adopted budget, the County Superintendent will (a) examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, (b) determine if the adopted budget allows the district to meet its current obligations, (c) determine if the adopted budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, (d) determine whether the adopted budget includes the expenditures necessary to implement the local control and accountability plan or annual update thereto, and (e) determine whether the adopted budget includes a combined assigned and unassigned ending fund balance that exceeds the minimum recommended reserve for economic uncertainties. On or before September 15, the County Superintendent will approve, conditionally approve or disapprove the adopted budget for each school district.

If the County Superintendent determines that the adopted budget does not satisfy one or more of the requirements set forth in the preceding paragraph, the County Superintendent shall transmit recommendations regarding revisions to the adopted budget to the school district and the reasons therefor. The County Superintendent may assign a fiscal adviser to assist the school district to develop a budget in compliance with those revisions. In addition, the County Superintendent may appoint a committee to examine and comment on the review and recommendations, subject to the requirement that the committee report its findings to the County Superintendent no later than September 20.

If the adopted budget of a school district is conditionally approved or disapproved by the County Superintendent, on or before October 8, the governing board of the school district, in conjunction with the County Superintendent, shall review and respond to the recommendations of the County Superintendent at a regular meeting of the governing board of the school district. The response shall include any revisions to the adopted budget and other proposed actions to be taken, if any, as a result of those recommendations.

No later than October 22, the County Superintendent must notify the State Superintendent of Public Instruction (the "State Superintendent") of all school districts whose budget has been disapproved.

Upon receipt of a revised budget, the County Superintendent must determine whether the revised budget conforms to the standards and criteria applicable to final district budgets. If the revised budget is disapproved, the County Superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1, unless the governing board of the school district and the County Superintendent agree to waive the requirement that a budget review committee be formed and the Department approves the waiver after determining that a budget review committee is not necessary.

If a budget review committee is appointed and recommends approval of the adopted budget, the County Superintendent shall accept the recommendation of the committee and approve the adopted budget.

If the budget review committee disapproves the adopted budget, the governing board of the school district, not later than five working days after the receipt of the report from the budget review committee, may submit a response to the State Superintendent, including any revisions to the adopted budget and any other proposed actions to be taken as a result of the budget review committee's recommendations. Based upon these recommendations and any response thereto provided by the governing board of the school district, the State Superintendent shall either approve or disapprove the revised budget. If the State Superintendent disapproves the budget, they shall notify the governing board of the school district in writing of the reasons for that disapproval and, until the County Superintendent certifies the school district's First Interim Financial Report (as described below), the County Superintendent shall undertake the actions set forth in Education Code section 42127.3.

Upon the grant of a waiver from the requirement to form a budget review committee, the County Superintendent immediately has the authority and responsibility provided in Section 42127.3. Upon approving a waiver of the budget review committee, the Department shall ensure that a balanced budget is adopted for the school district by December 31. If no budget is adopted by December 31, the State Superintendent may adopt a budget for the school district. The State Superintendent shall report to the State Legislature and the Director of Finance of the State Department of Budget and Finance by January 10 if any school district, including a school district that has received a waiver of the budget review committee process, does not have an adopted budget by December 31. This report shall include the reasons why a budget has not been adopted by the deadline, the steps being taken to finalize budget adoption, the date the adopted budget is anticipated, and whether the State Superintendent has or will exercise their authority to adopt a budget for the school district.

Not later than November 8, the County Superintendent shall submit a report to the State Superintendent identifying all school district for which budgets have been disapproved or budget review committees waived.

Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

After approving the districts' budgets, the County Superintendent will monitor, throughout the fiscal year, each school district under their jurisdiction pursuant to its adopted budget to determine on a continuing basis if the district can meet its current or subsequent year financial obligations. If a County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent may do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations, or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent must so notify the State Superintendent, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) develop and impose, also after consulting with the district's board, revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of any collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

At a minimum, school districts file with their County Superintendent and the Department a First Interim Financial Report by December 15 covering financial operations from July 1 through October 31 and a Second Interim Financial Report by March 15 covering financial operations from November 1 through January 31. Section 42131 of the Education Code requires that each interim report be certified by the school board as either (a) "positive," certifying that the district, "based upon current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years," (b) "qualified," certifying that the district, "based upon current projections, may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years," or (c) "negative," certifying that the district, "based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year." A certification by a school board may be revised by the County Superintendent. If either the First or Second Interim Report is not "positive," the County Superintendent may require the district to provide a Third Interim Financial Report covering financial operations from February 1 through April 30 by June 1. If not required, a Third Interim Financial Report is not prepared. Each interim report shows fiscal year to date financial operations and the current budget, with any budget amendments made in light of operations and conditions to that point. After the close of the fiscal year on June 30, an unaudited financial report for the fiscal year is prepared and filed without certification with the County Superintendent and the Department.

Within the past 5 years, the District received qualified certifications on four of its budgets and interim reports, including most recently a qualified certification on its Second Interim Report for fiscal year 2019-20. See "—District's Recent Financial History" for a discussion of the financial issues affecting the District over the past several years.

Pursuant to State law, the District adopted the 2020-21 Adopted Budget on June 25, 2020. The 2020-21 Adopted Budget was based on the information in the Governor's May Revision to the proposed State budget for fiscal year 2020-21. As described below, the State subsequently adopted its 2020-21 Budget which provided more funding for schools. As a result, the District adopted its Revised 2020-21 Adopted Budget on July 28, 2020, which budget set forth revenues and expenditures such that appropriations during fiscal year 2020-21 are not projected to exceed the sum of revenues plus the July 1, 2020 beginning fund balance. The County Superintendent approved the District's Revised 2020-21 Adopted Budget on September 15, 2020. See "DISTRICT FINANCIAL MATTERS — Current Financial Condition" and "STATE OF CALIFORNIA FISCAL ISSUES — 2020-21 State Budget."

State Funding of Education

School district revenues consist primarily of appropriated State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as part of the fiscal year 2013-14 State budget, established a new system for funding school districts, charter schools and county offices of education. Certain provisions of AB 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49).

The primary component of AB 97, as amended by SB 91, is the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. Full implementation of the LCFF occurred over a period of eight fiscal years. In each year, an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. During the implementation period of the LCFF, the Base Grants were adjusted for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is currently subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed herein separately). AB 97 authorizes a supplemental grant add-on (each, a "Supplemental Grant") for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold. The District qualifies for both the Supplemental Grant and the Concentration Grant.

Table 8 below shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2016-17 through 2020-21.

TABLE 8
ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2016-17 through 2020-21
San Ysidro School District

	Average Daily Attendance[(1)]				*Enrollment*	
Fiscal Year	*K-3*	*4-6*	*7-8*	*Total ADA*	*Total Enrollment*[(2)]	*% of EL/LI Enrollment*[(2)]
2016-17	1,945.02	1,633.31	1,006.16	4,584.49	4,815	89.86%
2017-18	1,895.00	1,563.75	1,049.71	4,508.46	4,733	81.44%
2018-19	1,873.44	1,452.64	1,025.24	4,351.32	4,578	86.69%
2019-20	1,800.71	1,420.72	981.67	4,203.10	4,475	84.73%
2020-21	1,800.71	1,420.72	981.67	4,203.10	4,475	84.73%

(1) Reflects P-2 ADA. Pursuant to SB 117, the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-20 school year only includes all full school months from July 1, 2019 through February 29, 2020. See "—Considerations Regarding COVID-19" below.

(2) As of October report submitted to the California Basic Educational Data System (CBEDS). For purposes of calculating Supplemental and Concentration Grants, a school district's percentage of unduplicated EL/LI students is based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years. Estimated for fiscal year 2020-21.

Source: San Ysidro School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a varying COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District qualified for the ERT add-on in fiscal year 2019-20.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will comprise a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Coronavirus. The spread of COVID-19, a strain of coronavirus, is altering the behavior of businesses and people in a manner that is having negative effects on global and local economies. In addition, stock markets in the United States and globally have seen significant volatility attributed to coronavirus concerns. COVID-19 has been characterized as a pandemic by the World Health Organization, and has resulted in a declaration of a national emergency by the Federal Government on March 13, 2020, a state of emergency by certain states (including by the State of California on March 4, 2020) and by local governments.

In response to the spread of COVID-19, all District schools were closed for the final three months of the 2019-20 school year. On March 13, 2020, Governor Newsom issued Executive Order N-26-20, qualifying

closure of schools to address COVID-19 as a condition preventing maintenance of schools wherein school districts would continue to receive State funding, and encouraging the implementation of distance learning strategies. On July 17, 2020, the Governor announced that all schools in counties on the State's watch list, including the County, would begin the fiscal year 2020-21 school year with remote learning only. The District's schools continue to remain closed to in-person instruction. The closure of in-person instruction in the final three months of fiscal year 2019-20 did not impact the funding that the District received from the State for that fiscal year and the closure of in-person instruction in fiscal year will not impact the funding that the District will receive from the State in fiscal year 2020-21. See "—Considerations Regarding COVID-19" for a more thorough discussion of COVID-19 and its impact on the District.

There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or adversely impact enrollment or ADA within the District, and, accordingly, materially adversely impact the financial condition or operations of District or the assessed valuation of property within the District.

Basic Aid or Community Funded School Districts. Certain schools districts, known as "basic aid" or "community funded" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a basic aid district.

Accountability. Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, establishes a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP. The District has updated its LCAP through fiscal year 2019-20. In light of the COVID-19 pandemic, for fiscal year 2020-21 the State has replaced the LCAP with a requirement to file a Learning Continuity and Attendance Plan to be completed by September 30, 2020. The District adopted its Learning Continuity and Attendance

Plan on September 17, 2020 and submitted the plan to the San Diego County Office of Education on September 23, 2020. See "STATE OF CALIFORNIA FISCAL ISSUES—2020-21 State Budget—LCAPs."

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on their behalf. In so doing, the State Superintendent is authorized to (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Other Sources. The federal government provides funding for several school district programs, including specialized programs such as Every Student Succeeds, special education programs, and programs under the Educational Consolidation and Improvement Act. In addition, a small part of a school district's budget is from local sources other than property taxes, including but not limited to interest income, leases and rentals, educational foundations, donations and sales of property.

Historical General Fund Financial Information

Table 9 below summarizes the District's Statement of General Fund Revenues, Expenditures and Changes in Fund Balance for fiscal years 2014-15 through 2018-19. The figures in Table 9 below are taken from the District's audited financial statements. See Appendix B — "DISTRICT'S 2018-19 AUDITED FINANCIAL STATEMENTS" for further detail on the District's financial condition as of June 30, 2019.

Table 9
SAN YSIDRO SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balance

	Audited 2014-15	*Audited 2015-16*	*Audited 2016-17*	*Audited 2017-18*	*Audited 2018-19*
SOURCES					
Revenue Limit/LCFF Sources	$ 36,928,386	$ 42,643,897	$ 45,434,629	$ 46,359,373	$ 48,718,618
Federal Sources	2,323,100	3,923,270	2,280,316	3,334,711	2,888,373
Other State Revenues	2,519,765	5,363,677	4,640,760	4,015,787	6,847,476
Other Local Revenue	3,777,953	4,827,145	3,558,012	3,554,938	3,224,505
Total Revenues	$ 45,549,204	$ 56,757,989	$ 55,913,717	$ 57,264,809	$ 61,678,972
EXPENDITURES					
Instruction	$ 29,208,733	$ 31,237,763	$ 33,511,897	$ 39,132,511	$ 41,603,773
Instruction – Related Services	3,460,962	4,090,057	4,790,951	5,268,581	5,294,757
Pupil Support Services	2,855,940	4,038,493	4,169,764	4,813,541	5,016,825
Ancillary Services	-	-	529,250	28,092	59,792
General Administration	3,116,406	5,699,751	5,317,887	6,246,768	5,909,146
Plant Services	4,556,968	4,918,591	5,680,673	7,137,220	6,223,595
Other Outgo	29,226	203,389	357,717	229,166	67,459
Capital Outlay		261,126	1,139,710	2,368,570	3,958,548
Debt Service					0
Principal	467,899	1,265,355	-	372,458	190,835
Interest	-	-	-	493,615	1,011,627
Total Expenditures	$ 43,696,134	$ 51,714,525	$ 55,497,849	$ 66,090,522	$ 69,336,357
Excess of (Deficiency) of Revenues Over Expenditures	1,853,070	5,043,464	415,868	(8,825,713)	(7,657,385)
OTHER FINANCING SOURCES					
Transfers In/Positive Sources	$ -	$ -	$ -	$ 253,630	$ -
Transfers Out/Negative Sources	(23,317)	-	-	(11,600,920)[2]	(481,000)[4]
Other Sources	-	-	1,988,254[1]	15,333,885[3]	-
Total Other Financing Sources (uses)	(23,317)	-	1,988,254	3,986,595	(481,000)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	$ 1,829,753	$ 5,043,464	$ 2,404,122	$ (4,839,118)	$ (8,138,385)
Fund Balance (Deficit), July 1	6,360,639	8,190,391	13,233,856	15,607,553	10,768,436
Fund Balance (Deficit), June 30	$ 8,190,392	$ 13,233,855	$ 15,637,978	$ 10,768,435	$ 2,630,051

(1) Represents the proceeds from the Equipment Lease that funded a District HVAC project.
(2) Represents a transfer out from the General Fund to the Building Fund for the modernization of La Mirada Elementary School and Smythe Elementary School.
(3) Represents the proceeds from the 2017 Certificates and from a qualified zone academy bond.
(4) Represents a contribution to the Cafeteria Fund.
Source: San Ysidro School District Audited Financial Statements for fiscal years 2014-15 through 2018-19.

Table 10 below compares the District's General Fund Adopted Budget to its General Fund actual revenues and expenditures for fiscal year 2017-18 and its General Fund Adopted Budget to its General Fund actual revenues and expenditures for fiscal year 2018-19.

Table 10
SAN YSIDRO SCHOOL DISTRICT
Comparison of General Fund Budgeted to General Fund Revenues and Expenditures for Fiscal Years 2017-18 and 2018-19

	2017-18		*2018-19*	
	Budget	***Actual***	***Budget***	***Actual***
Revenues				
LCFF Sources	$ 46,969,122	$ 46,359,373	$ 48,397,459	$ 48,718,618
Federal Revenue	3,004,268	3,334,711	3,100,344	2,888,373
Other State Revenue	2,590,486	4,015,787	2,882,276	6,847,476
Other Local Revenue	3,163,662	3,554,938	3,570,135	3,224,505
Total Revenues	$ 55,727,538	$ 57,264,809	$ 57,950,214	$ 61,678,972
Expenditures				
Certificated Salaries	$ 23,735,752	$ 25,196,722	$ 24,430,890	$ 24,947,101
Classified Salaries	8,846,702	10,878,124	10,740,673	11,346,905
Employee Benefits	9,640,114	13,316,913	12,283,193	17,021,452
Books and Supplies	3,881,155	3,685,601	3,740,139	2,220,755
Services and Other Operating Expenditures	9,630,950	9,647,691	7,279,128	8,571,675
Other Outgo	661,470	229,166	250,000	67,459
Direct Support/Indirect Costs	-	(98,338)	(86,000)	0
Capital Outlay	257,062	2,368,570	375,000	3,958,548
Debt Service				0
Principal	-	372,458	190,835	190,835
Interest	-	493,615	762,795	1,011,627
Total Expenditures	$ 56,653,205	$ 66,090,522	$ 59,966,653	$ 69,336,357
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (925,667)	$ (8,825,713)	$ (2,016,439)	$ (7,657,385)
Other Financing Sources				
Transfers In/Positive Sources	$ -	$ 253,630	$ -	$ -
Transfers Out/Negative Sources	-	(11,600,920)[(1)]	-	(481,000)[(3)]
Other Sources	15,333,885[(1)]	15,333,885[(2)]	-	-
Total Other Financing Sources and Uses	$ 15,333,885	$ 3,986,595	$ -	$ (481,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ 14,408,218	$ (4,839,118)	$ (2,016,439)	$ (8,138,385)
Fund Balances, July 1	15,607,553	15,607,553	10,768,436	10,768,436
Fund Balances, June 30	$ 30,015,771	$ 10,768,435	$ 8,751,997	$ 2,630,051

(1) Represents a transfer out from the General Fund to the Building Fund for the modernization of La Mirada Elementary School and Smythe Elementary School.
(2) Represents the proceeds from the 2017 Certificates and from a qualified zone academy bond.
(3) Represents a contribution to the Cafeteria Fund.
Source: San Ysidro School District adopted budget for fiscal years 2017-18 and 2018-19 and Audited Financial Statements for fiscal years 2017-18 and 2018-19.

Table 11 below sets forth the District's General Fund balance sheet for the 2014-15 through 2018-19 fiscal years.

Table 11
SAN YSIDRO SCHOOL DISTRICT
Summary of Combined General Fund Balance Sheet

	Audited 2014-15	*Audited 2015-16*	*Audited 2016-17*	*Audited 2017-18*	*Audited 2018-19*
Assets					
Cash in County Treasury	$ 7,856,029	$ 14,620,165	$ 18,112,695	$ 11,836,973	$ 1,017,545
Cash on Hand and in Bank	10,871	276	24,415	24,415	24,415
Cash in Revolving Fund	5,477	6,759	7,233	13,433	13,433
Cash with a Fiscal Agent/Trustee	-	-	1,995,941	3,490,560	3,490,560
Accounts Receivable	1,849,493	2,324,091	285,422	1,351,348	1,655,813
Due from Grantor Governments	-	-	1,036,056	-	-
Due from Other Funds	219,020	-	200,000	708,609	1,130,509
Stores Inventories	87,837	58,640	-	-	4,569
Prepaid Expenditures	3,000	3,000	8,000	8,000	8,000
Total Assets	$ 10,031,727	$ 17,012,931	$ 21,669,762	$ 17,433,338	$ 7,344,844
Liabilities and Fund Equity					
Liabilities					
Accounts Payable	$ 947,921	$ 3,777,576	$ 5,930,649	$ 6,052,023	$ 2,477,100
Due to Grantor Governments	354,511	-	-	-	-
Due to Other Funds	834	-	-	98,699	779,699
Unearned Revenue	538,069	1,500	101,135	514,181	1,457,994
Total Liabilities	$ 1,841,335.	$ 3,779,076	$ 6,031,784	$ 6,664,903	$ 4,714,793
Fund Balances					
Nonspendable Fund Balances:					
Revolving Cash	$ 5,477	$ 6,759	$ 7,233	$ 13,433	$ 13,433
Stores Inventories	87,837	58,640	-	-	4,569
Prepaid Items	3,000	3,000	8,000	8,000	8,000
Restricted Fund Balances	2,691,503	2,845,753	2,620,857	5,441,874	1,523,582
Assigned Fund Balances				2,924,504	49,780
Unassigned:					
Reserve for Economic Uncertainty	1,311,584	1,604,490	1,664,935	2,330,743	1,030,687
Other Unassigned	4,090,991	8,715,213	11,336,953	49,881	-
Total Fund Balance	$ 8,190,392.	$ 13,233,855	$ 15,637,978.	$ 10,768,435	$ 2,630,051
Total Liabilities and Fund Balances	$ 10,031,727	$ 17,012,931	$ 21,669,762	$ 17,433,338	$ 7,344,844

Source: San Ysidro School District Audited Financial Statements for fiscal years 2014-15 through 2018-19.

District's Recent Financial History

Within the past 5 fiscal years, the District received qualified certifications on four of its budgets and interim reports, including most recently a qualified certification on its Second Interim Report for fiscal year 2019-20. In addition, in each of the past fiscal 5 years, the District's audited financial statements have contained auditor findings that the District had several material financial weaknesses in each respective fiscal year, including misuse of District funds, potential fraud and inflated ADA, enrollment and unduplicated count.

On May 24, 2016, the San Diego County Grand Jury released a report (the "2016 Grand Jury Report") of its investigation into the District's indebtedness. Among other things, the 2016 Grand Jury Report concluded that the District lacked internal fiscal controls and record retention/destruction of document policies, that former District administrators withheld information from the Board on issues related to expenditures and bond obligations and that members of the Board disregarded their fiduciary responsibility to the District's community by improper governance and failing to hold administrators accountable for complying with laws, regulations and Board policies.

On June 8, 2018, the State Financial Crisis and Management Assistance Team ("FCMAT") released a report after it conducted an extraordinary audit of the District's finances (the "2018 Audit"). The 2018 Audit concluded that the District lacked sufficient internal controls to prevent fraud and that it was likely that the District's former Superintendent and Deputy Superintendent defrauded the District by misappropriating District funds for their own use. The 2018 Audit recommended that the District, the State Controller, the State Superintendent and the San Diego District Attorney be notified that sufficient evidence exists to indicate that fraud or misappropriation of District funds and/or assets or other illegal fiscal activities may have occurred.

On July 8, 2019, FCMAT released a report after it conducted an extraordinary audit of the District's finances between fiscal year 2012-13 and 2017-18 with an emphasis on contracts and payments to vendors connected to school construction and modernization (the "2019 Audit"). The 2019 Audit concluded that there was sufficient evidence to demonstrate that fraud, misappropriation of funds and/or assets, or other illegal activities may have occurred at the District during the period covered by the 2019 Audit. The 2019 Audit recommended that the District, the State Controller, the State Superintendent and the San Diego District Attorney be notified that sufficient evidence exists to indicate that fraud or misappropriation of District funds and/or assets or other illegal fiscal activities may have occurred.

Beginning in May 2020, FCMAT performed a fiscal health risk analysis (the "2020 FCMAT Analysis") that ran through November 2020 and was based on the District's fiscal year 2019-20 Second Interim Report. The 2020 FCMAT Analysis indicated that the District is at high risk of insolvency and identified fiscal weaknesses and areas of concern that contribute to the District's fiscal distress. FCMAT presented the 2020 FCMAT Analysis to the Board on November 12, 2020, identifying seven major areas of concern. During the presentation to the Board, FCMAT noted that several of its areas of concern had been addressed by the District's fiscal year 2019-20 Third Interim Report and the District is committed to correct the remaining areas of concern over the next few fiscal years.

The District has taken a number of actions to address the internal, structural and financial issues that it has experienced in recent years. In 2018, the District replaced several members of its senior staff, including its Superintendent, Chief Business Official and Accounting Supervisor, and retained new general counsel. Also, new Board members have been elected to replace prior Board members who were in office when the transactions that were the focus of the 2016 Grand Jury Report and the 2018 Audit and 2019 Audit had occurred. As a result of these actions, all District personnel who were identified in the 2016 Grand Jury Report, the 2018 Audit and the 2019 Audit are no longer affiliated with the District. In addition, the District has been working closely with the San Diego County Office of Education to monitor its financial condition and to prepare its budgets.

In an effort to reverse the declining fund balance in its General Fund that began in fiscal year 2017-18, the Board approved budget reduction plans for fiscal years 2019-20 and 2020-21 on February 21, 2019 and January 23, 2020, respectively, that reduced expenditures by approximately $5 million in fiscal year 2019-20 and are projected to reduce expenditures by approximately $3 million in fiscal year 2020-21. The fiscal year 2020-21 budget reduction plan includes hiring freezes and layoffs of both certificated and classified staff, which are projected to reduce expenditures by approximately $1.2 million, and certificated management, classified management and classified confidential employees have agreed to take furlough days in fiscal year 2020-21, which the District projects will reduce expenditures by an additional $73,000.

On June 25, 2020, the District adopted a resolution directing District staff to identify further budget reduction options during fiscal year 2020-21 in an amount between $2,000,000 and $4,600,000 and during fiscal year 2021-22 in an amount of $9,800,000. Subsequent to the adoption of this resolution on June 25, 2020, the State adopted its budget for fiscal year 2020-21 which increased funding for schools for fiscal year 2020-21. As a result of the increased funding in the State's 2020-21 Budget and the anticipated receipt of increased federal moneys, the District no longer expects to reduce expenditures in fiscal year 2020-21 by the amounts set forth in June 25, 2020 resolution. The District has also decided to delay the expenditure

reductions in fiscal year 2021-22 until it has a better idea of its projected revenues in such fiscal year. See "—Current Financial Condition" below for a discussion of the District's multi-year projections.

Current Financial Condition

The District's financial condition is closely linked to the finances of the State and the State's finances are affected by the health of the state and national economies. In recent years the State has had budget surpluses and funding to K-12 schools has increased. The State has recently announced that its general fund will be materially adversely impacted by the health-related and economic impacts of the COVID-19 pandemic due to significant declines in State revenues and increased expenditures required to manage and mitigate COVID-19's impact on the State. The State has also disclosed that the COVID-19 pandemic will produce negative impacts for fiscal years 2019-20 and 2020-21, and likely several fiscal years beyond, depending on the pace of recovery of local, state and national economies. Future budget decisions by the State could have an adverse impact on the District's financial condition which could be material. See "STATE OF CALIFORNIA FISCAL ISSUES."

Table 12 below contains the difference between the District's adopted General Fund budget for fiscal year 2019-20 and its 2019-20 Unaudited Actuals. Table 12 also contains the District's 2020-21 First Interim Report, which accounts for the impacts of the COVID-19 pandemic on the District through October 31, 2020.

Table 12
SAN YSIDRO SCHOOL DISTRICT
Comparison of 2019-20 Adopted Budget to 2019-20 Unaudited Actual Results;
2020-21 First Interim Report

	2019-20 Adopted Budget	*2019-20 Unaudited Actuals*	*Difference Between 2019-20 Budget and 2019-20 Unaudited Actuals*	*2020-21 First Interim Report*
SOURCES				
State Apportionment Sources	$ 47,281,358	$ 47,102,931	(0.4)%	$ 45,530,104
Federal Revenue	3,732,035	3,855,759	3.3	10,308,232
Other State Revenue	3,965,017	5,623,165	41.2	3,895,130
Other Local Revenue	3,386,246	3,616,805	6.8	3,382,256
Total Revenues	$ 58,364,658	$ 60,198,659	3.1%	$ 63,115,722
EXPENDITURES				
Certificated Salaries	$ 22,888,651	$ 24,413,460	6.7%	$ 23,274,520
Classified Salaries	9,922,687	11,090,633	11.8	10,849,038
Employee Benefits	13,400,923	15,368,152	14.7	13,014,726
Books and Supplies	3,011,292	2,317,372	(23.0)	5,234,377
Contracted Services & Operating Expenditures	7,979,631	6,774,123	(15.1)	8,464,476
Capital Outlay	55,000	279,121	507.5	169,000
Direct Support/Indirect Costs/Other Outgo	1,096,113	1,282,174	17.0	494,681
Total Expenditures	$ 58,354,297	$ 61,525,035	5.4%	$ 61,500,819
Excess of Revenues over (Under) Expenditures	$ 10,360	$ (1,326,376)		$ 1,614,903
OTHER FINANCING SOURCES				
Transfers In	$ 0	$ 46,535		$ 0
Transfers Out	0	(24,820)		(150,342)
Total Other sources (uses)	$ 0	$ 21,715		$ (150,342)
Net Increase (Decrease) in Fund Balance	$ 10,360	$ (1,304,661)		$ 1,464,560
Fund Balance (Deficit), July 1	$ 2,630,051	$ 2,630,051		$ 1,1,325,391
Audit Adjustment				$ (221,212)[1]
Fund Balance (Deficit), June 30	$ 2,640,411	$ 1,325,391		$ 2,568,739

[1] Represents a contribution from the General Fund to the Routine Restricted Maintenance Account that should have been posted in fiscal year 2019-20 but was not posted until fiscal year 2020-21.
Source: San Ysidro School District 2019-20 Adopted Budget, 2019-20 Unaudited Actuals and 2020-21 First Interim Report.

In the 2020-21 First Interim Report, the District projects that General Fund revenues will exceed expenditures, together with interfund transfers, in fiscal years 2020-21 and 2021-22 by approximately $1.46 million and $0.66 million, respectively, but that General Fund expenditures will exceed revenues, together with interfund transfers, in fiscal year in fiscal year 2022-23 by approximately $2.1 million. In the aggregate, the District projects in the 2020-21 First Interim Report that General Fund revenues will exceed expenditures, together with interfund transfers, by $60,391 through June 30, 2023 leaving a projected General Fund balance of $1,124,568 as of that date. The projected $1.46 million surplus in fiscal year 2020-21 is due in large part to the one-time revenues related to COVID-19 in the projected amount of $6.36 million. If additional one-time monies are not provided to the District in fiscal year 2021-22, the District will need to reduce expenditures in fiscal year 2021-22.

The 2020-21 First Interim Report assumes that the District will receive LCFF funding in fiscal year 2020-21 based on fiscal year 2019-20 ADA (4,203.10) as a result of the "hold harmless" provision pursuant to SB 117 (see "—Considerations Regarding COVID-19"). The District projects that ADA will decrease to 3,934 in fiscal year 2022-23 and that its LCFF funding for such fiscal year will be $43,754,233.

The District has experienced a decline in enrollment during the time that in-person instruction at the District's school sites have been impacted as a result of the COVID-19 pandemic (see "—Considerations Regarding COVID-19"). Based on estimates as of October 2020, the District's projected enrollment for fiscal year 2020-21 is approximately 4,426, as compared with 4,475 as of October 2019. The District attributes such decline primarily due to parents opting for different educational methods such as private schools and home schooling. Based on responses received from exit surveys conducted for those who have dis-enrolled, the District expects that its enrollment figures will increase when the District returns to in-person instruction at its school sites. The multi-year projections included in the 2020-21 First Interim Report projects enrollment of 4,398, 4,204 and 4,167 for each of fiscal years 2020-21, 2021-22 and 2022-23. If the District's enrollment and ADA are materially lower than such projections and the "hold harmless" provision pursuant to SB 117 is not extended by the State for funding beyond fiscal year 2020-21, the District's LCFF funding could be materially lower than the amount projected in the multi-year projections.

State law requires the District to maintain a reserve for economic uncertainty equal to at least 3.00% of General Fund expenditures and other financing uses. The District is also required to demonstrate that available reserves for each of the next two fiscal years will equal or exceed the required amount. In the 2020-21 First Interim Report, the District projects a reserve for economic uncertainty of 3.00% as a percentage of expenditures and other financing uses in fiscal years 2020-21 and 2021-22, and a reserve for economic uncertainty of 2.00% in fiscal year 2022-23.

The projected $1.46 million General Fund surplus in fiscal year 2020-21 is due in large part to the one-time revenues related to COVID-19 in the projected amount of $6.36 million. See "—Considerations Regarding COVID-19" below. If additional one-time monies are not provided to the District in fiscal year 2021-22, the District will need to reduce expenditures in fiscal year 2021-22 in order to maintain the required reserve for economic uncertainty of 3.00%. As stated above, on June 25 2020, the District adopted a resolution to implement cost-cutting measures for fiscal year 2021-22 and fiscal year 2022-23; however, in light of the additional funding that it received under the CARES Act in fiscal year 2020-21, the District has decided to delay further expenditure reductions until it has a better idea of its projected revenues for next fiscal year. At the time it approved the 2020-21 First Interim Report, the District also adopted a fiscal year 2021-22 budget reduction plan resolution that authorized cuts to General Fund expenditures in the amount of between $4.7 million and $5.2 million, if needed. See "—District's Recent Financial History."

Under SB 858 (as defined below), and SB 751 (as defined below), the District's future reserves may be capped in certain fiscal years. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Proposition 2" and "STATE OF CALIFORNIA FISCAL ISSUES — General Overview — *School Reserves*." As the reserve cap provisions of

SB 858 and SB 751 are dependent upon State budget actions, the District cannot predict the fiscal years in which the cap may apply.

For several fiscal years prior to fiscal year 2013-14 and in fiscal year 2016-17, the State deferred the payment of certain revenues due to school districts to the following fiscal year. In accordance with State accounting standards, the District applies an accrual method of accounting and, accordingly, Tables 9 through 12 do not reflect any deferral of revenues to future fiscal years. The State 2020-21 Budget defers the payment of certain revenues to school districts from fiscal year 2019-20 to fiscal year 2020-21 (which were paid to districts in July 2020) and from fiscal year 2020-21 (for the months of February through June 2021) to fiscal year 2021-22. The fiscal year 2020-21 deferrals may be reduced if the State receives funding from the federal government. See "STATE OF CALIFORNIA FISCAL ISSUES — 2020-21 State Budget." In fiscal year 2019-20, the District managed deferrals of approximately $1.75 million. For fiscal year 2020-21, the District anticipates deferrals of approximately $9.0 million. In order to meet its cash-flow needs in fiscal year 2020-21, the District adopted resolutions on June 25, 2020 that approved: (a) borrowing money from the County Treasury in an amount up to $20,458,457, which will be repaid from property taxes owed to the District in fiscal year 2020-21, and (b) borrowing funds on a temporary basis from several of its non-General Fund funds to its General Fund. If needed, the District may borrow funds from the San Diego County Office of Education. The District does not currently anticipate issuing tax and revenue anticipation notes during fiscal year 2020-21. See "DISTRICT DEBT STRUCTURE — Short-Term Debt" herein.

Considerations Regarding COVID-19

An outbreak of disease or similar public health threat, such as the current novel coronavirus outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results.

The spread of COVID-19 is having significant negative impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State, the United States and many local governments. The purpose behind these declarations is to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed by the President of the United States. The CARES Act appropriates over $2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments. On December 27, 2020, the President of the United States signed the Consolidated Appropriations Act, 2021, which includes approximately $900 billion worth of provisions for additional COVID-related relief, including extension of or additional funding for various relief programs implemented by the CARES Act. The Consolidated Appropriations Act, 2021 provides approximately $82 billion of COVID-19 related relief for education, including $54.3 billion for K-12 schools (largely through Title I funding), $22.7 billion for higher education and $4 billion for state governors to spend at their discretion. See also "STATE OF CALIFORNIA FISCAL ISSUES—2020-21 State Budget" herein.

To date there have been a number of confirmed cases of COVID-19 in the County and health officials are expecting the number of confirmed cases to grow. The COVID-19 outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including the District's schools). The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor of the State has enacted Executive Order N-26-20 ("Executive Order N-26-20"), which (i) generally streamlines the process of applying for such waivers for closures related to COVID-19 and (ii) directs school districts to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours. The District is in compliance with the provisions of Executive Order N-26-20.

On March 17, 2020, Senate Bill 89 ("SB 89") and Senate Bill 117 ("SB 117") were signed by the Governor, both of which took effect immediately. SB 89 amends the Budget Act of 2019 by appropriating $500,000,000 from the State general fund for any purpose related to the Governor's March 4, 2020 emergency proclamation. SB 117, among other things, (i) specifies that for school districts that comply with Executive Order N–26–20, the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-20 school year only includes all full school months from July 1, 2019 through February 29, 2020, (ii) prevents the loss of funding related to an instructional time penalty because of a school closed due to the COVID–19 by deeming the instructional days and minutes requirements to have been met during the period of time the school was closed due to COVID–19, (iii) requires a school district to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID–19, and (iv) appropriates $100,000,000 from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites. The District received approximately $75,000 from funds distributed pursuant to SB 117.

On March 19, 2020, the Governor ordered all California residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the "Stay Home Order"). Consistent with recommendation made by the County Office of Education, the District's schools were closed for in-person instruction for the final three months of the 2019-20 academic year.

On May 4, 2020, the Governor enacted Executive Order N-60-20 ("Executive Order N-60-20"), which directs the State Public Health Officer to establish criteria to determine whether and how particular local jurisdictions may implement public health measures that are less restrictive than statewide directives, as the State transitions from Stage 1 to Stage 2, and then Stage 3 of reopening. The order provided that stages would be phased in gradually, and counties which met readiness criteria and worked with the State Department of Public Health could open more public spaces and workplaces, as outlined by the State, with variances allowed by county. Pursuant to Executive Order N-60-20, local jurisdictions may issue their own public health measures to slow the spread of COVID-19.

On June 29, 2020, Senate Bill 98 ("SB 98"), the education omnibus bill to the 2020-21 State Budget, was signed by the Governor, which takes effect immediately. SB 98 provides that distance learning may be offered by a school district during the 2020-21 academic year on a local educational agency or schoolwide level as a result of an order or guidance from a State public health officer or a local public health officer or for pupils who are medically fragile or would be put at risk by in-person instruction, or who are self-quarantining because of exposure to COVID-19. SB 98 provides requirements for distance learning, including, but not limited to: (i) confirmation or provision of access for all pupils to connectivity and devices adequate to participate in the educational program and complete assigned work, (ii) content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction, (iii) support for pupils who are not performing at grade level or need support in other areas, (iv) special education services, (v) designated and integrated instruction in English language development for English learners, and (vi) daily live interaction with certificated employees and peers. See "STATE OF CALIFORNIA FISCAL ISSUES—2020-21 State Budget" herein.

On August 28, 2020, the Governor released a new system, Blueprint for a Safer California (the "Blueprint"), which places the State's 58 counties into four color-coded tiers – purple, red, orange and yellow, in descending order of severity – based on the number of new daily cases of COVID-19 and the percentage of positive tests, and establishes criteria for loosening and tightening restrictions on activities. Counties must spend at least three weeks in each tier before advancing to the next one. Schools can reopen for limited in-person instruction with local health official approval in counties that have been in the red tier (a daily new case of 4 to 7 per 100,000 people and 5-8% of positive tests) or a lower tier for two weeks. Counties in the purple tier can reopen elementary schools if the local health department provides a waiver. Schools that are not authorized to reopen, including TK-6 schools that have not received a waiver, may provide structured, in-person supervision and services to students under the State's guidance for small cohorts/groups of children and youth. The County is currently assigned to the purple tier, and in-person instruction is not permitted. As a result, the District's schools have been closed for in-person instruction for the entirety of the 2020-21 academic year, during which time the District has implemented distance learning programs for its students.

On November 19, 2020, the California Department of Public Health issued a limited Stay at Home order, effective November 21, 2020 for those counties under Tier One (Purple) of the Blueprint, requiring that all gatherings with members of other households and all activities conducted outside the residence, lodging, or temporary accommodation with members of other households cease between 10:00 p.m. PST and 5:00 a.m. PST, except for those activities associated with the operation, maintenance, or usage of critical infrastructure or required by law.

On December 3, 2020, the California Department of Public Health announced a Regional Stay at Home Order (the "Regional Stay at Home Order"), and a supplemental order, signed December 6, 2020, which divides the State into four regions (Norther California, Bay Area, Greater Sacramento, San Joaquin Valley, and Southern California), which will go into effect at 11:59 PM the day after a region has been announced to have less than 15% ICU availability. The supplemental order clarifies retail operations and goes into effect immediately. The orders prohibit private gatherings of any size, close sector operations except for critical infrastructure and retail, and require 100% masking and physical distancing in all others. Guidance related to schools remains in effect and unchanged. Schools that have reopened for in-person instruction may remain open, and schools may continue to bring students back for in-person instruction under the existing elementary school waiver process or cohort guidance provided by the California Department of Public Health. The Regional Stay at Home Order went into effect in the County on December 7, 2020.

Since the County is currently assigned to the purple tier, the District is currently in an all distance learning environment. The District may not reopen for in-person learning until such time as the County is out of the purple tier for two weeks. The District will continue to evaluate the State's school reopening guidelines and will consult with local health officials and the State's school reopening guidelines in implementing the District's plans for the current and coming academic year.

Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while schools remain closed, declining enrollment due to distance learning and other factors, increased costs of operating when students return to school, disruption of the regional and local economy with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development. The economic consequences and the declines in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years. See also "THE DISTRICT—Retirement Systems" herein.

The District incurred both additional costs and savings due to school closures during the last three months of the 2019-20 school year. The District is anticipating the receipt of approximately $6.36 million in one-time monies from the federal government in fiscal year 2020-21 and expects to use these monies for the operations and continuity of services and to offset all increased costs in fiscal year 2020-21 caused by the COVID-19 pandemic. These costs may include, but are not limited to, staff training and professional development on sanitation and minimizing the spread of infectious disease, purchasing supplies to sanitize and clean the facilities, purchasing educational technology (hardware, software, and connectivity) for students, that aids in the regular and substantive educational interaction between students and their classroom teachers, mental health services and supports, summer learning and supplemental after-school programs, including providing classroom instruction or online learning during the summer months and addressing the needs of low-income students, students with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care and discretionary funds for school principals to address the needs of their individual schools.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Additional information with respect to events surround the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor's office (http://www.gov.ca.gov), the California Department of Public Health (https://covid19.ca.gov/) and the local County health agency (https://www.sandiegocounty.gov/hhsa/programs/phs/). *The information on these websites is not incorporated by reference herein, and the District does not assume any responsibility for the accuracy of the information on such website*s.

The ultimate impact of COVID-19 on the District's operations and finances is unknown. As described above, the District's enrollment as of October 2020 was projected at 4,426, as compared to 4,475 as of October 2019. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or average daily attendance within the District and, notwithstanding Executive Order N-26-20 or SB 117, materially adversely impact the financial condition or operations of the District or the credit ratings on the District's debt obligations.

Revenue Sources

The District categorizes its General Fund revenues into four sources: (1) state apportionment funding under the LCFF; (2) federal sources; (3) other State sources; and (4) other local sources. Each of these revenue sources is described below.

State Apportionment Funding

For fiscal years 2017-18 and 2018-19, the District received $46,359,373 and $48,718,618, respectively, from LCFF sources, representing approximately 81.0% and 79.0%, respectively, of its General Fund revenues. The District estimates that it received $47,102,931 from LCFF sources in fiscal year 2019-20, representing approximately 78.2% of its estimated General Fund revenues for such fiscal year. The District projects it will receive $45,530,104 from LCFF sources in fiscal year 2020-21, representing approximately 72.1% of its General Fund revenues for such fiscal year.

Federal Revenues

The federal government provides funding for several District programs to include Title I, Part A (Basic Grants Low-Income and Neglected), Title II, Part A (Supporting Effective Instruction), Title III (Immigrant and English Learner Student Program), Title IV, Part A (Student Support and Academic Enrichment Program), and several federally funded special education programs, programs under the

Educational Consolidation and Improvement Act. The federal revenues, all of which are restricted, comprised approximately 5.8% and 4.7% of General Fund revenues in fiscal years 2017-18 and 2018-19, respectively. Federal revenues are estimated to have been approximately 6.4% of General Fund revenues in fiscal year 2019-20 and are projected to be approximately 16.3% of General Fund revenues in fiscal year 2020-21.

Other State Sources

In addition to State apportionment funding discussed above, the District receives other State revenues ("Other State Revenue"). In fiscal years 2017-18 and 2018-19, Other State Revenue equaled approximately 7.0% and 11.1%, respectively, of total General Fund revenues. Other State Revenues are estimated to have been approximately 9.3% of General Fund revenues in fiscal year 2019-20 and are projected to be approximately 6.2% of General Fund revenues in fiscal year 2020-21.

Other Local Revenue

In addition to property taxes, the District receives additional local revenue ("Other Local Revenue") from items such as the leasing of property owned by the District, interest earnings and local grants. This Other Local Revenue (including tuition and transfers) equaled approximately 6.2% and 5.2% of the total General Fund revenues in fiscal years 2017-18 and 2018-19, respectively. Other Local Revenues are estimated to have been approximately 6.0% of General Fund revenues in fiscal year 2019-20 and are projected to be approximately 5.4% of General Fund revenues in fiscal year 2020-21.

Capital Projects Funds

The District maintains a Capital Facilities Fund, separate and apart from the General Fund, to account for developer fees collected by the District. The District's developer fees may be utilized for any capital purpose related to growth. Separate and apart from the General Fund, the District also maintains a Building Fund to account for general obligation bond proceeds restricted to capital projects, a Capital Project Fund for Blended Component Units to account for moneys received in connection with the District's community facilities districts and a Special Reserve Fund for Capital Outlay to act as a reserve for Board of Education designated construction projects.

Collection of developer fees followed a formal declaration by the Board of Education which addressed the overcrowding of District schools as a result of new development. These fees are collected pursuant to certain provisions of the Education Code of the State. The square-foot amounts are periodically adjusted for inflation and the current developer fee is $2.49 per square foot of habitable space on domestic housing developments. The current developer fee on commercial/industrial developments is $0.40 per square foot. As of June 30, 2020, there was a balance of $6,176 in the Building Fund, a balance of $4,403,936 in the Capital Project Fund for Blended Component Units and a balance of $81,717 in the Special Reserve Fund for Capital Outlay. The amounts in these funds are restricted to pay for capital improvements.

DISTRICT DEBT STRUCTURE

Long-Term Debt

As of June 30, 2020, the District had $295,293,878 of long-term debt outstanding. Since such date, the District has issued its $20,000,000 Election of 2020 General Obligation Bonds Series A (Measure U) (Tax-Exempt) and its $15,830,000 Election of 2020 General Obligation Bonds Series A (Measure T) (Federally Taxable), a portion of the proceeds of which prepaid the District's 2017 Certificates of Participation.

A schedule of changes in long-term debt for Governmental Activities for the fiscal year ended June 30, 2019 is as follows:

Table 18
SAN YSIDRO SCHOOL DISTRICT
Long-Term Debt

Governmental Activities	*Balance July 1, 2018*	*Additions*	*Deductions*	*Balance June 30, 2019*	*Balance Due In One Year*
General Obligation Bonds	$ 169,035,632	$ 7,225,698	$ 5,020,332	$ 171,240,998	$ 5,454,744
Capital Leases	1,835,700	0	190,835	1,644,865	197,074
Certificates of Participation	52,965,724	84,870	1,288,934	51,761,660	1,355,261
QZAB Bond	1,014,520	0	253,630	760,890	253,630
Total OPEB Liability	14,463,634	628,775	0	15,092,409	0
Net Pension Liability	57,564,457	4,489,308	0	62,053,765	0
Compensated Absences	469,131	0	96,411	372,720	372,720
TOTAL	$ 297,348,798	$ 12,428,651	$ 6,850,142	$ 302,927,307	$ 7,633,429

Source: San Ysidro School District.

Additional information regarding the long-term debt and its scheduled repayment is set forth in Note L to the District's 2018-19 Audited Financial Statements attached as Appendix E hereto.

Short-Term Debt

The District currently has no short-term debt outstanding, and the District does not expect to issue any tax and revenue anticipation notes for fiscal year 2020-21. If any tax and revenue anticipation notes are issued, they will be payable from General Fund revenues and other lawfully available funds of the District and must mature in not more than 15 months from their issuance. The District has authorized the borrowing of money from the County Treasury and from certain non-General Fund funds. See "—Current Financial Condition."

Direct and Overlapping Debt

Contained within the District are numerous overlapping local agencies providing public services. These local agencies have outstanding debt issued in the form of general obligation, lease revenue and special tax and assessment bonds. The direct and overlapping debt of the District is shown in Table 19 below. Tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds, and non-bonded capital lease obligations are excluded from the debt statement.

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The information in the following table has been provided by California Municipal Statistics, Inc. Neither the District nor the Underwriter has independently verified this information and do not guarantee its accuracy.

Table 19
STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
San Ysidro School District
As of January 1, 2021

2020-21 Assessed Valuation: $6,649,409,652

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 1/1/21
Metropolitan Water District	0.203%	$ 65,427
Southwestern Community College District	10.503	47,649,818
Sweetwater Union High School District	12.483	48,151,115
San Ysidro School District	100.000	147,108,310[(1)]
San Ysidro School District Certificates of Participation	100.000	31,519,715[(2)]
California Statewide Communities Development Authority 1915 Act Bonds	100.000	9,360,013
City of San Diego 1915 Act Bonds	100.000	2,850,000
Sweetwater Union High School District Community Facilities District No. 8, 9 and 10	23.884-100.	3,188,449
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$289,922,847
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
San Diego County General Fund Obligations	1.135%	$ 2,401,490
San Diego County Pension Obligation Bonds	1.135	4,541,419
San Diego County Superintendent of Schools Obligations	1.135	106,123
Southwestern Community College District General Fund Obligations	10.503	51,465
Sweetwater Union High School District Certificates of Participation	12.483	4,551,302
San Ysidro School District Qualified Zone Academy Bonds (QZABs)	100.000	5,000,000
City of San Diego General Fund Obligations	2.012	9,841,646
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 26,493,445
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$ 7,445,443
COMBINED TOTAL DEBT		$323,861,735[(3)]
Ratios to 2020-21 Assessed Valuation:		
Direct Debt ($178,628,025)	2.69%	
Total Direct and Overlapping Tax and Assessment Debt	4.36%	
Combined Direct Debt ($183,628,025)	2.76%	
Combined Total Debt	4.87%	
Ratio to Redevelopment Incremental Valuation ($691,020,255):		
Total Overlapping Tax Increment Debt	1.08%	

(1) Excludes accreted interest of capital appreciation bonds.

(2) Special taxes levied in Community Facilities Districts No. 1, 2 and 3 are pledged to support lease payments on the 2012 Certificates, the 2015 Certificates and the 2016 Certificates. The District has covenanted to make lease payments from its General Fund to the extent that special tax revenues are not used or insufficient to make debt service payments. Includes the 2012 Certificates being prepaid but does not reflect the execution and delivery of the Certificates.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. QZABs are included based on principal due at maturity.

Source: California Municipal Statistics, Inc.

STATE CONSTITUTIONAL LIMITATIONS ON DISTRICT SOURCES AND EXPENDITURES

Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 2, 22, 26, 39, 46, 49, 51, 55, 98, 111, and 1A, and certain other provisions of law discussed below, are discussed in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes.

Article XIIIA

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIIIA to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under "full cash value," or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The District is unable to predict the nature or magnitude of future revenue sources that may be provided by the State to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the counties and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in fiscal year 1981-82, assessors in California no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 of assessed value. All taxable property is now shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIIIA.

Article XIIIB

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIIIB to the California Constitution. In June 1990, Article XIIIB was amended by the voters through their approval of Proposition 111. Article XIIIB of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the state to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (a) if financial responsibility for providing services is transferred to the governmental entity, or (b) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIIIB include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIIIB do not include debt service on indebtedness existing or legally authorized as of January 1, 1979 on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (a) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (b) the investment of tax revenues and (c) certain State subventions received by local governments. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

As amended in June 1990, the appropriations limit for local governments in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the local government's option, either (i) the percentage change in California per capita personal income, or (ii) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college ("K-14") districts.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the District over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years. Any proceeds of taxes received by the District in excess of the appropriations limit are absorbed into the State's allowable limit. The District does not currently have and does not anticipate having "proceeds of taxes" in excess of its appropriations limit.

Article XIIIB permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years. Pursuant to statute, if a school district receives any proceeds of taxes in excess of its appropriations limit, it may, by resolution of the governing board, increase its

appropriations limit to equal the amount received, provided that the State has sufficient excess appropriations limit in that fiscal year.

Articles XIIIC and XIIID

On November 5, 1996, California voters approved Proposition 218—Voters Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Among other things, Proposition 218 states that all taxes imposed by local governments shall be deemed to be either "general taxes" (imposed for general governmental purposes) or "special taxes" (imposed for specific purposes); prohibits special purpose government agencies, including school districts, from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Proposition 218 also provides that no tax maybe assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. A portion of the District's revenues are received annually from property taxes. The State Constitution and the laws of the State impose a mandatory, statutory duty on the County Treasurer and Tax Collector to levy a property tax sufficient to pay debt service on the District's general obligation bonds coming due in each year. There is no court case which directly addresses whether the initiative power may be used to reduce or repeal the *ad valorem* taxes pledged to repay general obligation bonds. See "DISTRICT FINANCIAL MATTERS—State Funding of Education." In the case of *Bighorn-Desert View Water Agency v. Virjil (Kelley)* (the "Bighorn Decision"), the California Supreme Court held that water service charges may be reduced or repealed through a local voter initiative subject to Article XIIIC. The Supreme Court did state that it was not holding that the initiative power is free of all limitations. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District. No developer fees imposed by the District are pledged or expected to be used to make payments with respect to the Certificates.

The provisions of Article XIIIC and XIIID may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which provided an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property, and property taxes could only exceed this limit to pay for (1) any local government debts

approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate per $100,000 of taxable property value projected to be levied as the result of any single election be no more than $60 (for a unified school district), $30 (for a high school or elementary school district), or $25 (for a community college district), when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Propositions 98 and 111

On November 8, 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). Proposition 98 changed State funding of public education below the university level and the operation of the State's appropriations limit, primarily by guaranteeing K-14 schools a minimum share of State General Fund revenues. Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 schools are guaranteed the greater of (a) 40.9% of State General Fund revenues (the "first test"), or (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"), or (c) a "third test" which would replace the second test in any year when the percentage growth in per capita State General Fund revenues from the prior year plus 1/2 of 1% is less than the percentage growth in California per capita personal income. Under the third test, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test would become a "credit" to schools which would be paid in future years when State General Fund revenue growth exceeds personal income growth.

Proposition 98 permits the Legislature by two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 schools' minimum funding formula for a one-year period, and any corresponding reduction in funding for that year will not be paid in subsequent years. However, in determining the funding level for the succeeding year, the formula base for the prior year will be reinstated as if such suspension had not taken place. In certain fiscal years, the State Legislature and the Governor have utilized this provision to avoid having the full Proposition 98 funding paid to support K-14 schools.

Proposition 98 also changes how tax revenues in excess of the State Appropriations Limit are distributed. "Excess" tax revenues are determined based on a two-year cycle, so that the State could avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year were under its limit. After any two-year period, if there are excess State tax revenues, 50% of the excess would be transferred to K-14 schools with the balance returned to taxpayers. Further, any excess State tax revenues transferred to K-14 schools are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit will not be increased by this amount.

Since Proposition 98 is unclear in some details, there can be no assurance that the Legislature or a court might not interpret Proposition 98 to require a different percentage of State General Fund revenues to be

allocated to K-14 districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, some fiscal observers expect Proposition 98 to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State ability to fund such other programs by raising taxes.

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimums under the first test and the second test described above are dependent on State General Fund revenues. In several recent fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimums.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Many of the provisions of Proposition 1A have been superseded by Proposition 22 enacted in November 2010.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, which resulted in all redevelopment agencies in California being dissolved on February 1, 2012, and the property tax revenue which previously flowed to the redevelopment

agencies is now instead going to other local governments, including school districts. It is likely that the dissolution of redevelopment agencies has mooted the effects of Proposition 22.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for school districts and community college districts. See "– Proposition 98" and "– Proposition 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State

liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for enrollment growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for enrollment growth and cost of living.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school districts lack sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are

capped at $3 million for a new facility and $1.5 for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual state budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 state facilities funding.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, and Propositions 2, 22, 26, 30, 39, 46, 51, 55, 98 and 111 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting school districts' revenues or such districts' ability to expend revenues.

There can be no assurance that the California electorate will not at some future time adopt other initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State of California resulting in a reduction of amounts legally available to the District.

STATE OF CALIFORNIA FISCAL ISSUES

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information.

General Overview

Financial Stress on State Budget. The State has recently disclosed that its general fund will be materially adversely impacted by the health-related and economic impacts of the COVID-19 pandemic due to decreased revenues and increased costs. According to the State, the severe drop in economic activity is

expected to result in a recession and have significant negative effects on State revenues. The State expects that the negative impacts on revenues to be immediate, affecting fiscal year 2019-20, producing negative impacts for fiscal year 2020-21, and likely several fiscal years beyond, depending on the pace of recovery of local, state and national economies. The State considers the threat of an extended recession to be a major risk to the State's financial condition.

According to the State, there remain a number of other major risks and pressures that threaten the State's financial condition, including potential changes to federal fiscal policies and large unfunded liabilities for PERS and STRS, rising health care costs and trade policy. The State's revenues (particularly the personal income tax) can be volatile and correlate to overall economic conditions. The District is unable to predict the degree to which the COVID-19 pandemic or other factors will materially adversely affect the financial condition of the State.

Cash Management by State and Impact on Schools. To conserve cash in light of declining revenues resulting from the last recession, the State enacted several statutes deferring the payment of amounts owed to public schools, until a later date in the current, or in a subsequent, fiscal year. This technique was used in all of the State's budget bills from fiscal year 2008-2009 through fiscal year 2012-13. Some of these statutory deferrals were made permanent, and others were implemented only for one fiscal year. These deferrals reduced amounts paid to K-12 districts and resulted in deferred payments that at one point totaled more than $10 billion. These deferrals also created cash flow shortages for certain K-12 districts which required an increased level of cash flow borrowings. In fiscal years 2013-14 and 2014-15, the State repaid the majority of these deferrals and the remaining $992 million was repaid in fiscal year 2015-16. The State has included LCFF apportionment deferrals in its 2020-21 Budget. See "—2020-21 State Budget" below.

School Reserves. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the PSSSA, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an ADA of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its General Fund expenditures and other financing uses.

Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions community funded districts and small school districts having fewer than 2,501 units of average daily attendance.

2020-21 State Budget

On June 29, 2020, the Governor signed into law the State budget for fiscal year 2020-21 (the "2020-21 Budget"). The following information is drawn from the DOF's summary of the 2020-21 Budget.

As with the Governor's May revision (the "May Revision") to the proposed State budget, the 2020-21 Budget acknowledges that the rapid onset of COVID-19 has had an immediate and severe impact on the State's economy. The ensuing recession has caused significant job losses, precipitous drops in family and business income, and has exacerbated inequality. The May Revision forecast included a peak unemployment rate of 24.5% in the second quarter of 2020 and a decline in personal income of nearly 9%. The 2020-21 Budget reports that the official unemployment rate exceeded 16% in both April and May of 2020.

The 2020-21 Budget includes a number of measures intended to address a projected deficit of $54.3 billion identified by the May Revision, and occasioned principally by declines in the State's three main tax revenues (personal income, sales and use, and corporate). The measures included in the 2020-21 Budget, and described below, are intended to close this deficit and set aside $2.6 billion in the State's traditional general fund reserve, including $716 million for the State to respond to the changing conditions of the COVID-19 pandemic:

- *Draw Down of Reserves* – The 2020-21 Budget draws down $8.8 billion in total State reserves, including $7.8 billion from the BSA, $450 million from the Safety Net Reserve and all funds in the PSSSA.

- *Triggers* – The 2020-21 Budget includes $11.1 billion in reductions and deferrals that would be restored if at least $14 billion in federal funds are received by October 15, 2020. If the State receives less than this amount, reductions and deferrals would be partially restored. The triggers includes $6.6 billion in deferred spending on education, $970 million in funding for the California State University and University of California systems, $2.8 billion in State employee compensation and $150 million for courts, as well as funding for various other State programs. The triggers would also fund an additional $250 million for county programs to backfill revenue losses.

- *Federal Funds* – The 2020-21 Budget relies on $10.1 billion in federal funds, including $8.1 billion of which has already been received. This relief includes recent congressional approval for a temporary increase in the federal government's share of Medicaid costs, a portion of the State's Coronavirus Relief Fund allocation pursuant to the CARES Act and federal funds provided for childcare programs.

- *Borrowing/Transfers/Deferrals* – The 2020-21 Budget relies on $9.3 billion in special fund borrowing and transfers, as well as deferrals to K-14 education discussed further herein. Approximately $900 million of special fund borrowing is associated with reductions to State employee compensation and is subject to the triggers discussed above.

- *Increased Revenues* – The 2020-21 Budget temporarily suspends for three years net operating loss tax deductions for medium and large businesses and limits business tax credits, with an estimated increase in tax revenues of $4.3 billion in fiscal year 2020-21.

- *Cancelled Expansions, Updated Assumptions and Other Measures* – The 2020-21 Budget includes an additional $10.6 billion of measures, including cancelling multiple programmatic expansions, anticipated governmental efficiencies, higher ongoing revenues above the forecast included in the May Revision, and lower health and human services caseload costs than assumed by the May Revision.

For fiscal year 2019-20, the 2020-21 Budget projects total general fund revenues and transfers of $137.6 billion and authorizes expenditures of $146.9 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $17 billion, including $16.1 billion in the BSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2020-21, the 2020-21 Budget projects total general fund revenues and transfers of $137.7 billion and authorizes expenditures of $133.9 billion. The State is

projected to end the 2020-21 fiscal year with total available general fund reserves of $11.4 billion, including $2.6 billion in the traditional general fund reserve (of which $716 million is earmarked for COVID-related responses), $8.3 billion in the BSA and $450 million in the Safety Net Reserve Fund.

As a result of the projected reduction of State revenues occasioned by the COVID-19 pandemic, the 2020-21 Budget estimates that the Proposition 98 minimum funding guarantee for fiscal year 2020-21 is $70.1 billion, approximately $10 billion below the revised prior-year funding level. For K-12 school districts, this results in per-pupil spending in fiscal year 2020-21 of $10,654, a reduction of $1,339 from the prior year.

The 2020-21 Budget proposes several measures intended to ameliorate the immediate impact of State revenue declines, and avoid a permanent decline in education funding:

- *Local Control Funding Formula* – The 2020-21 Budget provides for $1.9 billion in LCFF apportionment deferrals for fiscal year 2019-20. The deferrals increase to $11 billion in fiscal year 2020-21, which results in LCFF funding remaining at 2019-20 levels in both years. The 2020-21 Budget also suspends the statutory COLA in fiscal 2020-21. Of the total deferrals, $5.8 billion will be triggered off in fiscal year 2020-21 if sufficient federal funding for this purpose is received.

- *Learning Loss Mitigation* – The 2020-21 Budget includes a one-time investment of $5.3 billion ($4.75 billion in CARES Act funding and $539.9 million in Proposition 98 funding) to local educational agencies to address learning losses related to COVID-19 school closures. Of these funds, $2.9 billion will be allocated based on LCFF supplemental and concentration grant allocations, $1.5 billion based on the number of students with exceptional needs, and $979.8 million based on total LCFF allocations.

- *Supplemental Appropriations* – The 2020-21 Budget provides for a new, multi-year payment obligation to supplement K-14 education funding. The total obligation would equal approximately $12.4 billion, and reflects the administration's estimate of the additional funding K-14 school districts would have received in the absence of COVID-19-related reductions. Under this proposal the State will make annual payments toward this obligation beginning in fiscal year 2021-22. These payments would equal 1.5% of State general fund revenue. The 2020-21 Budget also increases the share of State general fund revenue required to be spent on K-14 school districts from 38% to 40% by fiscal year 2023-24.

- *CalSTRS/CalPERS* – The 2020-21 Budget redirects $2.3 billion in funds previously appropriated for prefunding CalSTRS and CalPERS liabilities, and instead applies them to further reduce local educational agency contribution rates for such programs in fiscal years 2020-21 and 2021-22. This reduces CalSTRS employer rates to 16.15% in fiscal year 2020-21 and 16.02% in fiscal year 2021-22. CalPERS employer rates would be reduced to 20.7% in fiscal year 2020-21 and 22.84% in fiscal year 2021-22. See also "THE DISTRICT—Retirement Systems.".

- *Federal Funds* – In addition to the CARES Act funding previously discussed, the 2020-21 Budget appropriates $1.6 billion in federal Elementary and Secondary School Emergency Relief funds recently awarded to the State. Of this amount, approximately $1.5 billion will be allocated to local educational agencies in proportion to the amount of federal Title I-A funding such agencies receive, to be used for COVID-19 related costs. The remaining amount will be allocated to state-level activities.

- *Temporary Revenue Increases* – As discussed above, as part of closing the State's projected deficit, the 2020-21 Budget provides for a temporary revenue increase of approximately $4.3 billion in fiscal year 2020-21, of which approximately $1.6 billion counts towards the Proposition 98 funding guarantee.

Other significant features of K-12 education funding in the 2020-21 Budget include the following:

- *Special Education* – The 2020-21 Budget increases special education base rates to $625 per pupil, and provides $100 million to increase funding for students with low-incidence disabilities.

- *Average Daily Attendance* – The 2020-21 Budget provides for a hold-harmless for calculating apportionments in fiscal year 2020-21. ADA will be based on the 2019-20 year, except for new charter schools commencing instruction in fiscal year 2020-21. The 2020-21 Budget also provides an exemption for local educational agencies from certain annual minimum instructional minute requirements, and includes requirements for distance learning to ensure that, in the absence of in-person instruction, students continue to receive access to quality education.

- *LCAPs* – In April of 2020, the Governor issued an executive order allowing local educational agencies to submit their LCAP for fiscal year 2020-21 in December, in lieu of the usual July 1 deadline. Recognizing that federal relief funds need to be expended on an accelerated timeline, and to ensure transparency, the 2020-21 Budget replaces the December LCAP with a Learning Continuity and Attendance Plan to be completed by September 30, 2020. The 2020-21 Budget requires the State Superintendent of Public Instruction to develop a template of this plan for use by local educational agencies which will include a description of how such agencies will provide continuity of learning during the pandemic, expenditures related to addressing the impacts of the pandemic, and how such agencies are increasing or improving services in proportion to concentration funding that is received under the LCFF.

- *Employee Protections* – The 2020-21 Budget suspends school districts' window to layoff teachers and other non-administrative certificated staff, which typically runs from the time the budget is approved by the State Legislature to August 15. The 2020-21 Budget also suspends layoffs of classified staff working in transportation, nutrition and custodial services from July 1, 2020 through June 30, 2021.

For additional information regarding the 2020-21 Budget, see the State Department of Finance website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

Proposed Fiscal Year 2021-22 Budget

On January 8, 2021, the Governor released his proposed State budget for fiscal year 2021-22 (the "Proposed 2021-22 Budget"). The information below is drawn from the DOF summary of the Proposed 2021-22 Budget.

The Proposed 2021-22 Budget indicates that, since the adoption of the 2020-21 Budget, the administration's economic forecast and revenue projections have significantly improved, driven in large part by a rebound in the stock market and an attendant growth in capital gains tax revenues. However, the Proposed 2021-22 Budget acknowledges that the risks to the revenue forecast remain higher than usual, and economic inequality has intensified since the beginning of the COVID-19 pandemic. The Proposed 2021-22 Budget acknowledges that the State is currently in the midst of a second and more serious wave of COVID-19 infections, but that federally-approved COVID-19 vaccines are arriving to assist the recovery from the pandemic.

The Proposed 2021-22 Budget indicates that the revenue forecast was finalized prior to the passage of the most recent federal stimulus bill. See "DISTRICT FINANCIAL MATTERS—Considerations Regarding COVID-19" herein. Of the almost $900 billion in federal funding that was approved, the Proposed 2021-22 Budget identifies approximately $106 billion allocable to the State, including $42.4 billion in direct assistance to individuals and families (including $38.3 billion in unemployment benefits and direct payments), $2.2

billion for COVID-19 testing, tracing and vaccine distribution, $700 million for health and mental health services, $50.1 billion in business and transportation support, and $10.1 billion for education. The Governor's May revision to the Proposed 2021-22 Budget will include a revised revenue forecast that will reflect this federal assistance. The Proposed 2021-22 Budget also acknowledges that further federal relief will be critical to assisting individuals and businesses survive and recover from the pandemic.

For fiscal year 2020-21, the Proposed 2021-22 Budget projects total general fund revenues and transfers of $168.1 billion and expenditures of $156 billion. The State is projected to end the 2020-21 fiscal year with total available general fund reserves of approximately $22.7 billion, including $9 billion in the traditional State reserve, $12.5 billion in the BSA, $747 million in the PSSSA and $450 million in the Safety Net Reserve Fund. For fiscal year 2021-22, the Proposed 2021-22 Budget projects total general fund revenues and transfers of $170.6 billion and authorizes expenditures of $164.5 billion. The State is projected to end the 2021-22 fiscal year with total available general fund reserves of approximately $22 billion, including $2.9 billion in the traditional general fund reserve, $15.6 billion in the BSA, $3 billion in the PSSSA and $450 million in the Safety Net Reserve Fund. As a result of the projected year-end balance in the PSSSA, school district reserve caps would be triggered in fiscal year 2022-23 under the provisions of SB 858 and SB 751. See also "STATE CONSTITUTIONAL LIMITATIONS ON DISTRICT SOURCES AND EXPENDITURES – Proposition 2" herein.

In recognition of the need to address the various impacts of the COVID-19 pandemic, the Proposed 2021-22 Budget includes a package of measures intended to be implemented through legislative action earlier than the traditional State budget timeline. For immediate action in January, this package includes $3 billion in direct support for workers and small businesses and $2 billion to support the re-opening of K-12 schools (as further described herein). For early action in the spring, the package includes $4.7 billion in instructional support for K-14 school districts, $973 million in jobs and workforce training, $561 million in environmental sustainability measures and $262 million in housing and homelessness-related measures.

As a result of the expected increases in State general fund revenues, the Proposed 2021-22 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2021-22 at $85.8 billion. This represents a year-to-year increase of $14.9 billion over the level included in the 2020-21 Budget. The Proposed 2021-22 Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2019-20 and 2020-21 of $1.9 billion and $11.9 billion, respectively, due almost exclusively to increases in allocable general fund revenues in those years. As a result of these revisions, total per-pupil expenditures for K-12 education are projected to be $18,837 in fiscal year 2020-21 and $18,000 in fiscal year 2021-22. The year-to-year decrease reflects a significant allocation of one-time federal funding in fiscal year 2020-21. Ongoing per-pupil spending from Proposition 98 funding is $12,648 in fiscal year 2021-22, an increase of $1,994 from the level provided in the 2020-21 Budget.

Other significant features of K-12 education funding include the following:

- *Re-opening Schools* – $2 billion in one-time Proposition 98 funding available beginning in February, 2021 to augment resources for local educational agencies to resume safe, in-person instruction. Funding will be available on a per-pupil basis for all county schools, school districts and charter schools (with the exception of non-classroom based charter schools and independent study programs) that continue or commence in-person instruction by set dates. Specifically, all such educational agencies that continue or resume instruction (i) by February 16, for all transitional Kindergarten through 2nd grade students, disabled students, foster and homeless youth, and students without access to technology or high-speed internet, and (ii) by March 15 for all 3rd grade students, will be eligible for base grants starting at $450 and increasing to more than $700 per pupil for schools with higher enrollments of EL/LI students. Schools with later start dates will qualify for proportionally lower base grants, except those schools in counties with high rates of COVID-19 community spread. Schools in counties with high rates of community spread will be eligible for the full February grant amount if they re-open for instruction pursuant to State and

local health guidance. Funds may be used for any purpose that supports instruction, including enhancing and expanding COVID-19 testing, personal protective equipment, improving ventilation and the safety of indoor and outdoor spaces, teacher and staff salaries for those providing and supporting in-person instruction, and social and mental health supportive services.

- *Local Control Funding Formula* – $64.5 billion in total LCFF funding, including an allocation to fund a combined COLA of 3.84%. This reflects both the 2.31% COLA that would have been due in fiscal year 2020-21, and which was suspended by the 2020-21 Budget, and a 1.5% adjustment for fiscal year 2021-22. With few exceptions, the Proposed 2021-22 Budget assumes in-person instruction in fiscal year 2021-22, and accordingly does not provide an ADA hold-harmless for purposes of calculating apportionments. However, because of the hold-harmless provided for fiscal year 2020-21 by the prior year's budgetary legislation, local educational agencies that experience enrollment declines in fiscal year 2021-22 will retain the ability to receive apportionments based on the higher of their 2019-20 or 2020-21 ADA. The Proposed 2021-22 Budget also provides an increase of $10.2 million in ongoing Proposition 98 funding to reflect a 1.5% COLA for county offices of education.

- *Categorical Programs* – An increase of $85.7 million in ongoing Proposition 98 funding to reflect a 1.5% COLA for categorical programs which remain outside of the LCFF.

- *Deferrals* – The Proposed 2021-22 Budget pays off LCFF apportionment deferrals for fiscal year 2019-20 that were provided for by the 2020-21 Budget, as well as $7.3 billion of the LCFF deferral for fiscal year 2020-21. This leaves an ongoing deferral balance of $3.7 billion due in fiscal year 2021-22.

- *Supplemental Payment* – The 2020-21 Budget provided for a new, multi-year payment obligation to avoid a permanent decline in K-14 education funding as a result of then-projected reductions in available revenues. The Proposed 2021-22 Budget would eliminate this supplemental payment obligation in its entirety. However, in recognition of the extraordinary needs of students and the public school system related to the COVID-19 pandemic, the Proposed 2021-22 Budget provides a one-time supplemental payment to K-14 education of $2.3 billion.

- *Educator and Professional Development* – $315.3 million to develop quality training in high-need areas and provide timely access to training. The Proposed 2021-22 Budget also includes $225 million to improve the State's teacher pipeline, including providing grants to students enrolled in teacher preparation programs, support for clinical teacher preparation programs and grants to recruit non-certificated school employees.

- *Community Schools* - $264.9 million in one-time Proposition 98 funding to expand networks of community schools and establish new community schools, which typically integrate health, mental health and other services for students and families and provide these services directly on school campuses.

- *Learning Loss Mitigation* - $4.6 billion in one-time Proposition 98 funding to facilitate targeted interventions by local educational agencies that focus on student achievement and well-being most affected by COVID-19 related disruptions to educational learning, including interventions with low-income families, English-learners and foster and homeless youth.

- *Federal Funds* – As a result of recent federal stimulus legislation, the Proposed 2021-22 Budget estimates that the State could receive more than $6 billion for the Elementary and Secondary Schools Emergency Relief Fund and $400 million for the Governor's Emergency Education Relief Fund. These funds are expected to assist schools in reopening and remaining open for in-person instruction.

- *Proposition 51* – The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative approved at the November 8, 2016 election that authorizes the sale and issuance of $9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities. The Proposed 2020-21 Budget allocates $1.5 billion of such bond funds for K-12 school facility projects.

For additional information regarding the Proposed 2021-22 Budget, see the DOF website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

Future Actions

The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, the pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See "DISTRICT FINANCIAL MATTERS — Considerations Regarding COVID-19." The District also cannot predict whether the federal government will provide additional funding in amounts sufficient to offset any of the fiscal impacts of the COVID-19 pandemic described above. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("Matosantos"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in Matosantos also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Proposition 1A and Proposition 22." ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, not to exceed $250,000 in any year, to the extent such costs have been approved in an administrative budget; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received had the redevelopment agency existed at that time," and that the County Auditor-Controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of [ABX1 26] using current assessed values and pursuant to statutory [pass-through] formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which State apportionments may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Special Counsel, under existing statutes, regulations, rulings and judicial decisions, interest with respect to the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Special Counsel, interest with respect to the Certificates is exempt from State of California personal income tax.

The difference between the issue price of a Certificates (the first price at which a substantial amount of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Certificates (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Certificate Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Certificate Owner will increase the Certificate Owner's basis in the applicable Certificate. In the opinion of Special Counsel, the amount of original issue discount that accrues to the Certificate Owner is excluded from the gross income of such owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Special Counsel, the amount of original issue discount that accrues to the Certificate Owners is exempt from State of California personal income tax.

Special Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) with respect to the Certificates is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Certificates to assure that interest (and original issue discount) with respect to the Certificates will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Internal Revenue Code of 1986, as amended (the "Code") might cause the interest (and original issue discount) with respect to the Certificates to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Certificates. The District will covenant in the Tax Certificate for the Certificates to comply with all such requirements.

The amount by which a Certificate Owner's original basis for determining loss on sale or exchange in the applicable Certificate (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Certificate premium, which must be amortized under Section 171 of the Code; such amortizable Certificate premium reduces the Certificate Owner's basis in the applicable Certificate (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Certificate premium may result in a Certificate Owner realizing a taxable gain when a Certificate is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Certificate to the Owner. Purchasers of the Certificates should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Certificate premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Certificates will be selected for audit by the IRS. It is also possible that the market value of the Certificates might be affected as a result of such an audit of the Certificates (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Certificates to the extent that it adversely affects the exclusion from gross income of interest with respect to the Certificates or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE CERTIFICATES THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE CERTIFICATES OR THE MARKET VALUE OF THE CERTIFICATES. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE CERTIFICATES. IT IS POSSIBLE THAT LEGISLATIVE CHANGES WILL BE INTRODUCED WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE CERTIFICATES. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE CERTIFICATES STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE

CERTIFICATES, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE CERTIFICATES.

Special Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Special Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Trust Agreement, the Lease and the Tax Certificate relating to the Certificates permit certain actions to be taken or to be omitted if a favorable opinion of Special Counsel is provided with respect thereto. Special Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) due with respect to any Certificate if any such action is taken or omitted based upon the advice of counsel other than Special Counsel.

Although Special Counsel will render an opinion that interest (and original issue discount) with respect to the Certificates is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Certificates and the accrual or receipt of interest (and original issue discount) with respect to the Certificates may otherwise affect the tax liability of certain persons. Special Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Certificates, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Certificates.

A copy of the proposed form of opinion of Special Counsel is attached hereto as Appendix D.

CERTAIN LEGAL MATTERS

Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Special Counsel, will render an opinion with respect to the Certificates substantially in the form attached hereto as Appendix D. Copies of such approving opinion will be available at the time of delivery of the Certificates. Certain matters will also be passed on for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation expresses no opinion to the Owners of the Certificates as to the accuracy, completeness or fairness of this Official Statement.

ABSENCE OF MATERIAL LITIGATION

At the time of delivery of and payment for the Certificates, the District and the Corporation will each certify that there is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body served, or to the best knowledge of the District or the Corporation threatened, against the District or the Corporation in any material respect affecting the existence of the District or the Corporation or the titles of their officers to their respective offices or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Certificates or the payment of Lease Payments or challenging, directly or indirectly, the validity or enforceability of the proceedings to have the District lease the Property to the Corporation and lease it back from the Corporation, or the validity or enforceability of the Trust Agreement, the Lease, the Assignment Agreement or the Site Lease.

The District does have claims pending against it. The aggregate amount of the uninsured liabilities of the District which may result from all claims will not, in the opinion of the District, materially affect the District's finances or impair its ability to make Lease Payments under the Lease.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign its municipal bond rating of "____" to the Certificates based on the issuance of the Policy by the Insurer at the time of delivery of the Certificates. See "MUNICIPAL BOND INSURANCE" herein. In addition, Moody's Investors Service, Inc. ("Moody's") has assigned its long term underlying rating of "Baa2" to the Certificates independent of the delivery of the Policy. Such ratings reflect only the views of such rating agencies and any explanation of the significance of such ratings must be obtained from the rating agencies. 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 by a rating agency if in the judgment of such rating agency circumstances so warrant. An explanation of the significance of such ratings may be obtained from S&P and Moody's. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Certificates.

The District will covenant in a Continuing Disclosure Certificate to file on EMMA notices of any ratings changes on the Certificates. See the caption "CONTINUING DISCLOSURE" above and Appendix F — "FORM OF CONTINUING DISCLOSURE CERTIFICATE." Notwithstanding such covenant, information relating to ratings changes on the Certificates 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 Certificates are directed to S&P and its website and official media outlets for the most current ratings changes with respect to the Certificates after the initial delivery of the Certificates.

UNDERWRITING

The Certificates are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Certificates pursuant to a Purchase Contract at the initial purchase price of $_____ (being equal to the aggregate principal amount of the Certificates, less an Underwriter's discount of $_____, [plus/less] [net] original issue [premium/discount] of $_____). The Purchase Contract for the Certificates provides that the Underwriter will purchase all of the Certificates if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in such Purchase Contract. The Underwriter may offer and sell the Certificates to certain dealers and others at yields higher than the offering yields stated on the cover page hereof. The offering yields may be changed from time to time by the Underwriter.

MISCELLANEOUS

Audited Financial Statements

The District's audited financial statements for fiscal year 2018-19 included in Appendix E of this Official Statement have been audited by Wilkinson Hadley King & Co., LLP (the "Auditor"), as stated in their report in Appendix E. Attention is called to the scope limitation described in the Auditor's report accompanying the financial statements. The Auditor has not been requested to consent to the inclusion of its report in this Official Statement. The Auditor has not undertaken to update the audited financial statements for fiscal year 2018-19 or its report, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated December 16, 2019. See Appendix E — "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2019" herein.

Financial Interests

The fees being paid to the Underwriter, Underwriter's Counsel, the Verification Agent, the District's Municipal Advisor and Special Counsel and Disclosure Counsel are contingent upon the execution and

delivery of the Certificates. From time to time, Special Counsel represents the Underwriter on matters unrelated to the Certificates.

ADDITIONAL INFORMATION

The references herein to the Lease, the Site Lease, the Trust Agreement and the Assignment Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to said documents. Copies of the documents mentioned under this heading are available for inspection at the District and following delivery of the Certificates will be on file at the Principal Office of the Trustee in Los Angeles, California.

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive. Reference is made to such documents and reports for full and complete statements of the content thereof.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Certificates.

The execution and delivery of this Official Statement has been duly authorized by the District.

SAN YSIDRO SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the legal documents related to the Certificates which are not described in the Official Statement to which this Appendix is attached. This summary is not intended to be definitive and is qualified in its entirety by reference to the Lease, the Trust Agreement, the Assignment Agreement and the Site Lease for the complete terms thereof. Copies of the Lease, the Trust Agreement, the Assignment Agreement and the Site Lease are available upon request from the District.

APPENDIX B

INFORMATION CONCERNING THE COMMUNITY FACILITIES DISTRICTS

General

The District has established three Community Facilities Districts (the "CFDs") pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended. The CFDs were established to provide a source of funding for school facilities needed as a consequence of residential development projects occurring in several designated areas of the District. The special taxes collected within each of the CFDs were approved by a vote of the respective landowner electors, with each elector receiving one vote for each acre of land or portion thereof owned within the respective CFD. An affirmative 2/3 vote of the landowner electors was required to approve the levy of an annual special tax, the corresponding rate and method of apportionment of the special tax, the sale of a not-to-exceed principal amount of special tax bonds, and the use of the proceeds of the special tax or bonds on a specified list of authorized school facilities.

Community Facilities District No. 1 ("CFD No. 1") was established in July 1992. The electors of CFD No. 1 approved a maximum annual special tax and a principal amount of bonds not exceeding $65,000,000. CFD No. 1 has sufficient remaining authorized bonded indebtedness to be allocated its allocable portion of the CFD No. 3 Bonds. In fiscal year 2020-21, there are 499 residential units in CFD No. 1 subject to the special tax, resulting in a total annual special tax levy of $513,155.30.

Community Facilities District No. 2 ("CFD No. 2") was established in May 2000. The electors of CFD No. 2 approved a maximum annual special tax and a principal amount of bonds not exceeding $50,000,000. CFD No. 2 has sufficient remaining authorized bonded indebtedness to be allocated its allocable portion of the CFD No. 3 Bonds. In fiscal year 2020-21, there are 877 residential units in CFD No. 2 subject to the special tax, resulting in a total annual special tax levy of $928,733.28.

Community Facilities District No. 3 ("CFD No. 3") was established in September 1998. The electors of CFD No. 3 approved a maximum annual special tax and a principal amount of bonds not exceeding $30,000,000. CFD No. 3 has sufficient remaining authorized bonded indebtedness to be allocated its allocable portion of the CFD No. 3 Bonds. In fiscal year 2020-21, there are 2,289 residential units in CFD No. 3 (1,648 classified as Single Family Units and 641 classified as Apartment Units) subject to the special tax, resulting in a total annual special tax levy of $1,996,861.28. Approximately 40.6 acres in CFD No. 3 is currently undeveloped, though a home builder, Pardee Homes, is in the process of developing much of the remaining property into single family residential homes. Under the Rate and Method of Apportionment of Special Taxes for CFD No. 3, special taxes will be levied against each residential unit upon completion for a period of not to exceed 30 years.

The type of property that is described in each of the tables in this Appendix B differs from table to table. Tables B-1 through B-3 and B-7 through B-13 account for both Developed Property and Undeveloped Property within each CFD that is subject to the applicable special tax. Tables B-14 through B-16 account for all property within each CFD, including those that are not subject to the applicable special tax. Tables B-4 through B-6 and B-17 through B-20 account only for Developed Property within each CFD that is subject to the applicable special tax.

Assigned Special Tax Rates

The following tables set forth the Fiscal Year 2020-21 assigned special tax rates and total special tax levy for each of the CFDs.

TABLE B-1
COMMUNITY FACILITIES DISTRICT NO. 1
THE SAN YSIDRO SCHOOL DISTRICT
ASSIGNED SPECIAL TAX RATES
FISCAL YEAR 2020-21

Special Tax Class	*Property Category*	*Unit Type*	*Number of Taxable Building Square Feet ("BSF")*[(1)]	*Fiscal Year 2020-21 Average Assigned Annual Special Tax Rate Per BSF* [(2)]	*Fiscal Year 2020-21 Levy Total*	*Fiscal Year 2020-21 Percentage of Levy Total*
Final Land Use	Single Family Detached	Square Feet	815,412	$0.6295	$513,155.30	100.00%
Vacant Land Use	N/A	Acres	0	0.00	0.00	0.00
Total			**815,412**		**$513,155.30**	**100.00%**

(1) On which is located 499 units.
(2) Reflects the average Special Tax Rate since the Initial Assigned Special Tax Rate for Developed Property for a specific Fiscal Year is calculated based on the Index escalator, thus the average Special Tax Rate may not reflect the actual Assigned Special Tax Rate for each parcel in a given Special Tax Class.
Source: KeyAnalytics.

TABLE B-2
COMMUNITY FACILITIES DISTRICT NO. 2
THE SAN YSIDRO SCHOOL DISTRICT
ASSIGNED SPECIAL TAX RATES
FISCAL YEAR 2020-21

Special Tax Class	*Unit Type*	*Number of Taxable Units/ Acres*	*Fiscal Year 2020-21 Average Assigned Annual Special Tax Rate Per Unit/Acre*[(1)]	*Fiscal Year 2020-21 Levy Total*	*Fiscal Year 2020-21 Percentage of Levy Total*
1	Developed Property	877	$1,153.44	$928,733.28	100.00%
Undeveloped	N/A	0	N/A	0.00	0.00
Total		**877 Units/ 0 Acres**		**$928,733.28**	**100.00%**

(1) Reflects the average Special Tax Rate since the Initial Assigned Special Tax Rate for Developed Property for a specific Fiscal Year is calculated based on the Index escalator, thus the average Special Tax Rate may not reflect the actual Assigned Special Tax Rate for each parcel in a given Special Tax Class.
Source: KeyAnalytics.

TABLE B-3
COMMUNITY FACILITIES DISTRICT NO. 3
THE SAN YSIDRO SCHOOL DISTRICT
ASSIGNED SPECIAL TAX RATES
FISCAL YEAR 2020-21

Special Tax Class	*Unit Type*	*Building Square Footage*	*Number of Taxable Units/Acres*	*Fiscal Year 2020-21 Average Assigned Annual Special Tax Rate Per Unit/Acre*[(1)]	*Fiscal Year 2020-21 Levy Total*	*Fiscal Year 2020-21 Percentage of Levy Total*
1	Detached	≥ 2,801	404	$1,153.44	$ 465,988.44	23.34%
2	Detached	2,401 – 2,800	186	948.93	176,501.90	8.84
3	Detached	2,101 – 2,400	255	884.07	223,668.98	11.20
4	Detached	1,901 – 2,100	280	884.45	247,645.24	12.40
5	Detached	1,601 – 1,900	336	883.59	296,887.48	14.87
6	Detached	≤ 1,600	20	663.08	13,261.60	0.66
7	Attached[(2)]	1,501 – 1,600	40	829.10	33,164.14	1.66
8	Attached	1,301 – 1,500	127	780.27	99,093.66	4.96
9	Attached	≤ 1,300	0	N/A	0.00	0.00
10	Apartment[(3)]	≤ 1,600	641	687.44	440,649.84	22.07
11	Senior	N/A	0	N/A	0.00	0.00
Undeveloped	N/A	N/A	40.5895	N/A	0.00	0.00
Total			**2,289 Units/ 40.5895 Acres**		**$1,996,861.28**	**100.00%**

(1) Reflects the average Special Tax Rate since the Initial Assigned Special Tax Rate for Developed Property for a specific Fiscal Year is calculated based on the Index escalator, thus the average Special Tax Rate may not reflect the actual Assigned Special Tax Rate for each parcel in a given Special Tax Class. The special tax is not currently being levied against Undeveloped Property.

(2) Units which are (i) constructed for sale purposes, (ii) are contained in a building or building in which each individual units has at least one common wall with another Unit, (iii) are not a Senior Citizen Units, and (iv) exceed 1,600 BSF are classified as Detached Units.

(3) Units which (i) are constructed solely for rental purposes to the general public, (ii) are not Senior Citizen Units, and (iii) exceed 1,600 BSF are classified as Detached Units.

Source: KeyAnalytics.

Property Ownership

The following tables set forth the Fiscal Year 2020-21 special tax levy by ownership of Developed Property within each of the CFDs.

TABLE B-4
COMMUNITY FACILITIES DISTRICT NO. 1
THE SAN YSIDRO SCHOOL DISTRICT
FISCAL YEAR 2020-21 OWNERSHIP

Property Owner[(1)]	*No. of Units*	*Special Tax Levy*	*% of Special Tax Levy*
2018-4 I H Borrower LP	3	$ 3,158.20	0.62%
Individual Owner of One Unit	496	509,997.10	99.38
Total	**499**	**$ 513,155.30**	**100.00%**

(1) Fiscal Year 2020-21 San Diego County Assessor Roll.
Source: KeyAnalytics.

TABLE B-5
COMMUNITY FACILITIES DISTRICT NO. 2
THE SAN YSIDRO SCHOOL DISTRICT
FISCAL YEAR 2020-21 OWNERSHIP

Property Owner[(1)]	*No. of Units*	*Special Tax Levy*	*% of Special Tax Levy*
Individual Owner of Two Units	18	$ 18,949.44	2.04%
Individual Owner of One Unit	859	909,783.84	97.96
Total	**877**	**$ 928,733.28**	**100.00%**

(1) Fiscal Year 2020-21 San Diego County Assessor Roll.
Source: KeyAnalytics.

TABLE B-6
COMMUNITY FACILITIES DISTRICT NO. 3
THE SAN YSIDRO SCHOOL DISTRICT
FISCAL YEAR 2020-21 OWNERSHIP

Property Owner[(1)]	*No. of Units*	*Special Tax Levy*	*% of Special Tax Levy*
Greenfield Otay LP[(2)]	644	$ 443,627.52	22.22%
Pardee Homes[(3)]	88	81,178.96	4.07
Hsieh Peter & Judy Family Trust 06-17-05	3	3,342.74	0.17
Chen Liming & Jiang Hong	3	2,996.94	0.15
Individual Owner of Two Units	26	26,154.28	1.31
Individual Owner of One Unit	1,525	1,439,560.84	72.09
Total	**2,289**	**$ 1,996,861.28**	**100.00%**

(1) Fiscal Year 2020-21 San Diego County Assessor Roll.
(2) Represents Multi-Family Attached Apartments (Greenfield Village Apartments), which consist of 641 units classified as Apartments and 3 units classified as Single Family Detached.
(3) Includes homes recently developed within the Playa Del Sol community.
Source: KeyAnalytics.

Historical Assessed Value

The following table sets forth the historical assessed values for property subject to the applicable special tax in each of the CFDs for Fiscal Years 2010-11 through 2020-21.

TABLE B-7
COMMUNITY FACILITIES DISTRICT NO. 3
THE SAN YSIDRO SCHOOL DISTRICT
HISTORICAL ASSESSED VALUE

Fiscal Year	*CFD No. 1*[(1)]	*CFD No. 2*	*CFD No. 3*	*Total*	*% Change*
2010-11	$138,254,192	$216,593,014	$450,505,967	$ 805,353,173	N/A
2011-12	140,091,699	229,867,144	538,332,648	908,291,491	12.78%
2012-13	141,339,869	226,027,098	568,171,457	935,538,424	3.00
2013-14	144,893,172	229,975,398	574,547,200	949,415,770	1.48
2014-15	151,859,697	254,847,657	625,465,120	1,032,172,474	8.72
2015-16	160,267,618	275,300,660	657,352,383	1,092,920,661	5.89
2016-17	167,788,499	294,063,082	690,647,025	1,152,498,606	5.45
2017-18	160,848,126	306,092,613	716,120,155	1,183,060,894	2.65
2018-19	169,229,835	321,951,390	803,628,016	1,294,809,241	9.45
2019-20	174,609,824	336,509,487	873,398,736	1,384,518,047	6.93
2020-21	181,861,981	350,087,478	951,015,774	1,482,965,233	7.11

(1) Pursuant to the Rate and Method of Apportionment, the Special Tax shall be levied for a period of 25 years for CFD No. 1. In Fiscal Year 2016/2017, 68 Units completed their 25th year and were no longer subject to the Special Tax, therefore the Assessed Values of these Units was removed beginning in Fiscal Year 2017/2018.

Source: KeyAnalytics.

Historical Development

The following tables set forth the historical development of property within each of the CFDs.

TABLE B-8
COMMUNITY FACILITIES DISTRICT NO. 1
THE SAN YSIDRO SCHOOL DISTRICT
HISTORICAL DEVELOPMENT

Initial Taxed Fiscal Year[(1)]	*Final Fiscal Year Taxed*[(1)]	*Classification*	*Newly Developed Units*	*Cumulative Units*
1992-93	2016-17	Developed Property	68	68
1993-94	2017-18	Developed Property	0	68
1994-95	2018-19	Developed Property	0	68
1995-96	2019-20	Developed Property	0	68
1996-97	2020-21	Developed Property	0	68
1997-98	2021-22	Developed Property	0	68
1998-99	2022-23	Developed Property	152	220
1999-00	2023-24	Developed Property	239	459
2000-01	2024-25	Developed Property	107	566
2001-02	2025-26	Developed Property	1	567
2002-03	2026-27	Developed Property	0	567
2003-04	2027-28	Developed Property	0	567
2004-05	2028-29	Developed Property	0	567
2005-06	2029-30	Developed Property	0	567
2006-07	2030-31	Developed Property	0	567
2007-08	2031-32	Developed Property	0	567
2008-09	2032-33	Developed Property	0	567
2009-10	2033-34	Developed Property	0	567
2010-11	2034-35	Developed Property	0	567
2011-12	2035-36	Developed Property	0	567
2012-13	2036-37	Developed Property	0	567
2013-14	2037-38	Developed Property	0	567
2014-15	2038-39	Developed Property	0	567
2015-16	2039-40	Developed Property	0	567
2016-17	2040-41	Developed Property	0	567
2017-18	2041-42	Developed Property	0	499
2018-19	2042-43	Developed Property	0	499
2019-20	2043-44	Developed Property	0	499
2020-21	2044-45	Developed Property	0	499
Total		**N/A**	**567**	**N/A**

(1) Pursuant to the Rate and Method of Apportionment, parcels shall be subject to the Special Tax for a period not to exceed 25 years. Accordingly, special taxes stopped being levied against 68 units in Fiscal Year 2016-17.

Source: KeyAnalytics.

TABLE B-9
COMMUNITY FACILITIES DISTRICT NO. 2
THE SAN YSIDRO SCHOOL DISTRICT
HISTORICAL DEVELOPMENT

Initial Taxed Fiscal Year[(1)]	*Final Fiscal Year Taxed*[(1)]	*Classification*	*Newly Developed Units*	*Cumulative Units*
2001-02	2030-31	Developed Property	33	33
2002-03	2031-32	Developed Property	19	52
2003-04	2032-33	Developed Property	57	109
2004-05	2033-34	Developed Property	405	514
2005-06	2034-35	Developed Property	363	877
2006-07	2035-36	Developed Property	0	877
2007-08	2036-37	Developed Property	0	877
2008-09	2037-38	Developed Property	0	877
2009-10	2038-39	Developed Property	0	877
2010-11	2039-40	Developed Property	0	877
2011-12	2040-41	Developed Property	0	877
2012-13	2041-42	Developed Property	0	877
2013-14	2042-43	Developed Property	0	877
2014-15	2043-44	Developed Property	0	877
2015-16	2044-45	Developed Property	0	877
2016-17	2045-46	Developed Property	0	877
2017-18	2046-47	Developed Property	0	877
2018-19	2047-48	Developed Property	0	877
2019-20	2048-49	Developed Property	0	877
2020-21	2049-50	Developed Property	0	877
Total		**N/A**	**877**	**N/A**

(1) Pursuant to the Rate and Method of Apportionment, parcels shall be subject to the Special Tax for a period not to exceed 30 years.

Source: KeyAnalytics.

TABLE B-10
COMMUNITY FACILITIES DISTRICT NO. 3
THE SAN YSIDRO SCHOOL DISTRICT
HISTORICAL DEVELOPMENT

Initial Taxed Fiscal Year[(1)]	*Final Fiscal Year Taxed*[(1)]	*Classification*	*Newly Developed Units*	*Cumulative Units*
1999-00	2028-29	Developed Property	242	242
2000-01	2029-30	Developed Property	83	325
2001-02	2030-31	Developed Property	91	416
2002-03	2031-32	Developed Property	118	534
2003-04	2032-33	Developed Property	164	698
2004-05	2033-34	Developed Property	166	864
2005-06	2034-35	Developed Property	69	933
2006-07	2035-36	Developed Property	126	1,059
2007-08	2036-37	Developed Property	51	1,110
2008-09	2037-38	Developed Property	664	1,774
2009-10	2038-39	Developed Property	8	1,782
2010-11	2039-40	Developed Property	16	1,798
2011-12	2040-41	Developed Property	0	1,798
2012-13	2041-42	Developed Property	0	1,798
2013-14	2042-43	Developed Property	0	1,798
2014-15	2043-44	Developed Property	0	1,798
2015-16	2044-45	Developed Property	40	1,838
2016-17	2045-46	Developed Property	0	1,838
2017-18	2046-47	Developed Property	111	1,949
2018-19	2047-48	Developed Property	179	2,128
2019-20	2048-49	Developed Property	81	2,209
2020-21	2049-50	Developed Property	80	2,289
Total		**N/A**	**2,289**	**N/A**

(1) Pursuant to the Rate and Method of Apportionment, parcels shall be subject to the Special Tax for up to 30 fiscal years.

Source: KeyAnalytics.

Special Tax Delinquencies

The following tables set forth the historical special tax delinquencies in each of the CFDs for Fiscal Year 2014-15 through the first installment of Fiscal Year 2020-21.

TABLE B-11
SAN YSIDRO SCHOOL DISTRICT
HISTORICAL DELINQUENCIES
CFD NO. 1

	Subject Fiscal Year						*As of January 25, 2021*	
Fiscal Year	*Aggregate Special Tax*	*Parcels Levied*	*Parcels Delinquent*	*Amount Collected*	*Amount Delinquent*	*Delinquency Rate*	*Remaining Amount Delinquent*	*Remaining Delinquency Rate*
2014-15	$494,927.70	567	5	$492,754.14	$2,173.56	0.44%	$ 0.00	0.00%
2015-16	504,831.16	567	1	504,056.62	774.54	0.15	0.00	0.00
2016-17[(1)]	514,920.56	567	3	513,451.47	1,469.09	0.29	0.00	0.00
2017-18	483,557.10	499	2	481,765.04	1,792.06	0.37	0.00	0.00
2018-19	493,228.44	499	7	488,901.16	4,327.28	0.88	944.16	0.19
2019-20	503,092.52	499	3	500,998.41	2,094.11	0.42	2,714.12	0.54
2020-21[(2)]	513,155.30	499	11	250,461.42	6,116.23	2.38	6,116.23	2.38

(1) Pursuant to the Rate and Method of Apportionment, the Special Tax shall be levied for a period of 25 years. In Fiscal Year 2016/2017 68 Units completed their 25th year and were no longer subject to the Special Tax.
(2) Represents first installment only.
Source: KeyAnalytics.

TABLE B-12
SAN YSIDRO SCHOOL DISTRICT
HISTORICAL DELINQUENCIES
CFD NO. 2

	Subject Fiscal Year						*As of January 25, 2021*	
Fiscal Year	*Aggregate Special Tax*	*Parcels Levied*	*Parcels Delinquent*	*Amount Collected*	*Amount Delinquent*	*Delinquency Rate*	*Remaining Amount Delinquent*	*Remaining Delinquency Rate*
2014-15	$824,691.68	877	2	$801,016.34	$ 947.86	0.11%	$ 0.00	0.00%
2015-16	841,195.94	877	4	823,743.82	2,890.99	0.34	0.00	0.00
2016-17	858,005.64	877	4	855,016.52	2,989.12	0.35	0.00	0.00
2017-18	875,171.38	877	11	867,249.46	7,921.92	0.91	974.60	0.11
2018-19	892,669.22	877	8	887,074.14	5,595.08	0.63	2,485.20	0.28
2019-20	910,522.22	877	7	904,847.79	5,674.43	0.62	3,581.41	0.39
2020-21[(1)]	928,733.28	877	12	458,116.96	6,249.68	1.35	6,249.68	1.35

(1) Represents first installment only.
Source: KeyAnalytics.

TABLE B-13
SAN YSIDRO SCHOOL DISTRICT
HISTORICAL DELINQUENCIES
CFD NO. 3

	Subject Fiscal Year						*As of January 25, 2021*	
Fiscal Year	*Aggregate Special Tax*	*Parcels Levied*	*Parcels Delinquent*	*Amount Collected*	*Amount Delinquent*	*Delinquency Rate*	*Remaining Amount Delinquent*	*Remaining Delinquency Rate*
2014-15	$1,375,747.94	1,156	13	$1,367,237.01	$ 8,510.93	0.62%	$ 0.00	0.00%
2015-16	1,434,815.92	1,196	8	1,429,292.47	5,523.45	0.38	0.00	0.00
2016-17	1,464,176.36	1,197	10	1,457,903.97	6,272.39	0.43	0.00	0.00
2017-18	1,588,947.84	1,414	11	1,580,770.58	8,177.26	0.51	945.38	0.06
2018-19	1,776,275.32	1,414	10	1,769,260.68	7,014.64	0.39	1,087.92	0.06
2019-20	1,885,822.24	1,567	15	1,875,309.03	10,513.21	0.56	4,816.56	0.26
2020-21[(1)]	1,996,861.28	1,642	27	984,994.89	13,435.75	1.35	13,435.75	1.35

(1) Represents first installment only.
Source: KeyAnalytics.

Direct and Overlapping Debt

Each of the CFDs is included within the boundaries of overlapping local agencies providing governmental services, including the District. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within each of the CFDs is set forth in the table below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within the CFDs; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The fiscal year 2020-21 local secured assessed valuations shown in Tables B-14 through B-16 may differ from the fiscal year 2020-21 local secured assessed valuations shown in the other tables in this Appendix B because Tables B-14 through B-16 account for all property within each CFD, whereas the other tables only account for that property that is subject to the applicable special tax. Tables B-14 through B-16 include the 2012 Certificates being prepaid and do not account for the issuance of the CFD No. 3 Bonds, and the Pledge Agreement amendments and Special Tax Pooling Agreement to be executed in connection therewith.

TABLE B-14
SAN YSIDRO SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 1
DIRECT AND OVERLAPPING DEBT

2020-21 Local Secured Assessed Valuation: $181,861,981 (Land and Improvements)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 11/1/20
Metropolitan Water District	0.022%	$ 7,010
Southwestern Community College District	0.284	1,290,556
Sweetwater Union High School District	0.338	1,304,844
San Ysidro School District	2.708	3,984,132 (1)
San Ysidro School District Certificates of Participation	14.923	4,703,601 (2)
Sweetwater Union High School District Community Facilities District No. 8	100.000	469,277
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$11,759,420
OVERLAPPING GENERAL FUND DEBT:		
San Diego County General Fund Obligations	0.031%	$ 67,115
San Diego County Pension Obligation Bonds	0.031	123,036
San Diego County Superintendent of Schools Obligations	0.031	2,875
Southwestern Community College District General Fund Obligations	0.284	1,394
Sweetwater Union High School District Certificates of Participation	0.338	123,259
San Ysidro School District Qualified Zone Academy Bonds (QZABs)	2.708	135,415
City of San Diego General Fund Obligations	0.065	315,774
TOTAL OVERLAPPING GENERAL FUND DEBT		$768,868
COMBINED TOTAL DEBT		$12,528,288 (3)

Ratios to 2020-21 Assessed Valuation:
Total Overlapping Tax and Assessment Debt.....6.47%
Combined Total Debt.....6.89%

(1) Excludes accreted interest on capital appreciation bonds.
(2) Represents payments that CFD No. 1 has covenanted to make in connection with the 2012 Certificates, the 2015 Certificates and the 2016 Certificates. Does not reflect the execution and delivery of the Certificates.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.
Source: KeyAnalytics

TABLE B-15
SAN YSIDRO SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2
DIRECT AND OVERLAPPING DEBT

2020-21 Local Secured Assessed Valuation: $350,087,478 (Land and Improvements)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 11/1/20
Metropolitan Water District	0.057%	$ 18,227
Southwestern Community College District	0.547	2,480,095
Sweetwater Union High School District	0.650	2,507,554
San Ysidro School District	5.205	7,656,414 (1)
San Ysidro School District Certificates of Participation	27.008	8,512,805 (2)
Sweetwater Union High School District Community Facilities District No. 10	23.884	931,597
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$22,106,692
OVERLAPPING GENERAL FUND DEBT:		
San Diego County General Fund Obligations	0.059%	$ 128,977
San Diego County Pension Obligation Bonds	0.059	236,441
San Diego County Superintendent of Schools Obligations	0.059	5,525
Southwestern Community College District General Fund Obligations	0.547	2,679
Sweetwater Union High School District Certificates of Participation	0.650	236,869
San Ysidro School District Qualified Zone Academy Bonds (QZABs)	5.205	260,230
City of San Diego General Fund Obligations	0.124	606,831
TOTAL OVERLAPPING GENERAL FUND DEBT		$1,477,552
COMBINED TOTAL DEBT		$23,584,244 (3)

Ratios to 2020-21 Assessed Valuation:
Total Overlapping Tax and Assessment Debt.....6.31%
Combined Total Debt.....6.74%

(1) Excludes accreted interest on capital appreciation bonds.
(2) Represents payments that CFD No. 2 has covenanted to make in connection with the 2012 Certificates, the 2015 Certificates and the 2016 Certificates. Does not reflect the execution and delivery of the Certificates.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: KeyAnalytics

TABLE B-16
SAN YSIDRO SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 3
DIRECT AND OVERLAPPING DEBT

2020-21 Local Secured Assessed Valuation: $1,082,140,211 (Land and Improvements)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 11/1/20
Metropolitan Water District	0.033%	$ 10,559
Southwestern Community College District	1.689	7,661,922
Sweetwater Union High School District	2.007	7,746,751
San Ysidro School District	16.079	23,653,465 (1)
San Ysidro School District Certificates of Participation	58.069	18,303,308 (2)
Sweetwater Union High School District Community Facilities District No. 9	77.187	1,787,591
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$59,163,596
OVERLAPPING GENERAL FUND DEBT:		
San Diego County General Fund Obligations	0.183%	$ 398,456
San Diego County Pension Obligations	0.183	730,453
San Diego County Superintendent of Schools Obligations	0.183	17,069
Southwestern Community College District General Fund Obligations	1.689	8,275
Sweetwater Union High School District Certificates of Participation	2.007	731,776
San Ysidro School District Qualified Zone Academy Bonds (QZABs)	16.079	803,947
City of San Diego General Fund Obligations	0.383	1,874,723
TOTAL OVERLAPPING GENERAL FUND DEBT		$4,564,699
GROSS COMBINED TOTAL DEBT		$63,728,295 (3)

Ratios to 2020-21 Assessed Valuation:
Total Overlapping Tax and Assessment Debt.....5.47%
Combined Total Debt.....5.89%

(1) Excludes accreted interest on capital appreciation bonds.
(2) Represents payments that CFD No. 3 has covenanted to make in connection with the 2012 Certificates, the 2015 Certificates and the 2016 Certificates. Does not reflect the execution and delivery of the Certificates.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.
Source: KeyAnalytics.

Value-to-Lien Ratios

Table B-17 below sets forth the assessed value-to-lien ratios of the Taxable Property within each of the CFDs based on the Fiscal Year 2020-21 assessed values and the principal amount of Certificates and the outstanding overlapping tax and assessment debt shown under the caption "—Direct and Overlapping Debt."

Table B-18 below sets forth the assessed value-to-lien ratios of the Taxable Property by property owner within the CFDs in the aggregate based on the Fiscal Year 2020-21 assessed values and the principal amount of Certificates and the outstanding overlapping tax and assessment debt shown under the caption "—Direct and Overlapping Debt."

Table B-19 below sets forth the estimated assessed value-to-lien ratios for Taxable Property within the CFDs in the aggregate by various ranges based upon the principal amount of the principal amount of Certificates and the outstanding overlapping tax and assessment debt shown under the caption "—Direct and Overlapping Debt."

Tables B-17 through B-19 reflect Developed Property only and the total assessed value may thus differ from other tables within this Appendix B.

TABLE B-17
SAN YSIDRO SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICTS
ASSESSED VALUE-TO-LIEN STRATIFICATION
LEVIED IN FISCAL YEAR 2021-22

CFD	*Number of Parcels*[1]	*Special Tax Levy*	*Assessed Value*[1]	*2015 & 2016 Certificates of Participation*[2]	*CFD No. 3 Special Tax Bonds*[2][3]*	*Overlapping Debt*[4]	*Combined Overlapping Liens**	*Combined Value-to-Lien Ratio*[5] *
CFD No. 1	499	$ 513,155	$ 181,861,981	$ 759,705	$ 504,080	$ 7,824,687	$ 9,088,472	20.01:1
CFD No. 2	877	928,733	350,087,478	5,523,785	3,665,149	15,071,439	24,260,373	14.43:1
CFD No. 3	1,648[6]	1,996,861	943,023,415	15,441,511	10,245,771	39,815,091	65,502,373	14.40:1
Total	**3,024**	**$ 3,438,750**	**$ 1,474,972,874**	**$ 21,725,000**	**$ 14,415,000**	**$ 62,711,217**	**$ 98,851,217**	**14.92:1**

* *Preliminary, subject to change.*

(1) Source: San Diego County Assessor. Reflects Developed Property only.

(2) The Special Tax Bonds of CFD No. 3 and the 2015 Certificates and the 2016 Certificates have been allocated based on the total remaining Special Tax expected to be levied on each parcel classified as Developed Property through the termination of the Special Tax as outlined in the Rate and Method of Apportionment for each of the CFDs.

(3) Reflects the CFD No. 3 Bonds.

(4) Includes the other direct and overlapping tax and assessment debt shown in Tables B-14, B-15 and B-16.

(5) Ratio calculated by dividing the Total Appraised Value column by the allocated portion of the Bonds Outstanding Column.

(6) Differs from prior tables because the 641 Apartment Units are located on only 2 parcels and 3 Single Family Dwelling Units are located on 1 parcel.

Source: KeyAnalytics.

TABLE B-18
SAN YSIDRO SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICTS
ASSESSED VALUE-TO-LIEN RATIOS FOR TAXABLE PARCELS
LEVIED IN FISCAL YEAR 2021-22

Owner	*Number of Taxable Units*	*Fiscal Year 2020-21 Special Tax Levy*	*Percent of Special Tax Levy*	*2015 & 2016 Certificates of Participation*[1]	*CFD No. 3 Special Tax Bonds*[1][2] *	*Overlapping Debt*[3]	*Combined Overlapping Liens**	*Total Assessed Value*[4]	*Assessed Value-to-Lien Ratio*[5]*
Community Facilities District No. 1									
2018-4 I H Borrower LP	3	$ 3,158	0.62%	$ 4,379	$ 2,906	$ 59,840	$ 67,125	$ 1,412,571	21.04:1
Individual Owner of One Unit	496	509,997	99.38	755,325	501,174	7,764,847	9,021,347	180,449,410	20.00:1
Subtotal	499	$ 513,155	100.00%	$ 759,705	$ 504,080	$ 7,824,687	$ 9,088,472	$ 181,861,981	20.01:1
Community Facilities District No. 2									
Individual Owner of Two Units	18	$ 18,949	2.04%	$ 111,465	$ 73,959	$ 282,233	$ 467,657	$ 6,537,634	13.98:1
Individual Owner of One Unit	859	909,784	97.96	5,412,320	3,591,189	14,789,206	23,792,715	343,549,844	14.44:1
Subtotal	877	$ 928,733	100.00%	$ 5,523,785	$ 3,665,149	$ 15,071,439	$ 24,260,373	$ 350,087,478	14.43:1
Community Facilities District No. 3									
Greenfield Otay LP	644	$ 443,628	22.22%	$ 3,472,179	$ 2,303,865	$ 6,730,977	$ 12,507,021	$ 166,917,865	13.35:1
Pardee Homes[6]	88	81,179	4.07	1,172,881	778,231	614,422	2,565,535	11,748,330	4.58:1
Hsieh Peter & Judy Family Trust 06-17-05	3	3,343	0.17	15,984	10,606	76,475	103,065	1,807,750	17.54:1
Chen Liming & Jiang Hong	3	2,997	0.15	29,321	19,455	54,469	103,246	1,259,557	12.20:1
Individual Owner of Two Units	26	26,154	1.31	168,997	112,133	596,054	877,184	14,092,162	16.07:1
Individual Owner of One Unit	1,525	1,439,561	72.09	10,582,149	7,021,481	31,742,693	49,346,323	747,197,751	15.14:1
Subtotal	1,648[7]	$ 1,996,861	100.00%	$ 15,441,511	$ 10,245,771	$ 39,815,091	$ 65,502,373	$ 943,023,415	14.40:1
Total	**3,024**	**$ 3,438,750**	**NA**	**$ 21,725,000**	**$ 14,415,000**	**$ 62,711,217**	**$ 98,851,217**	**$ 1,474,972,874**	**14.92:1**

* *Preliminary, subject to change.*

(1) Debt has been allocated based on the total remaining term of the Special Tax.

(2) Reflects the CFD No. 3 Bonds, which have been allocated between the CFDs based on the proportional share of the Special Tax Levy.

(3) Includes the other direct and overlapping tax and assessment debt shown in Tables B-14, B-15 and B-16.

(4) Source: San Diego County Assessor. Reflects Developed Property only.

(5) Ratio calculated by dividing the Total Assessed Value column by the allocated portion of the Combined Overlapping Liens column.

(6) Parcels recently developed and owned by Pardee Homes within its Playa Del Sol Community. As of January 1, 2021, 45 of these parcels had been transferred to individual owners. Pardee Homes is in the process of developing and selling the remaining 43 lots, and the District expects that such lots will be transferred to individual owners in the near future.

(7) Differs from prior tables because the 641 Apartment Units are located on only 2 parcels and 3 Single Family Dwelling Units are located on 1 parcel.

Source: KeyAnalytics.

TABLE B-19
SAN YSIDRO SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICTS
ASSESSED VALUE-TO-LIEN STRATIFICATION
LEVIED IN FISCAL YEAR 2021-22

Value-to-Lien Category	*Number of Parcels*[(1)]	*Assessed Value*[(1)]	*Combined Overlapping Liens*[(2)(3)*]	*Combined Value-to-Lien Ratio*[(4) *]	*Fiscal Year 2021-22 Special Tax Levy*	*% Share of Special Tax*
15.00:1 and above	2,366	$ 1,259,721,729	$ 77,499,870	16.25:1	$ 2,807,454	81.64%
10.00:1 to 15.00:1	489	186,210,804	16,537,659	11.26:1	471,346	13.71
7.50:1 to 10.00:1	65	16,865,371	1,925,652	8.76:1	63,983	1.86
5.00:1 to 7.50:1	47	9,387,121	1,446,317	6.49:1	43,449	1.26
3:00:1 to 5.00:1	1	47,048	11,302	4.16:1	913	0.03
3.00:1 and below[(5)]	56	2,740,801	1,430,417	1.92:1	51,605	1.50
Total	**3,024**[(6)]	**$ 1,474,972,874**	**$ 98,851,217**	**14.92:1**	**$ 3,438,750**	**100.00%**

* *Preliminary, subject to change.*

(1) Source: San Diego County Assessor. Reflects Developed Property only.

(2) Includes the CFD No. 3 Bonds and other direct and overlapping tax and assessment debt shown in Tables B-14, B-15 and B-16.

(3) The Special Tax Bonds of CFD No. 3 and the 2015 & 2016 Certificates of Participation have been allocated based on the total remaining Special Tax expected to be levied on each parcel classified as Developed Property through the termination of the Special Tax as outlined in the Rate and Method of Apportionment for each CFD.

(4) Ratio calculated by dividing the Total Appraised Value column by the allocated portion of the Bonds Outstanding Column.

(5) All the parcels with a Value-to-Lien Ratio below 3:00:1 are owned by Pardee and have been recently classified as Developed Property.

(6) Differs from prior tables because the 641 Apartment Units are located on only 2 parcels and 3 Single Family Dwelling Units are located on 1 parcel.

Source: KeyAnalytics.

Table B-20 below sets forth the aggregate special tax burden by owner for all Taxable Property within the CFDs for fiscal year 2020-21.

TABLE B-20
SAN YSIDRO SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICTS
AGGREGATE FISCAL YEAR 2020-21 SPECIAL TAX LEVY BY OWNER

Property Owner	*No. of Units*	*Special Tax Levy*	*% of Special Tax Levy*
Individual Owner of One Unit	2,880	$ 2,859,341.78	83.15%
Individual Owner of Two Units	44	45,103.72	1.31
Individual Owner of Three Units	9	9,497.88	0.28
Greenfield Otay LP[(1)]	644	443,627.52	12.90
Pardee Homes[(2)]	88	81,178.96	2.36
Total	**3,665**	**$ 3,438,749.86**	**100.00%**

(1) Represents Multi-Family Attached Apartments (Greenfield Village Apartments).
(2) Includes homes recently developed within the Playa Del Sol community.
Source: KeyAnalytics.

Median Effective Tax Burden

Tables B-21 through B-23 below describe the estimated Fiscal Year 2020-21 effective tax burden for a median single family residential property classified as developed property within each of the CFDs based on the estimated charges for Fiscal Year 2020-21. Estimates of annual property taxes do not include any new special financing district fees, assessments, and/or special taxes imposed by the state, county, or local agencies that are yet to be established or any future annexation into existing special financing districts required by conditions for approval of development or any other imposed requirement. Information contained within is based upon records and official documents provided by various governmental agencies and third-party sources.

TABLE B-21
SAN YSIDRO SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 1
EFFECTIVE TAX BURDEN FOR A MEDIAN ASSESSED VALUE FOR DEVELOPED PROPERTY

Property Value		**$ 352,425.00**
LESS Homeowner's Exemption		(7,000.00)
Net Property Value		**$ 345,425.00**
***Ad Valorem* Property Taxes**		**$ 4,254.60**
General Purpose	1.00000%	3,454.23
San Ysidro School District	0.14649	506.01
Sweetwater Union High School District	0.04880	168.56
Southwestern Community College District	0.02792	96.44
Metropolitan Water District	0.00350	12.09
San Diego City Zoological	0.00500	17.27
Assessments, Special Taxes and Parcel Charges		**$ 1,656.98**
San Ysidro School District CFD No. 1		1,011.22
Sweetwater Union High School District CFD No. 8		409.56
Vector Disease Control		8.36
MWD Water Standby Charge		11.50
Coral Gate Maintenance		203.34
CWA Water Availably		10.00
Mosquito Surveillance		3.00
Total Property Taxes		**$ 5,911.58**
Percent of Property Taxes to Property Value		**1.67740%**

Source: San Diego County Tax Collector.

TABLE B-22
SAN YSIDRO SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2
EFFECTIVE TAX BURDEN FOR A MEDIAN ASSESSED VALUE FOR DEVELOPED PROPERTY

Property Value		**$ 385,000.00**
LESS Homeowner's Exemption		(7,000.00)
Net Property Value		**$ 378,000.00**
***Ad Valorem* Property Taxes**		**$ 4,655.86**
General Purpose	1.00000%	3,780.00
San Ysidro School District	0.14649	553.73
Sweetwater Union High School District	0.04880	184.46
Southwestern Community College District	0.02792	105.54
Metropolitan Water District	0.00350	13.23
San Diego City Zoological	0.00500	18.90
Assessments, Special Taxes and Parcel Charges		**$ 1,401.20**
San Ysidro School District CFD No. 2		1,034.24
Sweetwater Union High School District CFD No. 10		336.60
Vector Disease Control		5.86
MWD Water Standby Charge		11.50
CWA Water Availably		10.00
Mosquito Surveillance		3.00
Total Property Taxes		**$ 6,057.06**
Percent of Property Taxes to Property Value		**1.57326%**

Source: San Diego County Tax Collector.

TABLE B-23
SAN YSIDRO SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 3
EFFECTIVE TAX BURDEN FOR A MEDIAN ASSESSED VALUE FOR DEVELOPED PROPERTY

Property Value		**$ 518,089.00**
LESS Homeowner's Exemption		(7,000.00)
Net Property Value		**$ 511,089.00**
***Ad Valorem* Property Taxes**		**$ 6,295.12**
General Purpose	1.00000%	5,110.86
San Ysidro School District	0.14649	748.71
Sweetwater Union High School District	0.04880	249.41
Southwestern Community College District	0.02792	142.70
Metropolitan Water District	0.00350	17.89
San Diego City Zoological	0.00500	25.55
Assessments, Special Taxes and Parcel Charges		**$ 1,727.66**
San Ysidro School District CFD No. 3		999.30
Sweetwater Union High School District CFD No. 9		600.50
Vector Disease Control		8.36
MWD Water Standby Charge		11.50
Remington Hills Main		95.00
CWA Water Availably		10.00
Mosquito Surveillance		3.00
Total Property Taxes		**$ 8,022.78**
Percent of Property Taxes to Property Value		**1.54853%**

Source: San Diego County Tax Collector.

APPENDIX C

INFORMATION CONCERNING THE CITY OF SAN DIEGO AND COUNTY OF SAN DIEGO

The following information concerning the City of San Diego and the County of San Diego is presented as general background data. The Certificates are not an obligation of the City of San Diego, the County of San Diego, the State of California or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak, and the economic and other impacts of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact, are developing and uncertain. The information set forth in this Appendix C predates the outbreak of the COVID-19 pandemic and should not be relied upon as representative of the current economic and demographic information within the District.

Population

The following table provides a comparison of population growth for the City and the County between 2016 and 2020.

TABLE NO. C-1
POPULATION
2016 - 2020

Year (January 1)	*City of San Diego*	*San Diego County*
2016	1,388,101	3,287,279
2017	1,396,510	3,309,626
2018	1,414,373	3,333,128
2019	1,428,600	3,340,312
2020	1,430,489	3,343,355

Source: California State Department of Finance, Demographic Research Unit. May 1, 2020.

Employment and Industry

The following table summarizes the civilian labor force, civilian employment and civilian unemployment figures over the period from 2015 through 2019 in the City, the County, the State of California and the United States.

TABLE NO. C-2
City of San Diego, County of San Diego, State of California and United States
Labor Force, Employment and Unemployment
Yearly Average

Year and Area	*Civilian Labor Force*	*Civilian Employment*[(1)]	*Civilian Unemployment*[(2)]	*Civilian Unemployment Rate*[(3)]
2015				
City of San Diego	695,000	660,600	34,400	4.9%
San Diego County	1,548,600	1,468,100	80,500	5.2
California	18,896,500	17,724,800	1,171,700	6.2
United States[(4)]	157,130,000	148,834,000	8,296,000	5.3
2016				
City of San Diego	704,200	672,000	33,200	4.6%
San Diego County	1,563,000	1,489,100	73,900	4.7
California	19,093,700	18,048,800	1,044,800	5.5
United States[(4)]	159,187,000	151,436,000	7,751,000	4.9
2017				
City of San Diego	711,000	683,400	27,700	3.9%
San Diego County	1,572,800	1,509,600	63,200	4.0
California	19,312,000	18,393,100	918,900	4.8
United States[(4)]	160,320,000	153,337,000	6,982,000	4.4
2018				
City of San Diego	717,100	693,700	23,400	3.3%
San Diego County	1,581,500	1,528,100	53,500	3.4
California	19,398,200	18,582,800	815,400	4.2
United States[(4)]	162,075,000	155,761,000	6,314,000	3.9
2019				
City of San Diego	721,000	699,100	21,900	3.0%
San Diego County	1,590,600	1,539,900	50,700	3.2
California	19,411,600	18,627,400	784,200	4.0
United States[(4)]	163,539,000	157,538,000	6,001,000	3.7

Note: Data is not seasonally adjusted.

(1) Includes persons involved in labor-management trade disputes.

(2) Includes all persons without jobs who are actively seeking work.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

(4) Not strictly comparable with data for prior years.

Source: California Employment Development Department, March 2019 Benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

The following table sets forth the industry employment and the labor force estimates for the years 2015 through 2019 for the San Diego-Carlsbad MSA. Annual industry employment information is not compiled by sector for the City.

TABLE C-3
SAN DIEGO CARLSBAD MSA
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE
2015 through 2019

	2015	*2016*	*2017*	*2018*	*2019*
Civilian Labor Force	1,548,600	1,563,000	1,572,800	1,581,500	1,590,600
Civilian Employment	1,468,100	1,489,100	1,509,600	1,528,100	1,539,900
Civilian Unemployment	80,500	73,900	63,200	53,500	50,700
Civilian Unemployment Rate	5.2%	4.7%	4.0%	3.4%	3.2%
Total Farm	9,100	8,900	8,700	9,300	9,600
Total Nonfarm	1,384,800	1,422,600	1,452,200	1,482,200	1,503,900
Total Private	1,148,700	1,180,300	1,205,900	1,234,100	1,254,200
Goods Producing	176,800	185,000	189,200	196,400	199,500
Mining & Logging	300	300	300	400	400
Construction	69,900	76,300	79,500	83,700	84,000
Manufacturing	106,600	108,400	109,400	112,300	115,100
Service Providing	1,208,000	1,237,600	1,263,000	1,285,800	1,304,400
Trade, Transportation & Utilities	219,300	220,900	224,700	225,100	224,000
Wholesale Trade	44,100	43,700	43,800	43,800	44,200
Retail Trade	146,800	147,500	149,000	148,000	145,400
Transportation, Warehousing & Utilities	28,400	29,700	32,000	33,300	34,400
Information	23,400	23,200	23,400	23,600	23,500
Financial Activities	71,400	73,000	74,600	76,000	76,400
Professional & Business Services	229,500	234,700	239,000	248,900	256,600
Educational & Health Services	192,700	198,700	204,300	208,900	216,000
Leisure & Hospitality	182,400	190,400	195,600	199,600	202,400
Other Services	53,200	54,400	55,000	55,500	55,800
Government	236,200	242,200	246,300	248,100	249,600
Total, All Industries	1,393,900	1,431,500	1,460,900	1,491,400	1,513,500

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix C.

Source: State of California, Employment Development Department, *San Diego Carlsbad MSA (San Diego County) Industry Employment & Labor Force - by Annual Average, March 2019 Benchmark.*

The following table lists the principal employers operating within the City and their respective number of employees as of June 30, 2019:

TABLE NO. C-4
PRINCIPAL EMPLOYERS IN CITY OF SAN DIEGO
JUNE 30, 2019

Employer	*No. of Employees*	*Type of Business/Product*
Naval Base San Diego	41,607	Government
University of California, San Diego	38,749	Education
Sharp Health Care	18,736	Healthcare
County of San Diego	18,606	Government
San Diego Unified School District	12,996	Education
Scripps Health	12,348	Healthcare
City of San Diego	11,598	Government
Qualcomm Inc.	10,300	Technology
San Diego Community College District	6,246	Education
Kaiser Permanente	5,349	Healthcare

Source: City of San Diego, Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

Income

The following table summarizes per capita personal income for the County, the State and the United States for the past 10 years that data is currently available.

TABLE C-5
PER CAPITA PERSONAL INCOME
2009 through 2018
San Diego County, the State of California, and the United States

Year	*San Diego County*	*State of California*	*United States*
2009	$43,080	$42,044	$39,284
2010	44,137	43,634	40,546
2011	46,528	46,170	42,735
2012	48,302	48,798	44,599
2013	49,559	49,277	44,851
2014	52,214	52,324	47,058
2015	54,801	55,758	48,978
2016	56,322	57,739	49,870
2017	58,097	60,156	51,885
2018	61,386	63,557	54,446

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Last updated: November 14, 2019 – new statistics for 2018; revised statistics for 1969 - 2017. Estimates for 2010 – 2018 reflect county population estimates available as of March 2019.
All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Commercial Activity

The following table sets forth taxable transactions in the City for calendar years 2015 through 2019.

TABLE C-6
CITY OF SAN DIEGO
TAXABLE TRANSACTIONS
Calendar Years 2015 through 2019[(1)]
(In Thousands)

	2015	*2016*	*2017*	*2018*	*2019*
Retail and Food Services					
Apparel	$ 1,876,406	$ 1,849,752	$ 1,884,703	$ 1,932,777	$ 1,926,763
General Merchandise	1,685,705	1,629,376	1,633,756	1,710,621	1,721,868
Food	1,054,381	1,045,178	1,078,711	1,125,759	1,140,265
Eating and Drinking	3,871,361	4,133,095	4,307,507	4,466,904	4,702,890
Home Furnishings and Appliances	1,226,012	1,227,499	1,140,892	1,163,314	1,131,199
Building Materials	957,041	1,008,705	1,041,763	1,081,396	1,090,320
Motor Vehicles and Parts	2,580,830	2,734,187	2,747,732	2,873,480	2,875,587
Service Stations	1,662,826	1,437,892	1,571,570	1,782,322	1,735,124
Other Retail Stores	1,714,791	1,749,474	1,782,546	1,836,103	1,901,443
Total Retail and Food Services	$16,629,356	$16,815,163	$17,189,186	$17,972,680	$18,225,468
All Other Outlets	6,056,004	6,407,062	6,566,238	6,999,132	7,302,084
TOTAL ALL OUTLETS[(1)]	$22,685,360	$23,222,225	$23,755,424	$24,971,813	$25,527,552

(1) Columns may not sum to totals due to rounding.
Source: California Department of Tax and Fee Administration ("CDTFA"), CDTFA Open Data Portal 2015-2019.

Building Activity

The following table summarizes building activity valuations for the City for the years 2014 through 2018.

TABLE NO. C-7
CITY OF SAN DIEGO
BUILDING ACTIVITY AND VALUATION
2015-2019
(Dollars in Thousands)

	2015	*2016*	*2017*	*2018*	*2019*
Valuation					
Residential	$1,415,107	$1,354,480	$1,164,181	$1,062,683	$ 932,823
Non-Residential	1,353,053	1,224,465	1,496,960	1,247,164	1,342,126
Total	$2,768,160	$2,578,945	$2,661,141	$2,309,847	$2,274,949
Units					
Single Family	1,306	882	1,096	724	798
Multiple Family	5,097	5,154	4,134	3,561	2,791
Total	6,403	6,036	5,230	4,285	3,589

Note: Columns may not sum to totals due to rounding.
Source: Construction Industry Research Board.

APPENDIX D

PROPOSED FORM OF OPINION OF SPECIAL COUNSEL

_____, 2021

Honorable Members of the Board of Education
San Ysidro School District
San Ysidro, California

Re: $_____ San Ysidro School District
2021 Certificates of Participation

Dear Honorable Members of the Board of Education:

We have reviewed the Constitution and the laws of the State of California and certain proceedings taken by the San Ysidro School District (the "District") in connection with the authorization, execution and delivery by the District of that certain Lease Agreement, dated as of _____ 1, 2021 (the "Lease"), by and between the San Ysidro Public Schools Finance Corporation (the "Corporation") and the District. We have also reviewed that certain Trust Agreement, dated as of _____ 1, 2021 (the "Trust Agreement"), by and among U.S. Bank National Association, as trustee (the "Trustee"), the Corporation and the District. All capitalized terms used herein shall have the meaning given them in the Trust Agreement unless otherwise defined.

Pursuant to the Trust Agreement, the Trustee will execute and deliver the $_____ San Ysidro School District 2021 Certificates of Participation (the "Certificates") evidencing undivided proportionate interests of the owners of the Certificates in lease payments (the "Lease Payments") to be made by the District pursuant to the Lease. Pursuant to that certain Assignment Agreement, dated as of _____ 1, 2021 (the "Assignment Agreement"), the Corporation has assigned to the Trustee the Corporation's right to receive Lease Payments and certain other amounts paid by the District under the Lease.

The Certificates are dated their date of delivery. The Certificates mature on the dates and in the amounts set forth in the Trust Agreement. Interest due with respect to the Certificates is payable on the dates and at the rates per annum set forth in the Trust Agreement. The Certificates are registered Certificates in the form set forth in the Trust Agreement and are subject to optional, extraordinary and mandatory prepayment prior to maturity in the manner and upon the terms set forth in the Trust Agreement.

In rendering the opinions set forth below, we have examined certified copies of the proceedings of the District and the Corporation, and other information submitted to us relative to the execution and delivery of the Certificates. We have examined originals, or copies identified to our satisfaction as being true copies, of the Trust Agreement, the Lease, the Tax Certificate relating to the Certificates, the resolutions of the District and the Corporation adopted with respect to the Certificates, and such other documents, agreements, opinions and matters as we have considered necessary or appropriate under the circumstances to render the opinions set forth herein.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the preceding paragraph of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, the Lease and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or

events will not cause the interest due with respect to the Certificates to be included in gross income for federal income tax purposes.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The obligation of the District to pay Lease Payments in accordance with the terms of the Lease is a valid and binding obligation payable from the funds of the District lawfully available therefor, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against school districts in the State of California. The obligation of the District to make Lease Payments under the Lease does not constitute a debt of the District, the State of California or any political subdivision thereof within the meaning of any statutory or constitutional debt limitation or restriction and does not constitute a pledge of the faith and credit or taxing power of the District, the State of California or any political subdivision thereof.

(2) The Lease and the Trust Agreement have been duly authorized, executed and delivered by the District and constitute valid and legally binding agreements of the District enforceable against the District in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against school districts in the State of California, except that we express no opinion as to any provisions in the Lease or the Trust Agreement with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) with respect to the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

(4) Interest (and original issue discount) with respect to the Certificates is exempt from personal income taxes imposed in the State of California.

(5) The difference between the issue price of a Certificate (the first price at which a substantial amount of the Certificates of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Certificate constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Certificate owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Certificate owner will increase the Certificate owner's basis in the applicable Certificate. Original issue discount that accrues for the Certificate owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and is exempt from State of California personal income tax.

(6) The amount by which a Certificate owner's original basis for determining loss on sale or exchange in the applicable Certificate (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Certificate premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Certificate premium reduces the Certificate owner's basis in the applicable Certificate (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Certificate premium may result in a Certificate owner realizing a taxable gain when a Certificate is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Certificate to the owner.

The opinions expressed in paragraphs (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) with respect to the Certificates are subject to the condition that the District complies with all requirements of the Code that must be satisfied subsequent to the execution and delivery of the Certificates to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) with respect to the Certificates to be included in gross income for federal income tax purposes retroactive to the date of delivery of the Certificates. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (3), (4), (5) and (6) above, we express no opinion as to any tax consequences related to the Certificates.

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement, the Lease and the Tax Certificate executed by the District and other documents related to the Certificates may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of the portion of each Certificate constituting interest if any such change occurs or action is taken or omitted upon advice or approval of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

We have not made or undertaken to make an investigation of the state of title to any of the real property described in the Lease, the Site Lease and the Assignment Agreement or of the accuracy or sufficiency of the description of such property contained therein, and we express no opinion with respect to such matters.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not 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 not taken) or do occur (or do not occur). Our engagement as Special Counsel terminates upon the execution and delivery of the Certificates.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Certificates or other offering material relating to the Certificates and expressly disclaim any duty to advise the owners of the Certificates with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX E

DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2020

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate"), dated _____, 2021, is executed and delivered by the San Ysidro School District (the "Issuer") in connection with the execution and delivery of the $_____ San Ysidro School District 2021 Certificates of Participation (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement dated as of _____ 1, 2021 by and among the Issuer, San Ysidro Public Schools Public Financing Corporation and U.S. Bank National Association (the "Trust Agreement"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being entered into for the benefit of the Owners and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Certificates (including persons holding Certificates through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean either of the Superintendent or the Chief Business Official of the Issuer, or either of their designees, or such other officer or employee as the Issuer shall designate in writing from time to time.

"Dissemination Agent" shall mean, initially, Dale Scott & Company, Inc., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designed in writing by the Issuer and which has been filed with the then current Dissemination Agent a written acceptance of such designation "EMMA" shall mean the Electronic Municipal Market Access system of the MSRB.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

"Official Statement" shall mean the Official Statement for the Certificates dated _____, 2021.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated, as the original underiter of the Certificates.

"Rule" shall mean 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.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent upon written direction to, not later than March 31 after the end of the Issuer's fiscal year, commencing with the report for the fiscal year ending

June 30, 2020, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report shall be provided to the MSRB in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

The Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The Issuer's fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The Issuer will promptly notify the MSRB and the Dissemination Agent of a change in the fiscal year dates. The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) If the Dissemination Agent is other than the Issuer, not later than fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) days prior to such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with subsection (a).

(c) 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), the Dissemination Agent shall send a notice in a timely manner to the MSRB stating that the Annual Report has not been filed.

(d) The Dissemination Agent shall:

(i) confirm the electronic filing requirements of the MSRB for the Annual Reports; and

(ii) promptly after receipt of the Annual Report, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided the MSRB. The Dissemination Agent's duties under this clause (ii) shall exist only if the Issuer provides the Annual Report to the Dissemination Agent for filing.

(e) Notwithstanding any other provision of this Disclosure Certificate, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

SECTION 4. Content of Annual Reports. The first Annual Report shall consist exclusively of the Official Statement. Thereafter, the Annual Report shall contain or include by reference the following:

(a) 1. The audited financial statements of the Issuer for the prior fiscal year, 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 Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Average daily attendance, enrollment and English learners/low-income percentage of enrollment of the Issuer for the last completed fiscal year in the event that such data affects the revenues received by the Issuer from the State, which may be in the form of an update to Table 8.

3. The adopted budget of the Issuer for the current fiscal year and, if available, the First Interim Report for the current fiscal year.

(b) 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 Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates in a timely manner not more than ten (10) business days after the event:

(1) principal and interest payment delinquencies;

(2) unscheduled draws on debt service reserves reflecting financial difficulties;

(3) unscheduled draws on credit enhancements reflecting financial difficulties;

(4) substitution of credit or liquidity providers, or their failure to perform;

(5) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determinations of taxability or of the Notice of Proposed Issue (IRS Form 5701-TEB);

(6) tender offers;

(7) defeasances;

(8) ratings changes;

(9) bankruptcy, insolvency, receivership or similar proceedings; and

Note: for the purposes of the event identified in subparagraph (9), 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 obligated person, 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 obligated person.

(10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as defined in subparagraph (h) below), any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material:

(1) unless described in subparagraph (a)(5), notices or determinations by the Internal Revenue Service with respect to the tax status of the Certificates or other material events affecting the tax status of the Certificates;

(2) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(3) appointment of a successor or additional trustee or the change of the name of a trustee;

(4) nonpayment related defaults;

(5) modifications to the rights of Owners of the Certificates;

(6) notices of prepayment;

(7) release, substitution or sale of property securing repayment of the Certificates; and

(8) incurrence of a financial obligation, or agreement to covenant, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Owners of the Certificates.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subparagraph (b), the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under subparagraph (b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Event described in subparagraph (b)(6) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Certificates pursuant to the Trust Agreement. In each case of the Listed Event, the Dissemination Agent shall not be obligated to file a notice as required in this subparagraph (f) prior to the occurrence of such Listed Event.

(g) Any of the filings required to be made under this Section 5 shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

(h) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection

with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to EMMA or to another repository consistent with the Rule.

SECTION 6. Termination of Reporting Obligation. The obligation of the Issuer and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of Certificates. If such termination occurs prior to the final maturity of the Certificates, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Issuer. The Dissemination Agent may resign by providing thirty days written notice to the Issuer and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Issuer. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Issuer in a timely manner and in a form suitable for filing.

SECTION 8. Amendment.

(a) This Disclosure Certificate may be amended, in writing, without the consent of the Owners, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Disclosure Certificate as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) there shall have been delivered to the Issuer an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the same effect as set forth in clause (2) above, (4) the Issuer shall have delivered to the Dissemination Agent (if other than the Issuer) an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the Owners, and (5) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(b) This Disclosure Certificate may be amended in writing with respect to the Certificates, upon obtaining consent of Owners at least 25% in aggregate principal of the Certificates then outstanding; provided that the conditions set forth in Section 8(a)(1), (2) and (3) have been satisfied; and provided, further, that the Dissemination Agent shall be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder.

(c) To the extent any amendment to this Disclosure Certificate results in a change in the type of financial information or operating data provided pursuant to this Disclosure Certificate, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice if occurrence of a Listed Event.

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 10. Default. In the event the Issuer fails to comply with any provision in this Disclosure Certificate, the Dissemination Agent may (or shall upon direction of the Owners of 25% in aggregate principal of the Certificates then outstanding or the Participating Underwriter) take all action necessary to cause the Issuer to comply with this Disclosure Certificate. In the event of a failure of the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or 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, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Certificate Owners, or any other party. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates. No person shall have any right to commence any action against the Dissemination Agent hereunder, seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Certificate.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, the Beneficial Owners and Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

SECTION 13. Notices. Notices should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing.

Disclosure Representative: Superintendent
San Ysidro School District
4350 Otay Mesa Road
San Ysidro, California 92173

SAN YSIDRO SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

APPENDIX H

BOOK ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Certificates, payment of principal, premium, if any, and interest with respect to the Certificates to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Reference made to www.dttc.com http://www.dtcc.com/*is presented as a link for additional information regarding DTC and is not a part of this Official Statement.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Certificates (the "Certificates"). The Certificates 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 Security certificate will be issued for each maturity of the Certificates in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities 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 is rated AA+ by Standard & Poor's. 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.

3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Certificates 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 Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

4. To facilitate subsequent transfers, all Certificates 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 Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to

whose accounts such Certificates 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.

5. 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. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Prepayment notices shall be sent to DTC. If less than all of the Certificates within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be prepaid.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates 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 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, prepayment price and interest payments on the Certificates 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 the 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, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, prepayment price 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 the 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.

9. A Certificate Owner shall give notice to elect to have its Certificates purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Certificates by causing the Direct Participant to transfer the Participant's interest in the Certificates, on DTC's records, to the Trustee. The requirement for physical delivery of Certificates in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Certificates are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Certificates to the Trustee's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Certificates are required to be printed and delivered.

11. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered to DTC.

AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE CERTIFICATES, THE TRUSTEE WILL SEND ANY NOTICE OF PREPAYMENT OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE PREPAYMENT OF THE CERTIFICATES CALLED FOR PREPAYMENT OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX I

COUNTY INVESTMENT POLICY
AND MONTHLY TREASURY POOL REPORT

RECORDING REQUESTED BY:
San Ysidro School District

AND WHEN RECORDED MAIL TO:
Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attn: Robert J. Whalen, Esq.

[Space above for Recorder's use.]

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11921 OF THE CALIFORNIA REVENUE AND TAXATION CODE AND THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTIONS 27383 AND 27388.1(a)(2)(D) OF THE CALIFORNIA GOVERNMENT CODE BECAUSE THE ASSIGNOR IS A GOVERNMENTAL AGENCY. LEASE TERM LESS THAN 35 YEARS.

LEASE AGREEMENT

Dated as of _____ 1, 2021

between

SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION,
as Lessor

and

SAN YSIDRO SCHOOL DISTRICT,
as Lessee

Relating to

$_____
SAN YSIDRO SCHOOL DISTRICT
2021 CERTIFICATES OF PARTICIPATION

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LEASE AGREEMENT

THIS LEASE AGREEMENT, dated as of _____ 1, 2021 is by and between the SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, including without limitation Section 5110 *et seq*. of the Corporations Code of the State of California, as lessor (the "Corporation"), and the SAN YSIDRO SCHOOL DISTRICT, a school district duly organized and existing under the Constitution and laws of said State, as lessee (the "School District"):

W I T N E S S E T H :

WHEREAS, the School District may enter into leases and agreements relating to real property and facilities and improvements to be used by the School District; and

WHEREAS, the School District and the Corporation previously caused the execution and delivery of the School District's 2012 Certificates of Participation to finance the acquisition, construction and installation of certain capital improvements (the "2012 Project"); and

WHEREAS, the Corporation, the School District and Community Facilities District No. 3 of the San Ysidro School District ("CFD No. 3") desire to refinance the 2012 Project and finance the costs of the acquisition, construction and installation of certain capital improvements (the "2021 Project," and with the 2012 Project, the "Project") by causing CFD No. 3 to issue its 2021 Special Tax Bonds (the "CFD No. 3 Bonds), which CFD No. 3 Bonds will be purchased by the School District; and

WHEREAS, the Corporation and the School District desire to finance the purchase of the CFD No. 3 Bonds by entering into this Lease Agreement (the "Lease") and authorizing and directing the execution and delivery of certain certificates of participation designated San Ysidro School District 2021 Certificates of Participation (the "Certificates"), pursuant to a Trust Agreement, dated as of the date hereof (the "Trust Agreement"), by and among the School District, the Corporation and U.S. Bank National Association, as trustee, evidencing proportionate interests in Lease Payments (as defined in the Trust Agreement, the "Lease Payments") to be made by the School District under this Lease; and

WHEREAS, the School District has entered into a Site Lease dated as of the date hereof and recorded concurrently herewith (the "Site Lease") with the Corporation under which the School District has agreed to lease the real property legally described in Exhibit B hereto (the "Real Property"), and any facilities and improvements located thereon now and in the future (together with the Real Property, the "Property"), to the Corporation, and which Site Lease provides that the title to the Property shall vest in the School District at the expiration of the Site Lease (as provided in Section 8 thereof), and contains other terms and conditions as the governing board of the School District deems to be in the best interest of the School District; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1 Definitions and Rules of Construction. Unless the context otherwise requires, the capitalized terms used herein shall, for all purposes of this Lease, have the meanings specified in the Trust Agreement, together with any amendments thereof or supplements thereto permitted to be made thereunder; and the additional terms defined in this Section shall, for all purposes of this Lease, have the meanings herein specified. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Lease, refer to this Lease as a whole.

"Asbestos Containing Materials" shall mean material in friable form containing more than one percent (1%) of the asbestiform varieties of (a) chrysotile (serpentine); (b) crocidolite (ricbeckite); (c) amosite (cummington-itegrinerite); (d) anthophyllite; (e) tremolite; and (f) actinolite.

"Environmental Regulations" shall mean all federal, state and local laws and regulations, now or hereafter in effect, with respect to Hazardous Materials (as defined in Section 7.13(a) hereof), including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, *et seq*.) (together with the regulations promulgated thereunder, "CERCLA"), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, *et seq*.) (together with the regulations promulgated thereunder, "RCRA"), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, *et seq*.) (together with the regulations promulgated thereunder, "Title III"), the Clean Water Act, as amended (33 U.S.C. Section 1321, *et seq*.) (together with the regulations promulgated thereunder, "CWA"), the Clean Air Act, as amended (42 U.S.C. Section 7401, *et seq*.) (together with the regulations promulgated thereunder, "CAA") and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601 *et seq*.) (together with the regulations promulgated thereunder, "TSCA"), and any state or local similar laws and regulations and any so-called local, state or federal "superfund" or "superlien" law.

"Interest Component" means the portion of the Lease Payments designated in Exhibit A hereto as the Interest Component.

"Permitted Encumbrances" means, as of any particular time: (i) liens for general *ad valorem* taxes and assessments, if any, or which the School District may, pursuant to provisions of Section 7.7 hereof, permit to remain unpaid; (ii) the Assignment Agreement; (iii) this Lease; (iv) the Site Lease; (v) any contested right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law to the extent permitted under Section 7.8(b) hereof; (vi) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the School District hereby certifies will not materially impair the use of the Property by the School District; and (vii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of this Lease and to which the School District certifies in writing do not affect the intended use of the Property or impair the security

granted to the Trustee for the benefit of the owners of the Certificates by the Trust Agreement and the Assignment Agreement and to which the Corporation and the Insurer consent in writing.

"Principal Component" means the portion of the Lease Payments designated in Exhibit A hereto as the Principal Component.

"Project" means the 2012 Project and the 2021 Project.

"Property" means the site described in Exhibit B hereto and all facilities and improvements located thereon now and in the future; provided, however, that the site comprising the Property may be amended pursuant to the provisions of Section 7.12 herein.

"Real Property" shall have the meaning given in the Recitals; provided, however that the site or sites comprising the Real Property may be amended pursuant to the provisions of Section 7.12 herein.

"Reserve Replenishment Rent" means Reserve Replenishment Rent payable pursuant to Section 4.4(d) hereof.

"Special Tax Agreement" means the Special Tax Pooling Agreement, dated as of the date hereof, by and among the School District, Community Facilities District No. 1 of the San Ysidro School District, Community Facilities District No. 2 of the San Ysidro School District, Community Facilities District No. 3 of the San Ysidro School District and U.S. Bank National Association, as trustee for the Certificates and fiscal agent for the CFD No. 3 Bonds, pursuant to which certain special taxes collected from within each of such community facilities districts are transferred to the Special Tax Fund.

"Term" shall have the meaning given in Section 4.2 hereof.

"Vendors" or "Contractors" means the persons with whom the Corporation, or the School District as agent of the Corporation, has contracted for completion of the 2021 Project.

"2012 Project" means the portion of the Project identified as the 2012 Project in Exhibit C which will be refinanced with the proceeds of the Certificates.

"2021 Project" means the portion of the Project identified as the 2021 Project in Exhibit C which will be financed with the proceeds of the Certificates, and any and all additions thereto made as provided in Section 3.5 hereof.

Section 1.2 Exhibits. The following Exhibits are attached to, and by reference made a part of, this Lease:

Exhibit A: Schedule of Lease Payments to be paid by the School District to the Corporation, showing the dates for each Lease Payment and amount of each Lease Payment.

Exhibit B: Legal Description of the Property.

Exhibit C: General Description of the Project.

Exhibit D: Lease Supplement Form.

Exhibit E: Form of Certificate of Substitution or Addition of 2021 Project Component.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the School District. The School District represents, covenants and warrants to the Corporation, the Trustee and the Insurer as follows:

(a) Due Organization and Existence. The School District is a school district duly organized and existing under the Constitution and laws of the State.

(b) Authorization; Enforceability. The Constitution and laws of the State authorize the School District to enter into this Lease, the Site Lease, the Trust Agreement, the Special Tax Agreement and the Continuing Disclosure Certificate, and to enter into the transactions contemplated by and to carry out its obligations under all of the aforesaid leases and agreements; the School District has duly authorized and executed all of the aforesaid leases and agreements. This Lease, the Site Lease, the Trust Agreement, the Special Tax Agreement and the Continuing Disclosure Certificate constitute the legal, valid and binding obligations of the School District enforceable in accordance with their respective terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(c) No Conflicts or Default; No Liens or Encumbrances. Neither the execution and delivery of this Lease, the Site Lease, the Special Tax Agreement, the Continuing Disclosure Certificate or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the School District is now a party or by which the School District is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the School District, or upon the Property except for Permitted Encumbrances and the pledges contained in the Trust Agreement.

(d) Execution and Delivery. The School District has duly authorized and executed this Lease, the Site Lease, the Special Tax Agreement, the Continuing Disclosure Certificate and the Trust Agreement in accordance with the Constitution and laws of the State.

(e) Indemnification of Corporation. The School District covenants to defend, indemnify and hold harmless the Corporation and its directors, officers, employees, agents, successors and assigns (collectively, the "Indemnified Party") against any and all losses, claims, damages or liabilities, joint or several, including fees and expenses incurred in connection therewith, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise in connection with the transactions contemplated by this Lease, and shall reimburse any such Indemnified Party for any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of the transactions contemplated by this Lease. In particular, without limitation, the School District shall and hereby agrees to indemnify and save the Indemnified Party harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on the Project or the Property by the

School District, (ii) any breach or default on the part of the School District in the performance of any of its obligations under this Lease, (iii) any act of negligence of the School District or of any of its agents, contractors, servants, employees or licensees with respect to the Property or the 2021 Project, (iv) any act of negligence of any assignee or sublessee of the School District with respect to the 2021 Project or the Property, or (v) the completion of the 2021 Project or the authorization of payment of the Project Costs by the School District. No indemnification is made under this Section or elsewhere in this Lease for claims, losses or damages, including legal fees and expenses arising out of the willful misconduct or negligence under this Lease by the Corporation, its directors, officers, agents, employees, successors or assigns.

(f) General Tax and Arbitrage Covenant. The School District hereby covenants that, notwithstanding any other provision of this Lease, it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates under Section 103 of the Code. The School District shall not, directly or indirectly, use or permit the use of proceeds of the Certificates or the Project, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates.

The School District shall not take any action, or fail to take any action, if any such action or failure to take action would cause the Lease Payments evidenced by Certificates to be "private activity bonds" within the meaning of Section 141 of the Code, and in furtherance thereof, shall not make any use of the proceeds of the Certificates or the Project, or any portion thereof, or any other funds of the School District, that would cause the Lease Payments evidenced by Certificates to be "private activity bonds" within the meaning of Section 141 of the Code. To that end, so long as any Certificates are outstanding, the School District, with respect to such proceeds and the Project and such other funds, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Code, to the extent such requirements are, at the time, applicable and in effect.

The School District shall not, directly or indirectly, use or permit the use of any proceeds of any Certificates or of the Project, or other funds of the School District, or take or omit to take any action, that would cause the Lease Payments evidenced by Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the School District shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Lease Payments evidenced by Certificates.

The School District shall not make any use of the proceeds of the Certificates or any other funds of the School District, or take or omit to take any other action, that would cause the Lease Payments evidenced by Certificates to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(g) Essentiality of Property. The School District hereby represents that the components of the Property being leased hereunder are essential school district facilities.

Section 2.2 Representations, Covenants and Warranties of the Corporation. The Corporation represents, covenants and warrants to the School District, the Trustee and the Insurer as follows:

(a) Due Organization and Existence; Enforceability. The Corporation is a nonprofit public benefit corporation duly organized, existing and in good standing under and by virtue of the laws of the State, has the power to enter into this Lease, the Assignment Agreement, the Site Lease and the Trust Agreement; is possessed of full power to own and hold real and personal property, and to lease and sell the same; and has duly authorized the execution and delivery of all of the aforesaid leases and agreements. This Lease, the Assignment Agreement, the Site Lease and the Trust Agreement constitute the legal, valid and binding obligations of the Corporation, enforceable in accordance with their respective terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(b) No Conflicts or Defaults; No Liens or Encumbrances. Neither the execution and delivery of this Lease, the Assignment Agreement, the Site Lease or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of the Articles of Incorporation or Bylaws of the Corporation or any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Corporation, or upon the Property except by Permitted Encumbrances and by the pledge contained in the Trust Agreement.

(c) Execution and Delivery. The Corporation has duly authorized and executed this Lease, the Assignment Agreement, the Site Lease and the Trust Agreement in accordance with the laws of the State.

(d) Maintenance of Corporate Existence. To the extent permitted by law, the Corporation agrees that during the Term hereof it will maintain its existence as a corporation, will not dissolve or otherwise dispose of all or substantially all of its assets, if any, will not become a general or limited partner in any partnership and will not combine or consolidate with or merge into any other entity or permit one or more other entities to consolidate with or merge into it.

(e) Qualification in California. The Corporation agrees that throughout the Term hereof it will be qualified to do business in the State.

(f) General Tax and Arbitrage Covenant. To the extent that the Corporation may control the Project or the proceeds of the Certificates, the Corporation covenants that, notwithstanding any other provision of this Lease, it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates under Section 103 of the Code. To the extent that the Corporation may control the Project or the proceeds of the Certificates, the Corporation shall not, directly or indirectly, use or permit the use of proceeds of the Certificates or the Project, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent as would result in the loss of exclusion

from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates.

To the extent that the Corporation may control the Project or the proceeds of the Certificates, the Corporation shall not take any action, or fail to take any action, if any such action or failure to take action would cause the Lease Payments evidenced by Certificates to be "private activity bonds" within the meaning of Section 141 of the Code. In furtherance thereof, to the extent that the Corporation may control the Project or the proceeds of the Certificates, the Corporation shall not make any use of the proceeds of the Certificates or the Project, or any portion thereof, or any other funds of the School District, that would cause the Lease Payments evidenced by Certificates to be "private activity bonds" within the meaning of Section 141 of the Code. To that end, so long as any Certificates evidencing Lease Payments are outstanding, the Corporation, with respect to such proceeds, the Project and such other funds, to the extent of its control thereof, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Code, to the extent such requirements are, at the time, applicable and in effect.

To the extent that the Corporation may control the Project or the proceeds of the Certificates, the Corporation shall not, directly or indirectly, use or permit the use of any proceeds of any Certificates, or of the Project, or other funds of the School District, or take or omit to take any action, that would cause the Lease Payments evidenced by Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the Corporation shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Lease Payments evidenced by Certificates.

To the extent that the Corporation may control the proceeds of the Certificates, the Corporation shall not make any use of the proceeds of the Certificates or any other funds of the Corporation, or take or omit to take any other action, that would cause the Lease Payments evidenced by Certificates to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

ARTICLE III

CERTIFICATE PROCEEDS

Section 3.1 Deposit of Certificate Proceeds. On the Closing Date for the Certificates, the Corporation agrees to pay or cause to be paid to the School District moneys to be deposited with the Trustee as provided in Section 2.07 of the Trust Agreement and in the case of Additional Certificates as provided in any supplement to the Trust Agreement which relates to such Additional Certificates.

Section 3.2 Reserved.

Section 3.3 Payment of Project Costs and Delivery Costs. Payment of the Project Costs and Delivery Costs shall be made from the moneys deposited with the Trustee in the Project Fund and the Delivery Cost Fund, respectively, as provided in Section 3.1 hereof and Section 2.07 of the Trust Agreement, which shall be disbursed in accordance and upon compliance with Article III of the Trust Agreement.

Section 3.4 Completion Certification. Upon completion of the 2021 Project in a manner satisfactory to the School District, the School District shall deliver to the Trustee a Certificate of

Completion with respect to the 2021 Project. On the date of filing the Certificate of Completion, as indicated therein, all or a portion of the excess moneys remaining in the Project Fund shall be transferred by the Trustee in accordance with Section 3.05 of the Trust Agreement.

Section 3.5 Substitution of or Addition to the 2021 Project. The School District shall have the right to substitute alternate items for any portion of the 2021 Project listed in Exhibit C hereto or provide for additional components of the 2021 Project by providing the Trustee with a written certificate in the form contained in Exhibit E hereto and so long as such substitution or addition does not cause, in and of itself, the Interest Component evidenced by the Certificates to be included in gross income for federal income tax purposes, as evidenced by an opinion of Special Counsel delivered to the Trustee.

Section 3.6 Compliance with Law.

(a) Public Bidding. The School District shall comply with all applicable provisions for bids and contracts prescribed by law with respect to the 2021 Project, including, without limitation, the Public Contracts Code, the Education Code, and the Government Code of the State.

(b) Wage Rates and Working Hours. The School District shall comply with all provisions relating to prevailing wage rates and working hours applicable to it under the laws of the State with respect to the acquisition, construction and installation of additions to the 2021 Project.

(c) Field Act Compliance. If applicable, the School District shall acquire, construct and install the 2021 Project in such manner as to comply with the Field Act, Sections 39140 *et seq*. of the Education Code of the State.

(d) Plans and Specifications. The School District shall prepare and adopt plans and specifications for the acquisition, construction and installation of the 2021 Project pursuant to applicable provisions of the Education Code and Public Contracts Code of the State.

Section 3.7 Further Assurances and Corrective Instruments. The Corporation and the School District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended to be leased or for carrying out the expressed intention of this Lease.

ARTICLE IV

AGREEMENT TO LEASE; TERM OF LEASE; LEASE PAYMENTS

Section 4.1 Lease. The Corporation hereby leases the Property to the School District, and the School District hereby leases the Property from the Corporation, upon the terms and conditions set forth herein. This Lease shall not operate as a merger of the School District's leasehold estate in the Property pursuant to this Lease and its fee estate in the Property and shall not cause the extinguishment of the leasehold interest granted to the Corporation under the Site Lease.

Section 4.2 Term. The Term of this Lease shall commence on the date of the execution and delivery of the Certificates, which is _____, 2021, and shall end on September 1, ____,

unless extended pursuant to Section 4.3, or unless terminated prior thereto upon the earliest of any of the following events:

(a) Default and Termination. A default by the School District and the Corporation's election to terminate this Lease under Section 9.2(b) hereof;

(b) Payment of All Lease Payments. The payment by the School District of all Lease Payments and Reserve Replenishment Rent required under Section 4.4 hereof and any Additional Payments required under Section 4.11 hereof; or

(c) Prepayment. The deposit of funds or Defeasance Securities with the Trustee in amounts sufficient to pay all Lease Payments evidenced by the Outstanding Certificates as the same shall become due, as provided by Section 10.1 hereof and as provided by Section 14.01 of the Trust Agreement.

Section 4.3 Extension of Lease Term. If on September 1, ____, the Certificates shall not be fully paid, or amounts shall be due hereunder or under the Trust Agreement to the Insurer with respect to the Insurance Policy or to the Reserve Insurer with respect to the Reserve Policy, or if the Lease Payments hereunder shall have been abated at any time and for any reason, then the Term shall be extended until all Certificates, all Reserve Replenishment Rent and all other such amounts due to the Insurer and the Reserve Insurer shall be fully paid, except that the Term shall in no event be extended beyond September 1, ____.

Section 4.4 Lease Payments.

(a) Time and Amount. Subject to the provisions of Section 4.10 (regarding abatement in event of loss of use of any portion of the Property) and Article X (regarding prepayment of Lease Payments), the School District agrees to pay to the Corporation, its successors and assigns, as annual rental for the use and possession of the Property, the Lease Payments (denominated into the Interest Component and Principal Component, the Interest Component of each Lease Payment being paid semiannually) in the amounts specified in Exhibit A, to be due and payable at the times specified in Exhibit A. Each Lease Payment shall be deposited with the Trustee no later than the Lease Payment Deposit Date preceding the Certificate Payment Date on which such Lease Payment is due and shall be for the right to use and occupy the Property for the six-month period preceding such Certificate Payment Date.

In the event the School District does not make a deposit of the required Lease Payment with respect to a Lease Payment Deposit Date, the Trustee shall provide prompt written notice to the School District of such failure to make such deposit; provided, however, that failure to give such notice shall not excuse any event of default under such Section 9.1 hereof.

(b) Credits. Any amount held in the Lease Payment Fund on any Lease Payment Deposit Date (other than amounts received by the Trustee under the Insurance Policy and the Reserve Policy, and other than amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to Section 10.2 hereof and other amounts required for payment of principal with respect to any Certificates not presented for payment or interest) shall be credited towards the applicable Lease Payment due and payable on the next Certificate Deposit Date. No Lease Payment need be deposited on any Lease Payment Deposit Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be deposited.

(c) Rate on Overdue Payments. In the event the School District should fail to make a Lease Payment on the applicable Certificate Payment Date, the Lease Payment in default shall continue as an obligation of the School District until the amount in default shall have been fully paid, and the School District agrees to pay the same with interest thereon, to the extent permitted by law, from the date such amount was originally due at the rate equal to the original interest rate payable with respect to each Certificate then Outstanding evidencing an interest in such Lease Payment, or the applicable rate of any Reserve Facility if there is a draw on such Reserve Facility as a result of such delinquency.

(d) Reserve Replenishment Rent. If

(i) funds have been withdrawn from the Reserve Fund pursuant to a draw on the Reserve Policy in order to pay interest or principal represented by the Certificates,

(ii) Lease Payments are not in abatement pursuant to Section 4.10 hereof, and

(iii) the amount of such Lease Payments and Additional Payments due in each year is less than the annual fair rental value of the Property, according to an appraisal to be filed with the Trustee,

then the School District shall pay from its first moneys legally available after payment of Lease Payments, to the Trustee, Reserve Replenishment Rent in the amount required to reimburse the Reserve Insurer for the amounts drawn on the Reserve Policy plus interest thereon at the Late Payment Rate to the date of payment over a period of not more than twelve months, in twelve (12) substantially equal payments; provided, however if such payments would cause the sum of the Lease Payments and the Reserve Replenishment Rent to exceed the fair rental value of the Property in a Fiscal Year, then the amount of the Reserve Replenishment Rent shall be reduced so that such fair rental value amount is not exceeded and the remainder of the Reserve Replenishment Rent shall be paid in equal monthly installments in the subsequent Fiscal Year until fully paid.

Section 4.5 No Withholding. Notwithstanding any dispute between the Corporation and the School District, including a dispute as to the failure of any portion of the Property in use by or possession of the School District to perform the task for which it is leased, the School District shall make all Lease Payments, Additional Payments and Reserve Replenishment Rent when due and shall not withhold any Lease Payments, Reserve Replenishment Rent or Additional Payments pending the final resolution of such dispute.

Section 4.6 Fair Rental Value. The Lease Payments, the Reserve Replenishment Rent and the Additional Payments shall be paid by the School District in consideration of the right of possession of, and the continued quiet use and enjoyment of, the Property during each such period for which said Lease Payments, Reserve Replenishment Rent and Additional Payments are to be paid. The parties hereto have agreed and determined that the total rental due in each Fiscal Year does not exceed the fair rental value of the Property in such Fiscal Year. In making such determination, consideration has been given to the current market value of the Property, the replacement cost of the Property, other obligations of the parties under this Lease (including but not limited to costs of maintenance, taxes and insurance), the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the School District and the general public, and the transfer of the Corporation's leasehold interest in the Property at the end of the Term.

Section 4.7 Budget and Appropriation. The School District covenants to take such action as may be necessary to include all Lease Payments, Additional Payments and Reserve Replenishment Rent (to the extent the amounts of such Additional Payments and Reserve Replenishment Rent are known to the School District at the time its annual budget is proposed) due hereunder in its annual budget and to make the necessary annual appropriations therefor, and to maintain such items to the extent unpaid for that Fiscal Year in its budget throughout such Fiscal Year. Lease Payments shall be budgeted and made first from amounts on deposit in the subaccount of the Certificate Payment Account relating to the Certificates established under the Special Tax Agreement. In the event that the amounts transferred from the Certificate Payment Account to the Trustee for deposit to the Lease Payment Fund, together with other amounts in the Lease Payment Fund to be credited to the Lease Payments as described in Section 4.4(b) above, are not sufficient to pay the Lease Payments, then the School District shall budget and appropriate the balance required to make the Lease Payments due on each Certificate Payment Date from other lawfully available funds. To the extent the amount of such payments becomes known after the adoption of the annual budget, such amounts shall be included and maintained in such budget as amended. During the Term, the School District will furnish annually, on or before September 1 of each year, to the Trustee a certificate of the School District Representative stating that all Lease Payments, Additional Payments and Reserve Replenishment Rent (to the extent the amounts of such Additional Payments and Reserve Replenishment Rent are known to the School District at the time its annual budget is adopted) due hereunder for the applicable Fiscal Year have been included in its annual budget and the amount so included. The covenants on the part of the School District herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the ministerial duty of each and every public official of the School District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the School District to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the School District.

Section 4.8 Assignment of Lease Payments. Certain of the Corporation's rights under this Lease, including the right to receive and enforce payment of the Lease Payments, Prepayments and Reserve Replenishment Rent to be made by the School District hereunder, is being absolutely and irrevocably assigned to the Trustee, subject to certain exceptions, pursuant to the Assignment Agreement being executed and delivered concurrently herewith, to which assignment the School District hereby consents. The Corporation hereby directs the School District, and the School District hereby agrees, to pay to the Trustee at the Trustee's corporate trust office in Los Angeles, California, or to the Trustee at such other place as the Trustee shall direct in writing, all Lease Payments, Prepayments and Reserve Replenishment Rent payable by the School District hereunder. The Corporation will not assign or pledge the Lease Payments, Prepayments or Reserve Replenishment Rent or other amounts derived from the Property and from its other rights under this Lease except as provided under the terms of this Lease, the Assignment Agreement and the Trust Agreement, or its duties and obligations except as provided under this Lease and any assignment in contravention hereof shall be void.

Section 4.9 Use and Possession. The total Lease Payments, Reserve Replenishment Rent and Additional Payments due in any Fiscal Year shall be for the School District's right to use and possess the Property for such Fiscal Year. During the Term of this Lease, the School District shall be entitled to the exclusive use and possession of the Property, subject only to the Permitted Encumbrances.

Section 4.10 Abatement of Lease Payments and Additional Payments in Event of Loss of Use.

(a) Period. The obligation of the School District to pay Lease Payments, Reserve Replenishment Rent and Additional Payments shall be abated during any period in which by reason of damage, destruction, title defect or taking by eminent domain or condemnation with respect to any portion of the Property there is substantial interference with the School District's right to use and possession of such portion of the Property.

(b) Amount. The amount of such abatement shall be determined by the School District such that the resulting Lease Payments, Reserve Replenishment Rent and Additional Payments represent fair consideration for the School District's right to use and possession of the portion of the Property not damaged, destroyed, or interfered with as a result of title defect or taking. Such abatement shall commence with such damage, destruction or interference by title defect or taking and end with the substantial completion of the replacement or work or repair, or the end of the interference by title defect; provided, however, that during abatement, available moneys on deposit in the Reserve Fund and the Lease Payment Fund, including without limitation proceeds of rental interruption or use and occupancy insurance, shall be applied to pay the Lease Payments.

(c) Repair or Replacement. In the event of an abatement, the School District will use its best efforts to repair or replace the damaged or destroyed or taken portion of the Property, as the case may be, from Net Proceeds, subject to the requirements of Section 6.1 hereof, or special funds of the School District or other moneys the application of which would, in the opinion of Special Counsel addressed to the Trustee, the Insurer, the School District and the Corporation, not result in the obligations of the School District hereunder constituting indebtedness of the School District in contravention of the Constitution and laws of the State.

Section 4.11 Additional Payments. In addition to the Lease Payments, the School District shall also pay such amounts ("Additional Payments") as shall be required for the payment of all administrative costs of the Corporation relating to the Property or the Certificates, including without limitation all expenses, compensation and indemnification of the Trustee payable by the School District under the Trust Agreement, taxes of any sort whatsoever payable by the Corporation as a result of its ownership of the Property or undertaking of the transactions contemplated herein or in the Trust Agreement, fees of auditors, accountants, attorneys or engineers, any and all amounts due to the Insurer and the Reserve Insurer under the Trust Agreement (other than amounts paid by the Insurer and the Reserve Insurer to Certificate Owners under the Policy and the Reserve Policy), and all other necessary administrative costs of the Corporation or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Certificates or of the Trust Agreement, including premiums on insurance maintained pursuant to Article V hereof or to indemnify the Corporation and its employees, officers and directors, and the Trustee.

Section 4.12 Net-Net-Net Lease. This Lease shall be deemed and construed to be a "net-net-net lease" and the School District hereby agrees that the Lease Payments shall be an absolute net return to the Corporation, free and clear of any expenses, taxes, fees, insurance premiums, rebate payments, reserve deposits, costs associated with the Property, charges or set-offs whatsoever, except as expressly provided herein.

ARTICLE V

INSURANCE

Section 5.1 Public Liability and Property Damage.

(a) Coverage. The School District shall maintain or cause to be maintained, throughout the Term hereof, a standard comprehensive general public liability and property damage insurance policy or policies in protection of the School District and the Corporation, their directors, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or operation of any School District property or portion thereof.

(b) Limits. Said policy or policies shall provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of $150,000 (subject to a deductible clause of not to exceed $75,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy covering all such risks in an amount equal to the liability limits set forth herein.

(c) Joint or Self-Insurance. Such liability insurance, including the deductible, may be maintained as part of or in conjunction with any other insurance coverage carried by the School District, and, subject to compliance with Section 5.6(e) hereof, may be maintained in the form of self-insurance by the School District.

(d) Payment of Net Proceeds. The net proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Section 5.2 Workers' Compensation. The School District shall also maintain workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees against liability for compensation under the Workers' Compensation Insurance and Safety Act now in force in the State, or any act hereafter enacted as an amendment or supplement thereto (with provision for self-insurance of no more than $1,000,000), or may self-insure for such coverage through another self-insurance plan pursuant to Section 5.6(e) hereof.

Section 5.3 Casualty and Theft Insurance.

(a) Casualty and Theft Insurance: Coverage. The School District shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, insurance against loss or damage to any portion of the Property caused by fire and lightning, with extended coverage and theft, vandalism and malicious mischief insurance; provided, however, such coverage need not insure loss as a result of earthquake or flood. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, fire, smoke and such other hazards as are normally covered by such insurance; provided, however, such coverage does not need to insure against any loss as a result of earthquake or flood.

(b) Amount. Such insurance shall be in an amount (except that such insurance may be subject to deductible clauses of not to exceed $75,000 for any one loss) not less than the greater of (i) the replacement cost of the Property and (ii) the aggregate principal amount of the Certificates at the time Outstanding. Full payment of proceeds up to the required policy dollar limit in connection with damage to the Property shall, under no circumstances, be contingent on the degree of damage at other facilities owned or leased by the School District.

(c) Joint or Self-Insurance. Such insurance may be maintained as part of or in conjunction with any other insurance carried or required to be carried by the School District, and, subject to compliance with Section 5.6(e) hereof, may be maintained in the form of self-insurance by the School District.

(d) Payment of Net Proceeds. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Net Proceeds Fund and applied as provided in Section 6.1.

Section 5.4 Rental Interruption or Use and Occupancy Insurance.

(a) Coverage and Amount. The School District shall maintain or cause to be maintained rental interruption or use and occupancy insurance in an amount not less than the maximum remaining scheduled Lease Payments in any future 24-month period, to insure against loss of rental income from the Property caused by perils covered by the insurance required to be maintained as provided in Section 5.3 hereof. Such rental interruption or use and occupancy insurance shall name the Trustee as loss payee.

(b) Joint Insurance. Such insurance may be maintained as part of or in conjunction with any other rental income or use and occupancy insurance carried by the School District.

(c) Payment of Net Proceeds. The net proceeds of such rental interruption or use and occupancy insurance shall be paid to the Trustee and deposited (1) in the Reserve Fund (in payment of any Reserve Replenishment Rent) to make up any deficiencies therein, and (2) in the Lease Payment Fund, to be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable.

(d) Rental Interruption or Use and Occupancy Insurance. Evidence of such rental interruption or use and occupancy insurance policy being in effect shall be sent annually at renewal to the Trustee.

(e) No Self-Insurance. No self-insurance will be permitted with respect to the above requirements for rental interruption or use and occupancy insurance.

Section 5.5 Title Insurance. The School District shall obtain and, throughout the Term of this Lease, maintain or cause to be maintained title insurance on the Property, in the form of an ALTA or CLTA title policy (with Western Regional exceptions), in an amount equal to the aggregate principal amount of the Certificates Outstanding, issued by a company of recognized standing, duly authorized to issue the same, payable to the Trustee, subject only to Permitted Encumbrances. Said policy shall insure (a) the Corporation's ground leasehold estate in the Property under the Site Lease, and (b) the School District's leasehold estate hereunder in the Property, subject only to Permitted Encumbrances. The Net Proceeds of such insurance shall be applied as provided in Section 6.1. The Trustee shall be provided with a title insurance policy in an amount equal to principal amount of the Certificates.

Section 5.6 General Insurance Provisions.

(a) Form of Policies. All policies of insurance required to be procured and maintained pursuant to this Lease (other than the title insurance required by Section 5.5) and any statements of self-insurance shall be in a form certified by an insurance agent, broker or consultant to the School District to comply with the provisions hereof. All such policies shall provide that the School District shall give the Trustee thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby and, for any policy not in effect as of the date of execution and delivery of the Certificates, shall be provided by carriers rated "A" or better by S&P, or through a reputable joint powers insurance authority or similar entity, unless otherwise consented to by the Insurer. As of the date of the execution and delivery of the Certificates, the Insurer has consented to the School District's then effective insurance policies and its carriers. The School District may obtain its insurance through a joint powers insurance authority or other pooled insurer. If any of the insurance required hereunder is maintained through a joint powers insurance authority of which the School District is a member, then in addition to the deductibles described herein, the joint powers insurance authority may provide for a self-insured retention of not to exceed $1,000,000, or such higher amount as is consented to by the Insurer. Each policy of insurance required to be procured and maintained pursuant to Section 5.3 (regarding casualty and theft insurance), Section 5.4 (regarding rental interruption or use and occupancy insurance) and Section 5.5 (regarding title insurance) shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Owners.

(b) Payment of Premiums. The School District shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease, and shall promptly furnish or cause to be furnished to the Trustee a certificate to such effect, as described in paragraph (d) below.

(c) Protection of the Trustee. The Trustee shall not be responsible for the sufficiency or adequacy of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

(d) Evidence of Insurance. The School District shall cause to be delivered to the Trustee and the Insurer annually on or before January 1 a certificate stating that the insurance policies required by this Lease are in full force and effect.

(e) Self Insurance. The School District may only elect to self-insure, if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Corporation and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by other school districts in the State other than the School District. Insurance provided through a California joint powers authority of which the School District is a member or with which the School District contracts for insurance shall not be deemed to be self-insurance for purposes hereof. Any self-insurance maintained by the School District pursuant to this Article V shall comply with the following terms:

(i) The self-insurance program shall be approved in writing by an Independent Insurance Consultant;

(ii) The self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund shall be evaluated on an annual basis by an Independent Insurance Consultant; a certified actuarial statement

attesting to the adequacy of such fund shall be delivered to the Trustee on an annual basis and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of such Independent Insurance Consultant;

(iii) The self-insured claims reserve fund shall be held in a separate trust fund by an independent trustee, which may be the Trustee;

(iv) In the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by an Independent Insurance Consultant, shall be maintained; and

(v) No self-insurance will be permitted with respect to the requirements for title insurance, rental interruption or use and occupancy insurance.

Section 5.7 Cooperation. The Corporation shall cooperate fully with the School District at the expense of the School District in filing any proof of loss with respect to any insurance policy maintained pursuant to this Article and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Property or any portion thereof.

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1 Application of Net Proceeds.

(a) Deposit in Net Proceeds Fund. The School District shall remit promptly to the Trustee any Net Proceeds received by the School District and the Trustee, pursuant to Section 7.01 of the Trust Agreement, shall deposit in the Net Proceeds Fund the Net Proceeds of insurance which it receives as provided in Section 5.3 (regarding casualty and theft insurance) and Section 5.5 (regarding title insurance) promptly upon receipt thereof. The School District and/or the Corporation shall transfer to the Trustee any of such Net Proceeds received by the School District and/or Corporation in the event of any accident, destruction, theft or taking by eminent domain or condemnation with respect to the Property, for deposit in the Net Proceeds Fund.

(b) Disbursement for Replacement or Repair of the Property. Upon receipt of the prior written consent of the Insurer and the certification described in paragraph (i) below and the requisition described in paragraph (ii) below, the Trustee shall disburse moneys in the Net Proceeds Fund to the person, firm or corporation named in the requisition as provided in Section 7.02 of the Trust Agreement.

(i) Certification. The School District Representative must certify to the Corporation and the Trustee that:

(A) Sufficiency of Net Proceeds. The Net Proceeds available for such purpose, together with any other funds supplied by the School District to the Trustee in a subaccount of the Net Proceeds Fund for such purpose, are expected to equal at least 110% (or such lesser percentage as may be consented to by the Insurer) of the projected costs of replacement or repair, as demonstrated in an attached reconstruction budget, and

(B) Timely Completion. In the event that damage, destruction or interference by title defect or taking results or is expected to result in an abatement of Lease Payments, such replacement or repair can be fully completed within a period not in excess of the period in which rental interruption or use and occupancy insurance proceeds, as described in Section 5.4 together with other available moneys identified by the School District, will be available to pay in full all Lease Payments coming due during such period as demonstrated in an attached reconstruction schedule.

(ii) Requisition. The School District Representative must state with respect to each payment to be made (1) the requisition number, (2) the name and address of the person, firm or corporation to whom payment is due, (3) the amount to be paid and (4) that each obligation mentioned therein has been properly incurred, is a proper charge against the Net Proceeds Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Each such requisition 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.

Any balance of the Net Proceeds remaining in the Net Proceeds Fund after such replacement or repair has been completed shall, with the prior written consent of the Insurer, be disbursed to the School District. Any amounts remaining in the Net Proceeds Fund after payment or provision for payment of all Certificates shall be paid to the School District as provided in Section 7.02 of the Trust Agreement.

(c) Disbursement for Prepayment. If the School District Representative notifies the Trustee in writing of the School District's determination that the certification provided in Section 6.1(b)(i) cannot be made or that replacement or repair of any portion of the Property is not economically feasible or in the best interest of the School District, then the Trustee shall promptly transfer the Net Proceeds to the Prepayment Fund as provided in Section 7.02 of the Trust Agreement and apply them to prepayment of the Certificates as provided in Section 4.02 of the Trust Agreement and prepayment of Lease Payments as provided in Section 10.2 hereof; provided that in the event of damage or destruction in whole of the Property and in the event such Net Proceeds, together with funds then on hand in the Lease Payment Fund and Reserve Fund, are not sufficient to prepay all the Certificates then Outstanding, then the School District shall, in accordance with Section 4.10(c) hereof, use its best efforts to repair or replace the Property from Net Proceeds and other lawfully available funds of the School District, unless the Insurer consents to a prepayment of a portion of the Certificates from available Net Proceeds.

ARTICLE VII

COVENANTS WITH RESPECT TO THE PROPERTY

Section 7.1 Use of the Property. The School District represents and warrants that it has an immediate need for, and expects to make immediate use of, all of the Property, which need is not temporary or expected to diminish in the foreseeable future.

Section 7.2 Interest in the Property and the Lease.

(a) Corporation Holds Leasehold Interest During Term. During the Term of this Lease, the Corporation does and shall hold a leasehold interest in the Property pursuant to the Site Lease. The School District shall take any and all actions reasonably required, including but not limited

to executing and filing any and all documents reasonably required, to maintain and evidence such title and interest at all times during the Term of this Lease.

(b) Title Transferred to School District at End of Term. Upon expiration of the Term as provided in Section 4.2(b) or 4.2(c) hereof, all right, title and interest of the Corporation in and to all of the Property pursuant to this Lease shall be transferred to and vest in the School District, without the necessity of any additional document of transfer.

Section 7.3 Reserved.

Section 7.4 Quiet Enjoyment. During the Term, the Corporation shall provide the School District with quiet use and enjoyment of the Property, and the School District shall during such Term peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the Corporation, or any person or entity claiming under or through the Corporation except as expressly set forth in this Lease. The Corporation will, at the request of the School District, join in any legal action in which the School District asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation shall have the right to inspect the Property as provided in Section 7.6 hereof.

Section 7.5 Installation of School District's Personal Property. The School District may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon any portion of the Property. All such items shall remain the sole personal property of the School District, regardless of the manner in which the same may be affixed to such portion of the Property, in which neither the Corporation nor the Trustee shall have any interest, and may be modified or removed by the School District at any time; provided that the School District shall repair and restore any and all damage to such portion of the Property resulting from the installation, modification or removal of any such items of equipment. Nothing in this Lease shall prevent the School District from purchasing items to be installed pursuant to this Section, provided that no lien or security interest shall attach to any part of the Property.

Section 7.6 Access to the Property. The School District agrees that the Corporation, any Corporation Representative and the Corporation's successors, assigns or designees shall have the right at all reasonable times to enter upon the Property or any portion thereof to examine and inspect the Property. The School District further agrees that the Corporation, any such Corporation Representative, and the Corporation's successors, assigns or designees shall have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the School District to perform its obligations hereunder.

Section 7.7 Maintenance, Utilities, Taxes and Assessments.

(a) Maintenance; Repair and Replacement. Throughout the Term of this Lease, as part of the consideration for the rental of the Property, all repair and maintenance of the Property shall be the responsibility of the School District, and the School District shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the School District or any sublessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Property, as hereinbefore more specifically set forth. The School District waives the benefits of subsections 1 and 2 of Section 1932 and subsection 4 of Section 1933 of the California Civil Code, but such waiver shall not limit any of the rights of the School District under the terms of this Lease.

(b) Tax and Assessments; Utility Charges. The School District shall also pay or cause to be paid all taxes and assessments, including but not limited to utility charges, of any type or nature charged to the Corporation or the School District or levied, assessed or charged against any portion of the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the School District shall be obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

(c) Contests. The School District may, at its expense and in its name, in good faith contest any such taxes, assessments, utility and other charges upon notice to the Insurer and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom; provided that prior to such nonpayment it shall furnish the Corporation and the Trustee with the opinion of an Independent Counsel acceptable to the Corporation and the Insurer, to the effect that, by nonpayment of any such items, the interest of the Corporation in such portion of the Property will not be materially endangered and that the Property will not be subject to loss or forfeiture. Otherwise, the School District shall promptly pay such taxes, assessments or charges or make provisions for the payment thereof in form satisfactory to the Corporation. The Corporation will cooperate fully in such contest, upon the request and at the expense of the School District. The School District shall pay any contested amount if requested in writing by the Insurer to do so.

Section 7.8 Modification of the Property.

(a) Additions, Modifications and Improvements. The School District shall, at its own expense, have the right to make additions, modifications, and improvements to any portion of the Property if such improvements are necessary or beneficial for the use of such portion of the Property. All such additions, modifications and improvements shall thereafter comprise part of the Property and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way cause an abatement of Lease Payments with respect to the Property or cause it to be used for purposes other than those authorized under the provisions of State and federal law or in any way which would impair the State tax-exempt status or the exclusion from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates; and the Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is not substantially less than the value of the Property immediately prior to the making of such additions, modifications and improvements.

(b) No Liens. Except for Permitted Encumbrances, the School District will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any additions, modifications or improvements made by the School District pursuant to this Section; provided that if any such lien is established and the School District shall first notify or cause to be notified the Corporation of the School District's intention to do so, the School District may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Trustee (as assignee of the Corporation). The Corporation will cooperate fully in any such contest, upon the request and at the expense of the School District.

(c) Replacements, Redevelopment and Renovation. The School District shall, at its own expense, have the right to make replacements, redevelopment or renovation, to the extent that such replacement, redevelopment or renovation would result in the temporary abatement of Lease Payments as provided in Section 4.10 hereof, of all or a portion of the Property if the following conditions precedent are satisfied:

(i) The School District receives an opinion of Special Counsel, a copy of which the School District shall furnish to the Corporation, the Insurer and the Trustee, that (1) such replacement does not adversely affect the exclusion from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates or the State tax-exempt status of the Interest Components evidenced by the Certificates, and (2) the Lease will remain the legal, valid, binding and enforceable obligation of the School District;

(ii) The School District shall have notified each rating agency then providing a rating on the Certificates and shall deposit moneys with the Trustee in advance for payment of Lease Payments from special funds of the School District or other moneys, the application of which would not, in the opinion of Special Counsel (a copy of which shall have been delivered to the Trustee and the Insurer), result in such Lease Payments constituting indebtedness of the School District in contravention of the Constitution and laws of the State;

(iii) The School District shall certify to the Trustee and the Insurer that it has sufficient funds to complete such replacement, redevelopment or renovation; and

(iv) In the case of replacement or redevelopment, the School District, the Insurer and the Trustee shall receive (i) an independent MAI appraisal or (ii) a certificate of a School District Representative supporting an insured/replacement value that can demonstrate that the annual fair rental value of the replacements will be at least equal to the lesser of (1) the annual fair rental value of the Property immediately prior to such replacement or redevelopment, or (2) 150% of the maximum annual Lease Payments under the Lease.

(v) In the case of a replacement of the Property, the Insurer shall have consented in writing to such replacement.

Section 7.9 Encumbrances; Alternative Financing Methods.

(a) Encumbrances. Except as provided in this Article VII (including without limitation Section 7.8 hereof and this Section 7.9), the School District shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, liens, charges, encumbrances or claims, as applicable, on or with respect to the Property, other than Permitted Encumbrances and other than the respective rights of the Corporation and the School District as herein provided. Except as expressly provided in this Article VII, the School District shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time; provided that the School District may contest such liens if it desires to do so, if it provides security to the Trustee against any loss or forfeiture. The School District shall reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

(b) Alternative Financing Methods. Notwithstanding the foregoing, the School District may (with the prior written consent of the Insurer) create or suffer to create any mortgage,

pledge, liens, charges, encumbrances or claims upon the Property or any improvements thereto, provided that (1) any such mortgage, pledge, liens, charges, encumbrances or claims shall at any time while any of the Certificates remain Outstanding be and remain subordinate in all respects to the Site Lease and Lease and any security interest given to the Trustee for the benefit of the Owners and (2) the School District shall have first delivered to the Trustee and the Insurer an opinion of Special Counsel substantially to the effect that such mortgage, pledge, liens, charges, encumbrances or claims would not result in the inclusion of the Interest Component evidenced by the Certificates in the gross income of the owners of the Certificates for purposes of federal income taxation or impair the State tax-exempt status of such payments.

Section 7.10 Corporation's Disclaimer of Warranties. THE CORPORATION MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE SCHOOL DISTRICT OF THE PROPERTY, OR ANY PORTION THEREOF. THE SCHOOL DISTRICT ACKNOWLEDGES THAT THE CORPORATION IS NOT A MANUFACTURER OF PORTIONS OF THE PROPERTY, AND THAT THE SCHOOL DISTRICT IS LEASING THE PROPERTY AS IS. In no event shall the Corporation be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease, the Site Lease, the Assignment Agreement or the Trust Agreement for the existence, furnishing, functioning or School District's use and possession of the Property.

Section 7.11 School District's Right to Enforce Warranties of Vendors or Contractors. The Corporation hereby irrevocably appoints the School District as its agent and attorney-in-fact during the Term of this Lease, so long as the School District shall not be in default hereunder, to assert from time to time whatever claims and rights, including without limitation, warranty claims, claims for indemnification and claims for breach of any representations, respecting the Property which the Corporation may have against any vendor or contractor. The School District's sole remedy for the breach of any such warranty, indemnification or representation shall be against the vendor or contractor with respect thereto, and not against the Corporation, nor shall such matter have any effect whatsoever on the rights and obligations of the Corporation with respect to this Lease, including the right to receive full and timely Lease Payments and all other payments due hereunder. The School District shall be entitled to retain any and all amounts recovered as a result of the assertion of any such claims and rights. The Corporation shall, upon the School District's request and at the School District's expense, do all things and take all such actions as the School District may request in connection with the assertion of any such claims and rights.

Section 7.12 Addition to, Substitution or Release of the Property. The School District, with the prior written consent of the Insurer, shall have the right to add additional real property to the Property described in Exhibit B hereto for the purpose of effecting the execution and delivery of Additional Certificates, as permitted by Section 2.15 of the Trust Agreement.

In addition, the School District, with the prior written consent of the Insurer, shall have the right to substitute alternate real property for any portion of the Property described in Exhibit B hereto or to release a portion of the Property from the lien of this Lease by providing the Trustee with a supplement to this Lease substantially in the form attached as Exhibit D hereto and by satisfying the conditions set forth in paragraph (a) through (h), inclusively, of this Section 7.12. All costs and expenses incurred in connection with such substitution or release shall be borne by the School District. Notwithstanding any substitution or release pursuant to this Section, there shall be no reduction in or

abatement of the Lease Payments due from the School District hereunder as a result of such substitution or release. No substitution or release shall be permitted hereunder unless:

(a) any substituted property is free from any liens, other than Permitted Encumbrances, as certified by the School District in a certificate delivered to the Trustee;

(b) the School District provides prior written notice thereof to each rating agency then rating the Certificates;

(c) either: (i) an independent MAI or equivalent certified real estate appraiser selected by the School District finds (and delivers a certificate to the School District and the Trustee setting forth its findings), or (ii) the School District presents documentation of insured/replacement value which demonstrates that the real property remaining after such substitution or release (a) has a fair rental value in each Fiscal Year during the remaining Term greater than or equal to the Lease Payments due in such Fiscal Year such that the Lease Payments payable by the School District pursuant to this Lease will not be reduced, and (b) has an equivalent or greater useful life as the Property to be released and that the useful life of the substituted real Property exceeds the remaining Term;

(d) with respect to a substitution, the School District obtains or causes to be obtained an ALTA or CLTA title insurance policy (with Western Regional exceptions) with endorsement so as to be payable to the Trustee for the benefit of the Owners. Such policy shall comply with Section 5.5 hereof, shall be in a form satisfactory to the Insurer and the Corporation, shall be in the amount equal to the Principal Component of Lease Payments attributable to the substituted real property, and shall insure all interests required under Section 5.5, as applicable, to the substituted real property;

(e) the School District provides the Corporation, the Insurer and the Trustee with an opinion of Special Counsel that such substitution or release does not cause, in and of itself, the Interest Component evidenced by the Certificates to be included in gross income for federal income tax purposes;

(f) the School District shall give, or cause to be given, any notice of the occurrence of such substitution or release required to be given pursuant to the Continuing Disclosure Certificate;

(g) upon any substitution or release, the School District, the Corporation and the Trustee shall execute and the School District shall record with the office of the County Recorder, County of San Diego, California, any document necessary to reconvey to the School District any portion of the Property being released and to include the substituted real property and/or improvements thereon as all or a portion of the Property; and

(h) the School District shall certify to the Trustee and the Insurer that any substituted real property is of approximately the same degree of essentiality to the School District as the Property being released.

Section 7.13 Compliance with Law, Regulations, Etc.

(a) The School District has, after due inquiry, no knowledge and has not given or received any written notice indicating that the Property or the past or present use thereof or any practice, procedure or policy employed by it in the conduct of its business materially violates any

applicable law, regulation, code, order, rule, judgment or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to the Property (collectively, "Laws and Regulations"). Without limiting the generality of the foregoing, neither the School District nor to the best of its knowledge, after due inquiry, any prior or present owner, tenant or subtenant of the Property has, other than as set forth in subsections (a) and (b) of this Section or as may have been remediated in accordance with Laws and Regulations, (i) used, treated, stored, transported or disposed of any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TSCA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the School District, the Property or the business operations conducted by the School District thereon (collectively, "Hazardous Materials") on, from or beneath the Property, (ii) pumped, spilled, leaked, disposed of, emptied, discharged or released (hereinafter collectively referred to as "Release") any material amount of Hazardous Materials on, from or beneath the Property, or (iii) stored any material amount of petroleum products at the Property in underground storage tanks.

(b) Excluded from the representations and warranties in subsection (a) hereof with respect to Hazardous Materials are those Hazardous Materials in those amounts ordinarily found in the inventory of, or used in the maintenance of school and school related buildings, the use, treatment, storage, transportation and disposal of which has been and shall be in compliance with all Laws and Regulations.

(c) No portion of the Property located in an area of high potential incidence of radon has an unventilated basement or subsurface portion which is occupied or used for any purpose other than the foundation or support of the improvements to the Property.

Section 7.14 Environmental Compliance.

(a) The School District shall not use or permit the Property or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary to maintain the improvements on the Property and then, only in compliance with all Environmental Regulations, and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee, contractor, employee and agent, the storage, transportation, disposal or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from or beneath the Property or onto any other property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of a unified school district, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of Hazardous Materials, the School District shall promptly commence and perform, or cause to be commenced and performed promptly, without cost to the Trustee, all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials so released, on, from or beneath the Property or other property, in compliance with all Environmental Regulations. Notwithstanding anything to the contrary contained herein,

underground storage tanks shall only be permitted subject to compliance with subsection (d) and only to the extent necessary to maintain the improvements on the Property.

(b) The School District shall comply with, and shall cause all tenants, subtenants, licensees, guests, invitees, contractors, employees and agents on the Property to comply with, all Environmental Regulations, and shall keep the Property free and clear of any liens imposed pursuant thereto; provided, however, that notwithstanding that a portion of this covenant is limited to the School District's use of its best efforts, the School District shall remain solely responsible for ensuring such compliance and such limitation shall not diminish or affect in any way the School District's obligations contained in subsection (c) hereof as provided in subsection (c) hereof. Upon receipt of any notice from any person with regard to the Release of Hazardous Materials on, from or beneath the Property, the School District shall give prompt written notice thereof to the Trustee prior to the expiration of any period in which to respond to such notice under any Environmental Regulation.

(c) Irrespective of whether any representation or warranty contained in Section 7.13 is not true or correct, the School District shall, to the extent permitted by law, defend, indemnify and hold harmless the Trustee, the Insurer, the Owners, their partners, depositors and each of their respective employees, agents, officers, directors, trustees, successors and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including, without limitation, attorneys' fees and expenses incurred to enforce the indemnification contained in this Section 7.14, consultants' fees, investigation and laboratory fees, liabilities, settlements (five Business Days' prior notice of which the Trustee or the Insurer shall have delivered to the School District), court costs, damages, losses, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to, (i) the presence, disposal, release, threat of release, removal, discharge, storage or transportation of any Hazardous Materials on, from or beneath the Property, (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit brought or threatened, settlement reached (five Business Days' prior notice of which the Trustee shall have delivered to the School District), or governmental order relating to Hazardous Materials on, from or beneath the Property, (iv) any violation of Environmental Regulations or subsection (a) or (b) hereof by it or any of its agents, tenants, employees, contractors, licensees, guests, subtenants or invitees, and (v) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs. To the extent that the School District is strictly liable under any Environmental Regulation, its obligation to the Owners and the other indemnitees under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Regulation which results in liability to any indemnitee. The obligations and liabilities under this Section 7.14(c) shall survive the payment and satisfaction of all Certificates, and with regard to the Trustee the resignation and removal of the Trustee.

(d) The School District shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks, and shall maintain, repair, and replace such tanks only in accordance with laws and regulations, including but not limited to Environmental Regulations.

Section 7.15 Condemnation of Property. The School District hereby covenants and agrees, to the extent it may lawfully do so, that so long as any of the Certificates remain outstanding and unpaid, the School District will not exercise the power of condemnation with respect to the Property. The School District further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the School District shall

fail or refuse to abide by such covenant and condemns the Property, then the appraised value of the Property shall not be less than (i) if such Certificates are then subject to prepayment, the Principal Component and Interest Component of the Certificates outstanding through the date of their prepayment, or (ii) if such Certificates are not then subject to prepayment, the amount necessary to defease the Certificates to the first available prepayment date in accordance with the Trust Agreement.

ARTICLE VIII

ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.1 Assignment by the Corporation. Except as provided herein, in the Trust Agreement and the Assignment Agreement, the Corporation will not assign this Lease to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in Section 2.2 hereof and any assignment in contravention hereof shall be void.

Section 8.2 Subleasing by the School District. In the event that the Property is subleased by the School District, the obligation to make Lease Payments hereunder shall remain the obligation of the School District.

The School District may sublease all or any portion of the Property (with the prior written consent of the Insurer), so long as such sublease does not, in the opinion of Special Counsel, adversely affect (i) the exemption from State personal income tax or the exclusion from gross income for federal income tax of the Interest Component evidenced by the Certificates, or (ii) affect the validity of this Lease, subject to all of the following conditions:

(a) This Lease and the obligation of the School District to make Lease Payments hereunder shall remain obligations of the School District, as acknowledged in an officer's certificate delivered to the Trustee and the Insurer; and

(b) The School District shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Corporation, the Insurer, the Trustee and S&P or Moody's a true and complete copy of such sublease; and

(c) Any sublease of the Property by the School District shall expressly provide that such sublease is subject to all rights of the Corporation under this Lease Agreement, including the right to re-enter and re-let the Property or terminate this Lease Agreement in the event of a default by the School District.

Section 8.3 Amendments and Modifications. This Lease may be amended or any of its terms modified with the written consent of the School District, the Insurer and the Trustee (as assignee of the Corporation), in accordance with Article X of the Trust Agreement.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1 Events of Default Defined. The following shall be "events of default" under this Lease and the terms "events of default" and "default" shall mean, whenever they are used in this Lease, any one or more of the following events:

(a) Payment Default.

(i) Lease Payments. Failure by the School District to pay any Lease Payment required to be paid hereunder by the corresponding Lease Payment Deposit Date; and

(ii) Reserve Replenishment Rent. Failure by the School District to timely pay any Reserve Replenishment Rent, if and when required by Section 4.4(d) hereof.

(b) Covenant Default. Failure by the School District to observe and perform any warranty, covenant, condition or agreement on its part to be observed or performed herein or otherwise with respect hereto or in the Trust Agreement or in the Site Lease, other than as referred to in clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the School District by the Corporation, the Trustee, the Insurer or the Owners of not less than twenty percent (20%) in aggregate principal amount of Certificates then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Corporation, the Trustee, the Insurer or such Owners, as the case may be, shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the School District within the applicable period and diligently pursued until the default is corrected, except that such grace period shall not exceed 60 days without the prior written consent of the Insurer.

(c) Bankruptcy or Insolvency. The filing by the School District of a case in bankruptcy, or the subjection of any right or interest of the School District under this Lease to any execution, garnishment or attachment, or adjudication of the School District as a bankrupt, or assignment by the School District for the benefit of creditors, or the entry by the School District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the School District in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may hereafter be enacted.

Section 9.2 Remedies on Default. Whenever any event of default referred to in Section 9.1 hereof shall have happened and be continuing, it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to this Lease. Notwithstanding anything herein or in the Trust Agreement to the contrary, THERE SHALL BE NO RIGHT UNDER ANY CIRCUMSTANCES TO ACCELERATE THE LEASE PAYMENTS OR OTHERWISE DECLARE ANY LEASE PAYMENTS NOT THEN IN DEFAULT TO BE IMMEDIATELY DUE AND PAYABLE. After the occurrence of an event of default hereunder, the School District will surrender possession of the Property to the Corporation, if requested to do so by the Corporation, the Trustee or the Owners, in accordance with the provisions of this Section 9.2. So long as the Insurer is not in default under the Insurance Policy, the Insurer, acting alone, shall have the right to direct and control all remedies upon an event of default including, without limitation, the election to terminate or not to terminate this Lease.

(a) No Termination: Repossession and Re-Lease on Behalf of School District. In the event the Corporation does not elect to terminate this Lease in the manner hereinafter provided for in subparagraph (b) hereof, the Corporation may, with the consent of the School District, which consent is hereby irrevocably given, repossess the Property and re-lease it for the account of the School District, in which event the School District's obligation will accrue from year to year in accordance with this Lease and the School District will continue to receive the value of the use of the Property from year to year in the form of credits against its obligation to pay Lease Payments. The obligations of the School District shall remain the same as prior to such default, to pay Lease Payments, Additional Payments

and Reserve Replenishment Rent whether the Corporation re-enters or not. The School District agrees to and shall remain liable for the payment of all Lease Payments, Additional Payments and Reserve Replenishment Rent and the performance of all conditions contained herein and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Property, or, in the event the Corporation is unable to re-lease the Property, then for the full amount of all Lease Payments, Additional Payments and Reserve Replenishment Rent to the end of the Term of this Lease, but said Lease Payments, Additional Payments and Reserve Replenishment Rent and/or deficiency shall be payable only at the same time and in the same manner as provided above for the payment of Lease Payments, Additional Payments and Reserve Replenishment Rent hereunder, notwithstanding such repossession by the Corporation or any suit brought by the Corporation for the purpose of effecting such repossession of the Property or the exercise of any other remedy by the Corporation.

The School District hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the School District to repossess and re-lease the Property in the event of default by the School District in the performance of any covenants contained herein to be performed by the School District and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place in the County of San Diego, for the account of and at the expense of the School District, and the School District hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such repossession and re-leasing of the Property. The School District hereby waives any and all claims for damage caused or which may be caused by the Corporation in repossessing the Property as provided herein and all claims for damages that may result from the destruction of or the injury to the Property and all claims for damages to or loss of any property belonging to the School District that may be in or upon the Property.

The School District agrees that the terms of this Lease constitute full and sufficient notice of the right of the Corporation to re-lease the Property in the event of such repossession without effecting a surrender of this Lease, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the School District the right to terminate this Lease shall vest in the Corporation to be effected in the sole and exclusive manner provided for in subparagraph (b) below.

The School District shall retain the portion of rental obtained by the Trustee, as assignee of the Corporation, that is in excess of the Lease Payments, Additional Payments and Reserve Replenishment Rent, the fees, expenses and costs of the Trustee of re-leasing the Property, and all amounts payable by the School District under this Lease and the Trust Agreement.

In the event that the liability of the School District under this subsection (a) is held by a court of competent jurisdiction to constitute indebtedness or liability in any year exceeding in any year the income and revenue provided for such year, the Corporation, or the Trustee or the Owners, as assignees of the Corporation, shall not exercise the remedies provided in this subsection (a).

(b) Termination: Repossession and Re-Lease. In the event of the termination of this Lease by the Corporation at its option and in the manner hereinafter provided on account of default by the School District (and notwithstanding any repossession of the Property by the Corporation in any manner whatsoever or the re-leasing of the Property), the School District nevertheless agrees to pay to the Corporation all costs, losses or damages howsoever arising or occurring payable at the same time

and in the same manner as is provided herein in the case of payment of Lease Payments, Additional Payments and Reserve Replenishment Rent. Any proceeds of the re-lease or other disposition of the Property by the Corporation shall be deposited into the Lease Payment Fund and be applied in accordance with the provisions of Section 5.03 of the Trust Agreement. Any surplus received by the Trustee, as assignee of the Corporation, from such re-leasing over total Lease Payments, Additional Payments and Reserve Replenishment Rent that would have been due hereunder and the fees, expenses and costs of the Trustee as assignee of the Corporation on re-leasing the Property shall be remitted to the School District. Neither notice to pay rent or to deliver up possession of the Property given pursuant to law nor any proceeding taken by the Corporation to recover possession of the Property shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the School District shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the School District of the election on the part of the Corporation to terminate this Lease. The School District covenants and agrees that no surrender of the Property for the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice. No such termination shall be effected either by operation of law or act of the parties hereto, except only in the manner herein expressly provided.

(c) Opinion of Special Counsel. The re-leasing of the Property as provided herein shall be subject to the opinion of Special Counsel that such re-leasing will not cause the Interest Component evidenced by the Certificates to be subject to State personal income tax or adversely affect the exclusion of such Interest Component from gross income for federal income tax purposes.

(d) No Termination: Collection of Lease Payments. In the event the Corporation does not elect to terminate this Lease in the manner provided for in subparagraph (b) above or to exercise its right to re-enter and re-lease in subparagraph (a) above, the Corporation may collect each installment of Lease Payments as the same become due and enforce any other terms or provisions hereof to be kept or performed by the School District, regardless of whether or not the School District has abandoned the Property.

(e) Other Remedies. In addition to the other remedies set forth in this Section, upon the occurrence of an event of default, the Corporation and its assignee shall be entitled to proceed to protect and enforce the rights vested in the Corporation and its assignee by this Lease Agreement or by law. The provisions of this Lease Agreement and the duties of the School District and of its board, officers or employees shall be enforceable by the Corporation or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Corporation and its assignee shall have the right to bring the following actions:

(i) Accounting. By action or suit in equity to require the School District and its board, officers and employees and its assigns to account as the trustee of an express trust.

(ii) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Corporation or its assignee.

(iii) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Corporation's or its assignee's rights against the School District (and its board, officers and employees) and to compel the School District to perform and carry out its duties and obligations under the law and its covenants and agreements with the School District as provided herein.

Section 9.3 No Remedy Exclusive. No remedy conferred herein upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

Section 9.4 Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party contained herein, the defaulting party agrees that it will pay on demand to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 9.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6 Application of the Proceeds from the Re-Lease of the Property. All amounts received by the Corporation under this Article IX shall, subject to Section 13.03 of the Trust Agreement, be deposited by the Trustee in the Lease Payment Fund and credited towards the Lease Payments in order of Lease Payment Deposit Dates.

Section 9.7 Trustee and Owners to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article IX have been absolutely and irrevocably assigned by the Corporation to the Trustee under the Assignment Agreement, to which assignment the School District hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners as provided in the Trust Agreement. To the extent that this Lease confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of this Lease, the Trustee is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 9.8 Assignee of Corporation. All references to the Corporation in this Article IX shall refer to its assignee following the Corporation's assignment of its rights hereunder.

ARTICLE X

PREPAYMENT OF LEASE PAYMENTS

Section 10.1 Security Deposit. Notwithstanding any other provision of this Lease, the School District may, on any date, secure the payment and prepayment of Lease Payments and Additional Payments by a deposit by it with the Trustee of cash and/or Defeasance Securities as provided in Section 14.01 of the Trust Agreement. In such event, and provided that the School District has paid any other amounts due and owing under this Lease and the Trust Agreement, all obligations of the School District under this Lease, and all security provided by this Lease for said obligations, shall cease and terminate, excepting only the obligation of the School District to make, or cause to be

made, Lease Payments and Additional Payments from such deposit. On the date of said deposit title to the Property shall vest in the School District automatically and without further action by the School District or the Corporation (except as provided herein). Said deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease. The Corporation shall execute and deliver such further instruments and take such further action as may reasonably be requested by the School District for carrying out the title transfer of the Property.

Section 10.2 Extraordinary Prepayment From Net Proceeds. The School District shall be obligated to prepay the Lease Payments in whole or in part on any date, from and to the extent of any Net Proceeds or other moneys theretofore deposited in the Prepayment Fund (at least 45 days prior to the date fixed for prepayment of the Certificates) pursuant to Section 4.02 of the Trust Agreement. The School District and the Corporation hereby agree that such Net Proceeds or other moneys shall be credited towards the School District's obligations hereunder (except in the case of such prepayment of the Lease Payments in whole) pro rata among Lease Payments so that following Prepayment, the remaining annual Lease Payments will be proportional to the initial annual Lease Payments.

Section 10.3 Optional Prepayment of Lease Payments.

(a) Subject to the terms and conditions of this Section, the Corporation hereby grants an option to the School District to prepay the Lease Payments in whole or in part, on the dates and at the prepayment prices set forth in Section 4.03(a) of the Trust Agreement. The School District and the Corporation agree that such prepayments shall be credited toward the School District's obligations hereunder corresponding to the resulting prepayment of the Certificates in accordance with Section 4.03(a) of the Trust Agreement on the dates and at the prepayment prices provided therein.

(b) The School District shall execute said options by giving written notice to the Trustee thereof not less than forty (40) (unless a shorter notice shall be acceptable to the Trustee) nor more than sixty (60) days' prior to the date of prepayment.

Section 10.4 Credit for Amounts on Deposit. In the event of the securing of or prepayment of the Principal Component of the Lease Payments in full under this Article X such that the Trust Agreement shall be discharged by its terms as a result of such security deposit or prepayment, all amounts then on deposit in the Lease Payment Fund and the Reserve Fund shall be credited toward the amounts then required to be so prepaid (other than amounts therein derived from draws under the Policy or Reserve Policy). In the event of a partial securing of or prepayment of the Principal Component of the Lease Payments under this Article X such that a portion of the Certificates shall be defeased under the Trust Agreement as a result of such prepayment, all amounts then on deposit in the Reserve Fund (other than amounts therein derived from draws under the Policy or Reserve Policy), if any, in excess of the Reserve Requirement following such defeasance, shall be credited toward the amounts then required to be so deposited or prepaid.

Section 10.5 Effect of Prepayment.

(a) In Whole. In the event that the School District pays or prepays all remaining Lease Payments either by making a security deposit with the Trustee as provided in Section 10.1 hereof or from Net Proceeds as provided in Section 10.2 hereof or from cash or other legally available moneys deposited by the School District as provided in Section 10.3, and the School District has paid all Additional Payments and Reserve Replenishment Rent required hereunder, and all the provisions of Section 14.01 of the Trust Agreement have been complied with, then the School District's obligations

under this Lease shall thereupon cease and terminate, including but not limited to the School District's obligation to continue to pay Lease Payments under this Article X (except as provided in Section 10.1 hereof).

(b) In Part. In the event the School District prepays less than all of the remaining Principal Component of the Lease Payments pursuant to Section 10.2 or 10.3 hereof (from cash or other legally available moneys deposited by the School District), the amount of such prepayment shall be applied to reduce the Principal Component of the remaining Lease Payments in a manner that corresponds to the resulting prepayment of principal with respect to the Certificates as determined in the Trust Agreement.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received on the earlier of the day of actual receipt or five Business Days after deposit in the United States mail in first-class or certified form, postage prepaid, to the School District or the Corporation, as the case may be, at the addresses indicated in Section 14.05 of the Trust Agreement. The Corporation, the School District and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.2 Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Corporation and the School District and their respective successors and assigns.

Section 11.3 Severability. In the event any provision of this Lease shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.4 Execution in Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.5 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.6 Insurer as Third-Party Beneficiary; Extent of Insurer Rights. The Insurer is a third-party beneficiary of this Lease. Any and all rights of the Insurer to consent or to take or approve any actions hereunder shall be valid only if the Insurer shall not be in default under the terms of the Insurance Policy. So long as the Insurer is in default under the Insurance Policy it shall be entitled to receive notice of certain events as described herein but shall have no other rights hereunder, other than by subrogation.

Section 11.7 No Merger. The parties hereto intend that there shall be no merger of any estate or interest created by this Lease with any other estate or interest in the Property, or any part

thereof, by reason of the fact that the same party may acquire or hold all or any part of the estate or interest in the Property created by this Lease as well as another estate or interest in the Property.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Corporation has caused this Lease to be executed in its name by its duly authorized officer, and the School District has caused this Lease to be executed in its name by its duly authorized officer, as of the date first above written.

SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION, as Lessor

By: _____
_____
President

SAN YSIDRO SCHOOL DISTRICT, as Lessee

By: _____
_____
Superintendent

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in the Property conveyed under the foregoing to the San Ysidro School District, a school district duly organized under the laws of the State of California, is hereby accepted by the undersigned officer or agent on behalf of the Board of Education of the San Ysidro School District, pursuant to authority conferred by resolution of the Board of Education adopted on January __, 2021 and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 2021

SAN YSIDRO SCHOOL DISTRICT

By: _____
_____
Superintendent

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

_____
SIGNATURE OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

_____
SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

SEMI-ANNUAL LEASE PAYMENT SCHEDULE

Date[(1)]	*Principal Component*	*Interest Component*	*Total Lease Payments*
	$	$	$

(1) Each Lease Payment must be deposited with the Trustee on the Lease Payment Deposit Date which is the fifteenth day of the month preceding each of the dates listed.

EXHIBIT B

LEGAL DESCRIPTION OF THE REAL PROPERTY

THAT REAL PROPERTY IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

Ocean View Hills School site:

APN: _____

END OF LEGAL DESCRIPTION

EXHIBIT C

GENERAL DESCRIPTION OF THE PROJECT

2012 Project:

Costs related to the construction of the Vista Del Mar Middle School.

2021 Project:

[TO COME]

EXHIBIT D

LEASE SUPPLEMENT FORM

There is hereby [subjected to/released from] the terms of that certain Lease Agreement, dated as of _____ 1, 2021, by and between the San Ysidro Schools Public Financing Corporation (the "Corporation") and the San Ysidro School District (the "District") the following real property:

Description of [Substituted Property/Released Property]

[Insert Description]

Cost

I, the School District Representative, hereby certify that:

(a) [applicable in the case of Substituted Property] the Substituted Property is free from any liens other than Permitted Encumbrances;

(b) the School District has provided prior written notice thereof to each rating agency then rating the Certificates evidencing the Lease Payments under the Lease;

(c) (i) an independent MAI or equivalent certified real estate appraiser selected by the School District finds (and has delivered a certificate to the School District and the Trustee setting forth its findings) or (ii) documentation of insured/replacement values which demonstrates that the real property remaining after such substitution or release (i) has a fair rental value in each Fiscal Year during the remaining Term greater than or equal to the Lease Payments due in such Fiscal Year such that the Lease Payments payable by the School District pursuant to this Lease will not be reduced, and (ii) has an equivalent or greater useful life as the Property to be released and that the useful life of the Substituted Property exceeds the remaining Term;

(d) [applicable in the case of Substituted Property only] the School District has obtained or caused to be obtained an ALTA or CLTA title insurance policy (with Western Regional exceptions) with endorsement so as to be payable to the Trustee for the benefit of the Owners which complies with Section 5.5 of the Lease, is in a form satisfactory to the Trustee and the Corporation, is in the amount equal to the Principal Component of Lease Payments attributable to the Substituted Property, and insures all interest required under Section 5.5, as applicable, to the Substituted Property;

(e) the School District has provided the Corporation and the Trustee with an opinion of Special Counsel that such [substitution/release] does not cause, in and of itself, the Interest Component evidenced by the Certificates to be included in gross income for federal income tax purposes;

(f) the School District has given, or caused to be given, any notice of the occurrence of such [substitution/release] required to be given pursuant to the Continuing Disclosure Certificate;

(g) the School District, the Corporation and the Trustee have executed and the School District has recorded with the office of the County Recorder, County of San Diego, California,

any document necessary to reconvey to the School District the portion of the Property being released and to include the Substituted Property and/or improvements thereon as all or a portion of the Property; and

(h) [applicable in the case of Substituted Property only] the Substituted Property is of approximately the same degree of essentiality to the School District as the portion of the Property being released.

I, the School District Representative, hereby certify that the portion of the Property being acquired, constructed or improved will be owned by the Corporation free and clear of all liens or claims of others, except for the lien of the Trust Agreement referred to in the Lease, the rights of the School District under the Lease and other Permitted Encumbrances, and that the Corporation will not encumber title to the substituted portion of the Property while the Certificates remain outstanding.

SAN YSIDRO SCHOOL DISTRICT

By ___ [form only; no signature required]
School District Representative

EXHIBIT E

FORM OF CERTIFICATE OF
ADDITION OF 2021 PROJECT COMPONENT

I, _____, _____ of the San Ysidro School District (the "School District") hereby certify that _____ project is to become a part of the 2021 Project as defined under the Lease Agreement, dated as of _____ 1, 2021, (the "Lease"), by and between the School District and the San Ysidro Schools Public Financing Corporation (the "Corporation") [in addition to the components of the 2021 Project as defined in the Lease or in substitution for _____ component of the 2021 Project as defined in the Lease]. This Certificate shall be filed with the Trustee under the Trust Agreement, dated as of _____ 1, 2021, by and among the School District, the Corporation and U.S. Bank National Association, as trustee thereunder, and be retained until such time as the Lease is terminated.

[form only; no signature required]_____
School District Representative

RECORDING REQUESTED BY:
Chula Vista Elementary School District

AND WHEN RECORDED MAIL TO:
Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attn: Robert J. Whalen, Esq.

[Space above for Recorder's use.]

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11921 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTIONS 27383 AND 27388.1(a)(2)(D) OF THE CALIFORNIA GOVERNMENT CODE. LEASE TERM LESS THAN 35 YEARS

SITE LEASE

by and between

SAN YSIDRO SCHOOL DISTRICT,
as lessor

and

SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION,
as lessee

Dated as of _____ 1, 2021

Relating to

$_____
SAN YSIDRO SCHOOL DISTRICT
2021 CERTIFICATES OF PARTICIPATION

SITE LEASE

This SITE LEASE, executed and entered into as of _____ 1, 2021, by and between the SAN YSIDRO SCHOOL DISTRICT, a school district duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "District"), and the SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the "Corporation");

W I T N E S S E T H :

WHEREAS, the Corporation is entering into this Site Lease (the "Site Lease") with the District for the purpose of having the District lease the real property legally described in Exhibit A hereto (the "Real Property"), and any facilities and improvements located thereon now or in the future (together with the Real Property, the "Property"), to the Corporation; and

WHEREAS, the Corporation intends to lease back the Property to the District pursuant to a Lease Agreement to be executed and entered into as of the date hereof and being recorded concurrently herewith (the "Lease"); and

WHEREAS, by resolutions duly adopted by their respective governing boards, the District and the Corporation have authorized the execution of this Site Lease, and agreed to delivery of this Site Lease upon performance and compliance by each party with all terms or conditions of this contract to be performed concurrently herewith, including, without limitation, the delivery of certain certificates of participation designated as the "San Ysidro School District 2021 Certificates of Participation" (the "Certificates") executed and delivered pursuant to a Trust Agreement, dated as of the date hereof (the "Trust Agreement"), by and among the District, the Corporation and U.S. Bank National Association, as trustee (the "Trustee"); and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Site Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Site Lease;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Definitions. All terms not otherwise defined herein shall have the definitions given such terms in the Trust Agreement or the Lease.

Section 2. The Property. The District hereby leases the Property to the Corporation and the Corporation hereby leases the Property from the District, on the terms and conditions hereinafter set forth.

Notwithstanding anything herein to the contrary, each time that there is a substitution or release of all or a portion of the Property in accordance with Section 7.12 of the Lease, the District and the Corporation shall enter into an amendment hereto such that the description of the Property leased hereunder shall match the revised description of the Property.

Section 3. **Term**. The term of this Site Lease shall commence as of the date of execution and delivery of the Certificates, which is _____, 2021, and shall remain in effect until the last day of the Term (as defined in the Lease); provided, however, that in the event of a default by the District under the Lease and the Corporation's election to terminate the Lease under Section 9.2(b) thereof, the term of this Site Lease shall not terminate until the earlier of such time as all amounts payable by the District under the Lease and the Trust Agreement have been paid in full or September 1, _____.

Section 4. **Rental**. The Corporation, and any assignee or successor in interest of the Corporation under this Site Lease, shall pay to the Trustee on behalf of the District as prepayment of rental hereunder the sum of $_____ representing the net proceeds of the sale of the Certificates, by causing such amount to be deposited to the Purchase Fund, as described in the Trust Agreement.

Section 5. **Purpose**. The Corporation shall use the Property solely for the purpose of leasing back such Property to the District or others pursuant to the Lease and for such purposes as may be incidental thereto; provided, that in the event of default by the District under the Lease or termination pursuant thereto, the Corporation may exercise the remedies of repossession and re-leasing of the Property, as provided in the Lease.

Section 6. **Interest in Property**. The District warrants and covenants that it has sufficient interest in the Property to lease it hereunder. In the event of a title defect in the Property that impairs the right to use and occupy the Property, the District covenants that it will exercise its condemnation powers to the extent permitted by law to obtain the necessary rights in the Property to cure such defect and limitation of the right to use and occupancy.

Section 7. **Assignments and Subleases**. The District acknowledges and affirms the assignment by the Corporation of its rights under this Site Lease to the Trustee, under the terms of the Assignment Agreement dated as of the date hereof and being recorded concurrently herewith, for the benefit of the Owners of the Certificates and any Additional Certificates. This Site Lease may also be assigned and the Property subleased, as a whole or in part, by the Corporation or the Trustee without necessity of obtaining the consent of the District, if any event of default occurs under the Lease.

Section 8. **Termination**. The Corporation agrees, upon the termination of this Site Lease, to quit and surrender the Property in the same good order and condition as the same was in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Property at the time of the termination of this Site Lease shall remain thereon and title thereto shall vest in the District.

Section 9. **Quiet Enjoyment**. The Corporation at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy all of the Property.

Section 10. **Default**. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for 30 days following the District's written notice to and demand for correction thereof by the Corporation, the District may exercise any and all remedies granted by law; provided, however, that no merger of this Site Lease and the Lease shall be deemed to occur as a result of the District's exercise of any remedies hereunder.

Section 11. Taxes. Subject to the provisions of Section 7.7 of the Lease, the District covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Section 12. Eminent Domain. In the event the whole or any part of the Property is taken by eminent domain proceedings, the interest of the Corporation shall be recognized and is hereby determined to be the amount of unpaid Lease Payments, Reserve Replenishment Rent and all Additional Payments due the Corporation under the Lease.

Section 13. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 14. Applicable Law. This Site Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 15. Representatives. Whenever under the provisions of this Site Lease the approval of the Corporation or the District is required, or the Corporation or the District is required to take some action at the request of the other, such approval or such request shall be given for the District by the Superintendent or Chief Business Official, as representative, or his or her written designee as representative, and for the Corporation by its President, Secretary or Treasurer, as representative, or his or her written designee as representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 16. Captions. The captions or headings in this Site Lease are for convenience only and in no way define, limit or describe the scope or intent of any provision or Section of this Site Lease.

Section 17. Execution in Counterparts. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

Section 18. Amendments. This Site Lease may be amended in writing as may be mutually agreed by the District, the Corporation and the Insurer; provided, however, that, if Certificates or Additional Certificates have been executed and delivered and are Outstanding, no such amendment which materially adversely affects the rights of the Owners of the Certificates or Additional Certificates shall be effective unless it shall have been consented to by the Insurer, the Trustee and the Owners of a majority in aggregate principal amount of the Certificates and Additional Certificates then Outstanding.

Section 19. Warranties of the District as to the Property. The District covenants and warrants to the Corporation:

(a) That the Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the financing as contemplated by the Lease;

(b) That all taxes, assessments, or impositions of any kind with respect to the Property, except current taxes, have been paid in full;

(c) That the Property is necessary to the District in order for the District to perform its governmental functions; and

(d) That the Property is properly zoned for its intended purposes.

Section 20. Further Assurances and Corrective Instruments. The Corporation and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended to be leased or for carrying out the expressed intention of this Site Lease.

Section 21. Third Party Beneficiary. The Trustee and the Insurer are hereby made third party beneficiaries of this Site Lease.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties have caused this Site Lease to be executed by their duly authorized officers as of the date and year first above written.

SAN YSIDRO SCHOOL DISTRICT, as lessor

By: _____
Superintendent

SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION, as lessee

By: _____
President

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in the Property conveyed under the foregoing to the San Ysidro School Public Financing Corporation (the "Corporation"), a nonprofit public benefit corporation duly organized under the laws of the State of California, is hereby accepted by the undersigned officer or agent on behalf of the Corporation, pursuant to authority conferred by resolution of the Corporation adopted on January __, 2021 and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 2021

SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION

By: _____
_____
President

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

_____
SIGNATURE OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

_____
SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

LEGAL DESCRIPTION OF THE REAL PROPERTY

THAT REAL PROPERTY IN THE CITY OF _____, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

APN: _____

END OF LEGAL DESCRIPTION

2012 CERTIFICATES ESCROW AGREEMENT

SAN YSIDRO SCHOOL DISTRICT
2012 CERTIFICATES OF PARTICIPATION

THIS ESCROW AGREEMENT (the "Agreement"), made and entered into as of _____ 1, 2021, by and between the San Ysidro School District (the "District"), and U.S. Bank National Association (the "Escrow Bank").

WITNESSETH:

WHEREAS, the District has previously caused the $10,409,714.55 San Ysidro School District 2012 Certificates of Participation (School Facilities Project) (San Diego County, California), to be delivered pursuant to a Trust Agreement, dated as of January 1, 2012 (the "2012 Trust Agreement"), by and among U.S. Bank National Association (the "2012 Trustee"), the San Ysidro Schools Public Financing Corporation and the District, of which $_____remains outstanding as set forth in Schedule A (the "Prior Certificates"); and

WHEREAS, under the 2012 Trust Agreement, the Prior Certificates can be prepaid on any date from the proceeds of any Mello-Roos special tax bonds; and

WHEREAS, the District has determined that it is in its best interests and desirable that the Prior Certificates be defeased and be prepaid as provided in the 2012 Trust Agreement from amounts on deposit in the escrow fund (the "Escrow Fund") held with the Escrow Bank; and

WHEREAS, in order to accomplish such defeasance and prepayment it is necessary and desirable for the District to secure its obligation to pay 2012 Lease Payments (as defined in the 2012 Trust Agreement) evidenced by the Prior Certificates in accordance with the terms of Section 8.3 of the 2012 Trust Agreement; and

WHEREAS, pursuant to a resolution of the Board of Education adopted on January 21, 2020 (the "Resolution"), the District has agreed to provide funds necessary to defease the Prior Certificates by authorizing the preparation, execution and delivery of $_____ aggregate principal amount 2021 Certificates of Participation (the "Certificates"), evidencing and representing interests in the holders thereof in lease payments to be made by the District to the Corporation pursuant to a Lease Agreement, dated as of _____ 1, 2021, by and between the Corporation and the District; and

WHEREAS, the Resolution provides that a portion of the proceeds of the Certificates shall be set aside in order to purchase the Community Facilities District No. 3 of the San Ysidro School District 2021 Special Tax Bonds (the CFD No. 3 Bonds"), which CFD No. 3 Bonds will be issued by Community Facilities District No. 3 of the San Ysidro School District ("CFD No. 3") and sold to the District on the same date as the execution and delivery of the Certificates; and

WHEREAS, a portion of the proceeds of the CFD No. 3 Bonds shall be set aside in order to provide for the payment of the Prior Certificates and that such proceeds shall be deposited in the Escrow Fund; and

WHEREAS, the District and CFD No. 3 have taken action to cause to be delivered to the Escrow Bank, for deposit in the Escrow Fund, CFD No. 3 Bond proceeds in an amount which is

intended by the District to be sufficient to pay the interest and principal on the Prior Certificates through and including _____, 2021, and to prepay the Prior Certificates maturing on and after September 1, 2021 on _____, 2021 at the prepayment price of 100% of the principal amount thereof (the "Prepayment Price");

NOW, THEREFORE, the District and the Escrow Bank hereby agree as follows:

Section 1. Establishment, Funding and Maintenance of Escrow Fund.

(a) The Escrow Bank agrees to establish and maintain the Escrow Fund until final payment of the Prior Certificates has been paid in full and to hold the securities, investments and moneys therein at all times as a special and separate escrow fund (wholly segregated from all other securities, investments or moneys on deposit with the Escrow Bank). CFD No. 3 shall deposit with the Escrow Bank $_____ of proceeds of the CFD No. 3 Bonds, which amount the 2012 Trustee is hereby instructed to transfer to the Escrow Fund. All moneys in the Escrow Fund are hereby irrevocably pledged to secure the payment of the Prior Certificates. The Escrow Bank shall hold all amounts in the Escrow Fund uninvested.

(b) The Escrow Bank hereby acknowledges receipt of the verification report of Causey, Demgen & Moore, P.C., certified public accountants, dated _____ 1, 2021 with respect to the District's defeasance of the Prior Certificates in the manner and to the extent provided by law and in Section 8.3 of the 2012 Trust Agreement.

Section 2. Reserved.

Section 3. Payment of the Prior Certificates. The District hereby requests and irrevocably instructs the Escrow Bank, and the Escrow Bank hereby agrees, to pay all amounts in the Escrow Fund to the 2012 Trustee for the payment of the Prior Certificates at the places and in the manner stipulated in the Prior Certificates and in the 2012 Trust Agreement. In accordance with Section 4.3 of the 2012 Trust Agreement, the District has instructed the 2012 Trustee to prepay the Prior Certificates maturing on and after September 1, 2021 on _____, 2021 and a copy of such instructions is attached as Schedule C hereto. The Trustee has previously provided the Notice of Prepayment required by Section 4.6 of the 2012 Trust Agreement to the owners of the Prior Certificates. The District shall request and irrevocably instruct the 2012 Trustee, to mail a notice of defeasance substantially in the form attached as Exhibit A of Schedule C hereto. Upon payment in full of the Prior Certificates, the Escrow Bank shall transfer any moneys or securities remaining in the Escrow Fund to the District and this Agreement shall terminate. The Escrow Fund cash flow is set forth in Schedule B attached hereto.

Section 4. Possible Deficiencies; Amounts in Excess of Required Cash Balance.

(a) If at any time the Escrow Bank has actual knowledge that the moneys in the Escrow Fund will not be sufficient to make all payments required by Section 3 hereof, the Escrow Bank shall notify the District in writing as soon as is reasonably practicable, of such fact, the amount of such deficiency and the reason therefor solely to the extent actually known to it; provided, however, the District shall have no liability for any deficiency and shall not be required to provide funds to eliminate any such deficiency.

(b) The Escrow Bank shall in no manner be responsible for any deficiency in the Escrow Fund.

Section 5. Fees and Costs.

(a) The District shall pay to the Escrow Bank from time to time reasonable compensation for all services rendered under this Agreement and shall reimburse the Escrow Bank for all out of pocket expenses (including reasonable legal fees and expenses) incurred hereunder.

(b) The fees of and the costs incurred by the Escrow Bank shall in no event be deducted or payable from, or constitute a lien against, the Escrow Fund.

Section 6. Merger or Consolidation. Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under this Agreement, shall be the successor to such Escrow Bank without the execution or filing of any paper or any further act, notwithstanding anything herein to the contrary.

Section 7. Indemnity. To the maximum extent permitted by law, the District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors, assigns, directors, officers, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Bank against the Escrow Bank's own negligence or willful misconduct or the negligent or willful misconduct of the Escrow Bank's respective successors, assigns, agents and employees or the breach by the Escrow Bank of the terms of this Agreement. In no event shall the District or the Escrow Bank be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section shall survive the termination of this Agreement and the resignation or removal of the Escrow Bank.

Section 8. Responsibilities of the Escrow Bank. The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the moneys in the Escrow Fund to accomplish the defeasance of the Prior Certificates or any payment, transfer or other application of moneys or obligations by the Escrow Bank in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the District and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the amounts in the Escrow Fund to accomplish the defeasance of the Prior Certificates or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Bank shall incur no liability with respect thereto. The Escrow Bank shall

not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Agreement and no implied covenants or obligations shall be read against the Escrow Bank hereunder. The Escrow Bank may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection with respect to any action taken, suffered or omitted by it in good faith in accordance therewith. No provisions of this Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability by the performance or exercise of its rights or powers. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the District.

The Escrow Bank may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Bank shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Bank and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Escrow Bank agrees to accept and act upon instructions or directions pursuant to this Agreement sent as document in portable document format (".pdf") or other replicating image attached to an unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Bank shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Bank e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Bank in its discretion elects to act upon such instructions, the Escrow Bank's understanding of such instructions shall be deemed controlling. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 9. Amendments. This Agreement is made for the benefit of the District and the owners from time to time of the Prior Certificates and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Bank and the District; provided, however, that if the District and the Escrow Bank receive an opinion of nationally recognized bond attorneys selected by the District to the effect that the exclusion from gross income for federal income tax purposes of the interest on the Prior Certificates, the CFD No. 3 Bonds and the Certificates will not be adversely affected thereby, they may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not materially adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Bank for the benefit of the owners of the Prior Certificates any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Bank; (iii) to include under this Agreement additional funds, securities or properties (but only if the sufficiency of the Escrow Fund for the purpose herein set forth is verified by a nationally recognized firm of independent certified public accountants) and shall hold funds received by it uninvested. The Escrow Bank shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized municipal bond attorneys, selected by the District, with respect to compliance with this Section 9, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the Prior Certificates or that any instrument executed hereunder complies with the conditions and provisions of this Section 9.

Section 10. Resignation or Removal of Escrow Bank.

(a) The Escrow Bank may resign by giving not less than 30 days' notice in writing to the District, which notice shall be mailed to the owners of the Prior Certificates remaining unpaid. The Escrow Bank may be removed (1) by (i) filing with the District of an instrument or instruments executed by the owners of at least 51% in aggregate principal amount of the Prior Certificates then remaining unpaid, and (ii) the delivery of a copy of the instruments filed with the District to the Escrow Bank, or (2) by a court of competent jurisdiction for failure to act in accordance with the provisions of this Agreement upon application by the District or the owners of 5% in aggregate principal amount of the Prior Certificates then remaining unpaid.

(b) If the position of Escrow Bank becomes vacant due to resignation or removal of the Escrow Bank or any other reason, a successor Escrow Bank may be appointed by the District. Notice of such appointment shall be mailed by first class mail, postage prepaid, to the registered owners of the Prior Certificates. Within one year after a vacancy, the owners of a majority in principal amount of the Prior Certificates then remaining unpaid may, by an instrument or instruments filed with the District, appoint a successor Escrow Bank who shall supersede any Escrow Bank theretofore appointed by the District. If no successor Escrow Bank is appointed by the District or the owners of such Prior Certificates then remaining unpaid, within 45 days after any such resignation or removal, the Escrow Bank may petition the appropriate court having jurisdiction for the appointment of a successor Escrow Bank. The responsibilities of the Escrow Bank under this Escrow Agreement will not be discharged until a new Escrow Bank is appointed and until the cash and investments held under this Escrow Agreement are transferred to the new Escrow Bank.

Section 11. Severability. If any section, paragraph, sentence, clause or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or

unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Agreement.

Section 12. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 13. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 14. Definitions. Any capitalized term used but not otherwise defined in this Agreement shall have the meaning assigned to such term in the Resolution.

Section 15. Assignment. This Agreement shall not be assigned by the Escrow Bank or any successor thereto without the prior written consent of the District provided, however, that an assignment made pursuant to Section 6 hereof shall not require prior written consent.

Section 16. Holidays. 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 Agreement, shall be a legal holiday or a day on which banking institutions in which the principal office of the Escrow Bank is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement; and no interest shall accrue for the period from and after such nominal date.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the San Ysidro School District and U.S. Bank National Association have caused this Agreement to be executed each on its behalf as of the day and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as Escrow Bank

By: _____
Authorized Officer

SAN YSIDRO SCHOOL DISTRICT

By: _____
Superintendent

SCHEDULE A

PRIOR CERTIFICATES

Maturity Date (September 1)	*Principal Amount*	*Interest Rate*	*Prepayment Date*	*Prepayment Price*

SCHEDULE B

ESCROW FUND CASH FLOW

SCHEDULE C

FORM OF INSTRUCTIONS AND REQUEST TO 2012 TRUSTEE

_____, 2021

U.S. Bank National Association, as 2012 Trustee

$10,409,714.55
SAN YSIDRO SCHOOL DISTRICT
2012 CERTIFICATES OF PARTICIPATION
(SCHOOL FACILITIES PROJECT)

Ladies and Gentlemen:

As the trustee with respect to the above-captioned Certificates (the "Certificates"), under that certain Trust Agreement, dated as of January 1, 2012, by and among U.S. Bank National Association, the San Ysidro School District (the "District") and the San Ysidro Schools Public Financing Corporation (the "2012 Trust Agreement"), you are hereby notified of the irrevocable election of the District to prepay the outstanding Certificates described in Exhibit A hereto (the "Prepaid Certificates"), at a price of 100% of the principal amount thereof on _____, 2021. The Prepaid Certificates are expected to be prepaid from a portion of the proceeds of the Community Facilities District No. 3 of the San Ysidro School District 2021 Special Tax Bonds, which are expected to be issued on _____, 2021.

You are hereby irrevocably instructed to mail, as soon as practicable, a notice to the registered owners of the Prepaid Certificates (in the form attached hereto as Exhibit A) stating that the deposit of moneys has been made with you as Escrow Bank and you have received a verification report evidencing that the projected withdrawal from such escrow has been calculated to be adequate to pay on _____, 2021 the prepayment price and interest due on the Prepaid Certificates.

SAN YSIDRO SCHOOL DISTRICT

By:_____
Its: Superintendent

EXHIBIT A

NOTICE OF DEFEASANCE
SAN YSIDRO SCHOOL DISTRICT
2012 CERTIFICATES OF PARTICIPATION
(SCHOOL FACILITIES PROJECT)

Notice is hereby given to the owners of the outstanding San Ysidro School District 2012 Certificates of Participation maturing on and after September 1, 2021 as shown in Appendix A hereto (collectively, the "Prior Certificates") that:

(i) There has been deposited in an Escrow Fund with U.S. Bank National Association, as Escrow Bank, certain monies as permitted by the Trust Agreement, dated as of January 1, 2012, by and among U.S. Bank National Association, as trustee (the "Trustee"), the San Ysidro School District (the "District") and the San Ysidro Schools Public Financing Corporation (the "Corporation"), pursuant to which the Prior Certificates were executed and delivered (the "Trust Agreement") for the purpose of defeasing the Prior Certificates. The Escrow Bank has received a verification report of an independent accounting firm evidencing that the amounts on depsit in the Escrow Fund will be sufficient to prepay the remaining Prior Certificates then outstanding on _____, 2021 at a prepayment price of 100% of the principal amount thereof together with accrued and accreted interest to such date (the "Prepayment Price").

(ii) The Trustee has been irrevocably instructed by the District to prepay on _____, 2021 the Prior Certificates at the Prepayment Price. There is on deposit with the Escrow Bank cash in an amount sufficient to pay the Prepayment Price on _____, 2021.

(iii) The Prior Certificates are deemed to be paid in accordance with Section 8.3 of the Trust Agreement and all obligations of the District, the Corporation and the Trustee under the Trust Agreement with respect to the Prior Certificates have ceased and terminated except for the obligation of the Trustee to pay the owners of the Prior Certificates from amounts on deposit in the Escrow Fund and as otherwise set forth in Section 8.3.

Dated: _____, 2021 U.S. BANK NATIONAL ASSOCIATION, as Trustee

APPENDIX A

SAN YSIDRO SCHOOL DISTRICT
2012 CERTIFICATES OF PARTICIPATION
(SCHOOL FACILITIES PROJECT)

PRIOR CERTIFICATES

Maturity Date (September 1)	*Principal Amount*	*Interest Rate*	*CUSIP*

SAN YSIDRO SCHOOL DISTRICT

COMMUNITY FACILITIES DISTRICT NO. 3
OF THE SAN YSIDRO SCHOOL DISTRICT
2021 SPECIAL TAX BONDS

LOCAL OBLIGATION PURCHASE CONTRACT

dated as of _____, 2021

San Ysidro School District
4350 Otay Mesa Road
San Ysidro, California 92173

Ladies and Gentlemen:

The undersigned San Ysidro School District (the "School District") offers to enter into this Local Obligation Purchase Contract (the "Local Obligation Purchase Contract") with you, Community Facilities District No. 3 of the San Ysidro School District (the "District"), which, upon acceptance, will be binding upon the District and the School District; and except as otherwise provided herein, all capitalized terms used herein shall have the meanings attributed to them in the Bond Indenture, dated as of _____ 1, 2021 (the "Indenture"), by and between the District and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Indenture.

1. Purchase, Sale and Delivery of the Obligations.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the School District hereby agrees to purchase from the District, and the District hereby agrees to sell to the School District, all (but not less than all) of the $_____ aggregate principal amount of the District's Special Tax Bonds (the "Local Obligations"), issued pursuant to the Indenture. The Local Obligations shall be dated the date of their initial delivery, bearing interest payable on the dates and at the interest rates, and maturing on the dates and in the amounts and subject to the optional and mandatory redemption provisions, as set forth in Exhibit A attached hereto and incorporated herein.

The purchase price for the Local Obligations shall be paid from the proceeds of sale of the San Ysidro School District 2021 Certificates of Participation (the "2021 Certificates"), and such purchase price shall be $_____ (being the aggregate principal amount thereof ($_____), plus an original issue premium of $_____, and less an underwriter's discount of $_____). The 2021 Certificates are being executed and delivered pursuant to that certain Trust Agreement dated as of _____ 1, 2021 by and among the School District, the San Ysidro Schools Public Financing Corporation and U.S. Bank National Association, as trustee for the 2021 Certificates (the "2021 Certificates Trustee").

The Local Obligations shall be substantially in the forms described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Indenture,

which provides for the issuance of the Local Obligations and the registration thereof in the name of the 2021 Certificates Trustee.

(b) At 9:00 a.m., Pacific Daylight Time, on _____, 2021, or at such earlier or later time or date as shall be agreed by the District and the School District (such time and date being herein referred to as the "Closing Date"), the District will deliver to the School District at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (or such other location as may be designated by the School District and approved by the District) the Local Obligations in definitive forms, duly executed by the District and authenticated by the Fiscal Agent, and will deliver to the School District the other documents herein mentioned; and the School District will accept such delivery and pay the total purchase price of the Local Obligations as set forth in paragraph (a) of this section (such delivery and payment being herein referred to as the "Closing").

2. Representations, Warranties and Agreements of the District. The District represents and warrants to and agrees with the School District that:

(a) The District is duly organized and existing as a school district under and by virtue of the Constitution and laws of the State of California, with full power and authority to issue the Local Obligations and to carry out and consummate the transactions contemplated by the Local Obligations, the Local Obligation Purchase Contract and the Indenture (collectively, the "Financing Documents"), and the Financing Documents are valid and binding obligations of the District;

(b) When delivered to and paid for by the School District at the Closing in accordance with the provisions of the Local Obligation Purchase Contract, the Local Obligations will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of the District in conformity with, and entitled to the benefit and security of, the Indenture;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has authorized and approved the execution and delivery of the Financing Documents, and authorized and approved the performance by the District of the obligations on its part contained in the Financing Documents and has authorized and approved the consummation by the District of all other transactions contemplated by the Local Obligation Purchase Contract;

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the District, threatened against the District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Local Obligations, (ii) in any way contesting or affecting the validity or enforceability of any of the Financing Documents, any proceedings of the District taken concerning the issuance or sale of the Local Obligations, or the existence or powers of the District relating to the issuance of the Local Obligations or (iii) which, if determined adversely to the District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Financing Documents or on the operations of the District with respect to the Local Obligations;

(e) The execution and delivery of the Financing Documents, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents or the operations of the District with respect to the Local Obligations;

(f) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default under any such instrument;

(g) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the District of its obligations under the Financing Documents have been duly obtained, and no further consent, approval, authorization or other action or filing with or by any governmental or regulatory authority having jurisdiction over the District is or will be required for the issue and sale of the Local Obligations or the consummation by the District of the other transactions described in the Financing Documents;

The execution and delivery of the Local Obligation Purchase Contract by the District shall constitute a representation by the District to the School District that the representations, warranties and agreements contained in this Section 2 are true as of the date hereof.

3. Conditions to the Purchase of the Local Obligations by the School District. The obligation of the School District to accept delivery of and pay for the Local Obligations on the Closing Date shall be subject, at the option of the School District, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein as of the date hereof, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificates, or other documents furnished pursuant to the provisions hereof, and to the performance by the District of its obligations to be performed hereunder at or prior to the date hereof and to the following additional conditions:

(a) As of the date hereof, the Financing Documents shall be in full force and effect in the form heretofore submitted to the School District and there shall have been taken in

connection with the issuance of the Local Obligations and with the transactions contemplated thereby and by the Local Obligation Purchase Contract, all such actions as, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"), shall be necessary and appropriate;

(b) As of the date hereof, the Financing Documents shall not have been amended, modified or supplemented, except as may have been agreed to by the School District;

(c) At or prior to the date hereof, the School District and the Fiscal Agent shall have received the following documents, in each case satisfactory in form and substance to the School District:

(1) An executed copy of each of the Financing Documents;

(2) An unqualified approving opinion of Bond Counsel, dated the Closing Date and addressed to the District, as to the validity of the Local Obligations;

(3) An opinion of the District Counsel, dated the Closing Date and addressed to the District and the School District, in form and substance acceptable to Bond Counsel and the School District; and

(4) Such additional legal opinions, certificates, proceedings, instruments and other documents as the School District or Bond Counsel may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy of the representations of the District contained herein, and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions set forth hereunder, the Local Obligation Purchase Contract shall terminate and neither the School District nor the District shall have any further obligation hereunder.

4. Expenses. All expenses and costs of the District and the School District incident to the authorization, issuance and sale of the Local Obligations and the 2021 Certificates, including fees and expenses of consultants, the Fiscal Agent, the 2021 Certificates Trustee, the escrow agent for the School District's 2012 Certificates of Participation, Bond Counsel and counsel for the District and the fees and expenses incurred by the School District in connection with the execution and delivery of the 2021 Certificates shall be paid by the District and the District agrees that it will pay, from the proceeds of the Local Obligations.

5. Notices. Any notice or other communication to be given to the District under the Local Obligation Purchase Contract may be given by delivering the same in writing at the District's address set forth above, Attention: Superintendent. The approval of the School District when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the School District and delivered to the District.

6. Parties In Interest; Governing Law. The Local Obligation Purchase Contract is made solely for the benefit of the District, the School District, the Fiscal Agent and the

2021 Certificates Trustee and no other persons, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. The Local Obligation Purchase Contract shall be governed by the laws of the State of California.

7. Pledge; Assignment. The District hereby approves the pledge and assignment of all of the School District's right, title and interest in the Local Obligations to the 2021 Certificates Trustee for the benefit of the Owners of the 2021 Certificates.

8. Limitation on Liability. The School District shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereby, and shall be under no obligation to purchase the Local Obligations hereunder, except from proceeds of the 2021 Certificates available therefor held by the 2021 Certificates Trustee. The District shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereunder, except as otherwise provided in Sections 4 and 5 hereof, or be obligated to make any payments with respect to the Local Obligations, except from amounts pledged to the payment of the Local Obligations pursuant to the terms thereof.

9. Counterparts. The Local Obligation Purchase Contract may be signed in two or more counterparts; all such counterparts, when signed by all parties, shall constitute but one single agreement.

COMMUNITY FACILITIES DISTRICT NO. 3 OF THE SAN YSIDRO SCHOOL DISTRICT

By _____
Superintendent of the San Ysidro School District, acting on behalf of Community Facilities District No. 3 of the San Ysidro School District

ACCEPTED AND AGREED TO:

SAN YSIDRO SCHOOL DISTRICT

By _____
Superintendent

Exhibit A

LOCAL OBLIGATIONS MATURITY SCHEDULE AND REDEMPTION PROVISIONS

CFD No. 3 Local Obligations Maturity Schedule

$_____ Serial Bonds

Maturity Date September 1	Principal Amount	Interest Rate	Yield

Local Obligation Redemption Provisions

(a) Optional Redemption. The Local Obligations maturing on or after September 1, 20__ may be redeemed, at the option of the District, from any source of funds on any date on or after September 1, 20__, in whole, or in part from such maturities as are selected by the District and by lot within a maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption.

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TRUST AGREEMENT

Dated as of _____ 1, 2021

by and among

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and

SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION

and

SAN YSIDRO SCHOOL DISTRICT

Relating to

$_____
SAN YSIDRO SCHOOL DISTRICT
2021 CERTIFICATES OF PARTICIPATION

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TRUST AGREEMENT

THIS TRUST AGREEMENT is made and entered into and dated as of _____ 1, 2021, by and among U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America, as trustee (the "Trustee"), the SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, including without limitation Sections 5110 *et seq*. of the Corporations Code of the State of California, as lessor under the Lease hereinafter referred to (the "Corporation"), and the SAN YSIDRO ELEMENTARY SCHOOL DISTRICT, a school district duly organized and existing under the Constitution and laws of the State of California, as lessee under the Lease (the "School District");

W I T N E S S E T H:

WHEREAS, the School District and the Corporation previously caused the execution and delivery of the School District's 2012 Certificates of Participation (the "2012 Certificates"), to finance the acquisition, construction and installation of certain capital improvements (the "2012 Project"); and

WHEREAS, Community Facilities District No. 3 of the San Ysidro School District ("CFD No. 3") expects to issue its 2021 Special Tax Bonds (the "CFD No. 3 Bonds") for the purpose of prepaying the 2012 Certificates and financing certain authorized facilities (the "2021 Project," and with the 2012 Project, the "Project"); and

WHEREAS, to provide the funds necessary for CFD No. 3 to finance the 2021 Project and refinance the 2012 Project, the District will cause the execution and delivery of its 2021 Certificates of Participation (the "Certificates"); and

WHEREAS, in order to secure the payments of principal and interest on the Certificates, the School District and the Corporation have entered into a Lease Agreement, dated as of the date hereof (the "Lease"), whereby the Corporation has agreed to lease certain real property, as described therein (the "Property"), to the School District, and the School District has agreed to lease the Property from the Corporation; and

WHEREAS, the Trustee has agreed to execute and deliver the Certificates, each evidencing fractional interests in the Lease Payments and Prepayments (each as defined herein) made by the School District under the Lease; and

WHEREAS, as security for the Certificates, the Corporation will assign its rights to receive Lease Payments pursuant to the Lease, and the Corporation and School District will grant a security interest in all moneys held by the Trustee hereunder to the Trustee for the benefit of the Owners of the Certificates executed and delivered hereunder;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions and Rules of Construction. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Trust Agreement, have the meanings herein specified. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Trust Agreement, refer to this Trust Agreement as a whole.

"Additional Certificates" means certificates of participation authorized by a supplemental Trust Agreement that are executed and delivered by the Trustee under and pursuant to Section 2.15.

"Additional Payments" means all amounts payable by the School District as Additional Payments as defined in Section 4.11 of the Lease.

"Assignment Agreement" means the Assignment Agreement related to the Certificates, dated as of the date hereof, by and between the Trustee and the Corporation, and any duly authorized and executed amendments thereto.

"Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

"Business Day" means any day other than (i) a Saturday or Sunday, or (ii) a day on which banking institutions in the State of New York or the State of California are authorized or required by law or executive order to remain closed.

"Certificate" or "Certificates" means the $_____ aggregate principal amount of San Ysidro School District 2021 Certificates of Participation executed and delivered by the Trustee pursuant to this Trust Agreement.

"Certificate of Completion" means the certificate filed by the School District pursuant to Section 3.4 of the Lease.

"Certificate Payment Date" means March 1 and September 1 of each year commencing _____ with respect to the interest payments evidenced by the Certificates and September 1 of each year commencing September 1, 2021 with respect to the principal payments evidenced by the Certificates.

"Certificate Year" shall have the meaning assigned to such term in the Tax Certificate.

"CFD Indenture**"** means that certain Bond Indenture, dated as of _____ 1, 2021, by and between the CFD Fiscal Agent and CFD No. 3.

"CFD Fiscal Agent**"** means U.S. Bank National Association, as fiscal agent for the CFD No. 3 Bonds under the CFD Indenture.

"CFD No. 3" means Community Facilities District No. 3 of the San Ysidro School District.

"CFD No. 3 Bonds" means the Community Facilities District No. 3 of the San Ysidro School District 2021 Special Tax Bonds issued pursuant to the CFD Indenture.

"Closing Date" means the date on which the Certificates, duly executed by the Trustee, are delivered to the Original Purchaser thereof.

"Code" means the Internal Revenue Code of 1986, and the regulations issued thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Code shall be deemed to be a reference to any successor to any such section.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate dated as of the date hereof, executed by the School District.

"Corporation" means the San Ysidro Schools Public Financing Corporation, a nonprofit public benefit corporation organized under the laws of the State, its successors and assigns.

"Corporation Representative" means the Chair, Vice Chair, President, Vice President, Secretary or Chief Financial Officer of the Corporation, or any other person authorized to act on behalf of the Corporation under or with respect to the Lease.

"Defeasance Securities" means the securities described in paragraph (a) of the definition of "Permitted Investments."

"Delivery Cost Fund" means the fund by that name established and held by the Trustee pursuant to Article III hereof.

"Delivery Cost Requisition" means a written requisition substantially in the form attached hereto as Exhibit B.

"Delivery Costs" means and further includes all items of expense directly or indirectly payable by or reimbursable to the School District or the Corporation from the proceeds of the Certificates relating to the execution and delivery thereof, including, but not limited to, the premium for any insurance policies or sureties, including those purchased to satisfy the Reserve Requirement, or to guarantee payment of the Certificates, filing and recording costs, settlement costs, printing costs, word processing costs, reproduction and binding costs, initial fees and charges of the Trustee and the Escrow Bank, including its first annual administration fee and the fees of its counsel, legal fees and charges, financing and other professional consultant fees, costs of rating agencies and costs of providing information to such rating agencies, any computer and other expenses incurred in connection with the Certificates, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing. "Delivery Costs" shall also include any and all costs associated with the issuance of the CFD No. 3 Bonds.

"Depository" means the securities depository acting as Depository pursuant to Section 2.13 hereof, initially The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax (212) 855-7320 or such other securities depositories as the School District may designate in writing to the Trustee.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the Certificates.

"Escrow Agreement" means that certain Escrow Agreement by and between the School District and the Escrow Bank relating to the prepayment of the 2012 Certificates.

"Escrow Bank" means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America.

"Event of Default" means an event of default under the Lease, as defined in Section 9.1 thereof.

"Fiscal Year" means the fiscal year of the School District commencing July 1 and ending June 30 of the next year.

"Independent Counsel" means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Corporation, the Trustee or the School District.

"Insurance Policy" or "Policy" means the insurance policy issued by the Insurer that guarantees the scheduled payment of principal of and interest with respect to the Certificates when due.

"Insurer" means _____, or any successor thereto or assignee thereof.

"Interest Component" shall have the meaning set forth in the Lease.

"Lease" means the Lease Agreement related to the Certificates, dated as of the date hereof, by and between the School District and the Corporation, and any duly authorized and executed amendments thereto.

"Lease Payments" means the scheduled lease payments required to be paid by the School District to the Corporation pursuant to Section 4.4 of the Lease.

"Lease Payment Deposit Date" means the 15th day next preceding the respective Certificate Payment Date (or if such day is not a Business Day, the next succeeding Business Day).

"Lease Payment Fund" means the fund by that name established and held by the Trustee pursuant to Article V hereof.

"Lease Year" means the period extending from September 1 of each calendar year to August 31 of the subsequent calendar year provided that the first Lease Year shall commence on the Closing Date and end on August 31, 2021.

"Lessor" means the Corporation, its successors and assigns.

"Letter of Representations" means the letter of the School District delivered to and accepted by the Depository on or prior to delivery of the Certificates as book-entry certificates making reference to the DTC Operational Arrangements memorandum, as it may be amended from time to time, setting forth the basis on which the Depository serves as depository for such book-entry certificates, as such

letters were originally executed or as they may be supplemented or revised or replaced by letters from the School District delivered to and accepted by the Depository.

"Moody's" means Moody's Investors Service or any successors or assigns thereto.

"Net Proceeds" means any proceeds of any insurance, performance bonds or taking by eminent domain or condemnation paid with respect to the Property remaining after payment therefrom of any expenses (including attorneys' fees) incurred in the collection thereof.

"Net Proceeds Fund" means the fund by that name established and held by the Trustee pursuant to Article VII hereof.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.13 hereof.

"Original Purchaser" means Stifel, Nicolaus & Company, Incorporated, as original purchaser of the Certificates on the Closing Date.

"Outstanding" when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 10.03 hereof) all Certificates theretofore executed and delivered by the Trustee under this Trust Agreement except:

(1) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Certificates for the payment or prepayment of which funds or Defeasance Securities, together with interest earned thereon, in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or prepayment date of such Certificates), provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in Section 4.05 hereof or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(3) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to Sections 2.08 and 2.09 hereof.

"Owner" or "Certificate Owner" or "Owner of a Certificate", or any similar term, when used with respect to a Certificate means the person in whose name such Certificate is registered on the registration books maintained by the Trustee.

"Participants" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) For all purposes, including defeasance investments, any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(i) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"),

(ii) Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America,

(iii) Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or

(iv) Evidences of ownership of proportionate interests in future interest and principal payments on obligations described above 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 government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

(b) For all purposes other than defeasance investments, any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(i) Federal Housing Administration debentures.

(ii) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

-Federal Home Loan Mortgage Corporation (FHLMC)
Participation certificates (but not including stripped mortgage securities which are purchased at prices exceeding their principal amounts)
Senior Debt obligations
-Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
Consolidated system-wide bonds and notes
-Federal Home Loan Banks (FHL Banks)
Consolidated debt obligations
-Federal National Mortgage Association (FNMA)
Senior debt obligations
Mortgage-backed securities (but not including stripped mortgage securities which are purchased at prices exceeding their principal amounts)

(iii) Unsecured certificates of deposit (including those placed by a third party pursuant to an agreement between the Trustee and the Corporation), time deposits, trust accounts, trust funds, interest bearing deposits, overnight bank deposits, interest bearing money market accounts and bankers' acceptances (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated 'A-1+' or better by S&P and "Prime-1" by Moody's, which may include the Trustee and its affiliates.

(iv) Deposits and bank deposit products (including those of the Trustee or any of its affiliates) the aggregate amount of which are insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least $15 million.

(v) Commercial paper (having original maturities of not more than 270 days) rated at the time of purchase 'A-1+' by S&P and 'Prime-1' by Moody's.

(vi) Money market mutual funds rated 'AAm' or 'AAm-G' by S&P, or better, and if rated by Moody's rated "Aa2" or better, including mutual funds for which the Trustee, its parent company, if any, or any affiliates or subsidiaries of the Trustee provide investment advising or other management services or serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise, (ii) the Trustee collects fees for services rendered, which fees are separate from the fees received from such funds, and (iii) services performed for such funds may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(vii) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated 'A3' by Moody's and 'A-' by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(viii) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (vii) above and rated 'A-1+' by S&P and 'MIG-1' by Moody's.

(ix) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (vii) above and rated 'AA-' or better by S&P and 'Aa3' or better by Moody's.

(x) Pre-refunded municipal obligations rated in the highest rating category then assigned to the United States of America by S&P and Moody's meeting the following requirements:

1. such municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for such municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of such municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

2. such municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

3. the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on such municipal obligations ("Verification");

4. the cash or United States Treasury Obligations serving as security for such municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

5. no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

6. the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(xi) Repurchase agreements entered into with (1) 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 'A3' by Moody's including the Trustee and any of its affiliates; or (2) 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 'A3' by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least "A-" by S&P and 'A3' by Moody's and acceptable to the Insurer (each an "Eligible Provider"), provided that:

1. (i) permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (ii) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral");

2. the trustee or a third party acting solely as agent therefore or for the School District (the "Custodian") has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor's books) and such collateral shall be marked to market;

3. the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee, the School District and the Insurer setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

4. the repurchase agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of the Insurer;

5. the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;

6. the repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must notify the School District, the Trustee and the Insurer within five (5) days of receipt of such notice. Within ten (10) days of receipt of such notice, the provider shall either: (i) provide a written guarantee acceptable to the Insurer, (ii) post Eligible Collateral, or (iii) assign the agreement to an Eligible Provider. If the provider does not perform a remedy within ten (10) business days, the provider shall, at the direction of the Trustee (who shall give such direction if so directed by the Insurer) repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the School District or the Trustee.

(xii) Investment agreements: with a domestic or foreign bank or corporation the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA-" by S&P and "Aa3" by Moody's, and acceptable to the Insurer, each of which shall be an Eligible Provider, provided that:

1. interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service;

2. the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven (7) days' prior notice; the School District and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

3. the provider shall send monthly reports to the Trustee, the School District and the Insurer setting forth the balance the School District or Trustee has invested with the provider and the amounts and dates of interest accrued and paid by the provider;

4. the investment agreement shall state that is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

5. the investment agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of the Insurer;

6. the School District, the Trustee and the Insurer shall receive an opinion of domestic counsel to the provider that such investment agreement is legal, valid, binding and enforceable against the provider in accordance with its terms;

7. the School District, the Trustee and the Insurer shall receive an opinion of foreign counsel to the provider (if applicable) that (1) the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms, (b) the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such country would uphold such choice of law, and (c) any judgment rendered by a court in the United States of America would be recognized and enforceable in such country;

8. the investment agreement shall provide that if during its term:

(i) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", the provider shall, at its option, within ten (10) days of receipt of publication of such downgrade, either (i) provide a written guarantee acceptable to the Insurer, (ii) post Eligible Collateral with the School District, the Trustee or a third party acting solely as agent therefore (the "Custodian") free and clear of any third party liens or claims, or (iii) assign the agreement to an Eligible Provider, or (iv) repay the principal of and accrued but unpaid interest on the investment;

(ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", the provider must, at the direction of the School District or the Trustee (who shall give such direction if so directed by the Insurer), within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the School District or Trustee.

9. in the event the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral"). In addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee, the School District and the Insurer setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

10. the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;

11. the investment agreement must provide that if during its term: (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the School District or the Trustee (who shall give such direction if so directed by the Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the School District or Trustee, as appropriate, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the School District or Trustee, as appropriate;

(xiii) Deposits in the Local Agency Investment Fund of the California State Treasurer, to the extent the Trustee is authorized to register such investments in its name; and

(xiv) The Reserve Policy and any Reserve Facility.

"Prepayment" means any payment made by the School District pursuant to Article X of the Lease as a prepayment of Lease Payments.

"Prepayment Fund" means the fund by that name established and held by the Trustee pursuant to Article IV hereof.

"Principal Component" shall have the meaning set forth in the Lease.

"Principal Office" means the principal corporate trust office of the Trustee in Los Angeles, California, or such other address as the Trustee may inform the School District, or the principal office of any successor trustee pursuant hereto except that with respect to presentation of Certificates 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.

"Project" means the 2012 Project and the 2021 Project, as defined in the Lease.

"Project Cost Requisition" means a written requisition substantially in the form attached hereto as Exhibit B-2.

"Project Costs" means, with respect to any item or portion of the 2021 Project, the contract price paid or to be paid therefor upon acquisition, construction, procurement or improvement thereof, in accordance with a purchase order or contract therefor. Project Costs include, but are not limited to, the administrative, engineering, legal, financial and other costs incurred by the School District and the Corporation in connection with the acquisition, construction, procurement, remodeling or improvement of the 2021 Project, all applicable sales taxes and other charges resulting from such construction, procurement, remodeling or improvement of the 2021 Project.

"Project Fund" means the fund by that name established and held by the Trustee pursuant to Article III hereof.

"Property" means the Property, as defined in the Lease.

"Purchase Fund" means the Purchase Fund established and held by the Trustee under Section 2.07 hereof.

"Record Date" means the close of business on the fifteenth day of the month preceding each Certificate Payment Date, whether or not such fifteenth day is a Business Day.

"Reserve Facility" means any line of credit, letter of credit, insurance policy, surety bond or other credit, including the Reserve Policy, deposited with the Trustee pursuant to Article VI. "Reserve Facilities" means all such instruments deposited with the Trustee pursuant to Article VI.

"Reserve Fund" means the fund by that name established and held by the Trustee pursuant to Article VI hereof.

"Reserve Insurer" means _____, or any successor thereto or assignee thereof.

"Reserve Policy" means the financial guaranty insurance policy issued by the Reserve Insurer under which claims may be made in order to provide moneys in the Reserve Fund available for the purposes thereof.

"Reserve Replenishment Rent" means Reserve Replenishment Rent payable pursuant to Section 4.4(d) of the Lease.

"Reserve Requirement" means, as of any calculation date, the least of (1) the maximum aggregate annual Lease Payments (in any Certificate Year) then payable under the Lease with respect to the Certificates and Additional Certificates, (2) 125% of the average annual aggregate Lease Payments then payable under the Lease (calculated based on Certificate Years) with respect to the Certificates and Additional Certificates, or (3) 10% of the original face amount of the Certificates and

the Additional Certificates (less original issue discount if in excess of two percent (2%) of the stated Principal Component amount at maturity).

"S&P" means S&P Global Ratings, a Standard & Poor's Financial Services LLP Business, or any successors or assigns thereto.

"School District" means the San Ysidro School District, a school district organized and existing under the laws and Constitution of the State, and its successors and assigns.

"School District Representative" means the Superintendent and the Chief Business Official of the School District or any other person authorized by the Superintendent of the School District to act on behalf of the School District with respect to the Lease or this Trust Agreement.

"Site Lease" means the Site Lease related to the Certificates, dated the date hereof, by and between the Corporation and the School District, and any duly authorized and executed amendments thereto.

"Special Counsel" means Stradling Yocca Carlson & Rauth, a Professional Corporation, or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions and acceptable to the School District.

"State" means the State of California.

"Tax Certificate" means the Tax Certificate dated as of the Closing Date, concerning matters pertaining to the use and investment of proceeds of the Certificates executed and delivered to the School District on the date of execution and delivery of the Certificates, including any and all exhibits attached thereto.

"Term" means the time during which the Lease is in effect, as provided in Section 4.2 of the Lease.

"Trustee" means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, and any successor trustee.

"Trust Agreement" or "Agreement" means this Trust Agreement, together with any amendments hereof or supplements hereto permitted to be made hereunder.

"2012 Certificates" means the San Ysidro School District 2012 Certificates of Participation.

"2012 Project" means the capital facilities financed with the proceeds of the 2012 Certificates.

"2021 Project" means the capital facilities to be financed with a portion of the proceeds of the CFD No. 3 Bonds.

Section 1.02 Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution of this Trust Agreement by the officers and persons signing it.

Section 1.03 Equal Security. In consideration of the acceptance of the Certificates by the Owners, this Trust Agreement shall be deemed to be and shall constitute a contract between the Trustee and the Owners to secure the full and final payment of the interest, if any, and principal evidenced by the Certificates which may be executed and delivered hereunder, subject to each of the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to security or otherwise of any Certificates over any other Certificates by reason of the number or date thereof or the time of execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein. All of the Certificates are equally secured as provided in this Section 1.03, except as may be otherwise expressly provided in this Trust Agreement.

ARTICLE II

THE CERTIFICATES OF PARTICIPATION

Section 2.01 Authorization. Upon written request of the School District Representative the Trustee will execute and deliver to the Original Purchaser, through the facilities of DTC, Certificates in an aggregate principal amount of $_____ representing proportionate ownership interests in the Lease Payments and the Prepayments. Such Certificates shall not be deemed a debt or obligation of the Trustee, and shall only be paid with funds received by the Trustee for such purposes hereunder or pursuant to the Lease.

Section 2.02 Date. Each Certificate shall be dated the Closing Date, and interest evidenced thereby shall be payable from the Certificate Payment Date next preceding the date of execution thereof, unless:

(i) it is executed as of a Certificate Payment Date, in which event interest with respect thereto shall be payable from the date thereof; or

(ii) it is executed after a Record Date and before the following Certificate Payment Date, in which event interest with respect thereto shall be payable from such following Certificate Payment Date; or

(iii) it is executed on or prior to _____, 2021 in which event interest evidenced thereby shall be payable from the date of delivery; provided however, that if, as of any date, interest has not been paid when due with respect to any Outstanding Certificate, interest evidenced thereby shall be payable from the Certificate Payment Date to which interest has previously been paid or made available for payment with respect to Outstanding Certificates.

Section 2.03 Maturity; Interest Rates. The Certificates shall become due and payable, subject to prior prepayment, on September 1 of the following years and shall evidence interest at the following rates:

Maturity (September 1)	*Principal Amount*	*Interest Rate*
	$	%

Section 2.04 Registration; Interest. The Certificates shall be delivered in fully registered form, without coupons, in denominations of $5,000 and any integral multiple thereof. The Certificates shall be numbered from "R-1" upwards in consecutive numerical order.

Interest evidenced by the Certificates shall be payable semiannually on March 1 and September 1, of each year, commencing _____, 2021, to the date of maturity or prepayment, whichever is earlier. Said interest shall represent the portion of Lease Payments designated as interest and coming due during the six month period (and with respect to the first Certificate Payment Date for the period from the Closing Date) preceding each Certificate Payment Date with respect to the Certificates computed on the basis of a 360-day year of twelve 30-day months. The proportionate share of the portion of Lease Payments designated as interest evidenced by any Certificate shall be computed by multiplying the portion of Lease Payments designated as principal evidenced by such Certificate by the rate of interest applicable to such Certificate.

Section 2.05 Form of Certificates. The Certificates and the assignment to appear thereon shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein with such appropriate additions, modifications and insertions as are permitted or required by this Trust Agreement. Pending the preparation of definitive Certificates, the Certificates may be executed and delivered in temporary form exchangeable for definitive Certificates when ready for delivery. If the Trustee delivers temporary Certificates, it shall execute and deliver definitive Certificates in an equal aggregate principal amount of authorized denominations, when available, without additional charge, and thereupon the temporary Certificates shall be surrendered to the Trustee

at its Principal Office. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Trust Agreement as definitive Certificates.

Section 2.06 Execution. The Certificates shall be executed by and in the name of the Trustee by the manual signature of any authorized signatory of the Trustee. The Trustee shall insert the date of execution of each Certificate in the place provided thereon.

Section 2.07 Application of Proceeds and Other Amounts. The proceeds from the sale of the Certificates in the amount of $ _____ (representing the par amount of the Certificates of $ _____, plus the net original issue premium of $_____, less the Original Purchaser's discount of $_____, less the Insurance Policy premium of $_____ and less the Reserve Policy premium of $_____, which premiums shall be wired directly to the Insurer and the Reserve Insurer, respectively, by the Original Purchaser), shall be deposited with the Trustee in the Purchase Fund and used to purchase the CFD No. 3 Bonds. Pursuant to the CFD Indenture, CFD No. 3 agrees that amounts in the Purchase Fund can be transferred and deposited as follows:

(a) $_____ will be transferred to the Escrow Bank for deposit in accordance with the Escrow Agreement and used to defease and prepay the 2012 Certificates;

(b) $_____ will be deposited to the Delivery Cost Fund, to be applied to pay Delivery Costs; and

(c) $_____ will be deposited to the Project Fund to be applied to pay Project Costs.

The payment to the Insurer of the premiums and to the Original Purchaser of its discount, as set forth above, shall be considered Delivery Costs that would otherwise be paid from amounts on deposit in the Delivery Cost Fund.

The Trustee may, in its discretion, establish a temporary fund or account in its books or records to facilitate such deposits and transfers.

Section 2.08 Transfer and Exchange.

(a) Transfer of Certificates. Any Certificate may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.12 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation at the Principal Office accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates of the same series, maturity and interest rate, for like aggregate principal amount in authorized denominations of $5,000 or any integral multiple thereof. The Trustee may require the payment by the Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Certificates and any services rendered or expenses incurred by the Trustee in connection with any transfer and exchange shall be paid by the School District.

(b) Exchange of Certificates. Certificates may be exchanged at the Principal Office for a like aggregate principal amount of Certificates of other authorized denominations of the

same maturity and interest rate. The Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. All Certificates surrendered pursuant to the provisions of this Section shall be cancelled and destroyed by the Trustee and shall not be redelivered.

(c) Time for Transfer or Exchange. The Trustee shall not be obligated to transfer or exchange any Certificate during the period in which it is selecting Certificates for prepayment, or after notice of prepayment has been given as provided in Section 4.05.

Section 2.09 Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like tenor and maturity in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be cancelled by it. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and, if an indemnity, satisfactory to the Trustee indemnifying the Trustee, the Corporation and the School District, shall be given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor and maturity and numbered as the Trustee shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Certificate delivered under this Section and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section. Any Certificate executed under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Certificate in place of one which has been mutilated, lost, destroyed or stolen, and which has matured, or has been called for prepayment, the Trustee may make payment with respect to such Certificate upon receipt of the above-mentioned indemnity.

Section 2.10 Payment. Subject to the provisions of the Letter of Representation, payment of interest evidenced by any Certificate on any Certificate Payment Date or prepayment date shall be made to the person appearing on the registration books of the Trustee as the Owner thereof as of the Record Date immediately preceding such Certificate Payment Date or prepayment date, as the case may be, such interest to be paid by check mailed, on the applicable Certificate Payment Date, by first class mail to such Owner on the Certificate Payment Date at their address as it appears on such registration books. Interest evidenced by the Certificates may, at the option of any Owner of Certificates in an aggregate principal amount of One Million Dollars ($1,000,000) or more evidenced by the written request of such Owner to the Trustee, be paid to such Owner by wire transfer to the bank and account number within the United States of America on file with the Trustee as of the Record Date. Payments of defaulted interest shall be paid by check of the Trustee mailed by first class mail to the registered Owners as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the Owners not less than 15 days prior to such special record date. Subject to the provisions of the Letter of Representation, the principal payable upon maturity or prepayment with respect to the Certificates shall be payable upon surrender at the Principal Office. Said amounts shall be payable in lawful money of the United States of America. The Trustee is hereby authorized to pay

or prepay the Certificates when duly presented for payment at maturity or on prepayment and to cancel all Certificates upon payment thereof.

Section 2.11 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or their attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before them the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of Certificates by any person, the amount and numbers of such Certificates and the date of execution shall be proved by the registration books maintained pursuant to Section 2.12 hereof.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or to be done by the Trustee in pursuance of such request or consent.

Section 2.12 Certificate Register. The Trustee will keep or cause to be kept at its Principal Office sufficient books for the registration and transfer of the Certificates which shall, during normal working hours and upon reasonable notice, be open to inspection by the School District and the Corporation; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Certificates as hereinbefore provided. The School District, the Corporation and the Trustee shall be entitled to treat the registered owner of a Certificate as the absolute owner thereof for all purposes, whether or not a Certificate shall be overdue, and the School District, the Corporation and the Trustee shall not be affected by any notice to the contrary.

Section 2.13 Book-Entry System.

(a) Election of Book-Entry System. Prior to the execution and delivery of the Certificates, the School District may provide that such Certificates shall be initially executed and delivered as book-entry Certificates. If the School District shall elect to deliver any Certificates in book-entry, then the School District shall cause the delivery of a separate single fully registered Certificate (which may be typewritten) for each maturity date of such Certificates in an authorized

denomination corresponding to that total principal amount of the Certificates designated to mature on such date. Upon initial execution and delivery, the ownership of each such Certificate shall be registered in the Certificate register in the name of the Nominee, as nominee of the Depository and ownership of the Certificates, or any portion thereof may not thereafter be transferred except as provided in Section 2.13(e).

With respect to book-entry Certificates, the School District 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 Certificates. Without limiting the immediately preceding sentence, the School District 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 Certificates, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Certificate register, of any notice with respect to book-entry Certificates, including any notice of prepayment, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Certificates to be prepaid in the event the School District prepays the Certificates in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to principal, premium, if any, or interest evidenced and represented by book-entry Certificates. The School District and the Trustee may treat and consider the person in whose name each book-entry Certificate is registered in the Certificate register as the absolute Owner of such book-entry Certificate for the purpose of payment of principal, premium and interest evidenced by such Certificate, for the purpose of giving notices of prepayment and other matters with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest evidenced by the Certificates only to or upon the order of the respective Owner, as shown in the Certificate register, or their respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the School District's obligations with respect to payment of principal, premium, if any, and interest evidenced by the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Certificate register, shall receive a Certificate evidencing the obligation to make payments of principal, premium, if any, and interest evidenced by the Certificates. Upon delivery by the Depository to the Owner 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 Trust Agreement shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book-entry Certificates for the Depository's book-entry system, the School District 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 School District any obligation whatsoever with respect to persons having interests in such book-entry Certificates other than the Owners, as shown on the Certificate register. In addition to the execution and delivery of a Letter of Representations, the School District shall take such other actions, not inconsistent with this Trust Agreement, as are reasonably necessary to qualify book-entry Certificates for the Depository's book-entry program.

(c) Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Certificates, or (ii) the School District determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Certificates or the School District, then the School District will discontinue the book-entry system with the Depository. If the School District determines to replace the Depository with another qualified securities depository, the School District shall prepare or direct the preparation of a new

single, separate, fully registered Certificate for each of the maturity dates of such book-entry Certificates, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e) hereof. If the School District fails to identify another qualified securities depository to replace the Depository, then the Certificates shall no longer be restricted to being registered in such Certificate register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Certificates shall designate, in accordance with the provisions of Section 2.08 hereof.

(d) Payments to Depository. Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Outstanding Certificates are held in book-entry and registered in the name of the Nominee, all payments with respect to principal, prepayment premium, if any, and interest evidenced and represented by such Certificate and all notices with respect to such Certificate shall be made and given, respectively to the Nominees, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of Certificates to Substitute Depository.

(i) The Certificates shall be initially executed and delivered as provided in Section 2.01 hereof. If such Certificates are initially registered in the name of the Nominee, then registered ownership of such Certificates, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.13(e) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(B) to any Substitute Depository, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the School District that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(C) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the School District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.13(e), upon receipt of all Outstanding Certificates by the Trustee, together with a written request of the School District to the Trustee designating the Substitute Depository, a single new Certificate, which the School District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Certificates then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the School District. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.13(e), upon receipt of all Outstanding Certificates by the Trustee, together with a written request of the School District to the Trustee, new Certificates, which the School District shall prepare or cause to be prepared, shall be executed and delivered in such

denominations and registered in the names of such persons as are requested in such written request of the School District, subject to the limitations of Section 2.01 hereof, provided that the Trustee shall not be required to deliver such new Certificates within a period of less than sixty (60) days from the date of receipt of such written request from the School District.

(iii) In the case of a partial prepayment or an advance refunding of any Certificates evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Certificates indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(iv) The School District and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the Owner thereof for all purposes of this Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the School District; and the School District and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Certificates. Neither the School District nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Certificates, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Certificates.

Section 2.14 Destruction of Cancelled Certificates. Whenever in this Trust Agreement provision is made for the surrender or cancellation by the Trustee and the delivery to the School District of any Certificates, the Trustee will cancel and destroy such Certificates and deliver a certificate of such destruction to the School District upon its request.

Section 2.15 Additional Certificates. Subsequent to the execution and delivery by the Trustee of the Certificates, the Trustee shall, with the written consent of the Insurer, upon written request or requests of the School District Representative and of the Corporation Representative, execute and deliver from time to time one or more series of Additional Certificates in such aggregate principal amount as may be set forth in such written request or requests, provided that there shall have been compliance with all of the following conditions, which are hereby made conditions precedent to the preparation, execution and delivery of such Additional Certificates:

(a) The parties to this Trust Agreement shall have executed a supplemental agreement setting forth the terms and provisions of such Additional Certificates, including the establishment of such funds and accounts, separate and apart from the funds and accounts established hereunder for the Certificates executed and delivered on the Closing Date, as shall be necessary or appropriate, which supplemental agreement shall require that prior to the delivery of such Additional Certificates there shall be on deposit in the Reserve Fund established hereunder or in a reserve fund established under such supplemental agreement an amount equal to the Reserve Requirement upon the execution and delivery of the Additional Certificates;

(b) The principal and interest payable with respect to such Additional Certificates and any premium payable upon prepayment of such Additional Certificates shall be payable only on Certificate Payment Dates applicable to the Certificates;

(c) The Lease shall have been amended by the parties thereto if necessary to (i) increase or adjust the Lease Payments due and payable on each Lease Payment Deposit Date to an amount sufficient to pay the principal, premium (if any) and interest payable with respect to all Outstanding Certificates, including all Additional Certificates as and when the same mature or become due and payable (except to the extent such principal, premium and interest may be payable out of moneys then in the Reserve Fund or otherwise on deposit with the Trustee in accordance with this Trust Agreement), (ii) if appropriate, amend the definition of "Property" to include as part of the Property all or any portion of additions, betterments, extensions, improvements or replacements, or such other real or personal property (whether or not located upon the Property as such Property is constituted as of the date of this Trust Agreement), to be financed, acquired or constructed by the preparation, execution and delivery of such Additional Certificates, and (iii) make such other revisions to the Lease as are necessitated by the execution and delivery of such Additional Certificates (provided, however, that such other revisions shall not prejudice the rights of the Owners of Outstanding Certificates as granted them under the terms of this Trust Agreement);

(d) The School District and the Corporation shall have determined that the Lease Payments to be paid by the School District (including those evidenced by the Additional Certificates) do not exceed the fair rental value of the Property pursuant to Section 4.6 of the Lease.

(e) There shall have been delivered to the Trustee a counterpart of the amendments required by subsection 2.15(c) hereof;

(f) The Trustee shall have received a certificate of the Corporation Representative that there exists on the part of the Corporation no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default);

(g) The Trustee shall have received a certificate of the School District Representative that (i) there exists on the part of the School District no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) and (ii) the Lease Payments as increased or adjusted do not exceed in any year the fair rental value of the Property (as such term is defined in the amended Lease);

(h) The Trustee shall have received an opinion of Special Counsel substantially to the effect that (i) said supplemental agreement and said amendments to the Lease comply in all respects with the requirements of this Section 2.15 and Section 10.01 hereof, (ii) said supplemental agreement and said amendments to the Lease have been duly authorized, executed and delivered by each of the respective parties thereto (provided that said opinion of Special Counsel, in rendering the opinions set forth in this clause (ii), shall be entitled to rely upon one or more other opinions of counsel, including counsel to any of the respective parties to said supplemental agreement or said amendments to the Lease), (iii) assuming that no Event of Default has occurred and is continuing, this Trust Agreement, as amended by said supplemental agreement, and the Lease, as amended by the respective amendments thereto, constitute the legal, valid and binding obligations of the respective parties thereto, enforceable against said parties in accordance with their respective terms (except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium, debt adjustment or other laws affecting creditors' rights generally, and except to the extent that enforcement thereof may be limited by general principles of equity, regardless of whether enforcement is sought in a legal or equitable proceeding) and (iv) the execution of such supplemental agreement and said amendments to the Lease, and performance by the parties thereunder, will not result in the inclusion of the Interest Component of any Lease Payments evidenced by any Certificates, including Additional Certificates, theretofore prepared,

executed and delivered, in the gross income of the Owners of the Certificates for purposes of federal income taxation;

(i) The School District shall have provided each rating agency then rating the Certificates written notice of the proposed execution and delivery of such Additional Certificates at the addresses indicated in Section 14.05 and shall receive a rating confirmation that the current rating or ratings of the Outstanding Certificates will not be reduced, withdrawn or suspended as a result of the execution and delivery of such Additional Certificates from each rating agency then rating the Certificates.

(j) There shall have been delivered to the Trustee an endorsement to or reissuance of the title insurance policy delivered under Section 5.5 of the Lease providing that the insured amount is at least equal to the aggregate principal amount of all of the Certificates and Additional Certificates outstanding upon the execution and delivery of such Additional Certificates;

(k) Upon the execution and delivery of such Additional Certificates, there shall have been delivered to the Trustee cash or a Reserve Facility sufficient to increase the amount on deposit in the Reserve Fund, or a reserve fund established under the supplemental agreement, to the Reserve Requirement (calculated with respect to all Outstanding Certificates and Additional Certificates);

(l) Such other conditions shall have been satisfied, and such other instruments shall have been duly executed and delivered to the Trustee (with a copy to each rating agency then rating the Certificates), as the School District or the Corporation shall have reasonably requested.

Upon delivery to the Trustee of the foregoing instruments, the Trustee shall cause to be executed and delivered Additional Certificates representing the aggregate principal amount specified in such supplemental agreement, and such Additional Certificates shall be equally and ratably secured with all Certificates, including any Additional Certificates, theretofore prepared, executed and delivered, all without preference, priority or distinction (other than with respect to maturity, payment, prepayment or sinking fund payment (if any)) of any one Certificate, including Additional Certificates, over any other; provided, however, that no provision of this Trust Agreement shall require the School District to consent to or otherwise permit the preparation, execution and delivery of Additional Certificates, it being understood and agreed that any such consent or other action of the School District to permit the preparation, execution and delivery of Additional Certificates, or lack thereof, shall be in the sole discretion of the School District.

ARTICLE III

PROJECT AND DELIVERY COST FUNDS

Section 3.01 Establishment of Project Fund. The Trustee shall establish a special fund designated as the "San Ysidro School District Project Fund," referred to herein as the "Project Fund," shall keep the Project Fund separate and apart from all other funds and moneys held by it, and shall administer such fund as herein provided. The Project Fund shall be held and applied by the Trustee in accordance herewith.

Section 3.02 Purpose. Moneys in the Project Fund shall be expended for Project Costs.

Section 3.03 Deposit of Moneys; Payment of Project Costs.

(a) Deposits. There shall be credited to the Project Fund the following amounts: (1) amounts transferred from the CFD Fiscal Agent pursuant to Section 2.07(a) hereof; and (2) all investment earnings on moneys held in the Project Fund, which shall remain in the Project Fund until expended for Project Costs or applied as set forth in Section 3.05 below.

(b) Disbursements. The Trustee shall disburse moneys in the Project Fund from time to time to pay Project Costs directly or to reimburse the School District for payment of Project Costs, upon receipt by the Trustee of a Project Cost Requisition signed by the School District Representative. The Trustee shall be absolutely protected in making any disbursement from the Project Fund in reliance upon a Project Cost Requisition signed by the School District Representative. Each such Project Cost Requisition 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.

Notwithstanding the foregoing, upon the occurrence of an Event of Default (to the Actual Knowledge of the Trustee) or an event which with notice or lapse of time would constitute an Event of Default (to the Actual Knowledge of the Trustee), amounts on deposit in the Project Fund shall not be disbursed without the Insurer's consent (so long as the Insurer is not in default in its payment obligations under the Insurance Policy), but shall instead be applied to the payment of amounts due with respect to the Certificate or prepayment of the Certificates.

Section 3.04 Establishment of the Delivery Cost Fund. There is hereby established a separate fund to be known as the "Delivery Cost Fund," which shall be held by the Trustee in trust. The moneys in the Delivery Cost Fund shall be used and withdrawn by the Trustee from time to time to pay the Delivery Costs upon submission of a Delivery Cost Requisition stating (a) the person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Delivery Cost Fund, and (e) that such amounts have not been the subject of a prior Delivery Cost Requisition. On the earlier of (i) May 31, 2021, or (ii) the date of receipt by the Trustee of a Delivery Cost Requisition therefor, all amounts (if any) remaining in the Delivery Cost Fund shall be withdrawn therefrom by the Trustee and transferred to the Lease Payment Fund. Thereafter, the Delivery Cost Fund shall be closed. Each such Delivery Cost Requisition 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.

Section 3.05 Transfers of Unexpended Funds. Upon the filing with the Trustee of the Certificate of Completion pursuant to Section 3.4 of the Lease, the Trustee shall withdraw all remaining moneys in the Project Fund (other than any moneys retained therein to pay Project Costs not then due and payable and certified by the School District Representative) and shall transfer such moneys to the Lease Payment Fund to be applied to the payment of principal and interest evidenced by the Certificates as prescribed in Section 5.03 hereof or, at the written election of the School District delivered to the Trustee, shall transfer such moneys to the School District for the purpose of capital expenditures of the School District and the Project Fund shall be closed.

ARTICLE IV

PREPAYMENT OF CERTIFICATES

Section 4.01 Establishment of Prepayment Fund. The Trustee shall establish a special fund designated as the "San Ysidro School District Prepayment Fund," referred to herein as the "Prepayment Fund"; shall keep such fund separate and apart from all other funds and moneys held by it; and shall administer such fund as herein provided. Moneys to be used for prepayment of the Certificates shall be deposited into the Prepayment Fund and used solely for the purpose of prepaying the Certificates in advance of their maturity on the date designated for prepayment and, in the case of extraordinary or optional prepayment, upon presentation and surrender of such Certificates to the Trustee.

Section 4.02 Extraordinary Prepayment. The Certificates are subject to prepayment prior to their respective maturity dates on any date, in whole or in part, from Net Proceeds which the Trustee shall transfer to the Prepayment Fund as provided in Section 6.1(c) of the Lease at least 45 days prior to the date set for prepayment and credited towards the prepayment made by the School District pursuant to Section 10.2 of the Lease, at a prepayment price equal to the Principal Component of the Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Section 4.03 Optional Prepayment and Mandatory Prepayment.

(a) Optional Prepayment. The Certificates maturing on or after September 1, ____, are subject to optional prepayment prior to their respective maturity dates on any date on or after _____, in whole or in part, at the option of the School District, from any lawfully available source of funds in the event the School District exercises its option under the Lease to prepay the Principal Component of the Lease Payments (in integral multiples of $5,000), at a prepayment price equal to the Principal Component of the Lease Payments to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

In the event the School District gives notice to the Trustee of its intention to exercise such option, but does not deposit with the Trustee on or prior to the prepayment date an amount equal to the prepayment price, the School District will continue to pay the Lease Payments as if no such notice had been given. The Trustee will notify all Certificate Owners that were notified pursuant to Section 4.05 of the School District's election to optionally prepay the Certificates that such prepayment will not occur and that the School District will continue to pay the Lease Payments as if no notice of optional prepayment had been given.

(b) Mandatory Prepayment from Special Tax Prepayments. The Certificates are subject to extraordinary prepayment upon the redemption of CFD No. 3 Bonds that result from the prepayment of special taxes. Because the payments of principal and interest on the Certificates are sized to match the payments of principal and interest due on the CFD No. 3 Bonds, the Certificates to be prepaid under this subsection shall match those CFD No. 3 Bonds that are redeemed from the special tax prepayments.

(c) Mandatory Prepayment from Sinking Fund Payments. The Certificates maturing on September 1, ____ are subject to mandatory prepayment in part, by lot, on September 1, ____, and each September 1 thereafter prior to maturity, at a prepayment price equal to the principal

amount thereof, together with accrued interest to the date fixed for prepayment, without premium, and to payment at maturity in the amounts set forth in the following table:

Term Certificates Due on September 1, ____

Year (September 1)	*Principal Amount*
	$
(Maturity)	

The Certificates maturing on September 1, ____ are subject to mandatory prepayment in part, by lot, on September 1, ____, and each September 1 thereafter prior to maturity, at a prepayment price equal to the principal amount thereof, together with accrued interest to the date fixed for prepayment, without premium, and to payment at maturity in the amounts set forth in the following table:

Term Certificates Due on September 1, ____

Year (September 1)	*Principal Amount*
	$
(Maturity)	

In the event of a partial optional prepayment of the Certificates maturing on September 1, ____ or September 1, ____, each of the remaining mandatory sinking fund payments for such Certificates will be reduced, as nearly as practicable, on a *pro rata* basis in the amount of $5,000 or any integral multiple thereof, as directed by the School District.

If prior to one of the mandatory prepayment dates specified above the School District purchases any Certificates maturing on September 1, ____ or September 1, ____, then at least 45 days prior to the prepayment date, the School District shall notify the Trustee as to the principal amount purchased, and the amount of Certificates so purchased shall be credited at the time of purchase, to the extent of the full principal amount thereof to reduce the upcoming scheduled payment for the Certificates so purchased. All such Certificates purchased pursuant to the Trust Agreement shall be cancelled.

Section 4.04 Selection of Certificates for Prepayment. Whenever provision is made in this Trust Agreement for the optional prepayment of Certificates and less than all Outstanding Certificates are called for optional prepayment, the Trustee shall select Certificates for optional prepayment, from among maturities selected by the School District and by lot within any maturity. For extraordinary prepayment of the Certificates, pursuant to Section 4.02 hereof, the Trustee shall select Certificates for prepayment *pro rata* among maturities of all Certificates Outstanding and by lot within any maturity.

The Trustee shall promptly notify the School District and the Corporation in writing of the Certificates so selected for prepayment by mailing to the School District and the Corporation copies of the notice of prepayment provided for in Section 4.05.

Section 4.05 Notice of Prepayment.

(a) Content. When prepayment is authorized or required pursuant to this Article IV, the Trustee shall give notice of the prepayment of the Certificates. Such notice shall specify: (a) the prepayment date, (b) the prepayment price, (c) if less than all of the Outstanding Certificates are to be prepaid, the Certificate numbers (and in the case of partial prepayment, the respective principal amounts), (d) the CUSIP numbers of the Certificates to be prepaid, (e) the place or places where the prepayment will be made, (f) the original date of execution and delivery of the Certificates, (g) the rate of interest payable with respect to each Certificate being prepaid, (h) any other descriptive information regarding the Certificates needed to identify accurately the Certificates being prepaid, and (i) if the notice is conditional, a statement to that effect. Such notice shall further state that on the specified date there shall become due and payable upon each Certificate to be prepaid, the portion of the principal amount of such Certificate to be prepaid, together with interest accrued to said date, and that from and after such date, provided that moneys therefor have been deposited with the Trustee, interest with respect thereto shall cease to accrue and be payable. Such prepayment notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Certificates.

Any notice of prepayment for an optional prepayment of the Certificates pursuant to Section 4.03 may be conditional, and, if any condition stated in the notice of prepayment shall not have been satisfied on or prior to the prepayment date: (i) the notice of prepayment shall be of no force and effect, (ii) the Trustee shall not be required to prepay such Certificates, (iii) the prepayment shall not be made, and (iv) the Trustee shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional notice of prepayment was given that such condition or conditions were not met and that the prepayment was canceled.

(b) Recipients; Timing. So long as the Certificates are held in book-entry form by the Depository, notice of prepayment shall be given to the Depository in the manner agreed to by the Depository and the Trustee. In the event that the Certificates are no longer held in book-entry only form, notice of such prepayment shall be sent by first class mail, postage prepaid, to the respective Owners of any Certificates designated for prepayment at their addresses appearing on the Certificate registration books, at least thirty (30) days, but not more than sixty (60) days, prior to the prepayment date. Neither failure to receive notice of prepayment nor any defect in any notice so given shall affect the sufficiency of the proceedings for the prepayment of such Certificates.

In addition, notice of prepayment shall also be sent to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system simultaneously with the mailing of notices required by the first paragraph above; provided, that neither failure to provide such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the prepayment of such Certificates.

Section 4.06 Partial Prepayment of Certificates. Upon surrender by the Owner of a Certificate for partial prepayment at the Principal Office, payment of such partial prepayment of the principal amount of a Certificate will be paid to such Owner. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the registered Owner thereof, at the expense of the School District, a new Certificate or Certificates which shall be of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and the same maturity. Such partial prepayment shall be valid upon payment of the amount

thereby required to be paid to such Owner, and the School District, the Corporation and the Trustee shall be released and discharged from all liability to the extent of such payment.

Section 4.07 Effect of Notice of Prepayment. Notice having been given to the Owners of the Certificates as aforesaid, and the moneys for the prepayment (including the interest to the applicable date of prepayment), having been set aside in the Prepayment Fund, the Certificates shall become due and payable on said date of prepayment, and, upon presentation and surrender thereof at the Principal Office, said Certificates shall be paid at the prepayment price with respect thereto, plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, and, if notice of prepayment thereof shall have been given as aforesaid, then, from and after said date of prepayment, interest evidenced by the Certificates to be prepaid shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid, without liability for interest thereon.

All Certificates paid at maturity or prepaid prior to maturity pursuant to the provisions of this Article shall be cancelled upon surrender thereof and destroyed.

Section 4.08 Surplus. Any funds remaining in the Prepayment Fund after prepayment and payment of all Certificates Outstanding, including payment of any applicable fees and expenses to the Trustee pursuant to Sections 9.06 and 9.07 hereof and any other Additional Payments payable under the Lease or provision made therefor satisfactory to the Trustee, and provision for any amounts required to be transferred to the Rebate Fund pursuant to Sections 8.07 and 8.08 hereof, shall be withdrawn by the Trustee and remitted to the School District.

ARTICLE V

LEASE PAYMENTS; LEASE PAYMENT FUND

Section 5.01 Security Provisions.

(a) Assignment of Rights in Lease. The Corporation has, pursuant to the Assignment Agreement, assigned and set over to the Trustee certain of its rights in the Lease, including but not limited to all of the Corporation's rights to receive and collect all of the Lease Payments, Prepayments, Reserve Replenishment Rent and all other amounts required to be deposited in the Lease Payment Fund pursuant to the Lease or pursuant hereto. All Lease Payments, Prepayments, Reserve Replenishment Rent and such other amounts to which the Corporation may at any time be entitled (other than amounts due to the Corporation under Section 4.11 of the Lease) shall be paid directly to the Trustee, and all of such Lease Payments, Prepayments, Reserve Replenishment Rent collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof, and all such Lease Payments shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund, all such Prepayments shall be forthwith deposited by the Trustee upon the receipt thereof in the Prepayment Fund, and all such Reserve Replenishment Rent shall be forthwith deposited by the Trustee upon the receipt thereof in the Reserve Fund. The proceeds of any rental interruption

insurance shall be deposited in the Reserve Fund and the Lease Payment Fund in accordance with Section 5.4(c) of the Lease.

(b) Security Interest in Moneys and Funds. The Corporation and the School District, as their interests may appear, hereby grant to the Trustee for the benefit of the Owners a lien on and a security interest in all moneys in the funds held by the Trustee under this Trust Agreement (excepting only the Rebate Fund and any moneys to be deposited into the Rebate Fund), including without limitation, the Lease Payment Fund, the Reserve Fund (including the Reserve Policy), the Prepayment Fund, the Project Fund and the Net Proceeds Fund, and all such moneys shall be held by the Trustee in trust and applied to the respective purposes specified herein and in the Lease.

(c) Pledge of Lease Payments and Proceeds. The Lease Payments and any proceeds from the re-letting or any other disposition of the Property pursuant to Article IX of the Lease (the "Lease Proceeds") are hereby irrevocably pledged to and shall be used for the punctual payment of the interest and principal represented by the Certificates and, except as permitted under Section 2.15 hereof with respect to Additional Certificates, the Lease Payments and Lease Proceeds shall not be used for any other purpose while any of the Certificates remain Outstanding. This pledge shall constitute a first lien on the Lease Payments and Lease Proceeds in accordance with the terms hereof, subject to Section 9.06 hereof.

Section 5.02 Establishment of Lease Payment Fund. The Trustee shall establish a special fund designated as the "San Ysidro School District Lease Payment Fund" and shall establish an Interest Account therein. All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. So long as any Certificates are Outstanding, neither the School District nor the Corporation shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Section 5.03 Application of Moneys. Except as provided in this Section 5.03 and in Section 5.04, all amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest evidenced by the Certificates as the same shall become due and payable, in accordance with the provisions of Article II and Article IV hereof, subject to the requirement that certain investment earnings may be transferred to the Rebate Fund, as provided in Section 8.08 hereof. If the School District fails to deposit with the Trustee a Lease Payment on the applicable Lease Payment Deposit Date, the Trustee will, within two Business Days after such Lease Payment Deposit Date, notify the Insurer of such failure. The Insurance Policy will be held by the Trustee and will be deemed to be held in the Lease Payment Fund.

On each Certificate Payment Date, the Trustee first shall set aside in the Interest Account an amount sufficient to pay the interest evidenced by the Certificates becoming due and payable on such date, and deliver such amount as provided in this Trust Agreement to the Owners; and second shall set aside an amount sufficient to pay the principal evidenced by the Certificates becoming due and payable on such Certificate Payment Date, and deliver such amounts to the applicable Owners as provided herein.

Section 5.04 Surplus. Any funds remaining in the Lease Payment Fund after payment of all Certificates Outstanding, including payment of any applicable fees, expenses or other amounts owed to the Trustee pursuant to Sections 9.06 and 9.07 hereof and any other Additional Payments due under the Lease, or provision made therefor satisfactory to the Trustee, and provision for any amounts

required to be transferred to the Rebate Fund pursuant to Section 8.08 hereof, shall be withdrawn by the Trustee and remitted to the School District.

ARTICLE VI

RESERVE FUND

Section 6.01 Establishment of Reserve Fund. The Trustee shall establish a special fund designated as the "San Ysidro School District Reserve Fund," referred to herein as the "Reserve Fund." All moneys at any time on deposit in the Reserve Fund (including the Reserve Policy and any Reserve Facility hereafter provided to satisfy the Reserve Requirement in whole or in part) shall be held in trust for the benefit of the Owners of the Certificates, as a reserve for the payment when due of all the Lease Payments to be paid pursuant to the Lease and of all payments on the Certificates and applied solely as provided herein.

Section 6.02 Funding.

(a) Reserve Requirement. On the Closing Date, there shall be deposited in the Reserve Fund the Reserve Policy. The Reserve Requirement may thereafter be satisfied by the School District crediting to the Reserve Fund cash or with notice to S&P or Moody's, a Reserve Facility or Reserve Facilities or any combination thereof, which in the aggregate make funds available in the Reserve Fund in an amount equal to the Reserve Requirement; however, the long-term unsecured debt or claim-paying ability, as the case may be, of the provider of any such Reserve Facility issued to replace all or a portion of the Reserve Policy, must be rated in one of the two highest rating categories by Moody's or S&P (without regard to qualifiers), but only at the time of purchase of the Reserve Facility.

The term of any Reserve Facility shall either be equal to the term of the Lease or a rollover of the Reserve Facility or other equivalent replacement shall be required such that the aggregate term of all Reserve Facilities shall equal the term of the Lease.

(b) Reserve Facility. Any amounts paid pursuant to the Reserve Policy and any other Reserve Facility shall be deposited in the Reserve Fund. The School District may substitute moneys for all or part of the amount available to be drawn under the Reserve Policy and any other Reserve Facility so long as, at the time of such substitution, the amount on deposit in the Reserve Fund, together with the amount available the Reserve Facilities credited thereto (taking into account any reduction in the amount available under such Reserve Facility to be made in connection with said substitution) shall be at least equal to the Reserve Requirement. The School District shall not substitute any Reserve Facility in lieu of all or any portion of the Reserve Policy or moneys on deposit in the Reserve Fund without the prior written consent of the Insurer (so long as the Insurer is not in default in its payment obligations under the Insurance Policy or the Reserve Policy).

Amounts on deposit in the Reserve Fund which were not derived from payments under the Reserve Policy or another Reserve Facility credited thereto to satisfy a portion of the Reserve Requirement shall be used and withdrawn by the Trustee prior to using and withdrawing any amounts derived from payments under the Reserve Policy or other Reserve Facility. In order to accomplish such use and withdrawal of such amounts not derived from payments under the Reserve Policy or another Reserve Facility, the Trustee shall, as and to the extent necessary, liquidate any investments purchased with such amounts.

The School District will have no obligation to replace a Reserve Policy or to fund the Reserve Fund with cash if, at any time that the Certificates are Outstanding, the Reserve Policy (or its provider) is downgraded or the provider becomes insolvent, if there is an unscheduled termination of the Reserve Policy or if for any reason insufficient amounts are available to be drawn upon under the Reserve Policy; provided, however, that the School District shall reimburse the provider, in accordance with the terms of the Reserve Policy, for any draws made thereon.

Section 6.03 Transfers of Excess. The Trustee shall, on or before February 15 and August 15 of each year, provide written notice to the School District of any moneys which are estimated to be on hand in the Reserve Fund (including investment earnings) in excess of the Reserve Requirement on the next succeeding March 1 or September 1, as the case may be, and one Business Day immediately preceding any Lease Payment Deposit Date, the Trustee shall transfer such excess moneys to the Lease Payment Fund to be applied to the Lease Payment then due from the School District. In the event of the partial Prepayment of Lease Payments the School District may instruct the Trustee to reduce the cash amounts on deposit in the Reserve Fund to the Reserve Requirement as of such date and may direct the Trustee to transfer excess cash amounts from the Reserve Fund for any lawful purpose.

The transfers described above are in each case subject to the requirement that if the Certificate proceeds shall have become subject to the arbitrage rebate provisions of Section 148(f) of the Code as described in Section 8.08 hereof then amounts available for transfer under the preceding paragraph may be transferred to the Rebate Fund at the direction of the School District as provided in Section 8.08 hereof.

Section 6.04 Application of Reserve Fund in Event of Deficiency in Lease Payment Fund.

(a) At least five (5) Business Days immediately preceding any Certificate Payment Date, the Trustee shall ascertain the necessity for a claim under the Reserve Policy or other Reserve Facility in accordance with the terms hereof, and shall provide notice to the Reserve Insurer and the provider of any other Reserve Facility at least five (5) Business Days prior to each date upon which interest or principal is due on the Certificates.

(b) Whether or not Lease Payments are then in abatement, if five (5) Business Days immediately preceding any Certificate Payment Date the moneys available in the Lease Payment Fund do not equal the amount of the principal and interest with respect to the Certificates then coming due and payable, the Trustee first shall apply the moneys available in the Reserve Fund to make delinquent or abated Lease Payments on behalf of the School District by transferring the amount necessary for such purpose to the Lease Payment Fund. All cash and investments in the Reserve Fund shall be transferred to the Lease Payment Fund before any drawing shall be made on the Reserve Policy or any other Reserve Facility. The Trustee shall take whatever action is necessary to liquidate or draw upon investments of funds held in the Reserve Fund or draw upon the Reserve Policy or other Reserve Facility to make such funds available for application as provided hereunder on the Certificate Payment Date.

(c) Draws on all Reserve Facilities (including the Reserve Policy) on which there is available coverage shall be made on a *pro rata* basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. "Available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable

Reserve Facilities without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provide to honor any such claim or draw.

(d) The Trustee shall repay the Reserve Insurer any draws under the Reserve Policy together with interest thereon at the Late Payment Rate (defined below) from Reserve Replenishment Rent paid by the School District pursuant to Section 4.4(d) of the Lease. The Trustee shall also pay all related reasonable expenses incurred by the Reserve Insurer together with interest thereon at the Late Payment Rate from Additional Payments made by the School District pursuant to Section 4.11 of the Lease. "Late Payment Rate" means, as calculated by the Reserve Insurer, the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest due with respect to the Certificates, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, the Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Reserve Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Reserve Insurer, with the same force and effect as if the Corporation or School District had specifically designated such extra sums to be so applied and the Reserve Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws under the Reserve Policy and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. Payment of any Policy Costs and reimbursements of amounts with respect to other Reserve Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund.

Amounts in respect of Policy Costs paid to the Reserve Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Reserve Insurer on account of principal drawn on the Reserve Policy, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

If the School District shall fail to pay any Policy Costs in accordance with the requirements hereof, the Reserve Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided hereunder, other than remedies which would adversely affect owners of the Certificates. This Trust Agreement shall not be discharged or terminated until all Policy Costs owing the Reserve Insurer shall have been paid in full. The School District's obligation to pay

such amounts from Reserve Replenishment Rent shall expressly survive payment in full of the Certificates.

Section 6.05 Trustee to Make All Lease Payments. If on any Certificate Payment Date the moneys on deposit in the Reserve Fund and the Lease Payment Fund (excluding amounts required for payment of principal or interest evidenced by the Certificates not presented for payment) are sufficient to pay all Outstanding Certificates, including all principal, interest and prepayment premiums (if any), the Trustee shall, upon the written direction of the School District Representative, transfer all amounts in the Reserve Fund to the Lease Payment Fund to be applied to the payment of the Lease Payments or Prepayments on behalf of the School District and such moneys shall be distributed to the Owners of Certificates in accordance with Article II of this Trust Agreement. Any amounts remaining in the Reserve Fund upon payment in full of all Outstanding Certificates and the Trustee's fees and expenses pursuant to Sections 9.06 and 9.07 hereof and any other Additional Payments due under the Lease, or upon provision for such payments as provided in Section 14.01 hereof and provisions for any amounts required to be transferred to the Rebate Fund pursuant to Section 8.08 hereof, shall at the written direction of the School District be withdrawn by the Trustee and paid to the School District.

ARTICLE VII

NET PROCEEDS FUND

Section 7.01 Establishment of Net Proceeds Fund; Deposits. The Trustee shall establish when required a special fund designated as the "San Ysidro School District Net Proceeds Fund," referred to herein as the "Net Proceeds Fund," to be maintained and held in trust for the benefit of the Owners, subject to disbursement therefrom as provided herein. The Trustee shall deposit Net Proceeds in the Net Proceeds Fund as provided in Section 6.1(a) of the Lease.

Section 7.02 Disbursements.

(a) Casualty Insurance. The Trustee shall disburse Net Proceeds (other than proceeds of any policy of title insurance which should be disbursed pursuant to Section 7.02(b) below) for replacement or repair of the Property as provided in Section 6.1(b) of the Lease, or transfer such proceeds to the Prepayment Fund upon notification of the School District Representative as provided in Sections 6.1(b) or 6.1(c) of the Lease. Pending such application, such Net Proceeds may be invested by the Trustee as directed by the School District in Permitted Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement. Any amounts remaining in the Net Proceeds Fund following the repair or replacement of the Property shall, with the prior written consent of the Insurer, be disbursed to the School District. After all of the Certificates have been paid and the entire amount of principal and interest evidenced by the Certificates has been paid in full, or provision made for payment satisfactory to the Trustee, including provision for all amounts required to be transferred to the Rebate Fund pursuant to Section 8.08 hereof, the Trustee shall pay any remaining moneys in the Net Proceeds Fund to the School District after payment of any amounts due to the Trustee pursuant to Sections 9.06 and 9.07 hereof and any other Additional Payments due under the Lease.

(b) Title Insurance. Proceeds of any policy of title insurance received by the Trustee with respect to the Property shall be applied and disbursed by the Trustee upon the written request of the School District as follows:

(i) If the School District determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Lease Payments and Additional Payments payable by the School District under the Lease (such determination to be certified by the School District in writing), such proceeds shall be remitted to the School District and used for any lawful purpose thereof; or

(ii) If the School District determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement of Lease Payments and Additional Payments payable by the School District under the Lease, then the Trustee shall, with the prior consent of the Insurer, immediately deposit such proceeds in the Prepayment Fund and such proceeds shall be applied to the extraordinary prepayment of Certificates in the manner provided in Section 4.02 hereof.

Section 7.03 Cooperation. The Corporation and the Trustee shall cooperate fully with the School District at the expense of the School District in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Lease and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Property or any item or portion thereof; provided, however, the Trustee shall not be obligated to take any action hereunder if it is not indemnified to its satisfaction from and against any liability or expense arising therefrom.

ARTICLE VIII

MONEYS IN FUNDS; INVESTMENT

Section 8.01 Held in Trust. The moneys and investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of the Owners and, in the case of the Rebate Fund, for payment as required to the United States Treasury, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee or the School District, or any of them.

Section 8.02 Investments Authorized.

(a) By Trustee. Subject to the further provisions of this Article VIII, moneys held by the Trustee hereunder shall be invested and reinvested on maturity by the Trustee pursuant to Section 8.02(b). The Trustee will report any such investments to the School District on a monthly basis in its regular statements. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available hereunder based upon information supplied by the School District, as at, among other things, scheduled completion of the various components of the 2021 Project.

Investments purchased with funds on deposit in the Lease Payment Fund and Prepayment Fund shall mature not later than the Certificate Payment Date or prepayment date, as appropriate, immediately succeeding the investment. Notwithstanding anything to the contrary contained herein, investments purchased with funds on deposit in the Reserve Fund, other than the Reserve Policy and any Reserve Facility, shall have an average aggregate weighted term to maturity of not greater than five years unless invested in the Permitted Investments described in paragraph (b)(vi) of the definition thereof contained in Section 1.01 pursuant to which funds may be withdrawn, without penalty, to make payments.

(b) Upon Direction of School District. The School District Representative shall direct by telefacsimile or email such investment in specific Permitted Investments not less than two Business Days prior to the date that such Permitted Investment is to take effect, confirmed by written order filed with the Trustee. In the event that the School District Representative does not so direct the Trustee, the Trustee shall invest in the Permitted Investments described in paragraph (b)(vi) of the definition thereof contained in Section 1.01; 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 order of the School District specifying a specific money market fund and, if no such written order of the School District is so received, the Trustee shall hold such moneys uninvested. The Trustee may rely on the investment direction of the School District as to the suitability and legality of the directed investments. In making investments, the Trustee may act as principal or agent.

(c) Registration. Such investments, if registrable, shall be registered in the name of the Trustee for the benefit of the Owners and held by the Trustee or its nominee.

(d) Trustee as Purchaser or Agent. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. The Trustee may act as purchaser or agent in the making or disposing of any investment. The Trustee or any of its affiliates may act as a sponsor of, or as an advisor to any provider of, Permitted Investments hereunder. The School District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the School District the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the School District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the School District periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

(e) Trustee Standard of Care. Except as otherwise provided in Section 9.05, the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds or sale of such investment made by it in accordance with this Section or disposition made by it in accordance with Section 8.05(b).

Section 8.03 Disposition of Investments. Any income, profit or loss on the investment of moneys held by the Trustee hereunder shall be credited to the respective fund for which it is held, except as otherwise provided herein.

Section 8.04 Accounting. The Trustee shall furnish to the School District, not less than monthly, an accounting (which may be in the form of its regular statements) of all investments made by the Trustee and all funds and amounts held by the Trustee; provided, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (i) has a balance of zero and (ii) has not had any activity since the last reporting date. The Trustee shall keep accurate records of all funds administered by it and of all Certificates paid and discharged.

Section 8.05 Valuation and Disposition of Investments.

(a) Valuation. Subject to the provisions of Section 8.08 hereof, for the purpose of determining the amount in any fund, all Permitted Investments (except for the Reserve Policy, any Reserve Facility and investment agreements) credited to such fund shall be valued at the lower of the cost or the market price, exclusive of accrued interest. With respect to all funds and accounts, investments shall be valued by the Trustee (i) as frequently as deemed necessary by the Insurer but not

less often than annually nor more often than monthly, and (ii) upon any draw upon the Reserve Fund. In making any such valuations, the Trustee may utilize, and conclusively rely upon such valuation services as may be available to the Trustee (including brokers and dealers in securities), including those within its regular accounting system.

(b) Disposition. Subject to the provisions of Section 8.08 hereof, the Trustee shall sell, or present for prepayment, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited.

Section 8.06 Commingling of Moneys in Funds. The Trustee may, and upon the written request of the School District Representative shall, commingle any of the funds held by it pursuant to this Trust Agreement into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee. The School District shall ensure that any such commingling complies with Section 1.148-4 of the Treasury Regulations, and shall provide direction to the Trustee accordingly.

Section 8.07 Tax Covenants.

(a) General. The School District and the Corporation hereby covenant with the Holders of the Certificates that, notwithstanding any other provisions of this Trust Agreement, they shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the Interest Component evidenced by the Certificates under Section 103 of the Code. The School District and the Corporation (to the extent that the Corporation may have control over the Project or the proceeds of the Certificates) shall not, directly or indirectly, use or permit the use of proceeds of the Certificates or the Project, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of the Interest Components evidenced by the Certificates.

(b) Use of Proceeds. The School District and the Corporation (to the extent that the Corporation may have control over the Project or the proceeds of the Certificates) shall not take any action, or fail to take any action, if any such action or failure to take action would cause the Lease Payments evidenced by the Certificates to be "private activity bonds" within the meaning of Section 141 of the Code, and in furtherance thereof, shall not make any use of the proceeds of the Certificates or the Project, or any portion thereof, or any other funds of the School District, that would cause the Lease Payments evidenced by the Certificates to be "private activity bonds" within the meaning of Section 141 of the Code. To that end, so long as any Certificates evidencing Lease Payments are outstanding, the School District and the Corporation, with respect to such proceeds and the Project, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Code, to the extent such requirements are, at the time, applicable and in effect. The School District shall establish reasonable procedures necessary to ensure continued compliance with Section 141 of the Code and the continued qualification of the Lease Payments evidenced by the Certificates as "governmental bonds."

(c) Arbitrage. The School District and the Corporation (to the extent that the Corporation may have control over the Project or the proceeds of the Certificates) shall not, directly or indirectly, use or permit the use of any proceeds of any Certificates, or of the Project, or other funds of

the School District, or take or omit to take any action, that would cause the Lease Payments evidenced by the Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the School District and the Corporation shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Lease Payments evidenced by the Certificates.

(d) Federal Guarantee. The School District and the Corporation (to the extent that the Corporation may have control over the proceeds of the Certificates) shall not make any use of the proceeds of the Certificates or any other funds of the School District, or take or omit to take any other action, that would cause the Lease Payments evidenced by the Certificates to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Compliance with Tax Certificate. In furtherance of the foregoing tax covenants of this Section, the School District covenants that it will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Certificates.

Section 8.08 Rebate Fund.

(a) General. The Trustee shall establish a special fund designated the "San Ysidro School District Rebate Fund" (the "Rebate Fund"). Absent an opinion of Special Counsel that the exclusion from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates will not be adversely affected, the School District shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States of America (the "Rebate Requirement") pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien under this Trust Agreement and shall be governed by this Section and Section 8.07 of this Trust Agreement and by the Tax Certificate executed by the School District. The Trustee shall be deemed conclusively to have complied with the Rebate Requirement and the Tax Certificate if it follows the directions of the School District, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the School District with the Rebate Requirement. The Trustee shall have no responsibility to independently make any calculation or determination or to review the School District's calculations.

(b) Deposits.

(i) Within 45 days of the end of the fifth Certificate Year and each fifth Certificate Year thereafter, (1) the School District shall calculate or cause to be calculated with respect to the Certificates the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, and (2) the School District shall transfer to the Trustee for deposit in the Rebate Fund, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated.

(ii) The School District shall not be required to deposit any amount to the Rebate Fund in accordance with preceding sentence if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the "rebate amount"

calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section.

(iii) The School District shall not be required to calculate the "rebate amount," and shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Certificates (including amounts treated as proceeds of the Certificates) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the School District under Section 148(f)(4)(C)(vii) of the Code to pay a 1½% penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund."

(c) Withdrawal Following Payment of Certificates. Any funds remaining in the Rebate Fund after the payment or prepayment of all the Certificates and any amounts described in paragraph (ii) of subsection (d) of this Section, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees and expenses to the Trustee, shall be withdrawn by the Trustee and remitted to the School District.

(d) Withdrawal for Payment of Rebate. Upon the School District's written direction, but subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the "rebate amount" and make deposits to the Rebate Fund, the Trustee shall pay to the United States of America, from amounts on deposit in the Rebate Fund,

(i) not later than 60 days after the end of (1) the fifth Certificate Year, and (2) each fifth Certificate Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Certificate Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(ii) not later than 60 days after the payment of all Certificates, an amount equal to 100% of the "rebate amount" calculated as of the date of such payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(e) Rebate Payments. Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be completed by the arbitrage rebate consultant for execution by the School District and provided to the Trustee.

(f) Deficiencies in the Rebate Fund. In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the School District shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from the School District equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(g) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, upon written instructions from the School District, the Trustee shall withdraw the excess from the Rebate Fund and credit such excess to the Lease Payment Fund.

(h) Record Keeping. The School District shall retain records of all determinations made hereunder until six years after the complete retirement of the Certificates.

(i) Survival of Defeasance. Notwithstanding anything in this Trust Agreement to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Certificates.

ARTICLE IX

THE TRUSTEE

Section 9.01 Appointment of Trustee.

(a) Appointment. U.S. Bank National Association, a national banking association organized under the laws of the United States of America, is hereby appointed Trustee by the Corporation and the School District.

(b) Qualifications. The Corporation and the School District agree that they will maintain a Trustee having an office in New York, New York, San Francisco, California, or Los Angeles, California capable of exercising trust powers in the State of California, with a combined capital (exclusive of borrowed capital) and a surplus of at least One Hundred Million Dollars ($100,000,000), or be a member of a bank holding company system, which shall have a combined capital and surplus of at least One Hundred Million Dollars ($100,000,000), and subject to supervision or examination by federal or state authority, so long as any Certificates are Outstanding. If such bank, corporation or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section the combined capital and surplus of such bank, national banking association, corporation or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(c) Removal. The Insurer and, so long as there is no Event of Default, the School District (with the prior consent of the Insurer), may, with thirty (30) days prior written notice, remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto.

(d) Resignation. The Trustee may, upon prior written notice to the School District, the Insurer and the Corporation, resign; provided that such resignation shall not take effect until the successor Trustee is appointed as provided in this Section. Upon receiving such notice of resignation, the School District shall promptly appoint a successor Trustee. In the event the School District does not name a successor Trustee within thirty (30) days of receipt of notice of the Trustee's resignation, then the Trustee may petition a court of suitable jurisdiction to seek the immediate appointment of a successor Trustee.

(e) Successor. Any successor Trustee shall be a bank, association, corporation or trust company meeting the qualifications as set forth in Subsection (b) above and acceptable to the Insurer. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the successor Trustee shall mail notice thereof to the Owners at their respective addresses set forth on the Certificate registration books maintained pursuant to Section 2.12.

Section 9.02 Merger or Consolidation. Any company or banking association into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 9.01, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 9.03 Protection of the Trustee.

(a) Reliance Upon Papers or Documents. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, facsimile, request, consent, direction, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may, in the absence of bad faith on its part, accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

(b) Reliance Upon Opinions of Counsel. The Trustee may consult with counsel, who may be counsel to the School District, 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 in accordance therewith. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, Trustee shall be absolutely protected in relying thereon.

(c) Reliance Upon Requested Certificates. Whenever in the administration of its duties under this Trust Agreement, 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), in the absence of bad faith on its part, shall be deemed to be conclusively proved and established by the certificate of the School District Representative or the Corporation Representative and such certificate shall be full warranty to the Trustee, in the absence of bad faith on its part, for any action taken or suffered under the provisions of this Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 9.04 Rights of the Trustee.

(a) Ownership of Certificates. The Trustee may become the Owner with the same rights it would have if it were not Trustee; may acquire and dispose of other bonds or evidence of

indebtedness of the School District with the same rights it would have if it were not the Trustee; and may act as a 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 the majority in principal amount of the Certificates then Outstanding.

(b) Attorneys, Agents, Receivers. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, shall not be responsible for the actions or omissions of such attorneys, agents or receivers if appointed by it with reasonable care, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder; provided that the Trustee shall not assign any of its trust responsibilities without the prior written consent of the School District.

(c) Funds and Accounts. In addition to the funds and accounts established or required to be established pursuant to this Trust Agreement, the Trustee may establish such additional funds and accounts as it deems necessary or appropriate to perform its duties hereunder.

Section 9.05 Standard of Care. So long as there is no Event of Default, (a) the Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct, and (b) the Trustee shall only perform those duties specifically set forth herein and no implied duties, covenants or obligations shall be read into this Trust Agreement. In the event of and during the continuance of an Event of Default, the Trustee shall exercise such care in performing its duties hereunder as a prudent person would exercise in the conduct of his affairs.

Section 9.06 Compensation of the Trustee. As an Additional Payment under Section 4.11 of the Lease, the School District shall from time to time on demand, pay to the Trustee reasonable compensation and reimbursement for its services and the services of any accountants, consultants, attorneys and other experts as may be engaged by the Trustee to provide services under this Trust Agreement pursuant to a written agreement between the School District and the Trustee. The School District's obligation hereunder shall remain valid and binding notwithstanding maturity and payment of the Certificates and resignation or removal of the Trustee. Upon an Event of Default, and only upon an Event of Default, the Trustee as set forth in Section 13.03 shall have a first right of payment prior to payment on account of principal of and premium, if any, and interest evidenced by any Certificate, for the foregoing fees, charges and expenses incurred by it. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 9.07 Indemnification of Trustee. The School District shall, to the extent permitted by law, indemnify and save the Trustee and its officers, directors, agents, and employees harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Property or the Project by the School District, (ii) any breach or default on the part of the School District in the performance of any of its obligations under this Trust Agreement and any other agreement made and entered into for purposes of the Property or the Project, (iii) any act of negligence of the School District or of any of its agents, contractors, servants, employees or licensees with respect to the Property or the Project, (iv) any act of negligence of any assignee of, or purchaser from, the School District or of any of its or their agents, contractors, servants, employees or licensees with respect to the Property or the Project, (v) the construction or acquisition of the Project or the expenditure of

Project Costs, or (vi) the exercise and performance by the Trustee of its powers and duties hereunder or any related document, (vii) the sale of the Certificates and the carrying out of any of the transactions contemplated by the Certificates or this Trust Agreement or (viii) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made in light of the circumstances in which they were made, not misleading in any official statement or other disclosure document utilized in connection with the sale of the Certificates. The indemnification set forth in this Section 9.07 shall extend to the Trustee's officers, agents, employees, successors and assigns. No indemnification will be made under this Section or elsewhere in this Trust Agreement or other agreements for willful misconduct or negligence by the Trustee, its officers, agents, employees, successors or assigns. The School District's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Certificates, or the resignation or removal of the Trustee.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity, and all persons, including, without limitation, the Owners, Corporation and School District, having any claim against the Trustee arising from the Trust Agreement shall look only to the funds and accounts held by the Trustee hereunder for payment, except as otherwise provided herein or where the Trustee has breached its standard of care as described in Section 9.05 hereof. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates.

No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder or in the exercise of any of its rights or powers.

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 Insurer or the Owners of not less than a majority in aggregate principal amount of the Certificates at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or in the exercise of any right hereunder.

The Trustee is authorized and directed to execute in its capacity as Trustee the Assignment Agreement.

Every provision of this Trust Agreement, the Lease, the Site Lease and the Assignment Agreement relating to the conduct or liability of the Trustee shall be subject to the provisions of this Trust Agreement, including without limitation, this Article IX.

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 Certificates.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Certificate Owners or the Insurer pursuant to the provisions of this Trust Agreement unless such Certificate Owners or the Insurer shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities, including, without limitation, liabilities arising under any Environmental Regulation (as defined in the Lease) which may be incurred therein or thereby.

The Trustee shall not to be deemed to have knowledge of any Event of Default hereunder or under the Lease unless it has actual knowledge thereof at its Principal Office.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Trust Agreement and delivered using Electronic Means ("Electronic Means"), which means the following communications methods: S.W.I.F.T., 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 School District 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 School District whenever a person is to be added or deleted from the listing. If the School District 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 School District 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 School District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the School District 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 School District. 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 School District 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 School District; (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.

The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include, but not be limited to, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Trustee shall not be concerned with 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.

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

Section 9.08 Trustee's Disclaimer of Warranties. THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE SCHOOL DISTRICT OF THE PROPERTY, OR ANY PORTION THEREOF. THE SCHOOL DISTRICT ACKNOWLEDGES THAT THE TRUSTEE IS NOT A MANUFACTURER OF PORTIONS OF THE PROPERTY, AND THAT THE SCHOOL DISTRICT IS LEASING THE PROPERTY AS IS. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages, in connection with or arising out of the Lease, the Site Lease, the Assignment Agreement or this Trust Agreement for the existence, furnishing, functioning or School District's use and possession of the Project or the Property.

ARTICLE X

MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 10.01 Amendments Permitted.

(a) With Consent. This Trust Agreement and the rights and obligations of the Owners, and the Lease and the rights and obligations of the parties thereto, may be modified or amended at any time, with notice to any rating agency then rating the Certificates by a supplemental agreement or amendment thereto which shall become effective when the prior written consents of the Insurer (so long as the Insurer is not in default in its payment obligations under the Insurance Policy) and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 10.03 hereof, shall have been filed with the Trustee. No such modification or amendment shall:

(i) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, or diminish the security afforded by the Insurance Policy without the prior written consent of the Owner of each Certificate so affected and the Insurer (so long as the Insurer is not in default in its payment obligations under the Insurance Policy), or

(ii) reduce the percentage of Owners whose consent is required for the execution of any amendment hereof or supplement hereto without the prior written consent of the Owners of all Certificates then Outstanding and the Insurer (so long as the Insurer is not in default in its payment obligations under the Insurance Policy), or

(iii) modify any of the rights or obligations of the Trustee without its written assent thereto, or

(iv) amend this Section 10.01 without the prior written consent of the Owners of all Certificates then outstanding and the Insurer (so long as the Insurer is not in default in its payment obligations under the Insurance Policy).

The Trustee shall be provided such opinions of counsel under this Article X concerning (i) the lack of material adverse effect of the amendment on Owners, (ii) the amendment not affecting the tax status of the Interest Component evidenced by the Certificates and (iii) that such amendment is authorized or permitted under the terms of this Trust Agreement (and, if applicable, the Lease) and

complies with the provisions of this Article X. Any such supplemental agreement or amendments thereto shall become effective as provided in Section 10.02 hereof.

(b) Without Consent. This Trust Agreement and the rights and obligations of the Owners, and the Lease and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement or amendments thereto, upon prior written notice to the Insurer and with notice to any rating agency then rating the Certificates but without the consent of any such Owners, but only to the extent permitted by law and only:

(i) to add to the covenants and agreements of the School District and the Corporation hereunder,

(ii) to cure, correct or supplement any ambiguous or defective provision contained herein or therein,

(iii) in regard to matters arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable (which may be based upon opinions as provided in Section 9.03(b)), shall not materially adversely affect the interest of the Owners or the Insurer (unless the Insurer has consented, in writing, to such amendment),

(iv) to substitute the Property or add to the 2021 Project, or a portion thereof, in accordance with Sections 3.5 and 7.12 of the Lease, with the consent of the Insurer,

(v) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates,

(vi) to add to the rights of the Trustee,

(vii) to maintain the rating or ratings assigned to the Certificates, or

(viii) to provide for the execution and delivery of Additional Certificates in accordance with the provisions of Section 2.15 hereof.

No such modification or amendment, however, shall modify any of the rights or obligations of the Trustee or the Insurer without its written assent thereto. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be.

The Insurer shall be provided by the School District with a full original transcript of all proceedings relating to the amendment of or supplement to this Trust Agreement or the Lease pursuant to this Section 10.01.

Section 10.02 Procedure for Amendment with Written Consent of the Owners. This Trust Agreement or the Lease may be amended by supplemental agreement as provided in this Section 10.02 in the event the consent of the Owners is required pursuant to Section 10.01(a) hereof. A copy of such supplemental agreement, together with a request to the Owners for their consent thereto, shall be mailed by the Trustee to each Owner of a Certificate at their address as set forth in the Certificate registration books maintained pursuant to Section 2.12 hereof, but failure to receive copies of such supplemental agreement and request so mailed shall not affect the validity of the supplemental agreement when assented to as in this Section provided.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of at least a majority in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 10.03 hereof) and notices shall have been mailed as hereinafter in this Section provided. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Certificates shall have filed their consent to such supplemental agreement, the Trustee shall mail a notice to the Owners of the Certificates in the manner hereinbefore provided in this Section for the mailing of such supplemental agreement, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Trustee may obtain and conclusively rely on an opinion of counsel with regard to such matters.

Notwithstanding anything herein to the contrary, any amendment under this Section 10.02 requiring the consent of the Owners shall require the prior written consent of the Insurer (so long as the Insurer is not in default in its payment obligations under the Insurance Policy). The Insurer shall be provided prior written notice of all proposed amendments subject to its approval. All such Notices under this Section shall be sent to the addresses shown in Section 14.05 hereof.

Section 10.03 Disqualified Certificates. Certificates owned or held by or for the account of the School District or the Corporation or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the School District or the Corporation (except any Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in this Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement; except that in determining whether the Trustee shall be protected in relying upon any such approval or consent of an Owner, only Certificates which the Trustee actually knows to be owned or held by or for the account of the School District or the Corporation or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the School District or the Corporation (except any Certificates held in any pension or retirement fund) shall be disregarded unless all Certificates are so owned or held by or for the account of the School District or the Corporation or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the School District or the Corporation, in which case such Certificates shall be considered Outstanding for the purpose of such determination.

The School District or the Trustee may adopt appropriate regulations to require each Owner, before his consent provided for in this Article X shall be deemed effective, to reveal if the Certificates as to which such consent is given are disqualified as provided in this Section 10.03 hereof.

Upon request of the Trustee, the School District and Corporation shall specify in a certificate to the Trustee those Certificates disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

Section 10.04 Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article X, this Trust Agreement or the Lease, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, as the case may be, 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 supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Lease, as the case may be, for any and all purposes.

Section 10.05 Endorsement or Replacement of Certificates Delivered After Amendments. The Trustee may determine that Certificates delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement, in form approved by the School District, as to such action. In that case, upon demand of the Owner of any Outstanding Certificate at such effective date and presentation of his Certificate for such purpose at the Principal Office, a suitable notation shall be made on such Certificate. The School District may determine that new Certificates, so modified as in the opinion of the School District is necessary to conform to such Owner's action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Certificate then Outstanding, such new Certificate shall be exchanged in the Principal Office without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Certificate.

Section 10.06 Amendatory Endorsement of Certificates. Subject to Section 10.01 hereof, the provisions of this Article X shall not prevent an Owner from accepting any amendment as to the particular Certificates held by him, provided that due notification thereof is made on such Certificates.

Section 10.07 Copies of Amendments Delivered to Rating Agencies. Copies of any modifications or amendments to this Agreement, the Lease, the Site Lease or the Assignment Agreement shall be delivered by the School District to each rating agency then rating the Certificates at least 10 days prior to the effective date thereof.

ARTICLE XI

COVENANTS; NOTICES

Section 11.01 Compliance With and Enforcement of the Lease. The School District covenants and agrees with the Owners to perform all obligations and duties imposed on it under the Lease. The Corporation covenants and agrees with the Owners to perform all obligations and duties imposed on it under the Lease.

The School District will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Lease by the Corporation thereunder. The Corporation and the School District, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or either of them, in the Property, which may or can in any manner affect such estate of the School District, will deliver the same, or a copy thereof, to the Trustee.

Section 11.02 Payment of Taxes. The School District shall pay all taxes as provided in Section 7.7(b) of the Lease.

Section 11.03 Observance of Laws and Regulations. The School District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the School District, including its right to exist and carry on business as a school district, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 11.04 Prosecution and Defense of Suits. The School District shall promptly, and also upon request of the Trustee, the Insurer or any Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Property, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Owner harmless from all loss, cost, damage and expense including reasonable attorneys' fees and expenses, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 11.05 School District Budgets. In accordance with Section 4.7 of the Lease, the School District Representative shall certify to the Trustee on or before September 1 of each year that the School District has included all Lease Payments, Additional Payments and Reserve Replenishment Rent due under the Lease in the Fiscal Year covered by its annual budget and the amount so included. If the School District fails to certify that it has included all such Lease Payments, Additional Payments and Reserve Replenishment Rent in such annual budget, the Trustee shall promptly provide the School District written notice specifying that the School District has failed to observe and perform its covenant and agreement in such Section 4.7 and requesting that such failure be remedied within 30 days, or such failure shall constitute an Event of Default under Section 9.1(b) of the Lease. Upon receipt of such notice, the School District shall notify the Trustee of the proceedings proposed to be taken by the School District, and shall keep the Trustee advised of all proceedings thereafter taken by the School District.

Section 11.06 Further Assurances. The Corporation and the School District will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement, and for the better assuring and confirming unto the Owners the rights and benefits provided herein.

Section 11.07 Continuing Disclosure. The School District hereby covenants that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the School District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default or an event of default hereunder; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Section and the Continuing Disclosure Certificate.

ARTICLE XII

LIMITATION OF LIABILITY

Section 12.01 Limited Liability of the School District. Except for the payment of Lease Payments, Additional Payments, Reserve Replenishment Rent and Prepayments when due in accordance with the Lease and the performance of the other covenants and agreements of the School District contained herein and in the Lease, the School District shall have no obligation or liability to any of the other parties or to the Owners with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee.

Section 12.02 No Liability of the School District or Corporation for Trustee Performance. Except as expressly provided herein, neither the School District nor the Corporation shall have any obligation or liability to any other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 12.03 Limited Liability of Trustee.

(a) No Investment Advice. The Trustee shall have no obligation or responsibility for providing information to the Owners concerning the investment character of the Certificates.

(b) Sufficiency of this Trust Agreement or Lease Payments. The Trustee makes no representations as to the validity or sufficiency of the Certificates, shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon it. The Trustee shall not be responsible for the sufficiency or enforceability of the Lease, the Site Lease or the Assignment Agreement. The Trustee shall not be liable for the sufficiency or collection of any Lease Payments or other moneys required to be paid to it under the Lease (except as provided in this Trust Agreement), its right to receive moneys pursuant to said Lease, or the value of or title to the Property.

(c) Actions of Corporation and School District. The Trustee shall have no obligation or liability to any of the other parties or the Owners with respect to this Trust Agreement or failure or refusal of any other party to perform any covenant or agreement made by any of them under this Trust Agreement or the Lease, but shall be responsible solely for the performance of the duties and obligations expressly imposed upon it hereunder as provided in Section 9.05.

(d) Recitals and Agreements of Corporation and School District. The recitals of facts, covenants and agreements herein and in the Certificates shall be taken as statements, covenants and agreements of the School District or the Corporation (as the case may be), and the Trustee assumes no responsibility for the correctness of the same.

Section 12.04 Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the School District, the Corporation, the Trustee and the Owners, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the School District, the Corporation, the Trustee and the Owners.

ARTICLE XIII

EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

Section 13.01 Assignment of Rights. The parties hereto acknowledge that pursuant to the Assignment Agreement the Corporation has transferred, assigned and set over to the Trustee for the benefit of the Owners, certain of the Corporation's rights under the Lease.

Section 13.02 Events of Default.

(a) Remedies. If an Event of Default shall happen, then, and in each and every such case during the continuance of such Event of Default, the Trustee may exercise any and all remedies available pursuant to law or granted pursuant to the Lease; provided, however, that notwithstanding anything herein or in the Lease to the contrary, THERE SHALL BE NO RIGHT UNDER ANY CIRCUMSTANCES TO ACCELERATE THE MATURITIES OF THE CERTIFICATES OR OTHERWISE TO DECLARE ANY LEASE PAYMENTS NOT THEN IN DEFAULT TO BE IMMEDIATELY DUE AND PAYABLE; provided further that so long as the Insurer shall not be in default in its payment obligations under the Insurance Policy, the Insurer, acting alone, shall control and direct all remedies upon an Event of Default.

(b) Actual Knowledge. The Trustee shall not be deemed to have knowledge of any Event of Default unless and until it shall have actual knowledge thereof, or shall have received written notice thereof at its Principal Office.

(c) Action on Default. If an Event of Default (within the meaning of Article IX of the Lease) shall happen, then such Event of Default shall constitute an Event of Default hereunder. The Trustee may give notice, as assignee of the Corporation, of an Event of Default under the Lease or hereunder to the School District, and shall do so if directed to do so by the Insurer or, with the consent of the Insurer and the Owners of not less than a majority of the aggregate principal evidenced by Certificates then Outstanding. In each and every case during the continuance of an Event of Default, subject to Section 9.07, the Trustee (a) may, with the prior written consent of the Insurer, at the direction of the Owners of not less than a majority of the aggregate principal evidenced by Certificates then Outstanding, and (b) upon being indemnified to its satisfaction, shall, so long as the Insurer is not in default in its payment obligations under the Insurance Policy, at the direction of the Insurer, upon notice in writing to the School District and the Corporation, exercise any of the remedies granted to the Corporation under the Lease and, in addition, with the written consent or at the written direction of, the Insurer, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by this Trust Agreement or by the Certificates, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in Section 13.04 hereof.

Section 13.03 Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article XIII or of Article IX of the Lease, and any funds then held by the Trustee, shall be deposited into the Lease Payment Fund and be applied by the Trustee after payment of all amounts due and payable under Section 9.06 hereof and Section 4.11 of the Lease in the following order upon presentation of the several Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid -

First, Costs and Expenses: to the payment of the costs, fees and expenses of the Trustee and then of the Owners in declaring such Event of Default and in performing its duties under the Trust Agreement, Lease and Assignment Agreement, including reasonable compensation to its or their agents, attorneys and counsel;

Second, Interest: to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installment, 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;

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal evidenced by any Certificates which shall have become due, whether at maturity or by call for prepayment, in the order of their due dates, with interest on the overdue principal and interest at a rate equal to the rate paid with respect to the Certificates and, if the amount available shall not be sufficient to pay in full all the amounts due evidenced by the Certificates on any date, 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

Fourth, Insurer: to the extent not included in clauses First, Second or Third above, to the payment of all amounts then due to the Insurer or the Reserve Insurer, as certified in writing to the Trustee.

Section 13.04 Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee shall, at the direction of the Insurer, or may, with the prior written consent of the Insurer, upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, proceed to protect or enforce its rights or the rights of the Owners by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein or in the Lease, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder; provided that such written request shall not be otherwise than in accordance with provisions of law and this Trust Agreement and that the Trustee shall have the right to decline to follow any such written request if the Trustee shall be advised by counsel that the action or proceeding so requested may not be taken lawfully or if the Trustee in good faith shall determine that the action or proceeding so requested would be unjustly prejudicial to the Certificate Owners not a party to such written request or expose the Trustee to liability.

Section 13.05 Non-Waiver. Nothing in this Article XIII or in any other provision of this Trust Agreement or in the Certificates shall affect or impair the obligation of the School District to pay or prepay the Lease Payments as provided in the Lease. So long as the Insurer is not in default in its payment obligations under the Insurance Policy, the Trustee shall not waive any default or breach of duty or contract hereunder without the prior written consent of the Insurer. No delay or omission of the Trustee or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XIII to the Trustee or to the Owners may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners.

Section 13.06 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, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 13.07 Power of Trustee to Control Proceedings. Subject to the Insurer's right to control all remedies in the Event of a Default, in the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Insurer, or the Owners of a majority in principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interest of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Outstanding Certificates hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Certificates or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Section 13.08 Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate executed hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Lease; (b) so long as the Insurer is not in default in its payment obligations under the Insurance Policy, such Owner shall have obtained the Insurer's consent to such institution or appointment; (c) the Owners of a majority in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (d) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (e) 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; and (f) there shall have been a default in the payment of such Owner's proportionate interest in the Lease Payments as the same become due.

Such notification, request, tender of indemnity, refusal or omission, and default are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by their action to enforce any right under this Agreement, except in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's proportionate interest in the Lease Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Trust Agreement.

ARTICLE XIV

MISCELLANEOUS

Section 14.01 Defeasance.

(a) Methods. Subject to the provisions of paragraph (d) below, if and when any of the Outstanding Certificates shall be paid and discharged in one or more of the following ways -

(i) Payment or Prepayment: by well and truly paying or causing to be paid the principal, interest and prepayment premiums (if any) with respect to such Certificates Outstanding, as and when the same become due and payable;

(ii) Cash: by irrevocably depositing with the Trustee, in trust, an amount of cash which (together with cash then on deposit in the Lease Payment Fund and the Reserve Fund together with the interest to accrue thereon, in the event of payment or provision for payment of all Outstanding Certificates) is sufficient to pay such Certificates Outstanding (including all principal and interest represented thereby and prepayment premiums, if any) at or before their maturity date; or

(iii) Defeasance Securities: by irrevocably depositing with the Trustee, or an escrow agent selected by the School District, in trust, Defeasance Securities together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon (and, in the event of payment or provision for payment of all Outstanding Certificates, moneys then on deposit in the Lease Payment Fund and the Reserve Fund together with the interest to accrue thereon), be fully sufficient to pay and discharge such Certificates (including all principal and interest represented thereby and prepayment premiums, if any) at or before their maturity date;

and all other amounts then due hereunder have been paid in full, then, notwithstanding that any of such Certificates shall not have been surrendered for payment, all obligations of the Corporation, the Trustee and the School District with respect to such Certificates shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the School District from funds deposited pursuant to paragraphs (ii) and (iii) of this Section, to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (ii) and (iii) of this Section, the Certificates shall continue to represent direct and proportionate interests of the Owners thereof in Lease Payments under the Lease.

The School District shall provide the Trustee notice of its intent to deposit cash and/or Defeasance Securities under paragraphs (a)(ii) and (iii) above not less than ten (10) days (unless a shorter period shall be acceptable to the Trustee) prior to the date of deposit.

(b) Surplus Moneys. Any funds held by the Trustee, at the time of payment or provision for payment of all Outstanding Certificates pursuant to the one of the procedures described in paragraphs (a)(i) through (a)(iii) of this Section, which are not required for the payment to be made to Owners, shall be paid over to the School District, after the payment of any amounts due to the Trustee pursuant to Sections 9.06 and 9.07 hereof, any amounts due and owing to the Insurer, and any other Additional Payments due under the Lease.

(c) Surviving Provisions. Notwithstanding the satisfaction and discharge hereof, the Trustee shall retain such rights, powers and privileges under Section 9.06 and 9.07 hereof and hereunder as may be necessary or convenient for the payment of the principal, interest and prepayment premium, if any, on the Certificates and for the registration, transfer and exchange of the Certificates.

(d) Payment to Insurer; Opinions and Reports. Prior to any defeasance becoming effective under this Section, (A) all amounts currently due to the Insurer under the Insurance Policy and Reserve Policy shall have been paid in full, and (B) the School District shall cause to be delivered at least five Business Days prior to any defeasance becoming effective (i) an executed copy of a report, addressed to the Trustee, the School District and the Insurer, in form and substance acceptable to the School District and the Insurer of a nationally recognized firm of certified public accountants, verifying that the Defeasance Securities and cash, if any, satisfy the requirements of Section 14.01(a) above or other form of certification as to the sufficiency of the escrow, (ii) with respect to a defeasance pursuant to Section 14.01 (a)(iii) above, utilizing Defeasance Securities or a cash defeasance using an escrow agent, a copy of the escrow deposit agreement or other written instructions to the Trustee entered into in connection with such defeasance, which escrow deposit agreement or instructions shall be in form and substance acceptable to the Insurer, and (iii) a copy of an opinion of Special Counsel, dated the date of such defeasance and addressed to the Trustee, the School District and the Insurer, in form and substance acceptable to the School District and the Insurer, to the effect that such Certificates are no longer Outstanding under the Trust Agreement.

In the event a forward purchase agreement will be employed in the refunding, such agreement shall be subject to the approval of the Insurer and shall be accompanied by such opinions of counsel as may be require by the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

(e) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of this Trust Agreement and the Certificates relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Trustee in accordance with this Trust Agreement. This Trust Agreement shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

Section 14.02 Non-Presentment of Certificates. In the event any Certificate shall not be presented for payment when the principal with respect thereto becomes due, either at maturity, or at the date fixed for prepayment thereof, if moneys sufficient to pay such Certificate shall have been deposited in the Prepayment Fund or Lease Payment Fund, as applicable, all liability of the School District to the Owner thereof for payment of such Certificate shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, without liability for interest thereon, for the benefit of the Owner of such Certificate who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on their part under this Trust Agreement or on, or with respect to, said Certificate.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Certificates within one (1) year after the date on which the same shall have become due shall be paid by the Trustee to the School District (without liability for interest), free from the trusts created by this Trust Agreement. In addition, Trustee shall be indemnified from and against any and all liabilities to third parties resulting from its actions under this Section. Thereafter, Owners shall be entitled to look only to the School District for payment, and then only to the extent of the amount so repaid by the

Trustee. The School District shall not be liable for any interest on the sums paid to it pursuant to this section and shall not be regarded as a trustee or trustees of such money.

Section 14.03 Acquisition of Certificates by School District. All Certificates acquired by the School District, whether by purchase, gift or otherwise, shall be surrendered by the School District to the Trustee for cancellation.

Section 14.04 Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed by it under this Trust Agreement, which shall be available for inspection by the School District, the Corporation and any Owner, or the agent of any of them, at any time during regular business hours upon reasonable prior notice.

Section 14.05 Notices. Except as specifically provided otherwise in this Trust Agreement, all written notices to be given under this Trust Agreement shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be deemed to have been received upon actual receipt after deposit in the United States of America mail, postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below:

If to the School District:	San Ysidro School District 4350 Otay Mesa Road San Ysidro, California 92173 Attention: Superintendent
If to the Corporation:	San Ysidro Schools Public Financing Corporation 4350 Otay Mesa Road San Ysidro, California 92173 Attention: President
If to the Trustee:	U.S. Bank National Association 633 West 5th Street, 24th Floor Los Angeles, California 90071 Attention: Global Corporate Trust
If to the Insurer:	 Attention: Re: Policy No.
If to S&P:	S&P Global Ratings 55 Water Street New York, New York 10041 Attention: Public Finance Rating Desk
If to Moody's:	Moody's Investors Service 7 World Trade Center 250 Greenwich Street New York, NY 10007

Attention: Structured Finance Group-
Fully Supported

Section 14.06 Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 14.07 Binding Effect; Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Trust Agreement either the Corporation, the School District 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 Trust Agreement contained by or on behalf of the Corporation, the School District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.08 Execution in Counterparts. This Trust 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 agreement.

Section 14.09 Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles", "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 14.10 Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 14.11 Separability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

Section 14.12 Payment on Business Day. In any case where the date of the payment of interest on or of principal (and premium, if any) of the Certificates or the date fixed for prepayment is other than a Business Day, the payment of interest or principal need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required, and no interest shall accrue for the period from and after such date.

Section 14.13 Provisions Relating to Certificate Insurance. Notwithstanding anything to the contrary herein:

(a) Any notice that is required to be given to any Owners or the Depository shall be given to the Insurer.

(b) Notwithstanding any other provision herein, in determining whether the rights of the Owners will be adversely affected by an action taken pursuant to the terms and provisions hereof, the effect on the Owners shall be considered as if there were no Insurance Policy.

(c) The Insurer shall be deemed to be the holder of all of the Certificates for purposes of:

(i) exercising all remedies and directing the Trustee to take actions or for any other purposes following an Event of Default (as defined in the Lease), and

(ii) granting any consent, direction or approval or taking any action permitted by or required hereunder, as the case may be, to be granted or taken by the Owners of the Certificates.

(d) Any provision herein expressly recognizing or granting rights in and to the Insurer may not be amended in any manner that affects the rights of the Insurer without the prior written consent of the Insurer.

(e) Whenever the consent of the Owners is required pursuant to the provisions herein, the Insurer's consent shall also be required.

(f) Any reorganization or liquidation plan with respect to the School District must be acceptable to the Insurer. In the event of any reorganization or liquidation, the Insurer shall have the right to vote on behalf of all Owners who hold Certificates guaranteed by the Insurer (so long as the Insurer is not in default of its obligations under the Policy). In furtherance thereof and as a term of this Trust Agreement and each Certificate, the Trustee and each Owner of a Certificate appoint the Insurer as their agent and attorney-in-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the School District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Owner of a Certificate delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of a Certificate in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(g) Payment Procedures Under the Insurance Policy.

(i) If, on the fifth Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee,

after making all transfers and deposits required under the Trust Agreement, moneys sufficient to pay the principal of and interest on the Certificates due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Certificates due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Certificates and the amount required to pay principal of the Certificates, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

(ii) The Trustee shall designate any portion of payment of principal on Certificates paid by the Insurer, whether by virtue of mandatory sinking fund prepayment, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Certificates registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Certificate to the Insurer, registered in the name of _____, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Certificate shall have no effect on the amount of principal or interest payable by the Corporation on any Certificate or the subrogation rights of the Insurer.

(iii) The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Certificate. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(iv) Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The funds in such Policy Payments Account shall be held uninvested. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made with respect to the Certificates under the sections hereof regarding payment of Certificates. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the School District agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The School District hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the funds on deposit with the Trustee and payable from such funds on a parity with interest and principal due on the Certificates.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Certificate Payment Date shall promptly be remitted to the Insurer.

(h) The Insurer shall, to the extent it makes any payment of principal of or interest evidenced by the Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the right of any such recipients in connection with any Insolvency Proceedings). Each obligation of the School District to the Insurer under this Trust Agreement, the Lease, the Site Lease and the Assignment Agreement (each, a "Related Document") shall survive discharge or termination of such Related Document.

(i) The School District shall pay or reimburse the Insurer, to the extent permitted by law solely from Additional Payments, and subject to annual appropriation by the School District as required by Section 4.7 of the Lease, any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under this Trust Agreement or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, this Trust Agreement or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with this Trust Agreement or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Trust Agreement or any other Related Document.

(j) The Insurer shall be entitled to pay principal or interest evidenced by the Certificates that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the School District (as such terms are defined in the Insurance Policy), whether or not the Insurer has received a Notice of Nonpayment or a claim upon the Insurance Policy.

(k) The rights granted to the Insurer under this Trust Agreement or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the Insurer.

(l) The Insurer shall have the right to receive such additional information as it may reasonably request.

(m) The Corporation and the School District will permit the Insurer to discuss the affairs, finances and accounts of the Corporation and the School District or any information the Insurer may reasonably request regarding the security for the Certificates with appropriate officers of the Corporation and the School District and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Corporation and the School District on any Business Day upon reasonable prior notice.

(n) Any interest rate exchange agreement ("Swap Agreement") entered into by the Corporation on behalf of the School District or the School District shall meet the following conditions: (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by the Insurer, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to the payment of the Lease Payments evidenced by on the Certificates and on any debt on parity with the Certificates. Neither the Corporation nor the School District shall terminate a Swap Agreement unless it demonstrates to the satisfaction of the Insurer prior to the payment of any such termination amount that such payment will not cause the Corporation or the School District to be in default under the Related Documents, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least "A-" and "A3" by S&P and Moody's. If the counterparty or guarantor's rating falls below "A-" or "A3" by either S&P or Moody's, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to the Insurer. If the counterparty or the guarantor's long term unsecured rating falls below "Baa1" or "BBB+" by either Moody's or S&P, a replacement counterparty or guarantor, acceptable to the Insurer, shall be required.

Section 14.14 Information to be Provided to the Insurer. The School District or the Trustee shall furnish to the Insurer the following, as the case may be:

(a) Annual audited financial statements of the School District within 270 days after the end of the School District's fiscal year or, to the extent such audited financial statements are not available by such date, within 30 days after receipt by the School District thereof (together with a certification of the School District that it is not aware of any default or Event of Default under the Trust Agreement or the Lease), and the School District's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(b) Notice of any draw upon the Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of Certificates;

(c) Notice of any default actually known to the Trustee or School District within five Business Days after knowledge thereof;

(d) Prior notice of the advance refunding or prepayment of any of the Certificates, including the principal amount, maturities and CUSIP numbers thereof;

(e) Notice of the resignation or removal of the Trustee and the Registrar for the Certificates and the appointment of, and acceptance of duties by, any successor thereto;

(f) Notice of the commencement of any proceeding by or against the Corporation or the School District commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(g) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest evidenced by, the Certificates;

(h) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(i) All reports, notices and correspondence to be delivered to Owners under the terms of the Related Documents.

Section 14.15 Interested Parties.

(a) The Insurer as Third Party Beneficiary. The Insurer is hereby deemed a third party beneficiary of this Trust Agreement.

(b) Parties Interested Herein. Nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give grant to any person or entity, other than the School District, the Trustee, the Insurer, the Reserve Insurer and the Owners of the Certificates, any right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Trust Agreement contained by and on behalf of the School District shall be for the sole and exclusive benefit of the School District, the Corporation, the Trustee, the Insurer, the Reserve Insurer and the registered owners of the Certificates.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION

By: _____
President

SAN YSIDRO SCHOOL DISTRICT

By: _____
Superintendent

EXHIBIT A

FORM OF CERTIFICATE OF PARTICIPATION

R-__ $_____

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE TRUST AGREEMENT) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

SAN YSIDRO SCHOOL DISTRICT
2021 CERTIFICATE OF PARTICIPATION

Evidencing the Fractional Interest of the Owner Hereof
In Lease Payments to be Made by
SAN YSIDRO SCHOOL DISTRICT
As rental for a certain property
Pursuant to a Lease Agreement with the
SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION

Interest Rate	***Maturity Date***	***Dated Date***	***CUSIP***
___%	September 1, _____	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____DOLLARS

THIS IS TO CERTIFY THAT the registered owner named above, or registered assigns, as the registered owner (the "Registered Owner") of this Certificate of Participation (the "Certificate") is the owner of a fractional and undivided interest in the right to receive certain Lease Payments and Prepayments thereof under and as defined in that certain Lease Agreement, dated as of _____ 1, 2021 (the "Lease"), by and between the SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation") and the SAN YSIDRO SCHOOL DISTRICT, a school district organized and existing under and by virtue of the laws and Constitution of the State of California (the "School District"), which Lease Payments and Prepayments and certain other rights and interests under the Lease have been assigned to U.S. Bank National Association, as trustee, having

a corporate trust office in Los Angeles, California (the "Trustee") under a Trust Agreement, dated as of _____ 1, 2021 (the "Trust Agreement"), by and among the Trustee, the Corporation and the School District.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease, on the Maturity Date specified above, the Principal Amount specified above, representing a portion of the Lease Payments designated as principal coming due during the preceding twelve months, and to receive semiannually on March 1 and September 1 of each year, commencing _____ 1, 2021 (the "Payment Dates"), until payment in full of the Principal Amount, the Registered Owner's portion of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Payment Dates; provided that interest with respect hereto shall be payable from the Payment Date next preceding the date of execution of this Certificate (unless (i) this Certificate is executed on a Payment Date in which event it should be payable from the date thereof, (ii) this Certificate is executed after the close of business on the fifteenth day of the month preceding a Payment Date (the "Record Date") and prior to the following Payment Date, in which event interest shall be payable from such Payment Date, or (iii) it is executed on or prior to _____ 15, 2021 in which event interest evidenced thereby shall be payable from the Dated Date specified above; provided however, that if, as of any date, interest has not been paid when due with respect to any Outstanding Certificate, interest evidenced thereby shall be payable from the Payment Date to which interest has previously been paid or made available for payment with respect to Outstanding Certificates). The portion of the Lease Payments designated as interest is computed on the basis of a 360-day year of twelve 30-day months and is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the rate per annum identified above. Said amounts are payable in lawful money of the United States of America. The amount representing principal payable at maturity or upon prepayment in whole or in part is payable to the Registered Owner upon presentation and surrender of this Certificate at the Principal Office. The amounts representing interest are payable by check mailed by the Trustee on each Payment Date by first class mail to the Registered Owner hereof as of the Record Date preceding the Payment Date at the Registered Owner's address as it appears on the registration books of the Trustee. Interest evidenced by any Certificates may, at the option of any Owner of Certificates in an aggregate principal amount of $1,000,000 or more evidenced by the written request of such Owner to the Trustee, be paid to such Owner by wire transfer to the bank and account number on file with the Trustee as of the Record Date. Notwithstanding the foregoing, so long as DTC, or its nominee, is the Registered Owner of this Certificate principal and interest payments shall be made in accordance with DTC procedures.

This Certificate is one of the $_____ aggregate principal amount of the San Ysidro School District 2021 Certificates of Participation (the "Certificates") which have been executed and delivered by the Trustee pursuant to the terms of the Trust Agreement. The School District is authorized to enter into the Lease and the Trust Agreement under the Constitution and laws of the State of California. Reference is hereby made to the Lease and the Trust Agreement (copies of which are on file at the Principal Office) for a description of the terms on which the Certificates are delivered, the rights thereunder of the Owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the School District under the Lease, to all of the provisions of which Lease and Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

The School District is obligated to pay Lease Payments from any source of legally available funds, and the School District has covenanted in the Lease to make the necessary annual appropriations therefor. The obligation of the School District to pay the Lease Payments does not constitute an

obligation of the School District for which the School District is obligated to levy or pledge any form of taxation or for which the School District has levied or pledged any form of taxation. The obligation of the School District to pay Lease Payments does not constitute a debt of the School District, the State of California or any of its political subdivisions within the meaning of any Constitutional or statutory debt limitation or restriction. The School District's obligation to pay Lease Payments may be completely or partially abated during any period in which, by reason of material damage, destruction, title defect, or taking eminent domain or condemnation there is substantial interference with the use and right of possession by the School District of the Property. Failure of the School District to pay Lease Payments during any such period shall not constitute a default under the Lease, the Trust Agreement or this Certificate.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consents of the Insurer (so long as the Insurer is not in default on its payment obligations under the Insurance Policy) and the Owners of at least a majority in aggregate principal amount of the Certificates then Outstanding, and may be amended, without the consent of the Owners upon written notice to the Insurer under certain circumstances, but in no event such that the interests of the Owners of the Certificates are adversely affected. No such modification or amendment shall (i) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, or diminish the security afforded by the Insurance Policy, without the express consent of the Owner of such Certificate and the Insurer as and to the extent described in the Trust Agreement, or (ii) reduce the percentage of Owners whose consent is required for the affirmative vote or written consent to an amendment or modification of the Trust Agreement, (iii) modify any of the rights or obligations of the Trustee without its written assent thereto, or (iv) amend the section of the Trust Agreement dealing with permitted amendments thereof without the prior written consent of the Owners of all Certificates and the Insurer (so long as the Insurer is not in default in its payment obligations under the Insurance Policy) as and to the extent described in the Trust Agreement.

This Certificate is transferable by the Registered Owner hereof, in person or by his duly authorized attorney, at the Principal Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates, of an authorized denomination or denominations, for the same aggregate principal amount, maturity and interest rate, will be delivered to the transferee. This Certificate also may be exchanged for a like aggregate principal amount of Certificates of other authorized denominations as prescribed in the Trust Agreement. The School District, the Corporation and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes whether or not this Certificate shall be overdue, and the School District, the Corporation and the Trustee shall not be affected by any notice to the contrary.

The Trustee shall not be required to transfer any Certificate selected for prepayment or be required to transfer any Certificate during the period in which the Trustee is selecting Certificates for prepayment.

Extraordinary Prepayment. The Certificates are subject to prepayment prior to their respective maturity dates on any date, in whole or in part, from Net Proceeds which the Trustee shall transfer to the Prepayment Fund as provided in the Lease at least 45 days prior to the date set for prepayment and credited towards the prepayment made by the School District pursuant to the Lease, at a prepayment

price equal to the Principal Component of the Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Optional Prepayment. The Certificates maturing on or after September 1, ____, are subject to optional prepayment prior to their respective maturity dates on any date on or after _____, in whole or in part, at the option of the School District, from any lawfully available source of funds in the event the School District exercises its option under the Lease to prepay the Principal Component of the Lease Payments (in integral multiples of $5,000), at a prepayment price equal to the Principal Component of the Lease Payments to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

Mandatory Prepayment. The Certificates maturing on September 1, ____ are subject to mandatory prepayment in part, by lot, on September 1, ____, and each September 1 thereafter prior to maturity, at a prepayment price equal to the principal amount thereof, together with accrued interest to the date fixed for prepayment, without premium, and to payment at maturity in the amounts set forth in the following table:

Term Certificates Due on September 1, ____

Year (September 1)	***Principal Amount***
	$
(Maturity)	

The Certificates maturing on September 1, ____ are subject to mandatory prepayment in part, by lot, on September 1, ____, and each September 1 thereafter prior to maturity, at a prepayment price equal to the principal amount thereof, together with accrued interest to the date fixed for prepayment, without premium, and to payment at maturity in the amounts set forth in the following table:

Term Certificates Due on September 1, ____

Year (September 1)	***Principal Amount***
	$
(Maturity)	

In the event of a partial optional prepayment of the Certificates maturing on September 1, ____ or September 1, ____, each of the remaining mandatory sinking fund payments for such Certificates will be reduced, as nearly as practicable, on a pro rata basis in the amount of $5,000 or any integral multiple thereof, as directed by the School District.

As provided in the Trust Agreement, notice of prepayment shall be given to the Depository in the manner agreed to by the Depository and the Trustee, or if no longer held in book-entry form shall be mailed by first class mail, postage prepaid, not less than 30 nor more than 60 days before the prepayment date, to the Owners of the Certificates to be prepaid, but neither failure to receive such notice nor any defect in the notice so given shall affect the sufficiency of the proceedings for

prepayment. Any notice of prepayment for an optional prepayment may be conditional as described in the Trust Agreement. If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, interest shall cease to accrue with respect hereto from and after the date fixed for prepayment.

The School District has certified that all acts, conditions and things required by the laws of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Certificate do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Certificate, and that the amount of this Certificate, together with all other Certificates executed and delivered under the Trust Agreement, is not in excess of the amount of Certificates authorized to be executed and delivered thereunder.

Terms used herein which are not otherwise defined shall have the respective meanings assigned thereto in the Trust Agreement.

The Trustee has no obligation or liability to the Registered Owner of this Certificate to make payments of principal or interest evidenced by this Certificate except from Lease Payments paid to the Trustee and from the various funds and accounts established under the Trust Agreement. The Trust Agreement provides that the recitals of facts, covenants and agreements in this Certificate shall be taken as statements, covenants and agreements of the School District, and the Trustee assumes no responsibility for the correctness of the same. The Trustee has executed this Certificate solely in its capacity as Trustee under the Trust Agreement and not in its individual or personal capacity.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by U.S. Bank National Association, as Trustee, acting pursuant to the Trust Agreement.

Date of Execution: _____ U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

[FORM OF STATEMENT OF INSURANCE]

[TO COME]

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

(print or typewrite name, address, including postal zip code,
and social security or other identifying number of Transferee)

_____

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

_____

to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.	NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Certificate in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B-1

FORM OF WRITTEN DELIVERY COST REQUISITION

_____
_____
_____

RE: Disbursement from the Delivery Cost Fund pursuant to Section 3.01 of the Trust Agreement related to the San Ysidro School District 2021 Certificates of Participation, dated as of _____ 1, 2021 (the "Agreement"), by and among U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee"), SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION (the "Corporation") and the SAN YSIDRO SCHOOL DISTRICT (the "School District").

REQUISITION NO. _____

You are hereby instructed to pay to the School District, or to _____ at _____ $_____ as a Delivery Cost from the Delivery Cost Fund as provided in Section 3.01 of the Agreement. This Delivery Cost has been properly incurred, is a proper charge against the Delivery Cost Fund and has not been the basis of any previous disbursements.

The amount remaining in the Delivery Cost Fund, together with interest earnings on the Delivery Cost Fund plus investment earnings will, after payment of the amount set forth in this requisition, be sufficient to pay all remaining Delivery Costs as presently estimated.

Very truly yours,

[form only; no signature required]_____
School District Representative

EXHIBIT B-2

FORM OF WRITTEN PROJECT COST REQUISITION

_____
_____
_____

RE: Disbursement from the Project Fund pursuant to Section 3.03 of the Trust Agreement related to the San Ysidro School District 2021 Certificates of Participation, dated as of _____ 1, 2021 (the "Agreement"), by and among U.S. Bank National Association, as trustee (the "Trustee"), SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION (the "Corporation") and the SAN YSIDRO SCHOOL DISTRICT (the "School District")

REQUISITION NO. _____

You are hereby instructed to pay to the School District, or to the payee(s) listed in Exhibit A hereto, the amount(s) set forth in Exhibit A as a Project Cost from the Project Fund as provided in Section 3.03 of the Agreement. This Project Cost has been properly incurred, is a proper charge against the Project Fund and has not been the basis of any previous disbursements.

Very truly yours,

[form only; no signature required]
School District Representative

EXHIBIT A TO EXHIBIT B-2

Payee	*Description*	*Amount*

RECORDING REQUESTED BY:
San Ysidro School District

AND WHEN RECORDED MAIL TO:
Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attn: Robert J. Whalen, Esq.

[Space above for Recorder's use.]

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11921 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTIONS 27383 AND 27388.1(a)(2)(D) OF THE CALIFORNIA GOVERNMENT CODE.

ASSIGNMENT AGREEMENT

by and between

SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of _____ 1, 2021

Relating to

$_____
SAN YSIDRO SCHOOL DISTRICT
2021 CERTIFICATES OF PARTICIPATION

ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT is executed and entered into as of _____ 1, 2021 by the SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California, including without limitation, Sections 5110 *et seq*. of the Corporations Code of the State of California (the "Corporation"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee under the Trust Agreement (defined below) (the "Trustee");

W I T N E S S E T H :

WHEREAS, the Corporation and the San Ysidro School District, a school district duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "District"), have executed and entered into a Site Lease (the "Site Lease") and a Lease Agreement (the "Lease"), each dated as of the date hereof and being recorded concurrently herewith, whereby respectively, the District has agreed to lease certain real property of the District described in Exhibit A to the Site Lease and in Exhibit A hereto (the "Real Property") and any facilities and improvements located thereon now or in the future (together with the Real Property, the "Property"), to the Corporation and the Corporation has agreed to lease back such Property to the District, as provided in the Lease; and

WHEREAS, under and pursuant to the Lease, the District is obligated to make Lease Payments, as defined therein, to the Corporation for the lease of the Property; and

WHEREAS, the Corporation desires to assign to the Trustee irrevocably and absolutely, without recourse, all its rights to receive the Lease Payments scheduled to be paid by the District under and pursuant to the Lease and certain of its other rights under the Lease as described herein; and

WHEREAS, the Corporation desires to assign to the Trustee irrevocably and absolutely, without recourse, all of its rights to, under and pursuant to the Site Lease to the Trustee; and

WHEREAS, in consideration of such irrevocable and absolute assignment and the execution and entering into of a Trust Agreement (the "Trust Agreement") to be executed and entered into as of the date hereof, by and among the Trustee, the Corporation and the District, the Trustee has agreed to execute and deliver certificates of participation designated San Ysidro School District 2021 Certificates of Participation (the "Certificates") in an aggregate principal amount equal to the aggregate principal components of such Lease Payments; and

WHEREAS, the Corporation has determined that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Assignment Agreement (the "Assignment Agreement") do exist, have happened and have been performed in regular and due time, form and manner as required by law and the parties hereto are now duly authorized to execute and enter into the Assignment Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Assignment.

(a) Site Lease. The Corporation hereby irrevocably and absolutely transfers, assigns and sets over to the Trustee, for the benefit of the Owners (as defined in the Trust Agreement) of the Certificates and any Additional Certificates executed and delivered under the Trust Agreement, all of the Corporation's rights, title, and interest, but none of its obligations, under the Site Lease.

(b) Lease. The Corporation hereby irrevocably and absolutely transfers, assigns and sets over to the Trustee, for the benefit of the Owners of the Certificates and any Additional Certificates executed and delivered under the Trust Agreement, all of the Corporation's rights, title and interest under the Lease (excepting only the Corporation's rights under Sections 2.1(e), 4.11 and 9.4 of the Lease, and the Corporation's rights to give consents and approvals prior to an event of default under the Lease), including, without limitation, (1) the right to receive and collect all of the Lease Payments, Additional Payments, Prepayments, and Reserve Replenishment Rent (as such terms are defined in the Trust Agreement) from the District under the Lease, (2) the right to receive and collect any proceeds of any insurance maintained under the Lease, or any condemnation award rendered with respect to the Property, or of any lease of the Property in the event of a default by the District under the Lease, (3) the right to take all actions and give all consents under Section 9.2 (regarding defaults) of the Lease, (4) the right to exercise such rights and remedies conferred on the Corporation pursuant to the Lease as may be necessary or convenient (i) to enforce payment of the Lease Payments, Additional Payments, Prepayments, and Reserve Replenishment Rent and any other amounts required to be deposited in the Lease Payment Fund, the Prepayment Fund, the Reserve Fund or the Net Proceeds Fund established under the Trust Agreement, or (ii) otherwise to protect the interests of the Corporation in the event of a default by the District under the Lease, and (5) the right of the Corporation to be paid its fees and expenses for repossessing and/or re-leasing the Property upon events of default under the Lease, as provided in Section 9.2 (a) and (b) of the Lease.

(c) Assignment for Owners of Certificates and Additional Certificates. All rights assigned by the Corporation shall be administered by the Trustee as assignee thereof according to the provisions of the Trust Agreement and for the equal and proportionate benefits of the Owners of the Certificates and any Additional Certificates.

Section 2. Acceptance. The Trustee hereby accepts the foregoing assignment for the benefit of the Owners of the Certificates and any Additional Certificates, subject to the conditions and terms of the Trust Agreement, and all such Lease Payments, Prepayments, Reserve Replenishment Rent and other amounts assigned hereunder shall be applied and all such rights so assigned shall be exercised by the Trustee under and pursuant to the Trust Agreement.

Section 3. Conditions. This Assignment Agreement shall confer no rights and shall impose no obligations upon the Trustee beyond those expressly provided in the Trust Agreement. The Trustee does not warrant the accuracy of the recitals hereto. The Trustee shall not be responsible for any representations, covenants or warranties of the Corporation. The assignment hereunder is to the Trustee solely in its capacity as Trustee under the Trust Agreement and not in its individual or personal capacity. The Trustee is not responsible for any representations, warranties or covenants made by the Corporation under the Lease or the Site Lease.

Section 4. Specific Amendment. Notwithstanding anything herein to the contrary, each time that there is a substitution or release of all or a portion of the Property in accordance with Section 7.12 of the Lease, the parties hereto shall enter into an amendment hereto such that the description of

the Property described in Exhibit A hereto shall match the corresponding revised description in the Lease.

Section 5. No Other Claims. The Corporation hereby represents and warrants that there are no present and outstanding claims on Lease Payments or any other moneys assigned by the Corporation to the Trustee hereunder.

Section 6. Counterparts. This Assignment Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7. Applicable Law. This Assignment Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 8. Third Party Beneficiary. _____, as insurer of the Certificates, is a third party beneficiary of this Assignment Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed and entered into the Assignment Agreement by their officers thereunto duly authorized as of the day and year first above written.

SAN YSIDRO SCHOOLS PUBLIC FINANCING CORPORATION

By: _____
President

[SIGNATURES CONTINUED ON NEXT PAGE.]

[SIGNATURE PAGE CONTINUED.]

Accepted by:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

_____
SIGNATURE OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

_____
SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

THAT REAL PROPERTY IN THE CITY OF _____, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

APN: _____

END OF LEGAL DESCRIPTION

$[PAR AMOUNT]
2021 REFUNDING CERTIFICATES OF PARTICIPATION
Evidencing the Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
SAN YSIDRO SCHOOL DISTRICT
(San Diego County, California)

CERTIFICATE PURCHASE AGREEMENT

[DATE], 2021

San Ysidro School District
4350 Otay Mesa Road
San Ysidro, California 92173

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), acting on its own behalf and not as the District's (as defined herein) fiduciary or agent, offers to enter into this Certificate Purchase Agreement (the "Purchase Agreement") with the San Ysidro School District (the "District"), which, upon the District's acceptance hereof, will be binding upon the District and the Underwriter. The agreement of the Underwriter to purchase the Certificates (as hereinafter defined) is contingent upon the District purchasing the Community Facilities District No. 3 of the San Ysidro School District 2021 Special Tax Bonds (the "CFD No. 3 Bonds"). This offer is made subject to the written acceptance of this Purchase Agreement by the District and delivery of such acceptance to the Underwriter at or prior to 11:59 p.m., California time, on the date hereof. All terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in the hereinafter defined Trust Agreement.

Section 1. Purchase and Sale of the Certificates. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of $[PAR AMOUNT] aggregate principal amount of the District's 2021 Refunding Certificates of Participation (the "Certificates"). The Underwriter shall purchase the Certificates at a price of $[PURCHASE PRICE] (which is equal to the principal amount of the Certificates of $[PAR AMOUNT], [plus [net] original issue premium of $[OIP]], and less Underwriter's discount of $[UNDERWRITER'S DISCOUNT]). From such purchase price of the Certificates, the District hereby instructs the Underwriter to wire on the Closing Date (as defined herein) a portion of the purchase price equal to $[POLICY PREMIUM] in immediately available funds to [BOND INSURER] (the "Insurer"), which amount represents the premium and fees for the Policy and the Reserve Policy (each as defined below).

The District acknowledges that the Underwriter is entering into this Purchase Agreement in reliance on the representations and agreements made by the Authority herein and by CFD No. 3 in the Local Obligation Purchase Agreement (as defined herein), and the District shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriter and shall

immediately notify the Underwriter if it becomes aware that any representation or agreement made by the District herein is incorrect in any material respect.

Inasmuch as this purchase and sale represents a negotiated transaction, the District acknowledges and agrees that: (i) the transaction contemplated by this Purchase Agreement is an arm's-length commercial transaction by and between the District and the Underwriter, in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the District; (ii) the Underwriter has not assumed a financial advisor or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto, irrespective of whether or not the Underwriter or an affiliate of the Underwriter has provided other services or is currently providing other services to the District on other matters; (iii) the Underwriter is acting solely in its capacity as an underwriter for its own account; (iv) the only obligation the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (v) the District has consulted with its own legal, accounting, tax, financial and other advisors to the extent it deemed appropriate in connection with the offering of the Certificates. The District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter's disclosure under Rule G-17 of the Municipal Securities Rulemaking Board ("MSRB").

Section 2. The Certificates. The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of _____ 1, 2021 (the "Trust Agreement"), by and among U.S. Bank National Association, as trustee (the "Trustee"), the San Ysidro Schools Public Finance Corporation (the "Corporation") and the District to acquire and purchase the CFD No. 3 Bonds. Pursuant to a Site Lease, dated as of _____ 1, 2021 (the "Site Lease"), the District will lease certain property owned by the District as more particularly described therein (the "Property"), to the Corporation, and will lease the Property back from the Corporation pursuant to a Lease Agreement, dated as of _____ 1, 2021 (the "Lease"), by and between the Corporation and the District. The Certificates evidence fractional interests in Lease Payments to be made by the District, as lessee under the Lease. Pursuant to an Assignment Agreement, dated as of _____ 1, 2021 (the "Assignment Agreement"), by and between the Corporation and the Trustee, the Corporation will assign to the Trustee, for the benefit of the Owners of the Certificates, substantially all of its rights under the Site Lease and under the Lease. The Certificates shall conform in all respects to the terms and provisions set forth in the Trust Agreement and in this Purchase Agreement, including as set forth in Appendix A hereto. The Certificates shall be dated the date of their delivery, shall have interest payment dates of March 1 and September 1, commencing March 1, 2021 (the "Interest Payment Dates"), shall mature on September 1 in each of the years, and shall evidence and represent principal components of Lease Payments in the principal amounts, with interest components with respect thereto calculated at the rates, all as shown in Appendix A. The Certificates shall initially be in authorized denominations of $5,000 principal amount or any integral multiple thereof. The Certificates shall be subject to optional, special mandatory and mandatory sinking fund prepayment on the terms and at the times shown in Appendix A hereto and in the Trust Agreement.

Payment of the principal and interest with respect to the Certificates when due shall be insured by a municipal bond insurance policy (the "Policy") to be issued by the Insurer. The District will also obtain and cause to be deposited in the Debt Service Reserve Fund established

by the Trust Agreement a municipal bond debt service reserve insurance policy (the "Reserve Policy") issued by the Insurer (in such capacity, the "Reserve Insurer") in an amount equal to the Reserve Requirement.

The proceeds of the Certificates will be used to purchase the CFD No. 3 Bonds pursuant to the terms of a Local Obligation Purchase Contract dated as of the date hereof (the "Local Obligation Purchase Contract") by and between the District and Community Facilities District No. 3 of the San Ysidro School District ("CFD No. 3"). In order to effect the issuance of the CFD No. 3 Bonds, the legislative body of the District will enter into a Bond Indenture dated as of _____, 2021 (the "Indenture"), by and between the District and U.S. Bank National Association, as fiscal agent thereunder (the "Fiscal Agent"). The proceeds of the CFD No. 3 Bonds will be used to (i) prepay the outstanding San Ysidro School District, 2012 Certificates of Participation (the "2012 Certificates"), (ii) finance the costs of the acquisition, construction and installation of certain capital improvements, (iii) acquire the Policy and the Reserve Policy for the Certificates, and (iv) pay the costs related to the execution and delivery of the Certificates. A portion of the proceeds of the purchase of the CFD No. 3 Bonds will be deposited into an escrow fund (the "Escrow Fund") to be created and maintained by U.S. Bank National Association, as escrow agent (the "Escrow Agent") pursuant to an Escrow Agreement, dated as of _____ 1, 2021 (the "Escrow Agreement") by and between the District and the Escrow Agent. Amounts in the Escrow Fund will be applied to prepay the 2012 Certificates.

The District previously established Community Facilities District No. 1 of the San Ysidro School District ("CFD No. 1"), Community Facilities District No. 2 of the San Ysidro School District ("CFD No. 2") and CFD No. 3 (CFD No. 3, together with CFD No. 1 and CFD No. 2, the "CFDs") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act"). Pursuant to separate elections held in CFD No. 1, CFD No, 2 and CFD No. 3, respectively, CFD No. 1, CFD No. 2 and CFD No. 3 are each authorized to levy and collect special taxes for the purpose of financing certain authorized school facilities as approved at the election within each respective CFD.

The District has previously pledged the special taxes collected from within the CFDs, after the deduction of certain administrative expenses (the "Special Taxes"), to the payment of certain of the District's 2012 Certificates, the District's 2015 Refunding Certificates of Participation (the "2015 Certificates") and the District's 2016 Refunding Certificates of Participation (the "2016 Certificates"), that are payable from the Special Taxes on a parity basis with each other pursuant to certain pledge agreements, together with amendments and supplements thereto (as so supplemented and amended, the "Pledge Agreements"), by and between the District and each of the CFDs. In connection with the execution and delivery of the Certificates, the District and each CFD will enter into an amendment and supplement to the applicable Pledge Agreement that will pledge the Special Taxes to the payments of the Certificates on a parity basis with the pledge thereon of the 2015 Certificates and the 2016 Certificates.

The District and the CFDs have also entered into a Special Tax Pooling Agreement, pursuant to which the District and the CFDs agree that the Special Taxes will be transferred to the District and held to make, on a parity basis with the 2015 Certificates and the 2016 Certificates, the payments due on the CFD No. 3 Bonds, which payments shall in turn be used to make the

payments due on the Certificates. Pursuant to the Special Tax Pooling Agreement, the District and the CFDs agree that to the extent Special Taxes are directly used to make the Lease Payments, such payments shall satisfy the obligation of CFD No. 3 to make the corresponding payments on the CFD No. 3 Bonds. Accordingly, the debt service on the CFD No. 3 Bonds has been sized to match the debt service on the Certificates. The Local Obligation Purchase Contract, the Indenture, the Pledge Agreements and the Special Tax Pooling Agreement are hereby collectively referred to as the "CFD Documents". The issuance of the CFD No. 3 Bonds and the execution of the CFD Documents have been duly authorized by CFD No. 3, pursuant to a resolution (the "CFD No. 3 Resolution") adopted by the Governing Board of the District (the "Governing Board"). The execution of the amendments to the Pledge Agreement and the Special Tax Pooling Agreement by CFD No. 1 and CFD No. 2 have been duly authorized by CFD No. 1 and CFD No. 2, respectively, pursuant to two separate resolutions (collectively, the "CFD No. 1 and CFD No. 2 Resolutions", and together with CFD No. 3 Resolution, the "CFD Resolutions") adopted by the Governing Board of the District.

The Certificates shall be in full book-entry form. One fully registered certificate for each maturity of the Certificates will be prepared and delivered as described in Section 7 hereof, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be made available to the Underwriter for inspection at such place as may be mutually agreed to by the Underwriter and the District, not less than one business day prior to the Closing Date. The Underwriter shall order CUSIP identification numbers and the District shall cause such CUSIP identification numbers to be printed on the Certificates, but neither the failure to print such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Certificates in accordance with the terms of this Purchase Agreement.

Section 3. Use of Documents. The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Certificates, this Purchase Agreement, the Preliminary Official Statement and the Official Statement (each as defined below), the District Resolution (as defined herein), the Site Lease, the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Escrow Agreement, the CFD Documents, the CFD Resolutions and the Continuing Disclosure Certificate (as defined herein), and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement, except as such other documents shall otherwise provide. The District Resolution, this Purchase Agreement, the Site Lease, the Lease Agreement, the Trust Agreement, Assignment Agreement, the Escrow Agreement, the CFD Documents, the CFD Resolutions, the Continuing Disclosure Certificate, and Official Statement are collectively referred to as the "Legal Documents." The District does not object to distribution of the Preliminary Official Statement and the Official Statement in electronic form.

Section 4. Establishment of Issue Price.

(a) The Underwriter agrees to the District in establishing the issue price of the Certificates and shall execute and deliver to the District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such

modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Special Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates. All actions to be taken by the District under this section to establish the issue price of the Certificates may be taken on behalf of the District by the District's municipal advisor, Dale Scott & Company, Inc. (the "Municipal Advisor"), and any notice or report to be provided to the District may be provided to the District's Municipal Advisor.

(b) Except as otherwise set forth in Appendix A attached hereto, the District will treat the first price (meaning single) at which 10% of each maturity of the Certificates (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of Certificates. If at that time the 10% test has not been satisfied as to any maturity of the Certificates, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Certificates of that maturity to the public. Unless the hold-the-offering-price rule (described below) applies, that reporting obligation shall continue, whether or not the Closing Date (as defined herein) has occurred, until either (i) the Underwriter has sold all Certificates of that maturity or (ii) the 10% test has been satisfied as to the Certificates of that maturity, provided that, the Underwriter's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or Special Counsel. For purposes of this Section, if Certificates mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Certificates.

(c) The Underwriter confirms that it has offered the Certificates to the public on or before the date of this Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Appendix A attached hereto, except as otherwise set forth therein. Appendix A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Certificates for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the end of the day immediately following the day of execution of this Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Certificates, the Underwriter will neither offer nor sell unsold Certificates of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5^{th}) business day after the sale date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (A) to report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (B) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The District acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates.

(f) The Underwriter acknowledges that sales of any Certificates to any person that is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party;

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the public);

(iii) a purchaser of any of the Certificates is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) "sale date" means the date of execution of this Purchase Agreement by all parties.

Section 5. Review of Official Statement. The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Certificates, dated [DATE], 2021 (the "Preliminary Official Statement"). The District represents that it has duly authorized and caused the preparation and delivery of the Preliminary Official Statement and it has deemed the Preliminary Official Statement to be final, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s), prepayment provisions and other terms of the Certificates which depend upon the foregoing as provided in and pursuant to Rule l5c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), and consents to and ratifies the use and distribution by the Underwriter of the Preliminary Official Statement in connection with the public offering of the Certificates by the Underwriter.

The Underwriter agrees that prior to the time the final Official Statement relating to the Certificates is available, the Underwriter will send to any potential purchaser of the Certificates, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first-class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

The Underwriter hereby represents that it will provide, consistent with the requirements of MSRB Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Certificates during the underwriting period (as such term is defined in MSRB Rule G-11), and deliver a copy of the Official Statement to the MSRB in electronic format as prescribed by the MSRB on or before the Closing Date, and that it will otherwise comply with all applicable statutes and regulations in connection with the offering and sale of the Certificates, including, without limitation, MSRB Rule G-32 and G-36 and the Rule.

Section 6. Closing Date. At 9:00 a.m., California time, on [CLOSING DATE], 2021, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (the "Closing Date"), the District will deliver to the Underwriter, through the facilities of DTC utilizing DTC's FAST delivery system, or as the District and the Underwriter may otherwise mutually agree upon, the Certificates in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Special Counsel, in Newport Beach, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to or upon the order of the District.

Section 7. Representations, Warranties and Agreements of the District. The District hereby represents, warrants and agrees with the Underwriter that:

(a) ***Due Organization***. The District is a school district duly organized and validly existing under the laws of the State of California (the "State").

(b) ***Due Authorization***. (i) At or prior to the Closing Date, the District will have taken all action required to be taken by it to authorize the execution and delivery of the Certificates; (ii) the District has full legal right, power and authority to enter into this Purchase Agreement, to authorize and to execute the Legal Documents to which it is a party (the "District Documents"), to purchase the CFD No. 3 Bonds, and to observe and perform the covenants and agreements made in this Purchase Agreement and contained in the Legal Documents to be observed and performed by the District; (iii) the District has duly authorized the execution and delivery of this Purchase Agreement, the District Documents and the Certificates by resolution of the District adopted on January __, 2021 (the "District Resolution"); (iv) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the District Documents have been duly authorized and such authorization shall be in full force and effect at the time of the Closing Date; (v) this Purchase Agreement constitutes a valid and legally binding obligation of the District; (vi) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement; (vii) the District has duly adopted the District Resolution in accordance with the laws of the State; and (viii) the District Resolution is in full force and effect and has not been amended, modified or rescinded.

(c) ***Consents***. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the execution, delivery or sale of the Certificates or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) ***Internal Revenue Code***. The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Certificates, and the District shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Certificates, or the exemption from California personal income tax of the interest on the Certificates.

(e) ***No Conflicts***. To the best knowledge of the District, the execution of the Certificates, and the execution, delivery and performance of the District Documents and the Certificates, and the compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) ***Litigation***. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body pending, or to the knowledge of the District, threatened, in any way affecting the existence of the District or the titles of its officers executing any of the District Documents to their respective offices or seeking to restrain or to enjoin the execution, sale or delivery of the Certificates or the CFD No. 3 Bonds, the application of the proceeds thereof in accordance with the Trust Agreement, or in any way questions the formation or existence of the CFDs, or in any way contesting or affecting the validity or enforceability of the Certificates, the District Resolution, the Legal Documents, any other applicable agreements necessary for the delivery of the Certificates, the CFD No. 3 Bonds, this Purchase Agreement, or any action of the District or any of the CFDs contemplated by any of said documents, or contests the powers of the District or any of the CFDs, or their respective authority, to levy and collect the Special Taxes in the CFDs, or in any way contesting the completeness or accuracy of the Official Statement or the powers of the District or its authority with respect to the Certificates, the District Resolution, the Legal Documents, any other applicable agreement necessary for the delivery of the Certificates, the CFD No. 3 Bonds, this Purchase Agreement or any action of the District contemplated by any of said documents, or in any way seeking to enjoin or restrain the District from occupying and using the Property, or which would adversely affect the exclusion from gross income for federal income tax purposes of interest due with respect to the Certificates or the exemption of such interest from California personal income taxation, or which if determined adversely to the District would have a material and adverse effect upon the financial condition, assets or properties of the District or would affect its financial ability to make the Lease Payments; nor to the knowledge of the District, is there any basis therefor.

(g) ***No Other Debt***. Between the date hereof and the Closing Date, without the prior written consent of the Underwriter, neither the District directly, nor any other governmental agency or other body on behalf of the District will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement or otherwise consented to in writing by the Underwriter.

(h) ***Certificates***. Any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(i) ***Continuing Disclosure***. At or prior to the Closing Date, the District shall have duly authorized, executed and delivered a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"). The Continuing Disclosure Certificate shall comply with the provisions of the Rule and be substantially in the form attached to the Preliminary Official Statement and Official Statement in Appendix E. Except as otherwise described in the Preliminary Official Statement and the Official Statement, the District has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure certificate or agreement under the Rule.

(j) ***Official Statement Accurate and Complete***. The Preliminary Official Statement (except for statements and information regarding DTC or its book-entry-only system, the Insurer, the Policy, or the Reserve Policy included therein), at the date thereof, did not contain any untrue 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. At the date hereof and on the Closing Date, the Official Statement (except for statements and information regarding DTC or its or its book-entry-only system, the Insurer, the Policy, or the Reserve Policy included therein) did not and will not contain any untrue 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. If the Official Statement is supplemented or amended pursuant to paragraph (g) of Section 9 of this Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.

(k) ***Authorizations Related to CFDs.*** The Governing Board, as the legislative body of the CFDs, has duly and validly called, held and conducted an election within each CFD to approve the levy of the Special Taxes and the issuance of bonds by the CFDs, including the CFD No. 3 Bonds. The Special Tax has been duly and lawfully authorized and may be levied under the Act. Pursuant to the Act, the Special Tax constitutes a valid and legally binding lien on the properties upon which it has been levied.

(l) ***Required Notices.*** The District has complied with all of the requirements of Section 17150.1(a) of the California Education Code.

(m) ***Underwriter Not Fiduciary.*** Inasmuch as this purchase and sale represents a negotiated transaction, the District understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the District, but rather is acting solely in its capacity as Underwriter, for its own account.

(n) ***Financial Statements of District***. The financial statements of the District contained in the Preliminary Official Statement and Official Statement fairly present the financial position and results of operations of the District as of the dates and for the periods therein set forth, and, since the date thereof, there has been no material adverse change in the financial position or results of operations of the District. The District is not a party to any litigation or other proceedings pending, or to its best knowledge, threatened, which if decided adversely to the District would have a materially adverse effect on the financial condition of the District.

(o) ***2012 Certificates.*** The District has not entered into any contract or agreement that would limit or restrict the District's ability to refund the 2012 Certificates or enter into this Purchase Agreement for the sale of the Certificates to the Underwriter.

Section 8. Representations and Agreements of the Underwriter. The Underwriter represents to and agrees with the District that, as of the date hereof and as of the Closing Date:

(a) The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken of it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

(c) The Underwriter has not paid or agreed to pay, nor will it pay or agree to pay, any entity, company, firm, or person (including, but not limited to any officer, agent or employee of the District), other than a bona fide officer, agent or employee working for the Underwriter, any compensation, fee, gift or other consideration contingent upon or resulting from the award of or entering into this Purchase Agreement.

(d) By entering into this Purchase Agreement, the Underwriter certifies that it and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, or for the duration of this Purchase Agreement will not engage in, a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. The Underwriter understands that "boycott" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

(e) The Underwriter has, and has had, no financial advisory relationship with the District with respect to the Certificates, as such term is defined in MSRB Rule G-23 and California Government Code Section 53590(c), and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

Section 9. Covenants of the District. The District covenants and agrees with the Underwriter that:

(a) ***Securities Laws***. The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request, at the Underwriter's cost and expense, in order to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations or such states and jurisdictions; provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof.

(b) ***Application of Proceeds***. The District will apply the proceeds from the sale of the Certificates for the purposes specified in the Trust Agreement.

(c) ***Official Statement***. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh business day following the date this

Purchase Agreement is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") in such quantities as may be requested by the Underwriter, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Certificates.

(d) ***Subsequent Events***. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect in any material respect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is 25 days following the End of the Underwriting Period (as defined below).

(e) ***Filings***. The District authorizes the Underwriter to file, to the extent required by the applicable rules promulgated by the Securities and Exchange Commission or the MSRB, and the Underwriter agrees to file or cause to be filed, the Official Statement with (i) the MSRB or its designee (including the MSRB's Electronic Municipal Market Access system); or (ii) other repositories approved from time to time by the Securities and Exchange Commission (either in addition to or in lieu of the filing referred to above). If an amended Official Statement is prepared in accordance with Section 10(g) of this Purchase Agreement, and if required by an applicable Securities and Exchange Commission Rule or MSRB rule, the Underwriter also shall make the required filings of the amended Official Statement.

(f) ***References***. References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

(g) ***Amendments to the Official Statement***. During the period ending on the twenty-fifth day after the End of the Underwriting Period (or such other period as may be agreed to by the District and the Underwriter), the District (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter, provided that the Underwriter may not unreasonably withhold such approval and that the Underwriter may not object to such amendments or supplements if they result in a correction of the Official Statement and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the District, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare and furnish to the Underwriter, at the District's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually

agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing Date, the District also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

For purposes of this Agreement, the "End of the Underwriting Period" is used as defined in the Rule and shall occur on the later of (A) the Closing Date; or (B) when the Underwriter no longer retains an unsold balance of the Certificates; unless otherwise advised in writing by the Underwriter on or prior to the Closing Date, or otherwise agreed to by the District and the Underwriter, the District may assume that the End of the Underwriting Period is the Closing Date.

Section 10. Conditions to Closing Date. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter's obligations under this Purchase Agreement are, and shall be subject at the option of the Underwriter, to the following further conditions at the Closing Date:

(a) ***Representations True***. The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing Date, as if made at and as of the Closing Date, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing Date pursuant hereto shall be true, complete and correct in all material respects on the Closing Date; and the District shall be in compliance with each of the agreements made by it in this Purchase Agreement.

(b) ***Obligations Performed***. At the time of the Closing Date, (i) the Official Statement, the Legal Documents, the CFD No. 3 Bonds, the District Resolution, the CFD Resolutions and the Corporation Resolution (as hereinafter defined) shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (ii) all actions under California law which, in the opinion of Special Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of its obligations required under or specified in the Legal Documents or the Official Statement to be performed at or prior to the Closing Date.

(c) ***Adverse Rulings***. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened which has any of the effects described in Section 7(f) hereof or contesting in any way the completeness or accuracy of the Official Statement.

(d) ***Official Statement.*** The information contained in the Official Statement (other than statements pertaining to DTC or the book entry system or any information

provided by the Underwriter, as to which no view is expressed), will be, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant hereto, true and correct in all material respects and will not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading

(e) ***Marketability***. Between the date hereof and the Closing Date, the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Certificates, at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected, in the reasonable judgment of the Underwriter (evidenced by a written notice to the District terminating the obligation of the Underwriter to accept delivery of and pay for the Certificates), by reason of any of the following:

(i) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made or proposed to be made:

(A) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly (except as described in the Official Statement), of causing the inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Certificates; or

(B) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Certificates or the CFD No. 3 Bonds, or obligations of the general character of the Certificates or the CFD No. 3 Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement or the Local Obligations Documents are not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Certificates or the CFD No. 3 Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, would be in violation of any provision of the federal securities laws;

(ii) legislation enacted by the legislature of the State, or a decision rendered by a court of the State, or a ruling, order or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Certificates in the hands of the holders thereof;

(iii) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis;

(iv) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(v) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Certificates, or obligations of the general character of the Certificates, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(vi) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Certificates, or obligations of the general character of the Certificates, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(vii) any underlying rating of the District's outstanding indebtedness is withdrawn or downgraded or placed on credit watch by a national rating agency;

(viii) a suspension by the Securities and Exchange Commission of trading of any outstanding securities of the District;

(ix) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District's securities (or interest thereon) or the validity or enforceability of any of the Legal Documents;

(x) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse 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 to make the statements made therein, in light of the circumstances under which they were made, not misleading and, in either such event, the District refuses to permit the

Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Certificates or the ability of the Underwriter to enforce contracts for the sale of the Certificates;

(xi) there shall have occurred any materially adverse change in the affairs or financial condition of the District or the CFDs; or

(xii) a material disruption in securities settlement, payment or clearance services affecting the Certificates shall have occurred.

(f) ***Delivery of Documents***. At or prior to the Closing Date, the Underwriter shall receive sufficient copies of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(i) *Opinions*.

(A) *Opinion of Special Counsel*. (I) An approving opinion of Special Counsel, as to the validity and tax-exempt status of the Certificates, dated the Closing Date, addressed to the District, in substantially the form set forth in Appendix D of the Preliminary Official Statement and the Official Statement and (II) a reliance letter from Special Counsel to the effect that the Underwriter and the Insurer may rely upon such approving opinion of Special Counsel.

(B) *Defeasance Opinion of Special Counsel.* A defeasance opinion of Special Counsel, addressed to the District and the Underwriter, with respect to the effective defeasance of the 2012 Certificates, and including therein an opinion that the Escrow Agreement has been duly authorized and delivered by the District and, assuming due authorization, execution and delivery by the Escrow Agent, is a valid and binding agreement of the District.

(C) *Supplemental Opinion of Special Counsel*. A supplemental opinion of Special Counsel in form and substance satisfactory to the Underwriter, dated the Closing Date and addressed to the Underwriter, to the effect that:

(1) the description of the Certificates and the security for the Certificates and statements in the Official Statement on the cover page thereof and under the captions "INTRODUCTION," "THE CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT OF THE CERTIFICATES," "CONTINUING DISCLOSURE," "TAX MATTERS" and "APPENDIX A—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," to the extent they purport to summarize certain provisions of the Certificates, Legal Documents and the form and content of Special Counsel's approving opinion with respect to the treatment of interest with respect to the

Certificates under State or federal law, fairly and accurately summarize the matters purported to be summarized therein; provided that Special Counsel need not express any opinion with respect to (i) any information contained in Appendices B, C, E, G, H or I to the Official Statement, (ii) financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to The Depository Trust Company or its book-entry only system included therein, (iv) any CUSIP numbers or information relating thereto, (v) the District's compliance with its obligations to file annual reports or provide notice of the events described in Rule 15c2-12 promulgated under the Securities Act of 1934, (vi) any information with respect to the Underwriter or underwriting matters with respect to the Certificates, including but not limited to information under the caption "UNDERWRITING," (vii) any information with respect to the ratings on the Certificates and the rating agencies referenced therein, including but not limited to information under the caption "RATINGS," or (viii) any information concerning the Insurer, the Policy or the Reserve Policy;

(2) assuming due authorization, execution and delivery by the other parties thereto, the District Documents and this Purchase Agreement have each been duly authorized, executed and delivered by the District and constitute legal, valid and binding agreements of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State, except that no opinion need be expressed with respect to the adequacy of the Continuing Disclosure Certificate for purposes of the Rule;

(3) the Certificates are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended; and

(D) *Disclosure Counsel Letter*. A letter from Stradling Yocca Carlson & Rauth, dated the date of Closing and addressed to the District and the Underwriter, substantially to the effect that based on such counsel's participation in conferences with representatives of the Underwriter, the

District, the CFDs, the District's financial advisor, and others, during which conferences the contents of the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District and the Underwriter, as a matter of fact and not opinion, that during the course of its engagement as Disclosure Counsel no information came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (provided that such counsel need not express any opinion with respect to (i) any information contained in Appendices B, C, E, G, H or I to the Official Statement, (ii) financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to The Depository Trust Company or its book-entry only system included therein, (iv) any CUSIP numbers or information relating thereto, (v) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption "UNDERWRITING," (vi) any information with respect to the ratings on the Bonds and the rating agencies referenced therein, including but not limited to information under the caption "RATINGS," (vii) information with respect to compliance by the District with respect to its obligation to provide notice of the events described in part (b)(5)(i)(C) of the Rule or to file annual reports described in part (b)(5)(i)(A) of the Rule, and (viii) any information concerning the Insurer, the Policy or the Reserve Policy, included or referred to therein, which Disclosure Counsel expressly excludes from the scope of such letter and as to which Disclosure Counsel expresses no opinion or view).

(E) *Trustee Counsel Opinion*. An opinion, dated as of the Closing Date and addressed to the District and the Underwriter of counsel to the Trustee and Escrow Agent to the effect that:

(1) the Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and perform its duties under the Legal Documents to which it is a party (the "Trustee Agreements");

(2) the Trustee Agreements have been duly authorized, executed and delivered by the Trustee and constitute the legal, valid and binding obligations of the Trustee, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the

enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(3) the Certificates have been validly executed and delivered by the Trustee and are entitled to the benefits of the Trust Agreement;

(4) no authorization, approval, consent, or other order of any governmental authority or agency having jurisdiction over the Trustee is required for the valid authorization, execution, delivery and performance by the Trustee of the Trustee Agreements; and

(5) the execution and delivery of the Trustee Agreements and compliance by the Trustee with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Trustee a beach or default under any agreement or other instrument to which the Trustee is a party (and of which such counsel is aware after reasonable investigation) or by which it is bound (and of which such counsel is aware after reasonable investigation) or any existing law, regulation, court order or consent decree to which the Trustee is subject.

(F) *Corporation Counsel Opinion*. An opinion, dated the Closing Date and addressed to the District, the Insurer and the Underwriter, of _____, counsel for the Corporation, to the effect that:

(1) the Corporation is duly organized and validly existing as a nonprofit public benefit corporation under the laws of the State of California and is possessed of full power to lease real and personal property and to execute and deliver and perform all obligations under the Site Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement (collectively, the "Corporation Agreements") and to participate in the transactions contemplated by the Official Statement;

(2) the Resolution of the Board of Directors of the Corporation adopted on January __, 2021 (the "Corporation Resolution") was duly adopted at a meeting of the Board of Directors of the Corporation which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Corporation Resolution is in full force and effect and has not been modified, amended or rescinded;

(3) the Corporation has full right and lawful authority to execute and deliver the Corporation Agreements, and such

documents have been duly authorized, executed and delivered on behalf of the Corporation and are legally valid and binding obligations of the Corporation enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or similar laws, or by legal or equitable principles relating to or limiting creditors' rights generally;

(4) to the best of our knowledge, the Corporation is not in material breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Corporation is a party or to which the Corporation or any of its property or assets is otherwise subject, and no event has occurred or is continuing which with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument; and the execution and delivery of the Corporation Agreements by the Corporation and compliance by the Corporation with the provisions thereof do not (i) violate the Corporation's articles of incorporation, bylaws or any resolution of its board of directors, (ii) violate applicable provisions of statutory law or regulation or (iii) to such counsel's current actual knowledge constitute a material breach of the terms, conditions or provisions of or constitute a default under any material contract, undertaking, indenture or other agreement by which the Corporation is bound;

(5) except as may be required under federal and state securities or Blue Sky laws in connection with the purchase or distribution of the Certificates by the Underwriter, there is no consent, approval, authorization or order of, or filing with, or certification by any regulatory authority required to be obtained by the Corporation in connection with the execution and delivery of the Corporation Agreements or the consummation by the Corporation of the other transactions contemplated thereby;

(6) no authorization, approval, consent or order of the State of California or any other governmental authority or agency within the State of California, other than the governing body of the Corporation, is required for the valid authorization, execution and delivery by the Corporation of the Corporation Agreements and the performance by the Corporation of its obligations thereunder or for the approval of the Official Statement; and

(7) as of the date hereof, nothing has come to our attention causing us to believe that the information contained in the

Official Statement relating to the Corporation under the caption "THE CORPORATION" as of its date or as of the date hereof contained any untrue statement of material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(G) *Special Counsel Opinion Regarding CFD No. 3 Bonds.* An unqualified approving opinion of Special Counsel, dated the Closing Date and addressed to the District and the Underwriter, as to the validity of the CFD No. 3 Bonds.

(H) *District Counsel Opinion.* An opinion of District Counsel, dated the Closing Date and addressed to the Underwriter, the CFD No. 3 District and the District, in form and substance acceptable to the Underwriter.

(I) *Underwriter's Counsel Opinion*. An opinion, dated the Closing Date and addressed to the Underwriter, of Kutak Rock LLP, counsel for the Underwriter, in form and substance acceptable to the Underwriter.

(ii) *Trustee Certificate*. A certificate of the Trustee, in form and substance acceptable to Special Counsel and the Underwriter to the effect that:

(A) the Trustee is a national banking association duly organized and existing under the laws of the United States and has all necessary power and authority to enter into and perform its duties under the Trustee Agreements, and to accept the assignment under the Assignment Agreement;

(B) the Trustee is duly authorized to enter into the Trustee Agreements and to execute and deliver the Certificates to the Underwriter pursuant to the terms of the Trust Agreement;

(C) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained is or will be required for the execution and delivery of the Certificates or the consummation by it of its obligations under the Trustee Agreements;

(D) the execution and delivery by the Trustee of the Trustee Agreements and compliance with the terms thereof will not, in a manner that would materially affect the ability of the Trustee to perform its obligations under such agreements, conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation,

or, to the best knowledge of such officer, after reasonable investigation, any order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties; and

(E) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending or, to the best knowledge of the Trustee, threatened against or affecting the existence of the Trustee or seeking to prohibit, restrain or enjoin the execution and delivery of the Certificates or the assignment by the Corporation to the Trustee of certain rights, title and interest pursuant to the Trust Agreement, or in any way contesting or affecting the validity or enforceability of the Certificates or the Trustee Agreements, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing.

(iii) *Escrow Agent Certificate.* A certificate of the Escrow Agent, dated the date of Closing, signed by a duly authorized officer of the Escrow Agent, and in form and substance satisfactory to the Underwriter, to the effect that:

(A) the Escrow Agent has all necessary power and authority to enter into and perform its duties under the Escrow Agreement;

(B) the Escrow Agent has duly authorized, executed and delivered the Escrow Agreement, and, assuming due authorization, execution and delivery by the District, the Escrow Agreement constitutes the valid and binding agreement of the Escrow Agent enforceable against the Escrow Agent in accordance with its terms, except as enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and to the application of equitable principles;

(C) the execution and delivery of the Escrow Agreement and compliance with the provisions thereof have been duly authorized by all necessary corporate action on the part of the Escrow Agent and, to the best knowledge of the Escrow Agent, will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaws or any agreement to which the Escrow Agent is subject or by which it is bound; and

(D) no litigation is pending or, to the best knowledge of the Escrow Agent, threatened (either in state or federal courts) against the Escrow Agent in any way contesting or affecting the validity or enforceability of the Certificates or the Escrow Agreement;

(iv) *Corporation Certificate*. A certificate signed by appropriate officials of the Corporation, in form and substance acceptable to Special Counsel and the Underwriter to the effect that:

(A) the Corporation is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, with full power and authority to enter into the Corporation Agreements;

(B) the statements and information contained in the Official Statement relating to the Corporation and its functions, duties and responsibilities are true, correct and complete in all material respects, and do not contain any untrue or misleading statement of a material fact or omit any statement or information necessary in order to make such statements and information therein, in light of the circumstances under which they were made, not misleading;

(C) by official action of the Corporation prior to the date hereof, the Corporation has duly authorized and approved the execution and delivery of, and the performance by the Corporation of the obligations on its part contained in the Corporation Agreements, and each of the Certificate Agreements has been duly authorized, executed and delivered by the Corporation and, assuming the due authorization, execution and delivery by the other respective parties thereto, will constitute legally valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or principles of equity involving judicial discretion;

(D) the Corporation is not in material breach of, or default under, any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America material to the conduct of its functions or any applicable judgment or decree or any loan agreement, indenture, bond, certificate, note, resolution or other agreement or instrument to which the Corporation is a party or to which the Corporation or any of its properties is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any of the foregoing; and the execution and delivery of the Corporation Agreements and compliance with the provisions on the Corporation's part contained therein will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Corporation is a party or is otherwise subject, nor will any such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Corporation Agreements; and

(E) 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 Corporation, is threatened against the Corporation (1) affecting the existence of the Corporation or the titles of its officers who have executed any of the Corporation Agreements or other certificates related to the Certificates to their respective offices, or (2) seeking to restrain or enjoin the sale or delivery of any of the Certificates or the application of the proceeds thereof in accordance with the Trust Agreement, or (3) in any way contesting or affecting the validity or enforceability of the Certificates or the Corporation Agreements or the authority of the Corporation to enter into the Corporation Agreements, or any action of the Corporation contemplated by any of said documents.

(v) *Certificates of the CFDs*. A certificate signed by appropriate officials of each of the CFDs, in form and substance acceptable to Special Counsel and the Underwriter to the effect that:

(A) the CFD is a community facilities district duly organized and existing under the laws of the State of California, with full power and authority to issue its respective CFD Bonds and to enter into the applicable Pledge Agreement (including all amendments thereto), the Indenture and the Special Tax Pooling Agreement;

(B) the statements and information contained in the Official Statement relating to such CFD and its functions, duties and responsibilities are true, correct and complete in all material respects, and do not contain any untrue or misleading statement of a material fact or omit any statement or information necessary in order to make such statements and information therein, in light of the circumstances under which they were made, not misleading;

(C) by official action of the Governing Board, prior to the date hereof, the CFD has duly authorized and approved the execution and delivery of, and the performance by the CFD of the obligations on its part contained in the CFD Agreements to which it is a party, and each such CFD Agreements has been duly authorized, executed and delivered by the CFD and, assuming the due authorization, execution and delivery by the other respective parties thereto, will constitute legally valid and binding obligations of the CFD enforceable against the CFD in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or principles of equity involving judicial discretion;

(D) the CFD is not in material breach of, or default under, any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America material to the

conduct of its functions or any applicable judgment or decree or any loan agreement, indenture, bond, certificate, note, resolution or other agreement or instrument to which the CFD is a party or to which the CFD or any of its properties is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any of the foregoing; and the execution and delivery of the CFD Agreements and compliance with the provisions on the CFD's part contained therein will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the CFD is a party or is otherwise subject, nor will any such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the CFD under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the CFD Agreements; and

(E) 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 CFD, is threatened against the CFD (1) affecting the existence of the CFD or the titles of its officers who have executed any of the CFD Agreements or other certificates related to the Certificates to their respective offices, or (2) seeking to restrain or enjoin the sale or delivery of any of the Certificates or the application of the proceeds thereof in accordance with the Trust Agreement, or (3) in any way contesting or affecting the validity or enforceability of the Certificates or the CFD Agreements to which it is a party or the authority of the CFD to enter into such CFD Agreements, or any action of the CFD contemplated by any of said documents

(vi) *District Certificate*. A certificate signed by appropriate officials of the District, in form and substance acceptable to Special Counsel and the Underwriter to the effect that:

(A) the official executing this Purchase Agreement is authorized to execute this Purchase Agreement;

(B) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the Closing Date;

(C) the District has complied with all the terms of the Legal Documents to be complied with by the District prior to or concurrently with the Closing Date and such documents are in full force and effect;

(D) to the best of the District's knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, government agency, public board or body, pending or threatened: (i) which would have a material and adverse effect upon the financial condition, assets or properties of the District or would affect its financial ability to make the Lease Payments; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution and delivery of the Certificates or in any way contesting or affecting the validity of or security of the Certificates or the District Documents or the consummation of the transactions contemplated thereby, or contesting the powers of the District or its authority to execute and deliver the District Documents or perform its obligations thereunder; or (iii) contesting the completeness or accuracy of the Official Statement, or any supplement or amendment thereto or asserting that the Official Statement contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstance under which they were made, not misleading;

(E) such District officials have reviewed the Preliminary Official Statement and the Official Statement and on such basis certify that the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the Closing Date, does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading (excluding therefrom information regarding DTC and its book-entry only system, the Insurer, the Policy and the Reserve Policy); and

(F) the Certificates being delivered on the Closing Date to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the Trust Agreement.

(vii) *Tax Certificate*. A nonarbitrage tax certificate of the District in form satisfactory to Special Counsel.

(viii) *Ratings*. Evidence satisfactory to the Underwriter that the Certificates have been rated "__" by Moody's Investors Service without regard to the issuance of the Policy by the Insurer, and "__" by S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), based upon the issuance of the Policy by the Insurer, and that each such rating has not been revoked or downgraded.

(ix) *District Resolution*. A certificate, together with fully executed copies of the District Resolution, of the Secretary to or the Clerk of the District's Board of Trustees to the effect that:

(A) such copies are true and correct copies of the District Resolution; and

(B) the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the Closing Date.

(x) *Corporation Resolution*. A certificate, together with fully executed copies of the Corporation Resolution, of the Secretary to the Corporation's Board of Directors to the effect that:

(A) such copies are true and correct copies of the Corporation Resolution; and

(B) the Corporation Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the Closing Date.

(xi) *CFD Resolutions*. A certificate, together with fully executed copies of each of the CFD Resolutions, of the Secretary of the Governing Board of each of the CFDs, to the effect that:

(A) such copies are true and correct copies of the applicable CFD Resolution; and

(B) the CFD Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the Closing Date.

(xii) *Official Statement*. A certificate of the appropriate official of the District evidencing his or her determinations respecting the Preliminary Official Statement in accordance with the Rule.

(xiii) *Continuing Disclosure Certificate*. An executed copy of the Continuing Disclosure Certificate, substantially in the form presented in the Official Statement as Appendix E thereto.

(xiv) *Special Tax Consultant Certificate.* A certificate dated the Closing Date from KeyAnalytics (the "Special Tax Consultant") for the CFDs, substantially in the form presented hereto as Appendix C;

(xv) *Other Legal Documents.* A transcript of all proceedings relating to the authorization, issuance, sale and delivery of the Certificates and the CFD No. 3 Bonds, including fully executed copy of each of the other Legal Documents;

(xvi) *Insurance.* Evidence, satisfactory to Special Counsel and the Underwriter, of insurance, including title insurance, in compliance with the Lease Agreement and the Trust Agreement.

(xvii) *Letter of Representations.* A copy of the signed Letter of Representations as filed with DTC.

(xviii) *Form 8038-G.* Evidence that the federal tax information form 8038-G has been prepared by Special Counsel for filing for the Certificates.

(xix) *Verification*. A certificate of Causey Demgen & Moore P.C., certified public accountants, as verification agent, verifying the sufficiency of the amounts deposited and invested under the Escrow Agreement for the purpose of refunding the 2012 Certificates;

(xx) *CDIAC Statements.* A copy of the filings with the California Debt and Investment Advisory Commission pursuant to the applicable provisions of the California Government Code.

(xxi) *Policy and Reserve Policy.* Copies of the Policy and Reserve Policy, together with an opinion of counsel to the Insurer, dated the date of Closing and addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter, and a certificate of the Insurer, dated the date of Closing, in form and substance acceptable to the Underwriter, regarding, among other matters, disclosure, no default and tax matters.

(xxii) *CFD No. 3 Bonds.* Evidence satisfactory to the Underwriter that the CFD No. 3 Bonds have been issued.

(xxiii) *Other Documents*. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence: (A) compliance by the District with legal requirements; (B) the truth and accuracy, as of the time of Closing Date, of the representations of the District herein and in the District Documents contained, and of the Official Statement; and (C) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(g) ***Termination***. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Certificates shall not have been delivered by the District to the Underwriter as provided in Section 5 hereof, then the obligation to purchase Certificates hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Sections 12 and 14 hereof.

If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Underwriter at, or at any time prior to, the time of Closing Date. Notice of such cancellation shall be given to the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations

of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing in its sole discretion.

Section 11. Conditions to Obligations of the District. The performance by the District of its obligations is conditioned upon (a) the performance by the Underwriter of its obligations hereunder, and (b) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing Date by persons and entities other than the District.

Section 12. Expenses. Except as herein described, all expenses and costs of the District incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Certificates to the Underwriter shall be paid for by the District from proceeds of the Certificates including, without limitation: (a) the cost of the preparation and reproduction of the Legal Documents; (b) the fees and disbursements of Special Counsel, District Counsel and Disclosure Counsel; (c) the cost of the preparation, printing and delivery of the Certificates; (e) the fees for ratings on the Certificates, including travel expenses related thereto; (f) the cost of the printing and distribution of the Preliminary Official Statement and Official Statement; (g) the initial fees of the Trustee and the Escrow Agent, including the fees of its counsel; (h) the fees and disbursements of the District's financial advisor; (i) the premium for an ALTA or CLTA policy of title insurance and any other insurance as required under the Lease Agreement and the Trust Agreement; (j) fees and expenses of the Corporation and its counsel; (k) the premium for the Policy and Reserve Policy to be issued by the Insurer; (l) fees for the verification agent for the verification report; (m) the fees of the Special Tax Consultant; and (n) all other fees and expenses incident to the execution, sale and delivery of the Certificates. Notwithstanding the foregoing, in accordance with the direction of the District as set forth in Section 1 hereof, the Underwriter shall withhold from the purchase price of the Certificates and agree to wire to the Insurer the premium for the Policy and Reserve Policy.

Notwithstanding any of the foregoing, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the fees and disbursements of Underwriter's Counsel, the California Debt and Investment Advisory Commission fee, and CUSIP Bureau registration fees, travel and other expenses (except those expressly provided above), without limitation.

Notwithstanding Section 10(f) hereof, the District hereby agrees, in the event the purchase and sale of the Certificates does not occur as contemplated hereunder, to reimburse the Underwriter for any costs described in Subsection 12(e) above that are attributable to District personnel.

Section 13. Notices. Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to the Superintendent, at the address set forth on the first page hereof, or if to the Underwriter, to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Bruce Kerns.

Section 14. Parties in Interest; Survival of Representations and Warranties. This Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriter. This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the

successors or assigns of the Underwriter). The term "successor" shall not include any owner of any Certificates merely by virtue of such ownership. No other person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Certificates hereunder, and (c) any termination of this Purchase Agreement. If any provision of this Purchase Agreement is, or is held or deemed to be, invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 15. Severability. In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 16. Nonassignment. Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior written consent of the other party hereto.

Section 17. Entire Agreement. This Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto (including their permitted successors and assigns, respectively).

Section 18. Execution in Counterparts. This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]

Section 19. Applicable Law. This Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State applicable to contracts made and performed in such State.

Very truly yours,

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By _____
Managing Director

The foregoing is hereby agreed to and accepted as of the date first above written:

SAN YSIDRO SCHOOL DISTRICT

By:_____
Chief Business Official

ACCEPTED at ____ p.m. Pacific Time this ___ day of _____, 2021

APPENDIX A

INTEREST RATES, REOFFERING YIELDS, MATURITIES, AND PREPAYMENT PROVISIONS

$[PAR AMOUNT]
2021 REFUNDING CERTIFICATES OF PARTICIPATION
Evidencing the Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
SAN YSIDRO SCHOOL DISTRICT
(San Diego County, California)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price

$_____ ____% Term Certificates due September 1, 20__; Yield: ____%; Price: _____ C
$_____ ____% Term Certificates due September 1, 20__; Yield: ____%; Price: _____ C

C= Priced to initial par call = September 1, 20__

Prepayment

Optional Prepayment. The Certificates are subject to prepayment prior to their stated maturity, at the option of the District, in whole, or in part, among maturities as designated by the District, from any source of available moneys, on September 1, 20__ or any date thereafter, at the prepayment prices equal to the principal amount thereof, together with accrued interest to the prepayment date, without premium.

Mandatory Prepayment from Net Proceeds. The Certificates are subject to prepayment prior to their respective maturity dates on any date, in whole or in part, from Net Proceeds which the Trustee shall transfer to the Prepayment Fund as provided in the Lease at least 45 days prior to the date set for prepayment, at a prepayment price equal to the Principal Component of the Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Mandatory Sinking Account Prepayment. The Certificates maturing on September 1, 20__ are subject to mandatory prepayment in part, by lot, on September 1, 20__, and each September 1 thereafter prior to maturity, at a prepayment price equal to the principal amount thereof, together with accrued interest to the date fixed for prepayment,

without premium, and to payment at maturity in the amounts set forth in the following table:

Term Certificates Due on September 1, 20__

Year (September 1)	***Principal Amount***

The Certificates maturing on September 1, 20__ are subject to mandatory prepayment in part, by lot, on September 1, 20__, and each September 1 thereafter prior to maturity, at a prepayment price equal to the principal amount thereof, together with accrued interest to the date fixed for prepayment, without premium, and to payment at maturity in the amounts set forth in the following table:

Term Certificates Due on September 1, 20__

Year (September 1)	***Principal Amount***

In the event of a partial optional prepayment of the Certificates maturing on September 1, 20__ or September 1, 20__, each of the remaining mandatory sinking fund payments for such Certificates will be reduced, as nearly as practicable, on a pro rata basis in the amount of $5,000 or any integral multiple thereof, as directed by the District.

APPENDIX B

FORM OF ISSUE PRICE CERTIFICATE

$[PAR AMOUNT]
2021 REFUNDING CERTIFICATES OF PARTICIPATION
Evidencing the Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
SAN YSIDRO SCHOOL DISTRICT
(San Diego County, California)

CERTIFICATE OF THE UNDERWRITER

This certificate is being delivered by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") in connection with the issuance of the captioned 2021 Refunding Certificates of Participation (the "Certificates"). The Underwriter hereby makes the representations, and provides the certifications, contained in this certificate based on the information available to it concerning the Certificates to the San Ysidro School District ("District") and to Stradling Yocca Carlson & Rauth, a Professional Corporation, Special Counsel to the District ("Bond Counsel"), as follows:

1. Certificate Purchase Agreement. On _____, 2021 (the "Sale Date"), the Underwriter and the District executed a Certificate Purchase Agreement (the "Purchase Agreement") in connection with the sale of the Certificates. The Underwriter has not modified the Purchase Agreement since its execution on the Sale Date.

2. Price. As of the date of this Certificate, for each Maturity of the Certificates, the first price or prices at which at least 10% of such Maturity of the Certificates was sold to the Public (the "10% Test") are the respective prices listed in Attachment A attached hereto.

3. Certain Defined Terms.

(a) Capitalized terms used in this certificate, unless otherwise defined herein or in the resolution of the Board of Trustees of the District adopted on _____, 2021, ("District Resolution"), shall have the meaning(s) given to such terms in the Tax Certificate provided in connection with the execution and delivery of the Certificates.

(b) "Maturity" means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

4. Use of Certificate. The representations set forth in this Certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Certificate of the District dated August 16, 2018, and with respect to compliance with the federal income tax rules affecting the Certificates, and by Bond Counsel, in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that Bond Counsel may give to the District from time to time relating to the Certificates.

Dated: [DATE], 2021

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Managing Director

By: _____
Managing Director

ATTACHMENT "A"

$[PAR AMOUNT]
2021 REFUNDING CERTIFICATES OF PARTICIPATION
Evidencing the Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
SAN YSIDRO SCHOOL DISTRICT
(San Diego County, California)

Actual Sales Information as of Closing Date

Current Interest Serial and Term Certificates:

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price

$_____ ____% Term Certificates due September 1, 20__; Yield: _____%; Price: _____ C
$_____ ____% Term Certificates due September 1, 20__; Yield: _____%; Price: _____ C

C= Priced to initial par call = September 1, 20__

APPENDIX C

$[PAR AMOUNT]
2021 REFUNDING CERTIFICATES OF PARTICIPATION
Evidencing the Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
SAN YSIDRO SCHOOL DISTRICT
(San Diego County, California)

CERTIFICATE OF SPECIAL TAX CONSULTANT

The undersigned hereby states and certifies:

1. That he is an authorized officer of KeyAnalytics (the "Special Tax Consultant") and, as such, is familiar with the facts herein certified and is authorized and qualified to certify the same.

2. That the Special Tax Consultant has reviewed the Rate and Method of Apportionment of Special Tax (the "Rate and Method") as set forth in Appendix B to the Official Statement, dated _____, 2021, for each of Community Facilities District No. 1 of the San Ysidro School District ("CFD No. 1"), Community Facilities District No. 2 of the San Ysidro School District ("CFD No. 2") and Community Facilities District No. 3. of the San Ysidro School District ("CFD No. 3" and collectively with CFD No. 1 and CFD No. 2, the "Community Facilities Districts"). Capitalized terms not otherwise defined herein shall be defined as provided in the hereinafter defined Official Statement related to the captioned 2021 Refunding Certificates of Participation (the "Certificates").

3. That the Special Taxes, if levied in accordance with the Rate and Method and collected, will annually yield sufficient revenue to make timely payments of the annual debt service on the 2015 Certificates, the 2016 Certificates, the CFD No. 3 Bonds and the annual Administrative Expenses related to the levy and collection of such Special Taxes (no representation is made as to the actual amounts that will be collected in future years).

4. That the Special Taxes, if collected in the maximum amounts permitted pursuant to the Rate and Method on the Closing Date, would generate estimated administrative expenses each year as set forth in the Official Statement, plus at least 110% of the maximum debt service payable with respect to the 2015 Certificates, the 2016 Certificates and the Certificates, payable from such Special Taxes, assuming that the debt service schedule shown in the Official Statement is true and correct.

5. That all information supplied by the Special Tax Consultant for use in the Official Statement, including in Appendix B thereto, is true and correct, as of the date of the Official Statement and as of the date hereof.

6. That, as of the dates of the Preliminary Official Statement and the Official Statement and as of the date hereof, the information and other data provided by the Special Tax Consultant and included in the Official Statement, do not, to my knowledge, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The District and Stifel, Nicolaus & Company, Incorporated are entitled to rely on this certificate.

Dated: _____, 2021

KEYANALYTICS

By:_____

Title:_____