



309 North Rios Avenue
Solana Beach, California
92075

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BOARD OF DIRECTORS

Eric Dill,

Chairperson,

San Dieguito Union High
School District

Terry Decker,

Director,

Solana Beach School
District

Doug Rafner,

Vice Chairperson,

Del Mar Union School
District

Mark Risco,

Executive Director and
Board Secretary

North City West School Facilities Financing Authority Board of Directors' Meeting

December 14, 2017 309 North Rios Avenue Solana Beach, CA 92075

2:30 p.m.

Phone: (858) 792-6937; Fax: (858) 792-8270

Welcome...

PUBLIC COMMENTS

With the exception of personnel items, individuals wishing to address the Board concerning an agenda item (or on other topics pertaining to JPA/CFD jurisdiction) are invited to do so at this time.

In the interest of time, **public presentations are limited to five (5) minutes per person, per topic.** If you wish to speak, please complete a card (located at the sign-in desk); and present it to the Board chairperson before commencement of the meeting. When the chairperson invites you to speak, please state your name, address and/or organization before making your presentation.

Please note: The law does not permit complaints and/or charges against an employee or staff member in an open Board of Directors' meeting.

In accordance with the Brown Act, there shall be no action taken for an item that has not been scheduled on a published agenda. Instead, the Board may:

- 1) Acknowledge receipt of the information,
- 2) Refer to staff for further study, or
- 3) Defer the matter to a future agenda.

We appreciate your cooperation.

PUBLIC INSPECTION OF DOCUMENTS

In compliance with *Government Code 54957.5*, agenda related documents distributed to the Board less than 72 hours prior to meetings are available for inspection at North City West School Facilities Financing Authority executive offices located at 27368 Via Industria, Suite 110, Temecula, California.

CLOSED SESSION

To consider timely, qualified matters of litigation, personnel, or on real estate negotiations, the Board may meet in a closed session.

AMERICANS WITH DISABILITIES ACT

In compliance with the *Americans with Disabilities Act*, please contact the director at (858) 792-6937 by **noon**, the day before the Board meeting, to arrange reasonable accessibility for meeting participation.

Please set cellular phones and pagers to **silent mode**, and engage in conversations outside the meeting room.

North City West School Facilities Financing Authority

Directors:

Eric Dill, Chairperson, San Dieguito Union High School District
 Doug Rafner, Vice Chairperson, Del Mar Union School District
 Terry Decker, Director, Solana Beach School District
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AGENDA

<u>Items</u>	<u>Page No.</u>
1. CALL TO ORDER	
2. PLEDGE OF ALLEGIANCE	
3. APPROVAL OF AGENDA	1-2
4. APPROVAL OF MINUTES	3-5
A. Regular meeting, September 14, 2017	
5. PUBLIC COMMENT	
In accordance with the Brown Act, unless an item has been placed on the published agenda, there shall be no action taken.	
The Board may:	
1) acknowledge receipt of the information,	
2) refer to staff for further study, or	
3) refer the matter to the next agenda.	
6. FINANCIAL REPORTS	6-15
The following reports record the routine business of the JPA/CFD for Fiscal Year 2017-18. Members of the Board, the administration or the public may request that specific items be discussed prior to their acknowledgement.	
A. Executive Summary	
B. Building Permit Activity	
C. Financial Overview	
D. Income (through September 30, 2017)	
E. Expenditures (through September 30, 2017)	
F. Trust Fund Investments (through October 31, 2017)	

North City West School Facilities Financing Authority

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7. EXECUTIVE DIRECTOR'S REPORT

- A. Delinquency Management Update
- B. Update on independent financial audit for FY 2016-17.

8. ACTION ITEMS

15-20

- A. Approve Facilities cost overrun calculations and payments to member school districts.
- B. Approve allocation of Community Facilities District No. 3 special tax to San Dieguito Union High School District and Del Mar Union School District and distribution of funds.
- C. Approve allocation of One Paseo mitigation fees to San Dieguito Union High School and Solana Beach School District and distribution of funds.
- D. Approve North City West website design.
- E. Accept and file the Series 2002 Interim Arbitrage Rebate Analysis through September 2, 2017.
- F. Accept and file the Series 2005A, 2005B and 2006C Interim Arbitrage Rebate Analysis through September 2, 2017.

9. DISCUSSIONS

- A. Legislation regarding NCW Direct Deposit/Mitigation fees.
- B. Current approved Direct Deposit fees expire 6/30/18. Discuss new basis to calculate fees for fiscal years beginning 2018.

10. FUTURE DISCUSSION ITEMS

11. ADJOURNMENT

The next scheduled Board Meeting will be held on March 8, 2018 at the Solana Beach District Office. The District Office is located at 309 North Rios Avenue, Solana Beach, CA. 92075



CARMEL VALLEY

North City West School Facilities Financing Authority

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ITEM 4A

MINUTES

The Directors of the **North City West School Facilities Financing Authority** and Community Facilities District 1 & 2 of the North City West School Facilities Financing Authority held a **Regular Meeting** on **September 14, 2017** at Solana Beach School District Offices, 309 North Rios Avenue, Solana Beach, CA, 92075. (The letters “JPA” will be used in place of North City West School Facilities Financing Authority and the letters “CFD” will be used in place of Community Facilities Districts 1 & 2).

1. CALL TO ORDER

The meeting was called to order by Chairperson Dill at 2:30 p.m.

ROLL CALL

Directors: Eric Dill, Board Chairperson, San Dieguito Union High School District
Terry Decker, Solana Beach School District
Holly McClurg, Alternate Director, Del Mar Union School District (arrived after items 3. And 4. Votes).

Quorum Achieved

Other Personnel, Member Districts:

John Addleman, Alternate Director, San Dieguito Union High School District
Lisa Davis, Alternate Director, Solana Beach School District
Caroline Brown, Solana Beach School District
Cathy Birks, Del Mar Union School District
Tina Douglas, San Dieguito Union High School District

Administration: Gladys Medina, Willdan Financial Services
Bob Quaid, Willdan Financial Services

Guests: Warren Diven, Best Best & Krieger.

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF AGENDA

Moved by Director Decker, seconded by Chairperson Eric Dill to approve the September 14, 2017 agenda.
Ayes: Dill, Decker. Motion Carried: 2:0:0

North City West School Facilities Financing Authority

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4. APPROVAL OF MINUTES

Moved by Director Decker, seconded by Chairperson Dill to approve the minutes for the 6-8-17 Regular Meeting minutes.

Ayes: Dill, Decker. Motion Carried: 2:0:0

5. PUBLIC COMMENT

There were no comments from the public.

6. FINANCIAL REPORTS

- No Building Permits issued.
- All special taxes apportionments for fiscal year 2016-17 were received from the County.
- MKS one-time special tax of \$2 million received in September 2017 and deposited to CFD No. 3 fund account with the County.
- One Paseo Mitigation Fee of \$3,636,288 received in June 2017 and deposited to the One Paseo account with the County.

7. ACTION ITEMS

- A. Motion by Director Decker, seconded by Director McClurg to approve the Agreement with Wilkinson Hadley & King Co., LLP to perform annual independent audit of FY2016-17 North City West School Facilities Financing Authority financial statements for an amount not to exceed \$6,200 including expenses.

No discussion.

Ayes: Dill, Decker, McClurg. Motion Carried: 3:0:0

- B. Motion by Director Decker, seconded by Director McClurg to approve and file FY 2016-17 Mitigation Fee Report as required by Government Code Section 66006.

No discussion.

Ayes: Dill, Decker, McClurg. Motion Carried: 3:0:0

8. DISCUSSION ITEMS

- A. Warren Diven from Best Best & Krieger provided legal interpretation of Facilities Funding Agreement regarding cost overrun provisions for the Del Mar Fourth Elementary School (i.e. Ocean Air Elementary) in response to Bowie, Arneson, Wiles and Giannone opinion letter ("Bowie Letter").

- The Bowie letter stated Del Mar was entitled to 100% reimbursement for cost overruns on Ocean Air Elementary School.

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- The 2002 Facilities Funding Agreement states reimbursement of Del Mar overruns would be based on portion of students projected to be generated from the North City West area in the most Authority's most recently adopted facilities plan.
 - The 2001 Facilities Financing Plan appears to be the most recently adopted Authority plan, which projected 687 students would be generated from the North City West/Carmel Valley area to attend in Del Mar and the Del Mar Fourth Elementary School should be designed for 700 student capacity.
 - Next Board Meeting will discuss as Action Item the proposed allocation of overrun cost based on students generated by North City West SFFA.
- B. Board Members discuss the allocation between Member Agencies of One Paseo Mitigation Fee and CFD 3 Special Tax.
- Allocation can be determined based off student generation factor grades K-6 & 7-12.
 - Allocation can be determined based off pro-rata share of facility cost taken from statutory fees.
 - John Addleman to provide facility cost allocation – 52.53% for High School sites and 47.47% for Elementary School sites.
- C. Board agreed to move forward with development of NCWSFFA website at a low bid of \$700 with an annual ongoing cost of \$300 for quarterly maintenance.

11. ADJOURNMENT OF MEETING

Moved by Director McClurg, seconded by Director Decker to adjourn meeting.

Ayes: Decker, McClurg, Dill. Motion Carried: 3:0:0.

Chairperson Dill adjourned the meeting at 3:07 P.M.

The next Regular Board Meeting will be on December 14, 2017 at the Solana Beach District Office. The District Office is located at 309 North Rios Avenue, Solana Beach, CA. 92075.



CARMEL VALLEY

North City West School Facilities Financing Authority

Directors:

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ITEM 6A

**EXECUTIVE SUMMARY, FINANCIAL REPORTING
THROUGH September 30, 2017**

1. School fees/building permits for CFD No.1

For Fiscal Year 2017/18, school fees for zero (0) homes were paid.

2. Direct Master Plan school fee permits forecast:

No direct Master Plan school fee permits have been pulled for Fiscal Year 2017/18.

3. CFD No. 1 Special Tax Collections:

Two (2) of the twelve (12) apportionments received for Fiscal Year 2017/18.

4. CFD No. 2 Special Tax Collections:

Two (2) of the twelve (12) apportionments received for Fiscal Year 2017/18.

5. CFD No. 3 Special Tax Collections:

One-time special tax \$2,000,000 received from property owner in September 2017.

6. One Paseo Mitigation Fund:

One-time mitigation fee payment of \$3,636,288.76 received in June 2016.



CARMEL VALLEY

North City West School Facilities Financing Authority

Directors:

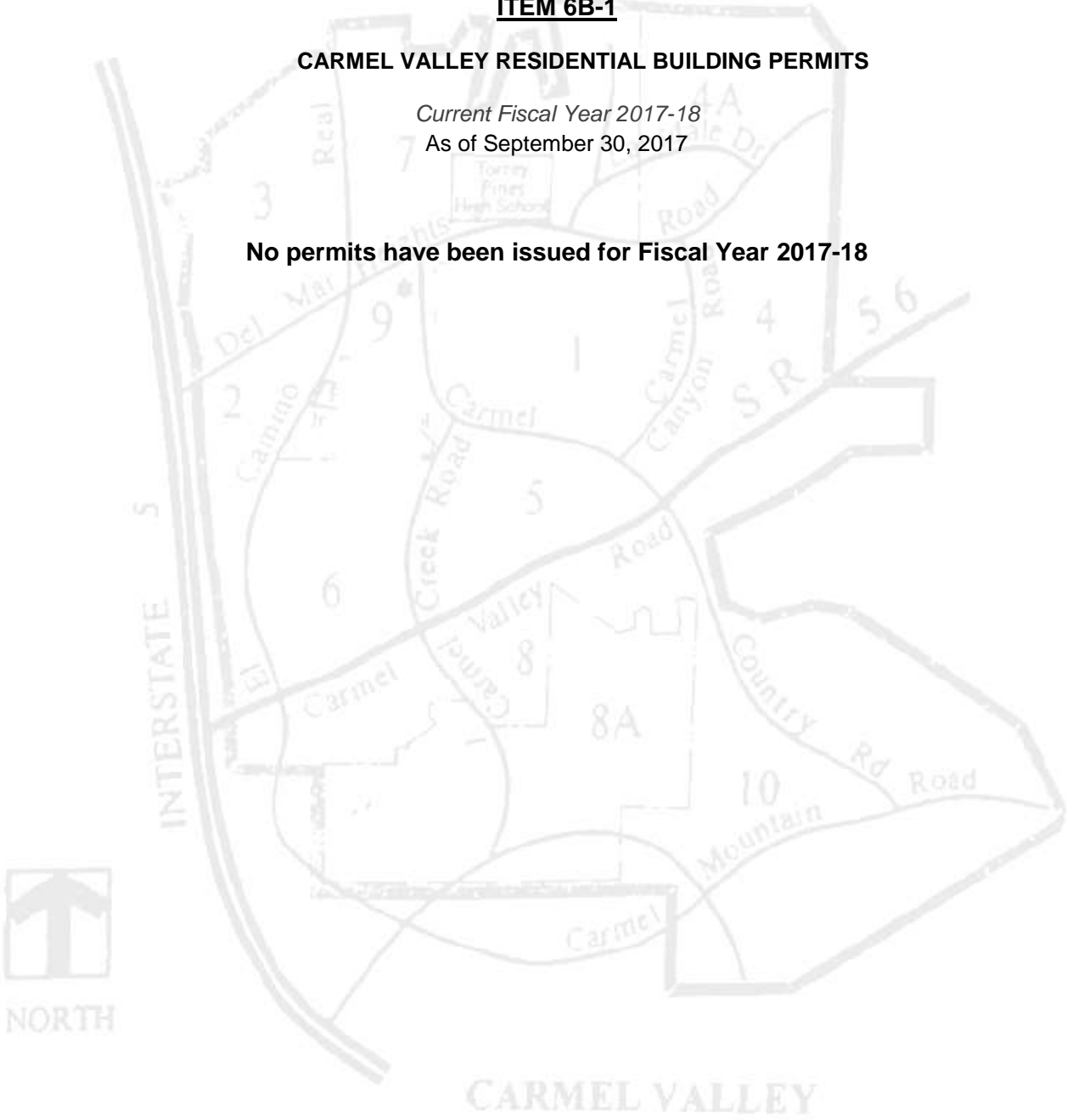
Eric Dill, Chairperson, San Dieguito Union High School District
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ITEM 6B-1

CARMEL VALLEY RESIDENTIAL BUILDING PERMITS

*Current Fiscal Year 2017-18
As of September 30, 2017*

No permits have been issued for Fiscal Year 2017-18



North City West School Facilities Financing Authority

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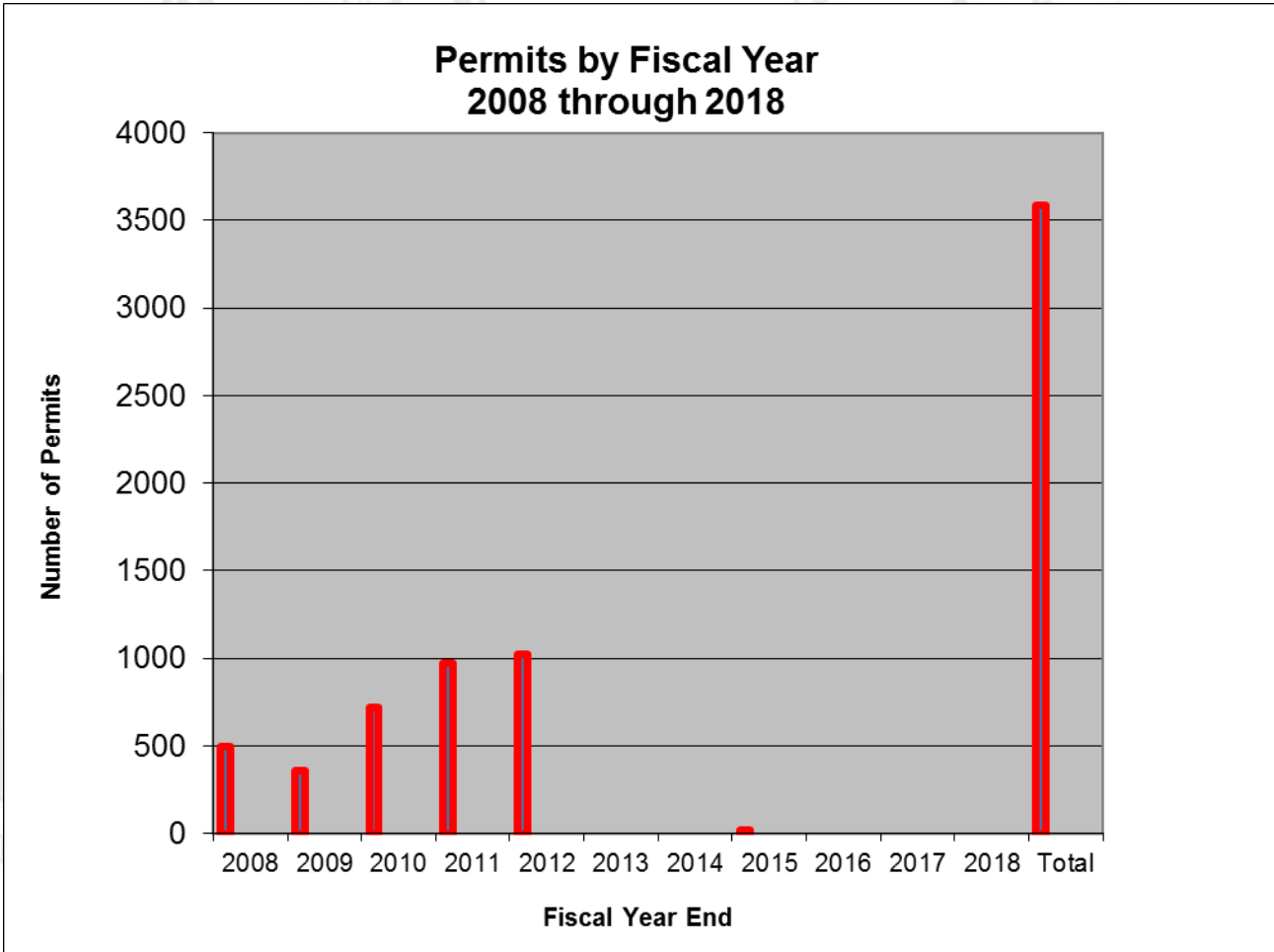
ITEM 6B

CARMEL VALLEY RESIDENTIAL BUILDING PERMITS

YEAR TO DATE TOTALS

Through September 30, 2017

FYE	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Actual:	493	356	718	975	1,024	-	-	22	-	-	-	3,588



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ITEM 6C

FINANCIAL OVERVIEW

The financial overview consists of three parts:

ITEM 6C - Summary of Current Funds Available for Future Projects

Shows funds on deposit as of the beginning of each fiscal quarter, less current fiscal year encumbrances, resulting in the balance of unencumbered funds available for future projects

Funds held in the San Diego County Treasury (through the S.D. County Office of Education).

- A. **Fund 54900:** Direct Deposit Capital Facilities/Mitigation Fees collected under Master Plan.
- B. **Fund 54904:** CFD No. 1 Special Taxes collected by County of San Diego.
- C. **Fund 54907:** CFD No. 2 Special Taxes collected by the County of San Diego.
- D. **Fund 54908:** Del Mar Neighborhood #8A School Site Fund.
- E. **Fund 54909:** Del Mar Neighborhood #8A School Construction Fund.
- F. **Fund 54911:** CFD No. 1 Special Tax Funds.
- G. **Fund 54912:** Carmel Valley Middle School Expansion Fund.
- H. **Fund 54914:** CFD No. 3 Special Taxes Fund.
- I. **Fund 54915:** One-Paseo Fund.

ITEM 6C - Financial Status of Approved Projects

Shows the annual approved project budgets, the year to date project expenditures (by county fund or bonds), the percent of budget spent year to date, and the resulting unspent balance remaining for the fiscal year.

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ITEM 6C

SUMMARY OF CURRENT FUNDS AVAILABLE FOR FUTURE PROJECTS

*Current Fiscal Year 2017-18
 As of September 30, 2017*

	Sept 30, 2015	Sept 30, 2016	Sept 30, 2017
FUNDS ON DEPOSIT			
Fund 54900, Mitigation Fees	\$287,463	\$289,121	\$296,444
Fund 54902, subordinate tax fund	6,290	6,326	6,391
Fund 54903, SBSB #6 site	-	-	-
Fund 54904, CFD #1 Special Tax Fund	6,434,920	7,484,883	8,635,781
Fund 54905, La Costa Canyon	-	-	-
Fund 54906, SBSB #6 construction	-	-	-
Fund 54907, Master Plan fees & CFD #2	59,031	59,298	64,390
Fund 54908, DMUSD #7 land	85,467	75,797	76,575
Fund 54909, DMUSD #7 construction	4	4	5
Fund 54911, CFD #1 devel fees & check acct	1,304,085	1,311,607	1,325,084
Fund 54914, CFD #3 Special Tax Fund			2,000,000
Fund 54915, One Paseo Mitigation Fees	-	-	3,636,289
2002 Bonds Special fund	41,054	41,054	41,158
2005A & B Bonds Project Fund	4,719,148	4,731,567	4,468,731
Total Unrestricted Funds on Deposit	\$ 12,937,463	\$13,999,658	\$20,550,849

ENCUMBRANCES			
Carmel Valley Middle School Expansion	\$ 5,586,098	\$ 5,586,098	\$ 5,287,643
Del Mar School (Neighb. #8A) site	72,852	75,797	76,575
Administration	69,798	-	21,265
Next Debt Service on Bonds			
One Paseo Fee Allocaiton			
Total Encumbrances	\$ 5,728,748	\$ 5,661,895	\$ 5,385,484

SUMMARY			
Total Unrestricted Funds on Deposit	\$ 12,937,463	\$ 13,999,658	\$ 20,550,849
Encumbrances (current fiscal year)	\$ (5,728,748)	\$ (5,661,895)	\$ (5,385,484)
Unencumbered Funds Available	\$ 7,208,715	\$ 8,337,764	\$ 15,165,365

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ITEM 6C

FINANCIAL STATUS OF APPROVED PROJECTS

*Current Fiscal Year 2017-18
 As of September 30, 2017*

		C.V. MIDDLE SCHOOL	DEL MAR ELEM. N #8A School	TOTAL PROJECTS
F/Y 2017/18	L		\$ 76,575	\$ 76,575
ENCUMBERED	C	\$ 5,586,098	\$ -	\$ 5,586,098

EXPEND.	L		\$ -	\$ -
FUND 83	C			\$ -
EXPEND .	L			\$ -
FUND 85	C			\$ -
EXPEND.	L			\$ -
FACIL. FUND.	C	\$ 298,455		\$ 298,455
TOTAL	L	.	\$ -	\$ -
EXPEND.	C	\$ 298,455	\$ -	\$ 298,455

PERCENT	L		0.0%	
OF BUDGET	C	0.0%	0.0%	

BALANCE	L		\$ 76,575	\$ 76,575
REMAINING	C	\$ 5,287,643	\$ -	\$ 5,287,643

L = Land purchase
C = Construction/Operations

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ITEM 6D

INCOME TO DATE, Funds 54900,54911 ,54914 ,54915 ,54904 ,54907 ,54902 ,54909 ,54908

*Current Fiscal Year 2017-18
 As of September 30, 2017*

DATE	ITEM NO.	SOURCE	FUND 54900		FUND 54911		FUND 54914		FUND 54915		FUND 54904			FUND 54907		FUND 54902	FUND 54908 & 54909
			MITIGATION INCOME	INTEREST INCOME	PERMIT INCOME	INTEREST INCOME	PERMIT INCOME	INTEREST INCOME	PERMIT INCOME	INTEREST INCOME	TAX APPN. INCOME	INTEREST INCOME	MISC. INCOME	TAX APPN. INCOME	INTEREST INCOME	INTEREST INCOME	INCOME
7/20/17	CT	Apportionment #12										\$29,229.50					
7/25/17	CT	County Int, 100% 6/30/17		\$4,857.72		\$3,663.24		\$0.00		\$0.00		\$37,833.98			\$159.85	\$17.67	\$211.71
8/3/17	CT	County Int, 100% 7/31/17		362.57		273.42		0.00		0.00		2,823.89			11.93	1.32	15.80
8/8/17	CT	Apportionment #1									1,387.02						
9/1/17	DEP	Carmel Terrace LLP					\$2,000,000.00										
9/5/17	CT	Apportionment #2									8,332.76						
YEAR TO DATE TOTAL INCOME			\$0.00	\$5,220.29	\$0.00	\$3,936.66	\$2,000,000.00	\$0.00	\$0.00	\$0.00	\$38,949.28	\$40,657.87	\$0.00	\$622.00	\$171.78	\$18.99	\$227.51
FORECAST TOTAL INCOME			\$0.00		\$0.00		\$0.00		\$0.00		\$8,192,911.00			\$56,577.26			
FORECAST YEAR TO DATE INCOME			\$0.00		\$0.00		\$2,000,000.00		\$0.00		\$38,949.28			\$622.00			
PERCENT COLLECTED YEAR TO DATE											0.5%			1.1%			



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ITEM 6E

EXPENDITURES TO DATE, Funds 54900,54911 ,54914 ,54915 ,54904 ,54907 ,54902 ,54909 ,54908

*Current Fiscal Year 2017-18
 As of September 30, 2017*

DATE	VENDOR	PURPOSE	EXPENDITURES					
			WARRANT / SOURCE	FUND 54904	F. FUND AGR 54908/54909	FUND 54907 ADMIN	TOTAL EXPEND.	Semi-Anl Paym. 54904 Int. & Principal
07/03/17	Best Best & Krieger	Services Rendered Through May 31, 2017 -One Paseo	6388645	\$4,415.44			\$4,415.44	
07/19/17	Best Best & Krieger	Services Rendered Through January 31, 2017 -One Paseo	6392178	954.00			954.00	
07/19/17	SD County School Risk JPA	FY2017-18 JPA P&L Insurance Contribution	6392532	5,500.00			5,500.00	
07/19/17	US Bank	(Annual Trustee Fees FY2017/18)(Series 2012A)	6392603	2,400.00			2,400.00	
07/19/17	US Bank	(Annual Trustee Fees FY2017/18)(Series 2006C)	6392604	3,062.50			3,062.50	
08/14/17	AT&T	Monthly Service - July 11 thru Aug 10	6396424	55.55			55.55	
08/15/17	US Bank Corporate Trust	September 1, 2017 Debt Service Payment (Series 2012A)	6288824	1,221,181.92			1,221,181.92	\$1,221,181.92
08/15/17	US Bank Corporate Trust	September 1, 2017 Debt Service Payment (Series 2005B)	6288825	1,770,599.04			1,770,599.04	1,770,599.04
08/15/17	US Bank Corporate Trust	September 1, 2017 Debt Service Payment (Series 2006C)	6288826	2,950,613.46			2,950,613.46	2,950,613.46
08/16/17	Best Best & Krieger	Services Rendered Through June 30, 2017 -One Paseo	6400800	271.26			271.26	
08/16/17	Del Mar Union SD	Enrollment Projections (FY2016/2017)	6400852	5,068.70			5,068.70	
08/23/17	Best Best & Krieger	Services Rendered Through July 31, 2017 -General Counsel Services	6402473	378.00			378.00	
08/30/17	AT&T	Monthly Service - Aug 11 thru Sept 10	6404130	55.55			55.55	
Total Expenditures To Date:				\$5,964,555.42	\$0.00	\$0.00	\$5,964,555.42	\$5,942,394.42



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ITEM 6F

Trust Fund Investments

Current Fiscal Year 2017-18

As of October 31, 2017

USB Account	Account Description	Investment Issuer	Investment Type	Rating		Date Purchased	Term Maturity	Term Years	CUSIP L.D.	Par	Investment			Market Value
				S&P/	Moody's						% Rate	Cost/ Price	% Yield	
131352-004	2002 Reserve Fund	FNMA	Note	AA+/AAA		12/18/2012	12/20/2017	5.01	3135G0RT2	\$240,000	0.875	\$240,881	0.872	\$239,933
		FNMA	Note	AA+/AAA		9/18/2013	9/18/2018	5.00	3135G0YM9	240,000	1.875	240,342	1.872	240,826
		FFCB	Note	AA+/AAA		2/11/2016	2/11/2019	5.00	3133EFYT8	250,000	1.200	250,000	1.200	248,580
		FHLB	Note	AA+/AAA		2/10/2016	2/10/2020	5.00	3130A7A70	250,000	1.370	250,000	1.370	247,015
		FNMA	Note	AA+/AAA		11/25/2016	8/25/2020	3.75	3136G4HR7	240,000	1.625	240,000	1.625	238,111
										\$1,220,000		\$1,221,224	1.386%	\$1,214,465
										Weighted				
790415-003	2005B/2006C Reserve	FNMA	Note	AA+/AAA		12/18/2012	12/20/2017	5.01	3135G0RT2	351,000	0.875	352,289	0.872	350,902
		FNMA	Note	AA+/AAA		9/18/2013	9/18/2018	5.00	3135G0YM9	360,000	1.875	360,513	1.872	361,238
		FHLMC	Note	AA+/AAA		1/13/2017	10/26/2018	1.78	3130AAM47	\$350,000	1.200	\$350,000	1.200	\$348,765
		FFCB	Note	AA+/AAA		2/11/2016	2/11/2019	5.00	3133EFYT8	370,000	1.200	370,000	1.200	367,898
		FHLB	Note	AA+/AAA		2/10/2016	2/10/2020	5.00	3130A7A70	370,000	1.370	370,000	1.370	365,582
										\$1,801,000		\$1,802,802	1.305%	\$1,794,385
										Weighted				
790415-004	2005B Project Fund	US Bank	MMK	NR					9AMMF05B2	1,506,015	0.020	1,506,015	0.200	1,506,015
		FHLMC	Note	AA+/NA		2/27/2017	12/15/2017	0.81	3137EADX4	\$300,000	1.000	\$300,375	0.999	\$299,940
		Fed Farm Cr	Discount Note	AAA/AA+		2/23/2017	12/27/2017	0.85	3133EFWW3	1,000,000	0.875	999,979	0.875	999,760
		Fed Farm Cr	Note	AAA/AA+		3/28/2017	3/12/2018	0.97	3133EETEO	700,000	1.125	700,277	1.125	699,713
		US T- Bill	6-Month	NA		10/11/2017	4/12/2018	0.51	912796PA1	300,000	1.240	298,156	1.248	298,338
										\$3,806,015		\$3,804,803	0.693%	\$3,803,766
										6,827,015		6,828,829	0.84%	6,812,616
										Weighted				
										San Diego County Investment Pool for Third Quarter 2017			1.308%	



NORTH

CARMEL VALLEY

North City West School Facilities Financing Authority

Directors:

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Doug Rafner, Vice Chairperson, Del Mar Union School District
Terry Decker, Director, Solana Beach School District
Mark Risco, Executive Director and Board Secretary

ITEM 8A

FACILITIES COST OVERRUN PAYMENTS TO MEMBER AGENCIES

BACKGROUND: The Facilities Funding Agreement (FFA) for the North City West School Facilities Financing Authority (NCWSFFA) approved by the Board in September 2002 allows for the reimbursement of cost overruns by the member agencies for financed facilities listed in the FFA. Section 1.01 Definitions of the FFA describes the Del Mar /Fourth Elementary Overrun Amount, the San Dieguito/Fifth Quad-Middle School Expansion Overrun Amount and the Solana Beach/Third Elementary Overrun Amount (collectively “the Facilities”) and the formula for how each overrun amount is calculated. Section 2.02 of the FFA provides the timing and priority for payment of the overrun amounts from available funds.

The FFA originally restricted payment of any overruns until the completion of all the Facilities. On October 15, 2015, San Dieguito Union High School District (SDUSHD) board approved the Carmel Valley Middle School expansion plan and NCWSFFA Board subsequently encumbered \$5,586,098 in funds for the project at its December 10, 2015 Board meeting. On January 10, 2017, the Board approved the First Amendment to the Facilities Funding Agreement (Amendment) to allow for the payment using remaining unencumbered funds of the overruns to member agencies prior to the completion of the Carmel Valley Middle School expansion by SDUHSD.

The member school districts have submitted their facilities costs, funding sources and overrun amounts to Willdan Financial Services (Willdan). Willdan has applied the provision of the FFA to determine the amount of the current and projected reimbursable overruns to be \$11,360,537 and unencumbered funds to be \$9,529,076 at September 30, 2017. The priority distribution of the unencumbered funds pursuant to Section 2.02 of the FFA are shown in Attachment 8A.

FISCAL IMPACT: Reduce unencumbered funds by \$9,529,076.

RECOMMENDATION: Approve the calculations of the reimbursable overruns to member school districts at September 30, 2017 and distribution of \$9,529,076 in unencumbered funds.



CARMEL VALLEY

North City West School Facilities Financing Authority

Directors:

Eric Dill, Chairperson, San Dieguito Union High School District
Doug Rafner, Vice Chairperson, Del Mar Union School District
Terry Decker, Director, Solana Beach School District
Mark Risco, Executive Director and Board Secretary

ITEM 8B

ALLOCATION OF COMMUNITY FACILITIES DISTRICT NO. 3 FUND SPECIAL TAXES TO SAN DIEGUITO UNION HIGH SCHOOL DISTRICT AND DEL MAR UNION HIGH SCHOOL DISTRICT

BACKGROUND: In March 2016, the North City West School JPA formed Community Facilities District No. 3 (CFD 3) to facilitate the payment of developer direct deposit/mitigation fees for an apartment complex being built within the San Dieguito Union High School (SDUSHD) and Del Mar Union School District (DMUSD) boundaries. The Rate & Method of Apportionment for CFD 3 required the payment of a one-time special tax of \$2 million by the developer/property owner. The one-time special tax payment was received in September 2017 and deposited to the CFD No. 3 Special Tax Fund with the San Diego County Treasurer.

At the September 14, 2017 Board meeting, it was recommended to allocate the CFD 3 funds to SDUSHD and DMUSD using the same allocations the State of California uses to allocate statutory school fees to the districts. The percentages used by the State of California are reported as 52.53% to the SDUSHD and 47.47% to DMUSD. The calculation of the distribution of the CFD 3 special tax to SDUSHD and DMUSD are shown in Attachment 8B.

FISCAL IMPACT: Reduce CFD 3 Special Tax Fund by \$2,000,000.

RECOMMENDATION: Approve allocation of CFD 3 Special Tax Fund 52.53% to San Dieguito Union High School District and 47.47% to Del Mar Union School District and distribution of funds accordingly.



CARMEL VALLEY

North City West School Facilities Financing Authority

Directors:

Eric Dill, Chairperson, San Dieguito Union High School District
Doug Rafner, Vice Chairperson, Del Mar Union School District
Terry Decker, Director, Solana Beach School District
Mark Risco, Executive Director and Board Secretary

ITEM 8C

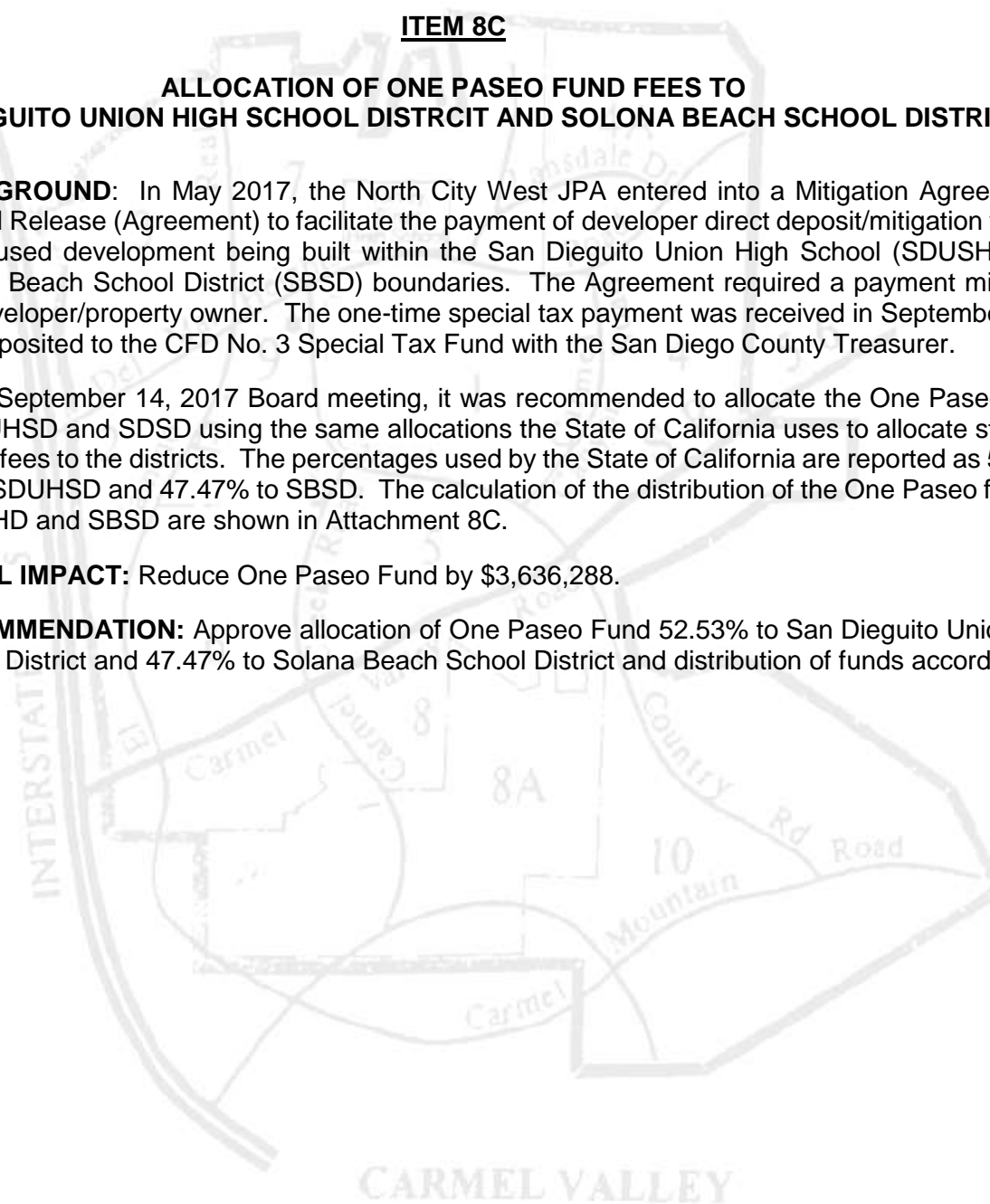
ALLOCATION OF ONE PASEO FUND FEES TO SAN DIEGUITO UNION HIGH SCHOOL DISTRICT AND SOLANA BEACH SCHOOL DISTRICT

BACKGROUND: In May 2017, the North City West JPA entered into a Mitigation Agreement & Limited Release (Agreement) to facilitate the payment of developer direct deposit/mitigation fees for a mix used development being built within the San Dieguito Union High School (SDUSHD) and Solana Beach School District (SBSD) boundaries. The Agreement required a payment million by the developer/property owner. The one-time special tax payment was received in September 2017 and deposited to the CFD No. 3 Special Tax Fund with the San Diego County Treasurer.

At the September 14, 2017 Board meeting, it was recommended to allocate the One Paseo funds to SDUHSD and SDSD using the same allocations the State of California uses to allocate statutory school fees to the districts. The percentages used by the State of California are reported as 52.53% to the SDUHSD and 47.47% to SBSD. The calculation of the distribution of the One Paseo funds to SDUSHD and SBSD are shown in Attachment 8C.

FISCAL IMPACT: Reduce One Paseo Fund by \$3,636,288.

RECOMMENDATION: Approve allocation of One Paseo Fund 52.53% to San Dieguito Union High School District and 47.47% to Solana Beach School District and distribution of funds accordingly.



North City West School Facilities Financing Authority

Directors:

Eric Dill, Chairperson, San Dieguito Union High School District
Doug Rafner, Vice Chairperson, Del Mar Union School District
Terry Decker, Director, Solana Beach School District
Mark Risco, Executive Director and Board Secretary

ITEM 8D

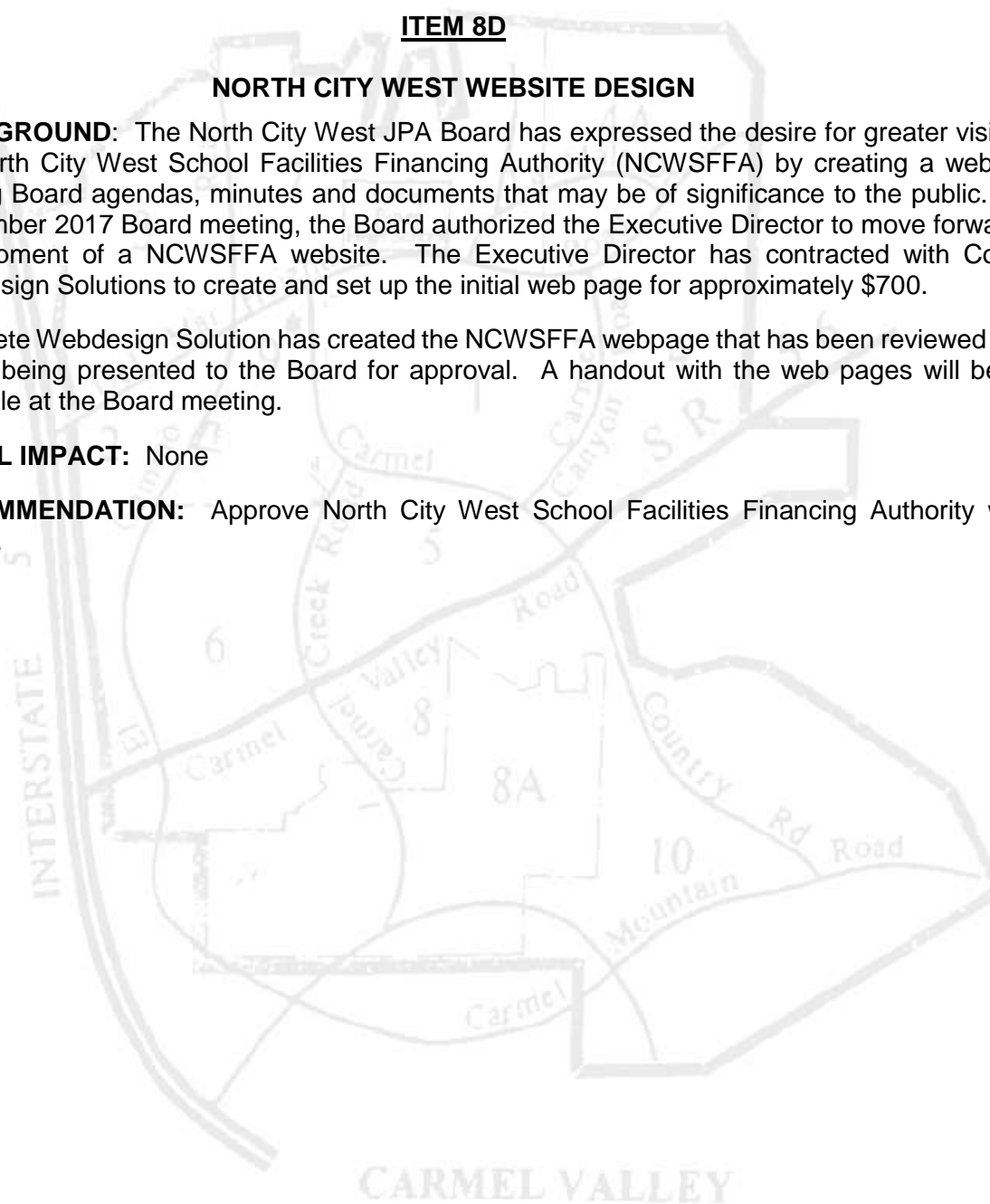
NORTH CITY WEST WEBSITE DESIGN

BACKGROUND: The North City West JPA Board has expressed the desire for greater visibility of the North City West School Facilities Financing Authority (NCWSFFA) by creating a website for posting Board agendas, minutes and documents that may be of significance to the public. At the September 2017 Board meeting, the Board authorized the Executive Director to move forward with development of a NCWSFFA website. The Executive Director has contracted with Complete Webdesign Solutions to create and set up the initial web page for approximately \$700.

Complete Webdesign Solution has created the NCWSFFA webpage that has been reviewed by staff and is being presented to the Board for approval. A handout with the web pages will be made available at the Board meeting.

FISCAL IMPACT: None

RECOMMENDATION: Approve North City West School Facilities Financing Authority website design.



North City West School Facilities Financing Authority

Directors:

Eric Dill, Chairperson, San Dieguito Union High School District
Doug Rafner, Vice Chairperson, Del Mar Union School District
Terry Decker, Director, Solana Beach School District
Mark Risco, Executive Director and Board Secretary

ITEM 8E

SERIES 2002 BOND INTERIM ARBITRAGE REBATE ANALYSIS FOR THE COMPUTATION PERIOD SEPTEMBER 19, 2002 THROUGH SEPTEMBER 2, 2017

BACKGROUND: The JPA/CFD contracted with BLX Group LLC to annually calculate the Series 2002 Bonds potential Federal liability for an excess of funds earned over funds paid on the outstanding Bonds. *Excess earnings are required to be paid to the IRS every five years.*

For the period September 19, 2002 through September 2, 2017, there is **no Cumulative Rebate Arbitrage Liability** with respects to the Bonds. The allowable Yield on Investments is 5.145849% for the same period.

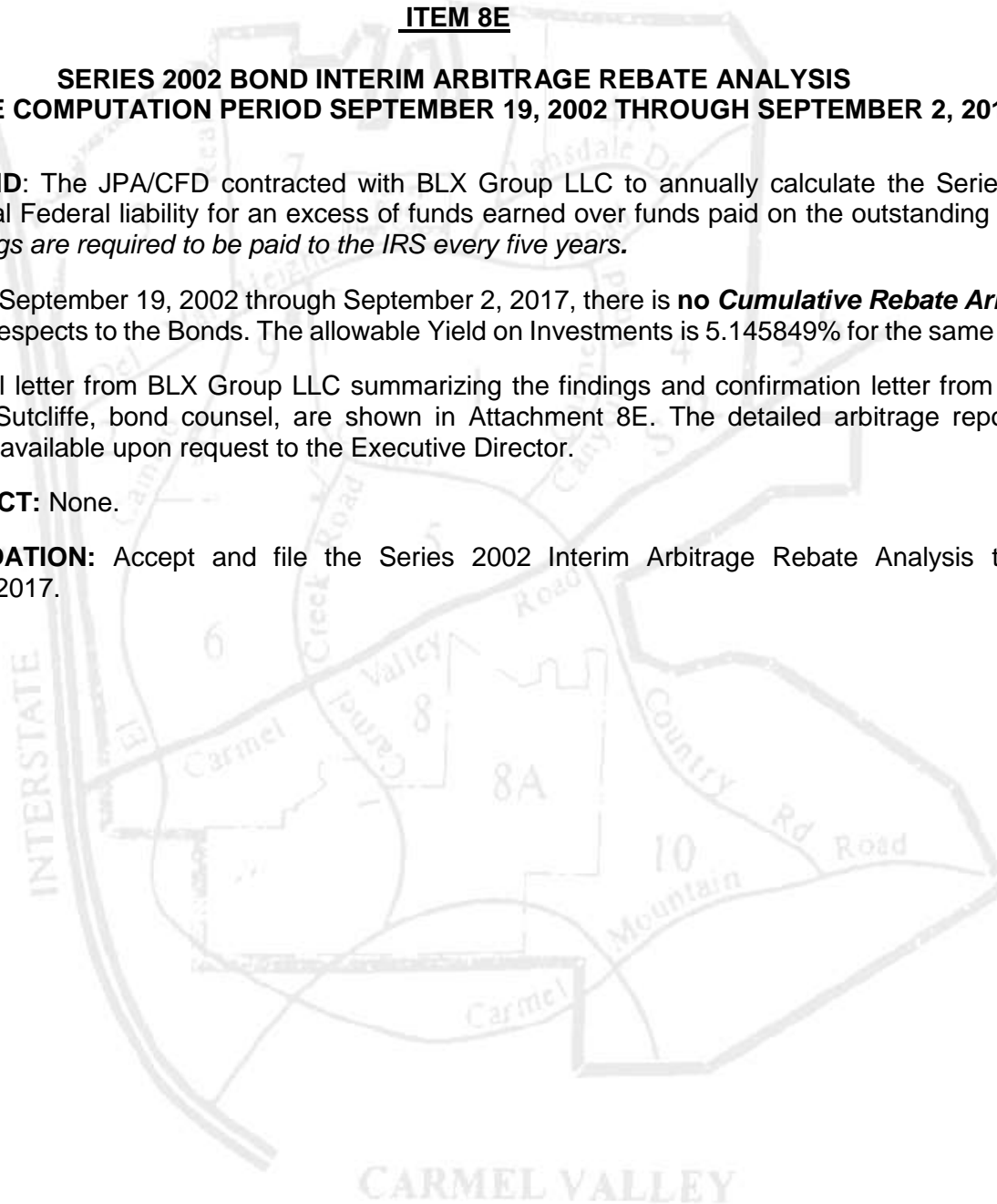
The transmittal letter from BLX Group LLC summarizing the findings and confirmation letter from Orrick, Herrington & Sutcliffe, bond counsel, are shown in Attachment 8E. The detailed arbitrage report with calculations is available upon request to the Executive Director.

FISCAL IMPACT: None.

RECOMMENDATION: Accept and file the Series 2002 Interim Arbitrage Rebate Analysis through September 2, 2017.



NORTH



North City West School Facilities Financing Authority

Directors:

Eric Dill, Chairperson, San Dieguito Union High School District
Doug Rafner, Vice Chairperson, Del Mar Union School District
Terry Decker, Director, Solana Beach School District
Mark Risco, Executive Director and Board Secretary

ITEM 8F

SERIES 2005A, 2005B & 2006C BOND INTERIM ARBITRAGE REBATE ANALYSIS FOR THE COMPUTATION PERIOD AUGUST 4, 2005 THROUGH SEPTEMBER 1, 2017

BACKGROUND: The NCWSFFA/CFD contracted with BLX Group LLC to annually calculate the Series 2005A, 2005B, & 2006C Bonds potential federal liability for an excess of funds earned over funds paid on the outstanding Bonds. *Excess earnings are required to be paid to the IRS every five years.*

For the period August 4, 2005 through September 1, 2017, there is **no Cumulative Rebate Liability** with respects to the Bonds. The allowable Yield on Investments is 4.456817% for the same period.

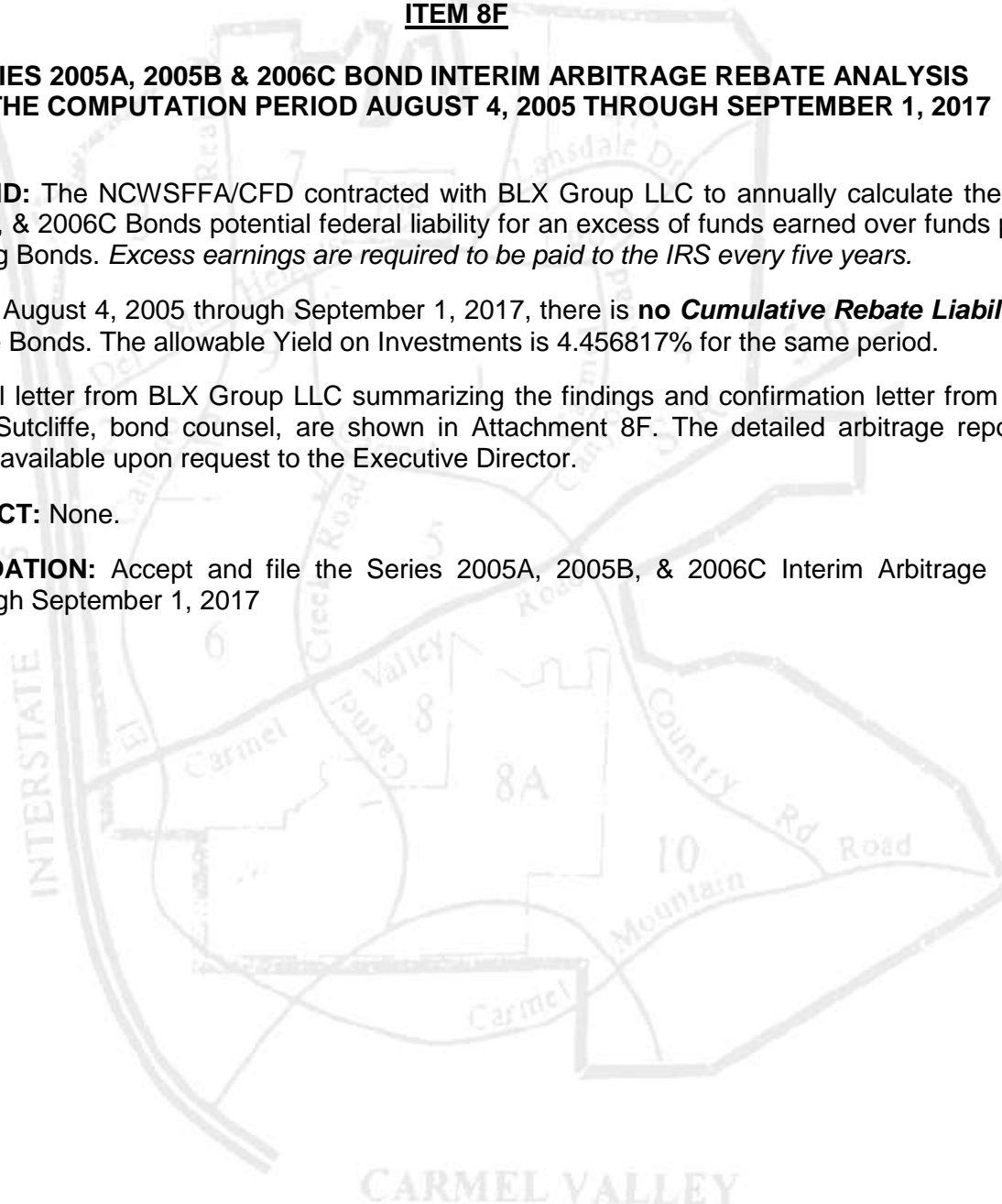
The transmittal letter from BLX Group LLC summarizing the findings and confirmation letter from Orrick, Herrington & Sutcliffe, bond counsel, are shown in Attachment 8F. The detailed arbitrage report with calculations is available upon request to the Executive Director.

FISCAL IMPACT: None.

RECOMMENDATION: Accept and file the Series 2005A, 2005B, & 2006C Interim Arbitrage Rebate Analysis through September 1, 2017



NORTH



**North City West SFFA
Summary of Overrun Amounts
As of September 30, 2017**

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D1</u>	<u>D2</u>	
		DMUSD	SBSD	SDUHSD	SDUHSD	
		4th	3rd	5th Quad	CVMS	
Level:		Elementary	Elementary	High School	Middle School	
Name:		Ocean Air	Solana Pacific	La Costa	Carmel Valley	
1. Total Costs Reported		\$ 36,223,117 (1)	\$ 64,385,701 (2)	\$ 2,064,022 (3)	\$ 7,410,000 (4)	
2. Less: State Funding		-	(25,437,722) (5)	-	-	
3. Less: NCW Funding/Encumbrances to date		(23,482,292) (2)	(33,628,330) (5)	-	(5,586,098) (6)	
4. Overrun Amount		\$ 12,740,824	\$ 5,319,649	\$ 2,064,022	\$ 1,823,902	
5 % to NCW based on students		98.14% (7)	100.00% (8)	60.17% (9)	100.00%	
6. Overrun Amount eligible for payment by NCWSFFA Date:	Total	\$ 20,889,613	\$ 12,504,209	\$ 5,319,649	\$ 1,241,853	\$ 1,823,902
7. 1st payment amount		\$ (3,725,559)	(1,241,853)	(1,241,853)	(1,241,853)	-
8. Remaining		\$ 17,164,054	11,262,356	4,077,796	-	1,823,902
9. 2nd payment amount		\$ (5,803,517)	(2,901,759)	(2,901,759)	-	-
10. Remaining		11,360,537	8,360,597	1,176,037	-	1,823,902
11. Next payment amounts		\$ -	-	-	-	-
12. Remaining Unfunded Overrun		\$ 11,360,537	\$ 8,360,597	\$ 1,176,037	\$ -	\$ 1,823,902 (10)
Overrun Funds Available						
13. Available Unencumbered Funds at September 30, 2017		\$ 9,529,076				
14. Estimated increase from remaining 2016-17 Apportionments		-				
15. Estimated unencumbered at June 30, 2017		\$ 9,529,076				
16. Surplus (Shortage) of Funds after Overruns		\$ (11,360,537)	Represents Approx. 10 Years at Max Tax FY 2018-2027			
Allocation per Section 2.02 (g) of FFA						
17. 1st allocation: 1/3 up to Overrun Amount		\$ 9,529,076				
18. 1st payment amount		\$ (3,725,559)	(1,241,853)	(1,241,853)	(1,241,853)	-
19. Funds Remaining		\$ 5,803,517				
21. 2nd Allocation: Remaining reallocated						
22. 2nd payment amount		\$ (5,803,517)	(2,901,759)	(2,901,759)	-	
23. Funds Remaining		\$ -				
24. Next Allocation: Remaining reallocated						
25. Next payment amount		\$ -	-	-	-	
26. Funds Remaining		\$ -				
27. Total Overrun Payments		\$ 9,529,076	\$ 4,143,612	\$ 4,143,612	\$ 1,241,853	\$ -

- (1) Total net cost reported by DMUSD on 4.16.16
- (2) Total costs as calculated by Don Yarnell, former NCW Administrator
- (3) Amount specified in Facilities Funding Agreement definitions, page 6
- (4) Carmel Valley Middle School expansion costs of \$5.7 million approved by the Board on October 15, 2015, increased by 30% for contingencies
- (5) Amount per Facilities Funding Summary prepared by Don Yarnell, former NCW administrator
- (6) Funding committed by NCW Board at December 10, 2015 Regular Meeting.
- (7) Projected 687 NCW students per 2001 Facilities Financing Plan divided by 700 built-for student population computed by DMUSD.
- (8) 100% reimbursement of overruns per Facilities Funding Agreement.
- (9) Projected 361 NCW students out of 600 student La Costa Canyon 5th Quad Expansion per Exhibit A of 2001 Facilities Financing Plan.
- (10) Carmel Valley Middle School expansion overrun payable upon completion of the project.

ATTACHMENT 8B

North City West Allocation of CFD 3 Special Tax

Background: At the September 14, 2017 Board meeting, it was recommended to allocate the CFD 3 Special Tax to the impacted member school districts based on the same percentages used by the State of California to allocate statutory school fees.

Statutory Fee	San Dieguito Union High School District (SDUHSD)	52.53%
Allocations:	Del Mar Union School District (DMUSD)	47.47%

Fee allocations provided by SDUHSD

CFD 3		
Fund Balance:	September 30. 2017	\$ 2,000,000.00

Allocations:	SDUHSD	\$ 1,050,600.00
	DMUSD	\$ 949,400.00

ATTACHMENT 8C

North City West

Allocation of One Paseo Mitigation Fees

Background: At the September 14, 2017 Board meeting, it was recommended to allocate the One Paseo mitigation fees to the impacted member school districts based on the same percentages used by the State of California to allocate statutory school fees.

Statutory Fee	San Dieguito Union High School District (SDUHSD)	52.53%
Allocations:	Solana Beach School District (SBSD)	47.47%

Fee allocations provided by SDUHSD

One Paseo		
Fund Balance:	September 30. 2017	\$ 3,636,288.76

Allocations:	SDUHSD	\$ 1,910,142.49
	SBSD	\$ 1,726,146.27



\$21,857,921

North City West School Facilities Financing Authority

**Subordinate Special Tax Revenue Bonds
Series 2002**

Interim Arbitrage Rebate Analysis

**Computation Period:
September 19, 2002 - September 2, 2017**



TABLE OF CONTENTS

Transmittal Letter

Opinion by Orrick, Herrington & Sutcliffe LLP

Notes and Assumptions

The Bonds

- Schedule A - Summary of Rebate Analysis
- Schedule B - Sources & Uses of Funds
- Schedule C - Annual Debt Service & Production
- Schedule D - Semi-Annual Debt Service
- Schedule E - Arbitrage Yield Calculation

Rebate Computations

- Schedule F - Custodial Account
 - 1. Remaining Balance Analysis
 - 2. Net Nonpurpose Investments Cash Flow
- Schedule G - Costs of Issuance Fund
 - 1. Remaining Balance Analysis
 - 2. Net Nonpurpose Investments Cash Flow
- Schedule H - Reserve Fund
 - 1. Remaining Balance Analysis
 - 2. Net Nonpurpose Investments Cash Flow
- Schedule I - Oricle Fund
 - 1. Remaining Balance Analysis
 - 2. Net Nonpurpose Investments Cash Flow
 - 3. Investment Earnings Analysis
- Schedule J - Special Account
 - 1. Remaining Balance Analysis
 - 2. Net Nonpurpose Investments Cash Flow
- Schedule K - 2012 (2002) Escrow Fund
 - 1. Remaining Balance Analysis
 - 2. Net Nonpurpose Investments Cash Flow
 - 3. Commingled Fund Adjustment Analysis

October 3, 2017

North City West School Facilities Finance Authority
c/o Willdan Financial Services
27368 Via Industria, Suite 110
Temecula, CA 92590

Re: \$21,857,921
North City West School Facilities Financing Authority
Subordinate Special Tax Revenue Bonds
Series 2002
Interim Arbitrage Rebate Analysis
Computation Period: September 19, 2002 through September 2, 2017

Ladies and Gentlemen:

This report (the "Report"), which is being delivered to you pursuant to our engagement letter, consists of computations and the assumptions on which such computations are based with respect to the rebate liability of the North City West School Facilities Financing Authority (the "Issuer") in connection with the above-captioned issue (the "Bonds") for the above-referenced period (the "Interim Computation Period").

The computations herein are based on an analysis of existing laws, regulations, and rulings. The Department of the Treasury ("Treasury") may publish additional regulations and supplement, amend, or interpret such laws, regulations, and rulings from time to time, with the result that the amount of rebate liability described in the Report may be subject to adjustment under such future pronouncements.

The scope of our engagement was limited to preparing the Report based on information supplied to us. In accordance with our engagement letter (which is incorporated herein by reference), our engagement did not include determination of whether securities allocable to proceeds of the Bonds were purchased at fair market value within the meaning of Treasury Regulations, or an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds. With your permission, we have relied entirely on the information provided to us without independent verification, and we express no opinion as to the completeness, accuracy, or suitability of such information for purposes of calculating rebate liability with respect to the Bonds. We have undertaken no responsibility to audit or review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program. We are under no obligation to consider any information obtained by us pursuant to this engagement for any purpose other than determining such rebate liability. Also, we have no obligation to update this Report delivered herewith because of any events occurring, changes in existing laws, regulations, or rulings or interpretations thereof, or data or information received, subsequent to the date hereof.

For the Interim Computation Period September 19, 2002 through September 2, 2017:

Allowable Yield on Investments:	5.145849%
Rebate Payment Due:	<u>\$0.00</u>

As set forth on Schedule A hereof, no payment is required to be made to the United States on or before November 1, 2017 (60 days after September 2, 2017, the end of the fifteenth Bond Year). As no payment is due to the United States, no Internal Revenue Service Form 8038-T needs to be filed. The next rebate installment payment will be due not later than November 1, 2022 (60 days after September 2, 2022, the end of the twentieth Bond Year). Should the Bonds be retired prior to September 2, 2022, 100% of the Cumulative Rebate Liability (reduced by any applicable computation date credits) as of such retirement date will become due and payable within 60 days.

This Report is not to be used, circulated, quoted, referred to, or relied upon by any other person without our express written permission.

Very truly yours,



BLX Group LLC



October 3, 2017

Orrick, Herrington & Sutcliffe LLP
777 South Figueroa Street
Suite 3200
Los Angeles, CA 90017-5855
+1 213 629 2020
orrick.com

North City West School Facilities Finance Authority
c/o Willdan Financial Services
27368 Via Industria, Suite 110
Temecula, CA 92590

Re: \$21,857,921
North City West School Facilities Financing Authority
Subordinate Special Tax Revenue Bonds
Series 2002
Interim Arbitrage Rebate Analysis
Computation Period: September 19, 2002 through September 2, 2017

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to our engagement to provide certain legal services and accompanies a report (the "Report") prepared on the date hereof by BLX Group LLC ("BLX") consisting of computations and the assumptions on which such computations are based with respect to the rebate liability of the North City West School Facilities Financing Authority (the "Issuer") in connection with the above-captioned issue (the "Bonds") for the above-referenced period (the "Interim Computation Period"). In particular, we note that our opinion is specifically subject to the notes and assumptions contained in the Report.

The opinion expressed herein is based on an analysis of existing laws, regulations, and rulings. The Department of the Treasury ("Treasury") may publish additional regulations and supplement, amend, or interpret such laws, regulations, and rulings from time to time, with the result that the amount of rebate liability described in the Report and in this opinion may be subject to adjustment under such future pronouncements.

The scope of our engagement was limited to preparing this opinion, based on information supplied to us by you, BLX, and U.S. Bank, N.A. (the "Trustee"). In accordance with our engagement letter (which is incorporated herein by reference), our engagement did not include determination of whether securities allocable to proceeds of the Bonds were purchased at fair market value within the meaning of Treasury Regulations, or an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds. With your permission, we have relied entirely on information provided by you, BLX, and the Trustee without independent verification, and we express no opinion as to the completeness, accuracy, or suitability of such information for purposes of calculating rebate liability with respect to the Bonds. We have undertaken no responsibility to audit or review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program. No opinion is expressed on any matter other than rebate liability to the extent set forth below, and we are under no obligation to consider any information obtained by us pursuant to this engagement for any purpose other than determining such rebate liability. Also, we have no obligation to update this opinion delivered herewith because of any events occurring, changes in existing laws, regulations, or rulings or interpretations thereof, or data or information received, subsequent to the date hereof.



Based on and subject to the foregoing, and subject to the notes and assumptions contained in the Report, in our opinion, the computations shown in the Report were performed in accordance with applicable federal law and regulations and reflect the following:

For the Interim Computation Period September 19, 2002 through September 2, 2017:

Allowable Yield on Investments:	5.145849%
Rebate Payment Due:	<u>\$0.00</u>

This opinion is not to be used, circulated, quoted, referred to, or relied upon by any other person without our express written permission.

Very truly yours,

A handwritten signature in black ink that reads "Orrick, Herrington & Sutcliffe LLP". The signature is written in a cursive, flowing style.

ORRICK, HERRINGTON & SUTCLIFFE LLP



\$79,805,000

North City West School Facilities Finance Authority

\$17,665,000 Subordinate Tax Revenue Bonds, Series 2005A
\$31,110,000 Subordinate Special Tax Revenue Refunding Bonds, Series 2005B
\$31,030,000 Subordinate Special Tax Revenue Refunding Bonds, Series 2006C

Interim Arbitrage Rebate Analysis

Computation Period:
August 4, 2005 - September 1, 2017



TABLE OF CONTENTS

TAB

1	Transmittal Letter
2	Opinion by Orrick, Herrington & Sutcliffe LLP
3	Notes and Assumptions
4	The Bonds <ul style="list-style-type: none">Schedule A - Summary of Rebate AnalysisSchedule B - Sources & Uses of FundsSchedule C - Annual Debt Service & ProductionSchedule D - Semi-Annual Debt ServiceSchedule E - Arbitrage Yield Calculation
5	Rebate Computations <ul style="list-style-type: none">Schedule F - Reserve Fund<ul style="list-style-type: none">1. Remaining Balance Analyses2. Net Nonpurpose Investments Cash Flow3. Commingled Fund Adjustment AnalysisSchedule G - Project Fund<ul style="list-style-type: none">1. Remaining Balance Analyses2. Net Nonpurpose Investments Cash Flow3. Commingled Fund Adjustment AnalysisSchedule H - 2005A Project Escrow Fund<ul style="list-style-type: none">1. Remaining Balance Analyses2. Net Nonpurpose Investments Cash FlowSchedule I - 2005A Project Escrow Interest Fund<ul style="list-style-type: none">1. Remaining Balance Analysis2. Net Nonpurpose Investments Cash Flow3. Commingled Fund Adjustment Analysis (Money Market)4. Commingled Fund Adjustment Analysis (Investment Agreement)Schedule J - 2005 Costs of Issuance Fund<ul style="list-style-type: none">1. Remaining Balance Analysis2. Net Nonpurpose Investments Cash FlowSchedule K - 2006 Costs of Issuance Fund<ul style="list-style-type: none">1. Remaining Balance Analysis2. Net Nonpurpose Investments Cash Flow

TABLE OF CONTENTS

TAB

- 5 Rebate Computations (Cont.)
 - Schedule L - Escrow Fund (Prior 1997C Bonds)
 - 1. Remaining Balance Analysis
 - 2. Net Nonpurpose Investments Cash Flow
 - 3. Escrow Valuation
 - Schedule M - Prior 1997C Bonds Rebate Account
 - 1. Remaining Balance Analyses
 - 2. Net Nonpurpose Investments Cash Flow

- 6 Appendix A - Transferred Proceeds Ratio Analysis (Prior 1997C Bonds)
Appendix B - Transferred Proceeds Ratio Analysis (2005A Bonds)

October 5, 2017

North City West School Facilities Finance Authority
c/o Willdan Financial Services
27368 Via Industria, Suite 110
Temecula, CA 92590

Re: \$79,805,000
North City West School Facilities Finance Authority
\$17,665,000 Subordinate Tax Revenue Bonds, Series 2005A
\$31,110,000 Subordinate Special Tax Revenue Refunding Bonds, Series 2005B
\$31,030,000 Subordinate Special Tax Revenue Refunding Bonds, Series 2006C
Interim Arbitrage Rebate Analysis
Computation Period: August 4, 2005 through September 1, 2017

Ladies and Gentlemen:

This report (the "Report"), which is being delivered to you pursuant to our engagement letter, consists of computations and the assumptions on which such computations are based with respect to the rebate liability of the North City West School Facilities Finance Authority (the "Issuer") in connection with the above-captioned issue (the "Bonds") for the above-referenced period (the "Interim Computation Period").

The computations herein are based on an analysis of existing laws, regulations, and rulings. The Department of the Treasury ("Treasury") may publish additional regulations and supplement, amend, or interpret such laws, regulations, and rulings from time to time, with the result that the amount of rebate liability described in the Report may be subject to adjustment under such future pronouncements.

The scope of our engagement was limited to preparing the Report based on information supplied to us. In accordance with our engagement letter (which is incorporated herein by reference), our engagement did not include determination of whether securities allocable to proceeds of the Bonds were purchased at fair market value within the meaning of Treasury Regulations, or an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds. With your permission, we have relied entirely on the information provided to us without independent verification, and we express no opinion as to the completeness, accuracy, or suitability of such information for purposes of calculating rebate liability with respect to the Bonds. We have undertaken no responsibility to audit or review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program. We are under no obligation to consider any information obtained by us pursuant to this engagement for any purpose other than determining such rebate liability. Also, we have no obligation to update this Report delivered herewith because of any events occurring, changes in existing laws, regulations, or rulings or interpretations thereof, or data or information received, subsequent to the date hereof.

For the Interim Computation Period August 4, 2005 through September 1, 2017:

Allowable Yield on Investments:	4.456817%
Cumulative Rebate Liability:	<u>\$0.00</u>

Ninety percent (90%) of the Cumulative Rebate Liability (reduced by any applicable computation date credits) is required to be rebated to the United States no later than 60 days after September 1, 2019 (the end of the tenth Bond Year). Such Cumulative Rebate Liability is subject to change, however, pursuant to computations undertaken up to and including September 1, 2019. Additionally, should the Bonds be retired prior to September 1, 2019, 100% of the Cumulative Rebate Liability (reduced by any applicable computation date credits) as of such retirement date will become due and payable within 60 days.

This Report is not to be used, circulated, quoted, referred to, or relied upon by any other person without our express written permission.

Very truly yours,



BLX Group LLC



October 5, 2017

Orrick, Herrington & Sutcliffe LLP
777 South Figueroa Street
Suite 3200
Los Angeles, CA 90017-5855
+1 213 629 2020
orrick.com

North City West School Facilities Finance Authority
c/o Willdan Financial Services
27368 Via Industria, Suite 110
Temecula, CA 92590

Re: \$79,805,000
North City West School Facilities Finance Authority
\$17,665,000 Subordinate Tax Revenue Bonds, Series 2005A
\$31,110,000 Subordinate Special Tax Revenue Refunding Bonds, Series 2005B
\$31,030,000 Subordinate Special Tax Revenue Refunding Bonds, Series 2006C
Interim Arbitrage Rebate Analysis
Computation Period: August 4, 2005 through September 1, 2017

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to our engagement to provide certain legal services and accompanies a report (the "Report") prepared on the date hereof by BLX Group LLC ("BLX") consisting of computations and the assumptions on which such computations are based with respect to the rebate liability of the North City West School Facilities Finance Authority (the "Issuer") in connection with the above-captioned issue (the "Bonds") for the above-referenced period (the "Interim Computation Period"). In particular, we note that our opinion is specifically subject to the notes and assumptions contained in the Report.

The opinion expressed herein is based on an analysis of existing laws, regulations, and rulings. The Department of the Treasury ("Treasury") may publish additional regulations and supplement, amend, or interpret such laws, regulations, and rulings from time to time, with the result that the amount of rebate liability described in the Report and in this opinion may be subject to adjustment under such future pronouncements.

The scope of our engagement was limited to preparing this opinion, based on information supplied to us by you, BLX, and U.S. Bank, N.A. (the "Trustee"). In accordance with our engagement letter (which is incorporated herein by reference), our engagement did not include work performed by prior counsel, independent determination of which funds were subject to or exempt from rebate, determination of whether securities allocable to proceeds of the Bonds were purchased at fair market value within the meaning of Treasury Regulations, or an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds. With your permission, we have relied entirely on information provided by you, BLX, and the Trustee without independent verification, and we express no opinion as to the completeness, accuracy, or suitability of such information for purposes of calculating rebate liability with respect to the Bonds. We have undertaken no responsibility to audit or review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program. No opinion is expressed on any matter other than rebate liability to the extent set forth below, and we are under no obligation to consider any information obtained by us pursuant to this engagement for any purpose other than determining such rebate liability. Also, we have no obligation to update this opinion



delivered herewith because of any events occurring, changes in existing laws, regulations, or rulings or interpretations thereof, or data or information received, subsequent to the date hereof.

Based on and subject to the foregoing, and subject to the notes and assumptions contained in the Report, in our opinion, the computations shown in the Report were performed in accordance with applicable federal law and regulations and reflect the following:

For the Interim Computation Period August 4, 2005 through September 1, 2017:

Allowable Yield on Investments:	4.456817%
Cumulative Rebate Liability:	<u>\$0.00</u>

This opinion is not to be used, circulated, quoted, referred to, or relied upon by any other person without our express written permission.

Very truly yours,

A handwritten signature in cursive script that reads "Orrick, Herrington & Sutcliffe LLP".

ORRICK, HERRINGTON & SUTCLIFFE LLP