

**ANAHEIM UNION HIGH SCHOOL DISTRICT
FACILITIES CORPORATION**

Board of Directors

501 Crescent Way, P.O. Box 3520
Anaheim, California 92803-3520
www.auhsd.us

NOTICE OF REGULAR MEETING

Date: August 12, 2011

To: Jordan Brandman, P.O. Box 3520, Anaheim, CA 92803-3520
Anna L. Piercy, P.O. Box 3520, Anaheim, CA 92803-3520
Jan Harp Domene, P.O. Box 3520, Anaheim, CA 92803-3520
Katherine H. Smith, P.O. Box 3520, Anaheim, CA 92803-3520
Brian O'Neal, P.O. Box 3520, Anaheim, CA 92803-3520

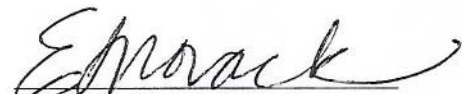
Orange County Register, 1771 S. Lewis, Anaheim, CA 92805
Anaheim Bulletin, 1771 S. Lewis, Anaheim, CA 92805
News Enterprise, P.O. Box 1010, Los Alamitos, CA 90720
Los Angeles Times, 1375 Sunflower, Costa Mesa, CA 92626
Event News, 9559 Valley View Street, Cypress, CA 90630
Excelsior, 523 N. Grand Avenue, Santa Ana, CA 92701

You are hereby notified that a regular meeting of the
Board of Directors of the Anaheim Union High School District Facilities Corporation
is called for

Thursday, the 18th day of August 2011

in the District Board Room, 501 Crescent Way, Anaheim, California

Immediately Following the Regular Meeting of the Board of Trustees


Elizabeth I. Novack, Ph.D.
Superintendent

**ANAHEIM UNION HIGH SCHOOL DISTRICT
FACILITIES CORPORATION**
501 Crescent Way, P.O. Box 3520, Anaheim, California 92803-3520

**BOARD OF DIRECTORS
Agenda
Thursday, August 18, 2011**

Immediately Following the Regular Meeting of the Board of Trustees

Some items on the agenda of the Board of Directors' meeting include exhibits of supportive and/or background information. These items may be inspected in the Superintendent's Office of the Anaheim Union High School District, at 501 Crescent Way in Anaheim, California. The office is open from 7:45 a.m. to 4:30 p.m., Monday through Friday, and is closed for most of the federal and local holidays. These materials are also posted with the meeting agenda on the District website, www.auhsd.us, at the same time that they are distributed to the Board of Directors.

Meetings are recorded for use in the official minutes.

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|----|--|--------------------------------|
| 1. | CALL TO ORDER-ROLL CALL | <i>ACTION ITEM</i> |
| 2. | ADOPTION OF AGENDA | <i>ACTION ITEM</i> |
| 3. | PUBLIC COMMENTS, OPEN SESSION ITEMS | <i>INFORMATION ITEM</i> |

Opportunities for public comments occur at the beginning of each agenda item and at this time for items not on the agenda. Persons wishing to address the Board of Directors should complete a speaker request form, available on the information table, at the back of the room, and submit it to the executive assistant prior to the meeting. Each speaker is limited to a maximum of five minutes; each topic or item is limited to a total of 20 minutes. Board members cannot immediately respond to public comments, as stated on the speaker request form.

4. **PLEDGE OF ALLEGIANCE**

Board President Jordan Brandman will lead the Pledge of Allegiance to the Flag of the United States of America.

5. **ITEM OF BUSINESS**

Resolution No. 2011/12-B-08, Authorization to Complete the Implementation of the District's Restructured 2011 School Facility Bridge Funding Program (Roll Call Vote) ***ACTION ITEM***

The Board of Directors of the Anaheim Union High School District Facilities Corporation, a nonprofit public benefit corporation, organized and existing under and by virtue of the laws of the state of California, is requested to adopt Resolution No. 2011/12-B-08 authorizing the final implementation of the District's restructured 2011 School Facility Bridge Funding Program (the "2011 Funding Program") to replace its 1999 School Facility Bridge Funding Program (the "1999 Funding Program"). The development phase, previously authorized by the Board of Trustees, for the 2011 Funding Program, is now substantially complete and final implementation can be completed in the near term. By completing the implementation of the 2011 Funding Program, the District will be able to defer its current annual payments for a three-year period and maintain its adjustable-rate/multimode structure. This structure has resulted in a 2.11 percent average interest rate since

1999, and the District's most recent weekly interest rate was 0.05 percent. Upon final implementation, the District's 1999 Funding Program will be replaced with the 2011 Funding Program, including the new deferred payment schedule.

This resolution, which is similar to the resolution approved by the District's Board of Trustees, approves the substantially final forms of the financing documents; authorizes the maximum financial parameters; authorizes the activities required of the District staff and its program team members to complete the implementation; and designates the individuals listed below to execute any and all required documents associated with the final implementation of the 2011 Funding Program. Attached to the exhibit, is a summary of the primary financing documents, maximum financial parameters, and the primary implementation activities being authorized under this resolution. Additionally, the substantially final forms of the financing documents are available for review in the Board of Directors' Office. Representatives from the District's program team will also be in attendance to answer Board questions. **[EXHIBIT]**

Elizabeth I. Novack, Ph.D., superintendent
Dianne Poore, assistant superintendent, Business Services

Recommendation:

It is recommended that the Board of Directors adopt Resolution No. 2011/12-B-08, by a roll call vote.

6. **ADJOURNMENT**

ACTION ITEM

In compliance with the Americans with Disabilities Act, individuals with a disability who require modification or accommodation in order to participate in this meeting should contact the executive assistant to the superintendent at (714) 999-3503 by noon on Monday, August 15, 2011.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ANAHEIM UHSD FACILITIES CORPORATION AUTHORIZING THE EXECUTION AND DELIVERY BY THE CORPORATION OF A GROUND LEASE, A LEASE AGREEMENT, A TRUST AGREEMENT AND AN ASSIGNMENT AGREEMENT WITH RESPECT TO THE EXECUTION AND DELIVERY OF ANAHEIM UNION HIGH SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION (2011 SCHOOL FACILITY BRIDGE FUNDING PROGRAM) EVIDENCING PRINCIPAL IN AN AGGREGATE AMOUNT OF NOT TO EXCEED \$25,000,000, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

RESOLUTION NO. 2011/12-B-08

WHEREAS, in order to finance certain school facilities, the Anaheim Union High School District (the "District") caused to be executed and delivered the Anaheim Union High School District Certificates of Participation (1999 School Facility Bridge Funding Program) (the "Prior Certificates");

WHEREAS, the District desires to cause the Prior Certificates to be prepaid;

WHEREAS, in order to finance the prepayment of the Prior Certificates, the District will lease certain real property and the improvements thereto (the "Property") to the Anaheim UHSD Facilities Corporation (the "Corporation") pursuant to a Ground Lease (such Ground Lease, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Ground Lease");

WHEREAS, the District will sublease the Property back from the Corporation pursuant to a Lease Agreement (such Lease Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Lease Agreement");

WHEREAS, the District and the Corporation have determined that it would be in the best interests of the District and the Corporation to provide the funds necessary to cause the prepayment of the Prior Certificates through the execution and delivery, pursuant to a Trust Agreement, by and among Wells Fargo Bank, National Association, as Trustee (the "Trustee"), the Corporation and the District, of Anaheim Union High School District Certificates of Participation (2011 School Facility Bridge Funding Program) (the "Certificates"), evidencing direct, fractional undivided interests in the base rental payments to be made under the Lease Agreement (such Trust Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Trust Agreement");

WHEREAS, in connection with the execution and delivery of the Trust Agreement, the Corporation proposes to assign certain of its rights in the Ground Lease and Lease Agreement to the Trustee pursuant to an Assignment Agreement (such Assignment Agreement, in the form

presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Assignment Agreement");

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

- (a) the Ground Lease;
- (b) the Lease Agreement;
- (c) the Trust Agreement; and
- (d) the Assignment Agreement; 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 such financing 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 financing for the purpose, in the manner and upon the terms herein provided; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Anaheim UHSD Facilities Corporation, as follows:

Section 1. All of the recitals herein contained are true and correct and the Board of Directors of the Corporation so finds.

Section 2. The form of the Ground Lease, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, is hereby approved, and the President of the Corporation, the Vice President of the Corporation, the Treasurer of the Corporation and the Secretary of the Corporation, and such other officers of the Corporation as the President of the Corporation may designate (the "Authorized Officers") are each hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the Corporation, to execute and deliver the Ground Lease in substantially said form, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of the Lease Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, is hereby approved, and the Authorized Officers are each hereby authorized, and any one of the Authorized Officers is hereby 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, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the principal components of the base rental payments payable under the Lease Agreement shall not exceed \$25,000,000, the term of the Lease Agreement shall not exceed 31 years (provided that such term may be extended as provided therein) and the true

interest cost applicable to the interest components of the base rental payments evidenced by the Certificates during the Capital Appreciation Period (as defined in the Trust Agreement) shall not exceed 3.50% per annum.

Section 4. The form of the Trust Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, is hereby approved, and the Authorized Officers are each hereby authorized, and any one of the Authorized Officers is hereby 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, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form of the Assignment Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, is hereby approved, and the Authorized Officers are each hereby authorized, and any one of the Authorized Officers is hereby 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, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The execution and delivery of Certificates evidencing principal in an aggregate amount not to exceed \$25,000,000, payable in the years and in the amounts, and evidencing interest as specified in the Trust Agreement as finally executed, are hereby authorized and approved.

Section 7. The officers and employees 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 and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

Section 8. All actions heretofore taken by the officers, employees and agents of the Corporation with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 9. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 18th day of August, 2011.

President of the Anaheim UHSD
Facilities Corporation

Secretary of the Anaheim UHSD
Facilities Corporation

SECRETARY'S CERTIFICATE

I, _____, Secretary of the Anaheim UHSD Facilities Corporation, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of the Board of Directors of said Corporation duly and regularly held on August 18, 2011, of which meeting all of the members of said Board had due notice and at which a majority thereof were present; and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT OR NOT VOTING:

An agenda of said meeting was posted at least 72 hours before said meeting at 501 Crescent Way, Anaheim, California, a location freely accessible to members of the public, and a brief general description of said Resolution appeared on said agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; that the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: August 18, 2011

Secretary of the Anaheim UHSD
Facilities Corporation

**ANAHEIM UNION HIGH
SCHOOL DISTRICT**

**2011 RESTRUCTURED SCHOOL
FACILITY BRIDGE FUNDING PROGRAM**

**SUMMARY OF PRINCIPAL
FINANCING DOCUMENTS**

&

**IMPLEMENTATION/FUNDING
ACTIVITIES**

ANAHEIM UNION HIGH SCHOOL DISTRICT 2011 RESTRUCTURED SCHOOL FACILITY BRIDGE FUNDING PROGRAM

Summary of Principal Financing Documents & Implementation/Funding Activities

The primary financing documents (collectively, "the Documents") receiving approval under attached Resolution No. 2011/12-B-04 (the "District Resolution") and Resolution No. 2011/12-B-08 (the "Corporation Resolution") (collectively the "Implementation Resolutions"), submitted for approval by both the Anaheim Union High School District's (the "District") Board of Trustees (the "District Board") and the Anaheim UHSD Facilities Corporation's Board of Directors (the "Corporation Board"), consist of the following forms of Documents:

- **Ground Lease⁽¹⁾;**
- **Lease Agreement⁽¹⁾;**
- **Trust Agreement⁽¹⁾;**
- **Continuing Covenant Agreement⁽¹⁾;**
- **Certificate Purchase Agreement⁽¹⁾;**
- **Continuing Disclosure Agreement⁽¹⁾;**
- **Remarketing Agreement⁽¹⁾;**
- **Assignment Agreement⁽¹⁾; and**
- **Escrow Agreement**

(1) Represents similar documents approved under the District's original 1999 School Facility Bridge Funding Program.

A copy of the Documents is available for review in the Board of Trustees office. Highlighted below is a brief description of both the purposes of the Documents and actions being submitted for approval by the respective District and Corporation's Boards under the Implementation Resolutions in order to complete the implementation of the District's new 2011 Restructured School Facility Bridge Funding Program (the "2011 Funding Program"), and the concurrent replacement (payoff) of the District's 1999 School Facility Bridge Funding Program (the "1999 Funding Program").

- **Ground Lease:** The Ground Lease creates a **lease-leaseback** of the Cypress High School facilities (the "Property") that will continue to be secured under the Lease Agreement described below. The Property is "**leased**" by the Corporation and then "**leased-back**" to the District under the Ground Lease Agreement for the term of the 2011 Funding Program. The Ground Lease structure enables the District to **retain** ownership of the Property while giving the investors a secured interest in the Property. This secured interest is then released when the restructured 2011 Certificates (the "2011 Certificates") are fully repaid by the District. Please note that the Cypress High School facilities is the "Property" currently leased under the District's 1999 Funding Program.
- **Lease Agreement:** The primary financing document setting forth the principal "**financing terms and conditions**" under the District's 2011 Funding Program is the Lease Agreement. The Lease Agreement sets forth all of the financial terms of the District including the District's financing plan, repayment schedule, insurance covenants, etc. Additionally, the Lease Agreement sets forth the terms and conditions regarding the District's general use, operation, and maintenance of the Property being leased under the above Ground Lease during the term of the 2011 Funding Program.

- **Trust Agreement:** The Trust Agreement is the primary "*operative*" agreement setting forth the specific instructions and procedures necessary to implement the terms and conditions contained in the Documents. The Trust Agreement sets forth the procedures required to periodically remarket the 2011 Certificates into the various interest rate mode options (Daily Rate, Weekly Rate, Extended Rate, and Fixed Rate Modes) available under the 2011 Funding Program's adjustable-rate/multimode structure. The Trust Agreement also creates the various District fund accounts (Base Rental Payment Fund, Principal and Interest Funds, Reserve Fund, Prepayment Fund, etc.) for the deposit of the 2011 Certificate proceeds, and the District's procedures for accessing these funds. In addition, the Trust Agreement sets forth the collection and remittance instructions regarding the District's payments to the investors, prepayment of all, or a portion, of the 2011 Certificates, guidelines for adhering to the tax code, and all other functional aspects contained in the Documents.
- **Continuing Covenant Agreement:** Initially, the District's 2011 Certificates are being purchased directly by Wells Fargo Bank on a direct-purchase basis (the "Direct-Purchase Option") during the initial 3-year period (the "Initial Period"). The Documents also provide for the future remarketing and payments due under the 2011 Certificates to be periodically guaranteed by a direct-pay letter of credit (the "DP-LOC") provided by Wells Fargo Bank, or other qualifying commercial banks, (the "LOC Bank") after the expiration of the Initial Period. After the Initial Period, the DP-LOC enables the District to periodically issue the 2011 Certificates under an adjustable-rate/multimode structure and obtain a **SHORT** term rate mode in the public markets (the "Public Remarketing Option"). The District can also continue to have the 2011 Certificates remarketed under the Direct-Purchase Option. The Continuing Covenant Agreement is the document that sets forth the "*operational terms and conditions*" for both the Direct-Purchase and Public Remarketing Options available under the 2011 Funding Program Documents.
- **Certificate Purchase Agreement:** Wells Fargo Bank ("WFB") will enter into a contract with the District under which WFB will be obligated to purchase the 2011 Certificates under the Initial Period terms. The Certificate Purchase Agreement also sets forth the District's initial interest rate mode, initial interest rate, and the amount that WFB will be required to fund to complete the implementation of the District's 2011 Funding Program.
- **Remarketing Agreement:** The Remarketing Agreement is created for the purpose of remarketing the District's 2011 Certificates at the expiration of the Initial Period and each subsequent interest rate period periodically selected by the District based on the options (Daily Rate, Weekly Rate, Extended Rate, and Fixed Rate Modes) available under the 2011 Funding Program's adjustable-rate/multimode structure. After the Initial Period, and when the District chooses to change its interest rate mode, Wells Fargo Bank will remarket the District's 2011 Certificates to new investors at the interest rate mode and under the remarketing option (Direct-Purchase or Public Remarketing Options) selected periodically by the District's Board.
- **Continuing Disclosure Agreement:** In 1997, the Securities and Exchange Commission ("SEC") adopted a new regulation that requires all issuers of publicly offered securities, which applies to the District's 2011 Certificates, to annually update certain financial and operational information and distribute such updated information to the investors. The Continuing Disclosure Agreement sets forth the information that the District will need to update annually and the entities that such updated information will need to be distributed too. California Financial Services (CFS) provides the District with the operational support services needed to comply with both the program and SEC compliance requirements under the District's 1999 Funding Program. CFS will continue to provide these services under the District's 2011 Funding Program.

- **Assignment Agreement:** The Assignment Agreement provides for the assignment to the Trustee of the payments to be paid by the District, as the Lessee, to the Corporation, as the Lessor, that are set forth under the above Lease Agreement for the 2011 Certificates. *Please note that the funds generated by the issuance of the District's 2011 Certificates are actually provided by the investors, NOT the Corporation.*

As such, all of the Corporation's rights, titles, and interests, including the right to receive the payments, set forth in the Lease Agreement are assigned by the Corporation to the Trustee for the benefit of these investors. Please note that the Corporation does **NOT** have any responsibility or legal liability to remit the payments due under the District's 2011 Certificates. *The repayment obligation under the 2011 Certificates is SOLELY that of the District.*

- **Escrow Agreement:** The Escrow Agreement is the document providing US Bank (the "Escrow Bank") with the "instructions" for the: 1) deposit of the District's 2011 Certificate proceeds; and 2) subsequent replacement (payoff) of the District's 1999 Funding Program Certificates.

Summary of Implementation/Funding Activities

The attached Implementation Resolutions authorize District staff and its funding team to complete the activities required to complete the implementation of the District's 2011 Funding Program and subsequent replacement (payoff) of the 1999 Funding Program. Shortly after the District and the Corporation approve their respective Resolutions, the following implementation/funding activities will be completed:

1. The 2011 Certificate interest rate and term for the Initial Period will be set with Wells Fargo Bank.
2. The District's 2011 Funding Program Special Bond Counsel (the "District Bond Counsel") and Wells Fargo Bank's legal counsel (the "Bank Counsel") will finalize the Documents by incorporating the District's principal payment schedule that is fixed at the time the 2011 Certificates are purchased by Wells Fargo Bank for the Initial Period;
3. The implementation of the District's 2011 Funding Program will be completed, and the District's various accounts created with Wells Fargo Bank, serving as the Trustee, will be funded from the 2011 Certificate proceeds;
4. The 2011 Certificate proceeds needed for the replacement of the 1999 Funding Program Certificates will be deposited into the Escrow Fund maintained by the Escrow Bank;
5. The Escrow Bank will complete the pay off of the District's 1999 Funding Program Certificates from the 2011 Certificate proceeds deposited into the Escrow Fund on the scheduled prepayment date;
6. The District's obligations due under the 1999 Funding Program will be eliminated upon prepayment by the Escrow Bank; and
7. The District's new 2011 Certificate payments will be based on terms under the 2011 Funding Program thereafter.

The implementation of the **Anaheim Union High School District's 2011 Restructured School Facility Bridge Funding Program** is currently targeted for completion on or before the end of September.