

**DEL MAR SCHOOL DISTRICT  
FINANCING CORPORATION  
MEETING OF THE BOARD OF DIRECTORS**

**NOTICE OF SPECIAL MEETING AND AGENDA**

**AGENDA:**

**ANNUAL MEETING OF JULY 25, 2007**

**Date:**            **Wednesday, July 25, 2007**

**Time:**           **5:55 p.m., or as soon thereafter as practicable**

**Location:**      **Del Mar Hills School – Multipurpose Room  
                         14085 Mango Drive  
                         Del Mar, CA 92014**

**BUSINESS TO BE TRANSACTED WILL BE LIMITED TO THE FOLLOWING:**

1.     Call to Order.

2.     Roll Call - Directors.

_____	Dr. Annette Easton	Director
_____	Dr. Janet Lamborghini	Director
_____	Linda Crawford	Director
_____	Steven McDowell	Director
_____	Katherine White	Director

3.     Public Comments.

Notice to members of the public attending the meeting: individuals wishing to address the Corporation Board of Directors regarding the Del Mar School District Financing Corporation are requested to complete a "Request to communicate to the Board" form provided by the Corporation and submit the completed form to the Corporation Secretary prior to the beginning of the meeting. In general, no action or discussion will be taken on any items not appearing on the posted Corporation agenda. Please limit individual communication to three (3) minutes.

4.     **Confirm Current Corporation Directors**                    \_\_\_\_\_ motion                    \_\_\_\_\_ second

5. **Election of Corporation Officers.** \_\_\_\_\_ motion \_\_\_\_\_ second

- A. President
- B. Vice President
- C. Treasurer/Chief Financial Officer
- D. Secretary

6. **Information Report - Annual Audit Report for Fiscal Year Ending June 30, 2006 - 1999 Certificates of Participation** (Information Report)

7. **Information Report - Status of Funds/Refunding (1999 Certificates of Participation)** (Information Report)

8. **Approve Termination Agreement for 1999 Certificates of Participation**

\_\_\_\_\_ motion \_\_\_\_\_ second

9. **Authorize 2006-2007 Audit Report for Corporation**

\_\_\_\_\_ motion \_\_\_\_\_ second

10. Adjourn.

**Compliance with the Requirements of California Government Code Section 54954.2**

In compliance with California law and the Americans with Disabilities Act, if you need special disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need this agenda provided in an alternative format, please contact the Del Mar Union School District Director of Human Resources/Facilities Planning (as the representative of the Corporation) at telephone (858) 523-6186, at least 72 hours in advance of the scheduled Corporation Board of Directors meeting. Notification 72 hours prior to the meeting will assist the Corporation in making reasonable arrangements to accommodate your request. The Corporation meeting room is wheelchair accessible.

*Del Mar School District Financing Corporation  
Special Meeting of July 25, 2007*

July 18, 2007

To: Board Members

From: Rodger Smith

Through: Tom Bishop

Subject: Annual Audit Report for Fiscal Year Ending June 30, 2006 –  
1999 Certificates of Participation

Each year, the financial operations of the District's two Community Facilities Districts are audited as a part of the District's financial annual audit. Information regarding our two Community Facilities Districts can be found on the pages from the District's annual audit, copies of which follow this narrative. On page 14 of the documents that follow, the assets and liabilities of our two Community Facilities Districts are portrayed in the column titled "Capital Project Fund for Blended Component Unit." On page 17, the revenues, expenditures, excess of revenues over expenditures and other information for the financial operations of the two Community Facilities Districts are portrayed. There were no findings, audit exceptions or recommendations associated with any of the financial operations of the two Community Facilities Districts.

**DEL MAR UNION SCHOOL DISTRICT  
COUNTY OF SAN DIEGO  
DEL MAR, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2006**

**WILKINSON HADLEY & CO, LLP  
250 E. Douglas Ave., Suite 200  
El Cajon, CA 92020  
Tel (619) 447-6700 Fax (619) 447-6707**

**DEL MAR UNION SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2006**

	General Fund	Cafeteria Fund
<b>ASSETS:</b>		
<i>Cash in County Treasury</i>	\$ 5,822,066	\$ 27,559
<i>Cash in Revolving Fund</i>	20,000	-
<i>Cash with a Fiscal Agent/Trustee</i>	3,534,307	-
<i>Accounts Receivable</i>	1,347,813	8,025
<i>Due from Other Funds</i>	653,699	641,112
Total Assets	<u>\$ 11,377,885</u>	<u>\$ 676,696</u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
<i>Accounts Payable</i>	\$ 348,891	\$ 2,052
<i>Due to Other Funds</i>	641,112	576,899
<i>Current Loans</i>	3,500,000	-
<i>Unearned Revenue</i>	123,474	-
Total Liabilities	<u>4,613,477</u>	<u>578,951</u>
Fund Balance:		
Reserved Fund Balances:		
<i>Reserve for Revolving Cash</i>	20,000	-
Unreserved	6,744,408	97,745
Unreserved, reported in nonmajor:		
<i>Special Revenue Funds</i>	-	-
<i>Capital Projects Funds</i>	-	-
Total Fund Balance	<u>6,764,408</u>	<u>97,745</u>
Total Liabilities and Fund Balances	<u>\$ 11,377,885</u>	<u>\$ 676,696</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

Capital Project Fund for Blended Component Unit	Other Governmental Funds	Total Governmental Funds
\$ 7,873,039	\$ 3,096,954	\$ 16,819,618
751,092	-	20,000
80,672	42,594	4,285,399
		1,479,104
		1,294,811
<u>\$ 8,704,803</u>	<u>\$ 3,139,548</u>	<u>\$ 23,898,932</u>
\$ 130,527	\$ 504	\$ 481,974
-	-	1,218,011
-	-	3,500,000
-	-	123,474
<u>130,527</u>	<u>504</u>	<u>5,323,459</u>
-	-	20,000
8,574,276	-	15,416,429
-	1,539,499	1,539,499
-	1,599,545	1,599,545
<u>8,574,276</u>	<u>3,139,044</u>	<u>18,575,473</u>
<u>\$ 8,704,803</u>	<u>\$ 3,139,548</u>	<u>\$ 23,898,932</u>

**DEL MAR UNION SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	General Fund	Cafeteria Fund
Revenues:		
Revenue Limit Sources:		
<i>State Apportionments</i>	\$ 4,788	\$ -
<i>Local Sources</i>	24,577,167	-
<i>Federal Revenue</i>	704,843	-
<i>Other State Revenue</i>	3,668,335	31,903
<i>Other Local Revenue</i>	3,498,777	672,408
<b>Total Revenues</b>	<u>32,453,910</u>	<u>704,311</u>
Expenditures:		
<i>Instruction</i>	21,771,861	-
<i>Instruction - Related Services</i>	3,358,151	-
<i>Pupil Services</i>	954,883	533,296
<i>General Administration</i>	1,550,746	93,278
<i>Plant Services</i>	3,276,579	-
<i>Other Outgo</i>	164,564	-
Debt Service:		
<i>Principal</i>	131,870	-
<i>Interest</i>	28,866	-
<b>Total Expenditures</b>	<u>31,237,520</u>	<u>626,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,216,390</u>	<u>77,737</u>
Other Financing Sources (Uses):		
<i>Transfers In</i>	15,112	-
<i>Transfers Out</i>	(106,118)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(91,006)</u>	<u>-</u>
Net Change in Fund Balance	1,125,384	77,737
Fund Balance, July 1	5,639,024	20,008
Fund Balance, June 30	<u>\$ 6,764,408</u>	<u>\$ 97,745</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

Capital Project Fund for Blended Component Unit	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,788
-	-	24,577,167
-	-	704,843
-	133,437	3,833,675
<u>2,766,996</u>	<u>264,343</u>	<u>7,202,524</u>
<u>2,766,996</u>	<u>397,780</u>	<u>36,322,997</u>
-	-	21,771,861
-	-	3,358,151
-	-	1,488,179
-	1,698	1,645,722
3,372,799	392,685	7,042,063
-	-	164,564
-	390,000	521,870
-	1,180,584	1,209,450
<u>3,372,799</u>	<u>1,964,967</u>	<u>37,201,860</u>
<u>(605,803)</u>	<u>(1,567,187)</u>	<u>(878,863)</u>
709,504	1,676,702	2,401,318
<u>(1,570,584)</u>	-	<u>(1,676,702)</u>
<u>(861,080)</u>	<u>1,676,702</u>	<u>724,616</u>
(1,466,883)	109,515	(154,247)
10,041,159	3,029,529	18,729,720
<u>\$ 8,574,276</u>	<u>\$ 3,139,044</u>	<u>\$ 18,575,473</u>

*Del Mar School District Financing Corporation  
Special Meeting of July 25, 2007*

July 17, 2007

To: Board Members  
From: Rodger Smith  
Through: Tom Bishop  
Subject: Information Report – Status of Funds/Refunding (1999 Certificates of Participation)

In 1999, the Del Mar Union School District (“School District”) executed and delivered \$12,660,000 Del Mar Union School District 1999 Certificates of Participation to design, acquire, construct and install school facilities for the benefit of the territory within Community Facilities District No. 95-1 (CFD No. 95-1) of the Del Mar Union School District. As part of the transactions that provided for the execution and delivery of the 1999 Certificates, the School District entered into various agreements with the Del Mar School District Financing Corporation (“Corporation”), the School District’s “in house” corporation, and Union Bank of California, N.A. (“Trustee”). These agreements included a Site Lease, Lease/Purchase Agreement, Trust Agreement and Assignment Agreement (“1999 Agreements”) that affected real property owned by the School District.

As part of the issuance of the Community Facilities District No. 95-1 of the Del Mar Union School District Series 2007 Special Tax Bonds (“Bonds”) the 1999 Certificates will be refunded, prepaid and defeased pursuant to their terms as of June 28, 2007. Under the terms of the 1999 Agreements, those agreements expire when the 1999 Certificates are legally defeased.

July 17, 2007

To: Board Members  
From: Rodger Smith  
Through: Tom Bishop  
Subject: Approve Termination Agreement for 1999 Certificates of Participation

Under the terms of the Agreements associated with the 1999 Certificates of Participation, the Agreements expire when the 1999 Certificates are defeased. However, it is frequently the case that such termination will not be noted by title companies or similar entities. In order to provide for confirmation and notice of the termination of the 1999 Agreements, the Board will need to approve an "Agreement for Termination of Interests in Real Property and Certain Agreements Related Thereto" ("Termination Agreement") to confirm the termination of the 1999 Agreements and to provide notice of such event in recordable form.

In order to provide for clearing of the School District's title on the affected property, the Board will need to approve the Termination Agreement.

**FISCAL IMPACT:** There is no fiscal impact associated with approval of the Termination Agreement.

**RECOMMENDED:** The Superintendent Recommends Approval of the Termination Agreement for 1999 Certificates of Participation.

Recording Requested By:  
Del Mar Union School District

When Recorded Mail to:  
Del Mar Union School District  
c/o Bowie, Arneson, Wiles & Giannone  
4920 Campus Drive  
Newport Beach, CA 92660  
Attention: Robert E. Anslow

Exempt -- California Government Code Section 6103

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(Space above this line for Recorder's Use only)

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**AGREEMENT FOR TERMINATION OF  
INTERESTS IN REAL PROPERTY AND CERTAIN AGREEMENTS  
RELATED THERETO**

**Dated as of June 29, 2007**

by and between

DEL MAR UNION SCHOOL DISTRICT,

DEL MAR SCHOOL DISTRICT FINANCING CORPORATION

and

UNION BANK OF CALIFORNIA, N.A.

Related to  
Del Mar Union School District  
1999 Certificates of Participation (School Facilities Projects)

## TERMINATION AGREEMENT

**THIS TERMINATION AGREEMENT** ("Agreement"), is dated as of, and entered into, as of the 29<sup>th</sup> day of June, 2007, by and between the **DEL MAR UNION SCHOOL DISTRICT**, a school district organized and existing under and by virtue of the constitution and the laws of the State of California (hereinafter referred to as the "District"); the **DEL MAR SCHOOL DISTRICT FINANCING CORPORATION**, a California non-profit public benefit corporation, organized and existing under the laws of the state of California ("Corporation"); and **UNION BANK OF CALIFORNIA, N.A.**, a national banking association organized, existing and operating pursuant to the laws of the United States, previously known as Union Bank of California, National Association, as trustee ("1999 Trustee").

**WHEREAS**, the parties, in their various capacities, have previously entered into those documents and agreements described in Exhibit "A," attached hereto and made part of hereof by this reference (and a Trust Agreement), as part of the execution and delivery of the \$12,660,000 Del Mar Union School District 1999 Certificates of Participation (School Facilities Projects) ("1999 Certificates"); and

**WHEREAS**, the documents described in Exhibit "A," attached hereto, were previously recorded in Official Records of the County of San Diego in conjunction with the execution and delivery of the 1999 Certificates; and

**WHEREAS**, the Trust Agreement entered into with regard to the execution and delivery of the 1999 Certificates provides in its Sections 4.1, 4.2 and 8.3 for the option of the District to defease and redeem the 1999 Certificates by well and truly paying, or causing to be paid, the principal of and interest on all 1999 Certificates then outstanding; and

**WHEREAS**, the Site Lease, identified in Exhibit "A," provides, in its Section 2, that it will terminate in the event that all lease payments due under the terms of the Lease/Purchase Agreement (described herein) are prepaid; and

**WHEREAS**, the Lease/Purchase Agreement, identified in Exhibit "A," provides, in its Section 6.02, that it will terminate in the event that all lease payments are prepaid; and

**WHEREAS**, the Assignment Agreement, identified in Exhibit "A," provides, in its Section 1, that the Lessor assigned and transferred to the Trustee, for the benefit of the Owners of the 1999 Certificates executed and delivered under the Trust Agreement, all of its rights, title and interest in, under and to the Site Lease and to the Lease/Purchase Agreement (excepting only its right to receive payment of its fees and expenses under Section 5.01 of the Lease/Purchase Agreement and its right to indemnification under Section 9.03 of the Lease/Purchase Agreement); and

**WHEREAS**, the District, pursuant to a Fiscal Agent Agreement and related documents, intends to execute and deliver, through Community Facilities District No. 95-1 of the Del Mar Union School District ("CFD No. 95-1"), the Community Facilities District No. 95-1 of the Del Mar Union School District Series 2007 Special Tax Bonds ("2007 Bonds") and has determined to use a portion

of the 2007 Bonds, together with other monies available therefore, to pay the presently outstanding 1999 Certificates and to prepay, redeem and defease the 1999 Certificates on the 1999 Certificates Prepayment Date (September 1, 2009), in accordance with their terms, thereby discharging the Trust Agreement and the trust relationship caused thereby and terminating and extinguishing the interests of all parties created by the Site Lease, Lease/Purchase Agreement and the Assignment Agreement; and

**WHEREAS**, the Trustee, in executing and entering into this Agreement, is relying upon representations of the District made with respect to the issuance and sale of the 2007 Bonds; and

**WHEREAS**, the parties wish to memorialize the termination of the identified Site Lease, Lease/Purchase Agreement and the Assignment Agreement and the Trust Agreement for all purposes and give notice to the public that such termination has occurred.

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING RECITALS AND THE COVENANTS, CONDITIONS AND PROVISIONS CONTAINED HEREIN, THE PARTIES THERETO DO AGREE AS FOLLOWS:

**Section 1.** The foregoing recitals are true and correct and are hereby incorporated within the provisions of this Agreement by this reference; provided, however, that the Trustee shall not be responsible for any of the recitals made herein.

**Section 2. THE PARTIES HERETO, INDIVIDUALLY AND JOINTLY, AND IN THEIR RESPECTIVE CAPACITIES PURSUANT TO THE SITE LEASE, LEASE/PURCHASE AGREEMENT AND THE ASSIGNMENT AGREEMENT AND THE TRUST AGREEMENT DO HEREBY ACKNOWLEDGE THE TERMINATION, PURSUANT TO THEIR OWN TERMS, OF THE SITE LEASE, LEASE/PURCHASE AGREEMENT, THE ASSIGNMENT AGREEMENT AND THE TRUST AGREEMENT WITH REGARD TO THAT PROPERTY, AS SET FORTH IN EXHIBIT "B" ("PROPERTY"), ATTACHED HERETO AND MADE A PART HEREOF BY THIS REFERENCE, AND ALL INTERESTS OF THE RESPECTIVE PARTIES UNDER THE SITE LEASE, LEASE/PURCHASE AGREEMENT, THE ASSIGNMENT AGREEMENT AND THE TRUST AGREEMENT WITH RESPECT TO THE PROPERTY ARE HEREBY RELEASED, DISCHARGED AND TERMINATED AS OF THE EFFECTIVE DATE HEREOF.**

**Section 3.** The parties expressly recognize and acknowledge that the Trustee, in executing and entering into this Agreement, is relying upon representations of the District made with respect to the issuance and sale of the 2007 Bonds.

**Section 4.** The Trustee is entering into this Agreement solely in its capacity as trustee under the Trust Agreement and its rights and obligations hereunder shall be subject to its rights under the Trust Agreement. The District and the Corporation hereby direct the Trustee to enter into this Agreement.

**Section 5.** This Agreement shall be effective only upon the legal defeasance of the 1999 Certificates, which shall be confirmed by the funding of the Escrow Agreement, dated as of June 28, 2007, relating to the 1999 Certificates.

**Section 6.** The parties hereby jointly and severally direct that this Agreement be recorded in official records in and for the County of San Diego, State of California, with the intention of memorializing the release, discharge and termination the various interests as set forth in the Site Lease, Lease/Purchase Agreement, the Assignment Agreement and the Trust Agreement in the Property identified in Exhibit "B," attached hereto and incorporated herein by this reference.

**Section 7.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but altogether shall constitute but one and the same agreement.

[Remainder of this page is blank]

IN WITNESS WHEREOF, the following parties have caused this Agreement to be executed by their respective officers thereunto duly authorized all as of the day and year first above written.

DEL MAR UNION SCHOOL DISTRICT

By \_\_\_\_\_  
Title: President of the Board of Trustees

DEL MAR SCHOOL DISTRICT FINANCING CORPORATION

By: \_\_\_\_\_  
Title: President of the Board of Directors

UNION BANK OF CALIFORNIA, N.A., as Trustee

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

## EXHIBIT "A"

### IDENTIFICATION OF AGREEMENTS

1. A **Site Lease**, dated as of July 1, 1999, by and between the Del Mar Union School District, as lessor, and the Del Mar School District Financing Corporation, as lessee, as recorded on July 26, 1999, in the Official Records of the County of San Diego as Instrument No. 1999-0512443.
  
2. A **Lease/Purchase Agreement**, dated as of July 1, 1999, by and between the Del Mar School District Financing Corporation, as lessor, and the Del Mar Union School District, as lessee, as recorded on July 26, 1999, in the Official Records of the County of San Diego as Instrument No. 1999-0512444.
  
3. An **Assignment Agreement**, dated as of July 1, 1999, by and between the Community Facilities District No. 95-1 of the Del Mar Union School District and Del Mar Union School District, as recorded on July 26, 1999, in the Official Records of the County of San Diego as Instrument No. 1999-0512445.
  
4. A **Trust Agreement**, dated as of July 1, 1999, by and between Union Bank of California, National Association, as trustee, the Del Mar School District Financing Corporation, as lessor, and the Del Mar Union School District.

## **EXHIBIT "B"**

### **LEGAL DESCRIPTION OF PROPERTY**

The Site referred to herein is situated in the County of San Diego, State of California, and is described as follows:

All that portion of the Southeast Quarter of the Northwest Quarter of Section 24, Township 14 South, Range 4 West, San Bernardino Meridian, in the County of San Diego, State of California, according to the United States Government Survey approved January 18, 1876, described as follows:

Beginning at a point on the Northerly line of the Southeast Quarter of the Northwest Quarter of said Section 24, distant thereon North 89° 15' 20" West 390.00 feet from the Northeasterly corner thereof; thence South 10° 05' 00" East 720.00 feet; thence South 79° 55' 00" West 425.00 feet to the beginning of a tangent 290.00 foot radius curve, concave Southeasterly; thence Southwesterly along the arc of said curve, through a central angle of 26° 58' 00" a distance of 136.49 feet; thence North 37° 03' 00" West 275.22 feet to the beginning of a tangent 1540.00 foot radius curve, concave Southwesterly; thence Northwesterly along the arc of said curve, through a central angle of 3° 27' 00" a distance of 92.73 feet; thence North 49° 30' 00" East 118.74 feet; thence North 7° 11' 00" West 480.00 feet to the Northerly line of said Southeast Quarter of the Northwest Quarter of said Section 24; thence along said Northerly line, South 89° 15' 20" East 610.00 feet to the point of beginning.