



DATE: May 1, 2013

TO: Honorable Mayor and City Councilmembers

FROM: City Treasurer's Office

SUBJECT: **ADOPTION OF A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2000-1 OF THE CITY OF OCEANSIDE (OCEAN RANCH CORPORATE CENTRE) AUTHORIZING THE ISSUANCE OF ITS SPECIAL TAX REFUNDING BONDS SERIES 2013A IN A PRINCIPAL AMOUNT NOT TO EXCEED \$27,000,000, AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

SYNOPSIS

Staff recommends that the City Council, acting as the legislative body of Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre), adopt a resolution authorizing the issuance of Special Tax Refunding Bonds Series 2013A in a principal amount not to exceed \$27,000,000, and approving certain documents, and taking certain other actions in connection therewith.

The following documents pertaining to the sale of the bonds, in substantially the same form as attached, will be approved as part of the resolutions: Preliminary Official Statement, Continuing Disclosure Agreement, Bond Purchase Agreement, Escrow Agreement, and Indenture of Trust. The bonds' proceeds will be used to refund the existing Community Facilities District (CFD) 2000-1 (Ocean Ranch Corporate Centre) Special Tax Bonds Series 2002A), and if market conditions permit, advance refund the existing CFD 2000-1 (Ocean Ranch Corporate Centre) Special Tax Bonds Series 2004A.

BACKGROUND

The City has three Community Facilities Districts, also known as Mello-Roos Districts, within its city limits. A Community Facilities District is an area where a special property tax, in addition to the normal county property tax, is levied on property owners within a Community Facilities District. The districts finance certain public improvements and services through the sale of bonds. These services may include streets, water, sewage and drainage, electricity, infrastructure, schools, parks and police protection to newly developing areas. The taxes collected from the property owners are used to make the payments of principal and interest on the bonds. The City is under no obligation to make payments on the bonds.

One of the three districts within the City is the CFD 2000-1 Ocean Ranch Corporate Centre, (the District), an industrial subdivision of approximately 289 net developable acres. Ocean Ranch Corporate Centre is located north of Oceanside Boulevard and west of College Boulevard. The District has been developed for industrial, commercial and warehouse purposes. The District also contains a small residential subdivision which is entitled for 349 units of medium density housing and is partially developed.

On May 15, 2001, the landowners within Community Facilities District No. 2000-1 (Ocean Ranch Corporate Centre) voted to incur debt and issue bonds in the maximum amount of \$25,000,000, and for the levying of a special tax to finance infrastructure improvements for the business park.

On November 20, 2002, the Council approved a bond issue for Community Facilities District No. 2000-1 (Ocean Ranch Corporate Centre) in an amount not to exceed \$13,000,000. On December 17, 2002, the District issued bonds in the amount of \$12,265,000. The Series 2002A Bonds were issued to finance the construction of water, sewer, storm drain and thoroughfare improvements required for the development of the property in the District. The Series 2002A Bonds have a maturity date of September 1, 2032, and are eligible to be called on September 1, 2013. The interest rate on the bonds ranges from 5.125 to 6.37 percent. The outstanding principal on the bonds is \$11,640,000 as of March 1, 2013. Annual debt service payments are currently \$875,000 and increase approximately 2 percent per year through maturity.

On September 15, 2004, the Council approved the issuance of the Special Tax Bonds Series 2004A, which were issued October 27, 2004, in the amount of \$12,735,000 to finance various public improvements needed to complete the infrastructure in order to develop the property located within the District. The Series 2004A Bonds have a maturity date of September 1, 2034, and are eligible to be called on September 1, 2014. The interest rate on the bonds ranges from 4.70 to 5.875 percent. The outstanding principal on the bonds is \$12,450,000 as of March 1, 2013. Annual debt service payments are currently \$800,000 and increase approximately 2 percent per year through maturity.

The public infrastructure was completed in January 2006. The District is approximately 80 percent developed. Commercial development within the District includes manufacturing facilities, distribution and warehouse facilities, industrial and commercial complexes, a church and a hotel. Residential development within the District includes 34 built and occupied condominiums, a pool and community center complex .

ANALYSIS

Staff formed a financing team in late 2012 to explore the possibility of refinancing the CFD 2000-1 (Ocean Ranch Corporate Centre) (Series 2002A and Series 2004A) to achieve debt service savings for the property owners within the District. The team is comprised of the financial advisement firm CSG Advisors, underwriting firm Stifel, Nicolaus & Company, Inc., bond counsel Stradling, Yocca, Carlson & Rauth, and

special tax consultants David Taussig and Associates. The financing team determined that there were sufficient savings due to the current low interest rate environment to warrant pursuing a bond refinancing.

Staff is recommending refinancing the Series 2002A Bonds which are eligible to be called on September 1, 2013. Based on a pricing analysis dated April 19, 2013, the new bonds (Special Tax Refunding Bonds Series 2013A) would have an estimated par amount of \$11.8 million with a September 1, 2032 maturity date. The estimated all-in interest rate (includes issuance costs estimated at \$275,000) on the bonds is 4.20 percent. Annual debt service payments would begin at \$766,000 and increase approximately 2 percent per year through maturity. The estimated net present value savings over the life of the refunded debt is \$1.6 million, or 14 percent. The estimated annual debt service savings ranges from \$124,000 to \$129,000 per year. The final savings will be determined at bond pricing.

The Series 2004A Bonds are not eligible to be called until September 1, 2014; however the bonds can be refunded in advance of their established call date. Staff is considering advance refunding the Series 2004A to take advantage of economies of scale by combining the Series 2002A and the Series 2004A issues. In order for the advanced refunding to make sense, a minimum net present value (NPV) savings threshold of 5 percent has been set (the standard NPV savings threshold is 3 percent) before the Series 2004A bonds will be refinanced. If the 5 percent savings level is met during preliminary pricing, the bonds will be refinanced.

The bonds will be sold on a public offering basis (sale of bonds on the open market), by Stifel, Nicolaus (Underwriter), pursuant to a purchase contract among the Underwriter, the City and the OPFA. The sale of the bonds will be conducted in late May, with an anticipated bond closing the second week in June.

City Council is being asked to adopt a resolution that authorizes the issuance of the bonds, in a par amount not to exceed \$27 million. The approval of the \$27 million in par value enables the refinancing both the Series 2002A and Series 2004A Bonds if the NPV savings threshold of 5 percent is met on the Series 2004A Bonds. The resolutions also authorize the execution and delivery of bond documents related to the sale of the bonds (such as the Preliminary Official Statement, Continuing Disclosure Agreement, Bond Purchase Agreement, Escrow Agreement, and Indenture of Trust). The documents approved by Council will be finalized and executed at bond closing in June 2013, with the exception of the Bond Counsel Agreement that will be executed upon approval by City Council.

FISCAL IMPACT

The debt service on the Special Tax Refunding Bonds Series 2013A is paid through special taxes levied by the District on individual property owners through the County property tax rolls. At no time is the City responsible for the payment of the bonds.

The net present value savings over the life of the refunded Series 2002A Bonds, is estimated at \$1.6 million, or 14 percent. The average annual debt service savings is estimated to be \$124,000 to \$129,000 per year. The estimates are based on current market conditions. The final savings will be determined at the time of bond pricing. If the Series 2004A Bonds meet the 5 percent NPV savings threshold, they will be refinanced in conjunction with the Series 2002A Bonds.

The bond issuance costs are paid using bond proceeds and have been factored into the estimated savings from the refunding.

Debt Service on the Bonds is payable from special tax revenues levied annually against property owners within the District. The debt service payments on the Special Tax Refunding Bonds Series 2013A will be budgeted in Fund 402 – Ocean Ranch Corporate Centre CFD Fund.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council, acting as the legislative body of Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre), adopt a resolution authorizing the issuance of Special Tax Refunding Bonds Series 2013A in a principal amount not to exceed \$27,000,000, and approving certain documents, and taking certain other actions in connection therewith.

PREPARED BY:



Michele C. Lund
Treasury Manager

SUBMITTED BY:



Peter A. Weiss
City Manager\Executive Director

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager
Gary Ernst, City Treasurer
Teri Ferro, Director of Financial Services



Michelle Skaggs Lawrence

Attachments

1. Resolution of the City Council of the City of Oceanside acting as the legislative body of Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) authorizing the issuance of Special Tax Refunding Bonds Series 2013A in a principal amount not to exceed \$27,000,000, and approving certain documents, and taking certain other actions in connection therewith
2. Preliminary Official Statement
3. Continuing Disclosure Agreement between the City of Oceanside and David Taussig and Associates, Inc., as Dissemination Agent (Attached as Appendix D to the Preliminary Official Statement)
4. Second Supplemental Bond Indenture between the Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) and The Bank of New York Mellon Trust Company, N.A., as Trustee
5. Purchase Contract between the Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) and Stifel, Nicolaus & Company, Inc. as Underwriter
6. 2002 Escrow Agreement between the City of Oceanside and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent
7. Bond Counsel Agreement between the City of Oceanside and Stradling, Yocca, Carlson & Rauth

ATTACHMENT 1

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2000-1 OF THE CITY OF OCEANSIDE (OCEAN RANCH CORPORATE CENTRE) AUTHORIZING THE ISSUANCE OF ITS SPECIAL TAX REFUNDING BONDS SERIES 2013A IN A PRINCIPAL AMOUNT NOT TO EXCEED \$27,000,000 AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City Council of the City of Oceanside, located in San Diego County, California (hereinafter sometimes referred to as the “legislative body of the District”), has heretofore undertaken proceedings and declared the necessity of Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) (the “District”) to issue bonds pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”) up to the amount of \$25,000,000; and

WHEREAS, pursuant to Resolution Nos. 01-R263-1 and 01-R264-1 adopted by the legislative body of the District on May 2, 2001, certain bond propositions were submitted to the qualified electors within the District, and were approved by more than two-thirds of the votes cast at the elections held within the District on May 15, 2001; and

WHEREAS, pursuant to the Act, the District previously issued its \$12,265,000 Special Tax Bonds, Series 2002A (the “2002 Bonds”), on December 30, 2002, and its \$12,735,000 Special Tax Bonds, Series 2004 (the “2004 Bonds”), on November 10, 2004; and

WHEREAS, the District desires to refund the 2002 Bonds if such refunding results in net present value savings to the District of at least five percent; and

WHEREAS, the District desires to refund the 2004 Bonds if such refunding results in net present value savings to the District of at least five percent; and

1 WHEREAS, to accomplish the refunding of the 2002 Bonds and the 2004 Bonds, the District
2 desires to issue bonds in an aggregate principal amount not to exceed \$27,000,000 designated as the
3 “Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre)
4 Special Tax Refunding Bonds, Series 2013A” (the “Bonds”); and

5 WHEREAS, in order to effect the issuance of the Bonds, the legislative body of the District
6 desires to approve the form of a Preliminary Official Statement for the Bonds and to approve the
7 forms of and authorize the execution and delivery of a Second Supplemental Bond Indenture, a Bond
8 Purchase Agreement, a 2002 Escrow Agreement, and a Continuing Disclosure Agreement for the
9 Bonds, the forms of which are on file with the City Clerk; and

10 WHEREAS, to assist in issuing the Bonds, the legislative body of the District desires to
11 retain Stradling Yocca Carlson & Rauth, a Professional Corporation, to act as Bond Counsel and
12 Disclosure Counsel to the District, and CSG Advisors Incorporated, to act as financial advisor; and

13 WHEREAS, the legislative body of the District has determined in accordance with
14 Government Code Section 53360.4 that a negotiated sale of the Bonds to Stifel, Nicolaus &
15 Company, Incorporated (the “Underwriter”) in accordance with the terms of the Bond Purchase
16 Agreement for the Bonds to be entered into by the District and the Underwriter (the “Bond Purchase
17 Agreement”) will result in a lower overall cost to the District than a public sale; and

18 WHEREAS, the legislative body of the District has determined that it is prudent in the
19 management of its fiscal affairs to issue the Bonds; and

20 WHEREAS, the assessed value of the real property in the District in the aggregate subject to
21 the special tax to pay debt service on the Bonds is not less than three times the principal amount of
22 the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax
23 levied pursuant to the Act or a special assessment levied on property within the District, which fact is
24 required as a precondition to the issuance of the Bonds; and

1 WHEREAS, the legislative body of the District desires to refund the 2004 Bonds through the
2 issuance of the Bonds should the refunding of the 2004 Bonds yield net present value savings equal
3 to or greater than five-percent;

4 NOW, THEREFORE, the City Council of the City of Oceanside acting as the legislative
5 body of Community Facilities District No. 2000-1 (Ocean Ranch Corporate Centre) does resolve as
6 follows:

7 SECTION 1. Each of the above recitals is true and correct and is adopted by the legislative
8 body of the District.

9 SECTION 2. If the District is able to realize at least five percent net present value savings
10 by refunding the 2002 Bonds, the issuance of the Bonds pursuant to the Act in a principal amount not
11 to exceed \$13,000,000 is hereby authorized with the exact principal amount of the Bonds to be
12 determined by the official signing the Bond Purchase Agreement in accordance with Section 5 below
13 (subject to increase for the refunding of the 2004 Bonds in accordance with Section 12 below). The
14 legislative body of the District hereby determines that it is prudent in the management of its fiscal
15 affairs to issue the Bonds. In satisfaction of the requirements contained in Section 53363.2 of the
16 Act, the legislative body of the District hereby determines that: (1) it is anticipated that the purchase
17 of the Bonds will occur on or about May 22, 2013 (subject to change at the discretion of any of the
18 Authorized Officers (described below)), (2) the Bonds shall be dated their date of issuance, and be in
19 the denominations, have the maturity dates (which do not exceed the latest maturity date of the 2002
20 Bonds (and 2004 Bonds, if applicable) being refunded), and be payable at the place and be in the
21 form specified in the Bond Purchase Agreement to be executed on behalf of the District in
22 accordance with Section 5 hereof, (3) the aggregate principal amount of Bonds shall not exceed
23 \$27,000,000, (4) the Bonds shall not have a final maturity date later than September 1, 2032 (or
24 September 1, 2034 if the 2004 Bonds are refunded), (5) the Bonds will bear interest at the minimum
25 rate of 0.5% per annum, (6) the Underwriter's discount for the Bonds shall not exceed 1.5% of the
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1 aggregate principal amount thereof, and (7) the designated cost of issuing the Bonds being used to
2 refund the 2002 Bonds (and 2004 Bonds, if applicable), as defined by Section 53363.8 of the Act,
3 shall include all of the costs specified in Section 53363.8(a), (b)(2) and (c).

4 The Bonds shall be governed by the terms and conditions of the Bond Indenture (the “Bond
5 Indenture”) dated as of December 1, 2002, as supplemented by the First Supplemental Bond
6 Indenture (the “First Supplement”), dated as of November 1, 2004, and by the Second Supplemental
7 Bond Indenture presented at this meeting (the “Second Supplement” and, together with the Bond
8 Indenture and the First Supplement, the “Indenture”). The Second Supplement shall be prepared by
9 Bond Counsel to the District and executed by any one of the Mayor, City Manager, Deputy City
10 Manager or the Director of Financial Services of the City of Oceanside or the written designee of one
11 of the foregoing (collectively the “Authorized Officers”) substantially in the form presented at this
12 meeting, with such additions thereto and changes therein as the officer or officers executing the same
13 deem necessary to cure any ambiguity or defect therein if such addition or change does not materially
14 alter the substance or content thereof, to insert the offering price(s), interest rate(s), selling
15 compensation, principal amount per maturity, redemption dates and prices and such other related
16 terms and provisions as limited by Section 5 hereof, or to conform any provisions therein to the Bond
17 Purchase Agreement and the Official Statement delivered to the purchasers of the Bonds. Approval
18 of such changes shall be conclusively evidenced by the execution and delivery of the Indenture by
19 any one of the Authorized Officers. Capitalized terms used in this Resolution which are not defined
20 herein have the meanings ascribed to them in the Indenture.

23 SECTION 3. The Bonds shall be executed on behalf of the District by the manual or
24 facsimile signature of an Authorized Officer and the seal of the District or the City, or a facsimile
25 thereof, shall be impressed or imprinted thereon and attested with the manual or facsimile signature
26 of the City Clerk. The Bank of New York Mellon Trust Company, N.A., is hereby appointed to act
27 as trustee for the Bonds.
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1 SECTION 4. The covenants set forth in the Bond Indenture and the First Supplement, and
2 in the Second Supplement to be executed in accordance with Section 2 above, are hereby approved,
3 shall be deemed to be covenants of the legislative body of the District, and shall be complied with by
4 the District and its officers.

5 SECTION 5. The form of the Bond Purchase Agreement presented at this meeting is
6 hereby approved and any one of the Authorized Officers is hereby authorized to execute the Bond
7 Purchase Agreement, with such additions thereto and changes therein relating to dates and numbers
8 as are necessary to conform the Bond Purchase Agreement to the dates, amounts and interest rates
9 applicable to the Bonds as of the sale date. Approval of such additions and changes shall be
10 conclusively evidenced by the execution and delivery of the Bond Purchase Agreement; provided,
11 however, that the Bond Purchase Agreement shall be signed only if the Bonds are purchased by the
12 Underwriter at a true interest cost that does not exceed 5.25% per annum, the refunding of the 2002
13 Bonds (and the 2004 Bonds, if applicable) results in net present value savings to the District of at
14 least 5.00%, the interest rate on the Bonds is such that the principal and total interest cost to maturity
15 on the Bonds is less than the principal and total interest cost to maturity on the 2002 Bonds (and the
16 2004 Bonds, if applicable), the last maturity date of the Bonds is not later than the last maturity date
17 of the 2002 Bonds (or the 2004 Bonds, if applicable), and the discount paid to the Underwriter
18 (exclusive of original issue discount) does not exceed 1.5% of the principal amount of the Bonds.
19 Each of the Authorized Officers is authorized to determine the day on which the Bonds are to be
20 priced in order to attempt to produce the lowest borrowing cost for the District and may reject any
21 terms presented by the Underwriter if determined not to be in the best interest of the District.
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23 SECTION 6. The form of the Continuing Disclosure Agreement presented at this meeting
24 is hereby approved and any one of the Authorized Officers is hereby authorized and directed to
25 execute the Continuing Disclosure Agreement in the form hereby approved, with such additions
26 therein and changes thereto as the Authorized Officer or Authorized Officers executing the same
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1 deem necessary to cure any defect or ambiguity therein if such change does not materially alter the
2 substance or content thereof, with such approval to be conclusively evidenced by the execution and
3 delivery of the Continuing Disclosure Agreement.

4 SECTION 7. The form of the 2002 Escrow Agreement presented at this meeting is hereby
5 approved and any one of the Authorized Officers is hereby authorized and directed to execute the
6 2002 Escrow Agreement in the form hereby approved, with such additions therein and changes
7 thereto as the Authorized Officer or Authorized Officers executing the same deem necessary to cure
8 any defect or ambiguity therein if such change does not materially alter the substance or content
9 thereof, with such approval to be conclusively evidenced by the execution and delivery of the 2002
10 Escrow Agreement. The Bank of New York Mellon Trust Company, N.A., is hereby appointed to
11 act as escrow agent under the 2002 Escrow Agreement.
12

13 SECTION 8. The form of the Preliminary Official Statement presented at this meeting is
14 hereby approved, and the Underwriter is hereby authorized to distribute the Preliminary Official
15 Statement to prospective purchasers of the Bonds in the form hereby approved, together with such
16 additions thereto and changes therein as are determined necessary by any one of the Authorized
17 Officers to make the Preliminary Official Statement final as of its date. The Authorized Officers are
18 hereby authorized and directed to execute and deliver a certificate deeming the Preliminary Official
19 Statement final as of its date in accordance with Rule 15c2-12 promulgated under the Securities
20 Exchange Act of 1934. Each of the Authorized Officers is hereby authorized to execute a final
21 Official Statement in the form of the Preliminary Official Statement, together with such changes as
22 are determined necessary by the Authorized Officer executing the Official Statement to make such
23 Official Statement complete and accurate as of its date. The Underwriter is further authorized to
24 distribute the final Official Statement for the Bonds and any supplement thereto to the purchasers
25 thereof upon its execution on behalf of the District as described above.
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1 SECTION 9. In accordance with the requirements of Section 53345.8 of the Act, the
2 legislative body of the District hereby determines that the assessed value of the real property in the
3 District in the aggregate subject to the special tax to pay debt service on the Bonds is not less than
4 three times the principal amount of the Bonds and the principal amount of all other bonds
5 outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied
6 on property within the District. This determination is based on the assessed value of the real property
7 within the District as set forth in the fiscal year 2012-13 County Assessor's roll.
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9 SECTION 10. Each of the Authorized Officers is authorized to provide for all services
10 necessary to effect the issuance of the Bonds. Such services shall include, but not be limited to,
11 obtaining legal services, trustee services and any other services deemed appropriate by an Authorized
12 Officer. Any one of the Authorized Officers is authorized to pay for the cost of such services,
13 together with other Costs of Issuance (as defined in the Indenture) from Bond proceeds. Without
14 further approval of the legislative body of the District, the total amount disbursed by the Authorized
15 Officers for Costs of Issuance, exclusive of Underwriter's discount, shall not exceed 3.0% of the
16 principal amount of the Bonds.
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18 SECTION 11. The Authorized Officers are authorized to execute contracts with Stradling
19 Yocca Carlson & Rauth, a Professional Corporation, to act as Bond Counsel and Disclosure Counsel
20 to the District ("Bond Counsel"), and CSG Advisors Incorporated, to act as financial advisor, which
21 contracts shall be in substantially the form on file with the City Clerk, together with such changes as
22 may be approved by the Authorized Officers, which changes shall be deemed approved by the
23 execution and delivery of such contracts by any one of such officers. Bond Counsel is hereby
24 authorized to make changes to and deletions from the financing documents relating to the Bonds to
25 allow for the refunding of the 2004 Bonds should the District elect to pursue such refunding.
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27 SECTION 12. Each of the Authorized Officers is hereby authorized to pursue the refunding
28 of the 2004 Bonds in addition to the 2002 Bonds. The District is hereby authorized to issue the

1 Bonds to refund the 2004 Bonds in addition to the 2002 Bonds so long as the net present value
2 savings from the refunding of the 2004 Bonds is at least 5% of the 2004 Bonds to be refunded. Each
3 of the Authorized Officers and Bond Counsel are hereby authorized to make any and all
4 amendments, modifications and changes to the Indenture, the Bond Purchase Agreement, the
5 Continuing Disclosure Agreement, the 2002 Escrow Agreement and the Preliminary Official
6 Statement they deem necessary and appropriate to provide for the refunding of the 2004 Bonds. An
7 escrow agreement for the 2004 Bonds is also hereby approved and authorized substantially in the
8 form of the 2002 Escrow Agreement. In the event the Authorized Officers pursue the refunding of
9 the 2004 Bonds, the total principal amount of the Bonds shall be increased so as not to exceed
10 \$27,000,000.
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12 SECTION 13. Each of the Authorized Officers and the other officers and staff of the City of
13 Oceanside and the District responsible for the fiscal affairs of the District are hereby authorized and
14 directed to take any actions and execute and deliver any and all documents as are necessary to
15 accomplish the issuance, sale and delivery of the Bonds in accordance with the provisions of this
16 Resolution, including the refunding of the 2002 Bonds and the 2004 Bonds subject to the limitations
17 set forth herein, and the fulfillment of the purposes of the Bonds as described in the Indenture,
18 including, but not limited to, providing certificates as to the accuracy of any information relating to
19 the District which is included in the Official Statement and amendments to the Indenture, and the
20 delivery and execution of an escrow agreement to accomplish the refunding of the 2004 Bonds. Any
21 document authorized herein to be signed by the City Clerk may be signed by a duly appointed deputy
22 clerk.
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1 PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this 1st day of
2 this _____ day of _____, 2013, by the following vote:

3
4 AYES:

5 NAYS:

6 ABSENT:

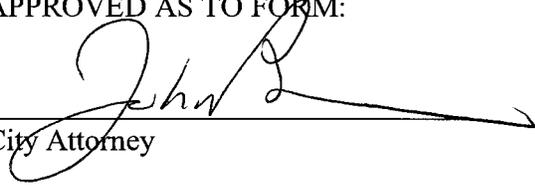
7 ABSTAIN:

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10 _____
MAYOR OF THE CITY OF OCEANSIDE

11 ATTEST:

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13 _____
City Clerk

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15 APPROVED AS TO FORM:

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17 _____
City Attorney

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

ATTACHMENT 2

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2013

NEW ISSUE - BOOK-ENTRY ONLY

NO RATING

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

County of San Diego

State of California

\$11,460,000*

**COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)
SPECIAL TAX REFUNDING BONDS SERIES 2013A**

Dated: Date of Delivery

Due: September 1, as shown on the inside cover page

The Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) Special Tax Refunding Bonds Series 2013A are being issued to refund all of the City of Oceanside (Oceanside Ranch Corporate Centre) Special Tax Bonds Series 2002, currently outstanding in the aggregate principal amount of \$11,640,000, to fund the 2013 Subaccount of the Reserve Account, and to pay the costs of issuance of the Bonds. The District has been formed by and is located in the City of Oceanside, California.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California), and pursuant to a Bond Indenture, dated as of December 1, 2002, by and between the District and The Bank of New York Trust Company, N.A. as trustee, as amended and supplemented by the First Supplemental Bond Indenture, dated as of November 1, 2004, and by the Second Supplemental Bond Indenture, dated as of June 1, 2013. The Bonds are special obligations of the District and are payable solely from revenues derived from certain annual Special Taxes to be levied on and collected from the owners of certain taxable land within the District and from certain other funds pledged under the Indenture, all as further described herein. The Special Taxes are to be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within the District. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes." The City Council of the City is the legislative body of the District.

The Bonds are payable on a parity with the District's Special Tax Bonds Series 2004A, currently outstanding in the aggregate amount of \$12,540,000. See "SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations."

The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases may be made in principal amounts of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Interest on the Bonds will be payable on March 1, 2014 and semiannually thereafter on each March 1 and September 1. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Bonds. See "THE BONDS—General Provisions" and "—Book-Entry Only System" herein.

Neither the faith and credit nor the taxing power of the City of Oceanside, the County of San Diego, the State of California or any political subdivision thereof is pledged to the payment of the Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds. The Bonds are limited obligations of the District payable solely from Special Taxes and certain other amounts held under the Indenture as more fully described herein.

The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as set forth herein. See "THE BONDS—Redemption" herein.

CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. THE PURCHASE OF THE BONDS INVOLVES SIGNIFICANT INVESTMENT RISKS, AND THE BONDS ARE NOT SUITABLE INVESTMENTS FOR MANY INVESTORS. SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "SPECIAL RISK FACTORS" FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**MATURITY SCHEDULE
(See Inside Cover Page)**

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and subject to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel to the City with respect to the Bonds. Certain legal matters will be passed on for the City and the District by the City Attorney, for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, and for the Trustee by its counsel. It is anticipated that the Bonds in book-entry form will be available for delivery to DTC in New York, New York, on or about June __, 2013.

[STIFEL LOGO]

Dated: _____, 2013

* Preliminary, subject to change.

\$11,460,000*
COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)
SPECIAL TAX REFUNDING BONDS SERIES 2013A

MATURITY SCHEDULE
Base CUSIP[†] No. _____

<i>Maturity Date</i> <i>(September 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest</i> <i>Rate</i>	<i>Yield or</i> <i>Price</i>	<i>CUSIP</i> <i>No.[†]</i>
--	-----------------------------------	--------------------------------	---------------------------------	--

\$ _____ % Term Bonds due September 1, 2032, Yield: _____ %, CUSIP[†] _____

* Preliminary, subject to change.

[†] Copyright 2013, American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. Neither the District nor the Underwriter takes any responsibility for the accuracy of such data.

CITY OF OCEANSIDE, CALIFORNIA

CITY COUNCIL

Jim Wood, *Mayor and Chair*
Jack Feller, *Deputy Mayor and Vice Chair*
Esther C. Sanchez, *Council Member and Authority Member*
Gary Felien, *Council Member and Authority Member*
Jerome M. Kern, *Council Member and Authority Member*

CITY STAFF

Peter A. Weiss, *City Manager*
Teri Ferro, *Director of Financial Services*
John P. Mullen, *City Attorney*
Zack Beck, *City Clerk*
Gary Ernst, *City Treasurer*
Michele Lund, *Treasury Manager*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

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

Financial Advisor

CSG Advisors, Incorporated
San Francisco, California

Special Tax Consultant

David Taussig & Associates, Inc.
Newport Beach, California

Trustee and Escrow Bank

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

Verification Agent

Grant Thornton, LLP
Minneapolis, Minnesota

EXCEPT WHERE OTHERWISE INDICATED, ALL INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT HAS BEEN PROVIDED BY THE CITY AND THE DISTRICT. NO DEALER, BROKER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OR SALE OF THE BONDS, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE AUTHORITY, THE CITY OR THE UNDERWRITER. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OF ANY SECURITIES OTHER THAN THOSE DESCRIBED ON THE COVER PAGE OR AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE BONDS.

The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement:

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

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

This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or be used, as a whole or in part, for any other purpose.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

In connection with the offering of the Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agent and others at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and the Underwriter may change those public offering prices from time to time.

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

The City maintains a website. However, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

[DISTRICT LOCATION MAP]

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[INSERT AREA MAP]

\$11,460,000*
COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)
SPECIAL TAX REFUNDING BONDS SERIES 2013A

INTRODUCTION

General

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the appendices, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in APPENDIX C—“SUMMARY OF INDENTURE—Definitions” herein.

The purpose of this Official Statement, which includes the cover page, the inside cover page, the table of contents and the attached appendices (collectively, the “Official Statement”), is to provide certain information concerning the issuance of the \$11,460,000 Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) Special Tax Refunding Bonds Series 2013A (the “Bonds”). The Bonds are issued on a parity with the City of Oceanside (Ocean Ranch Corporate Centre) Special Tax Bonds Series 2004, currently outstanding in the aggregate principal amount of \$12,540,000 (the “2004 Bonds”). The proceeds of the Bonds will be used to redeem all of the outstanding City of Oceanside (Ocean Ranch Corporate Centre) Special Tax Bonds Series 2002A (the “2002 Bonds”), currently outstanding in the aggregate principal amount of \$11,640,000, to fund the 2013 Subaccount of the Reserve Account and to pay the costs of issuance of the Bonds.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and a Bond Indenture dated as of December 1, 2002 (the “Bond Indenture”) by and between the Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) (the “District”) and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) as amended and supplemented by the First Supplemental Bond Indenture, dated as of November 1, 2004 (the “First Supplement”), and the Second Supplemental Bond Indenture, dated as of June 1, 2013 (the “Second Supplement,” and together with the Bond Indenture and the First Supplement, the “Indenture”). The Bonds and the 2004 Bonds are secured under the Indenture by a pledge of and lien upon certain Net Taxes (as defined herein) and all moneys in the Special Tax Fund (other than the Administrative Expenses Account therein) as described under the Indenture.

Forward Looking Statements

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

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS,

* Preliminary, subject to change.

UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

The District

Formation Proceedings. The District has been formed by the City of Oceanside (the “City”) pursuant to the Act.

The Act was enacted by the California legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Act) may establish a district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Act, the City Council adopted the necessary resolutions stating its intent to establish the District, to authorize the levy of Special Taxes on taxable property within the boundaries of the District, and to have the District incur bonded indebtedness. Following public hearings conducted pursuant to the provisions of the Act, the City Council adopted resolutions establishing the District and calling special elections to submit the authorization of the levy of the Special Taxes and the incurring of bonded indebtedness to the qualified voters of the District. On May 15, 2001, at elections held pursuant to the Act, the landowners who comprised the qualified voters of the District authorized the District to incur bonded indebtedness in an aggregate principal amount not to exceed \$25,000,000 and approved the rate and method of apportionment of the Special Taxes (the “Original Rate and Method”) for the District to pay the principal of and interest on the bonds of the District, which was subsequently amended on September 15, 2004 by the landowners within the District at an election held pursuant to the Act, and which is set forth in APPENDIX A hereto (as amended, the “Rate and Method”). See “THE BONDS—Authority for Issuance” herein. The City Council of the City acts as the legislative body of the District.

Property Ownership and Development Status. The District, which is located entirely within the City, consists of approximately 413 gross acres (of which approximately 377 acres are expected to be subject to the levy of Special Taxes). The City is located in northern San Diego County (the “County”) approximately 35 miles north of downtown San Diego. The City is bordered by the Pacific Ocean on the west, Camp Pendleton Marine Corps Base on the north, the City of Vista and an unincorporated portion of the County on the east, and the City of Carlsbad on the south. The development is a primarily industrial subdivision known as “Ocean Ranch Corporate Centre” located north of Oceanside Boulevard and east of the proposed extension of Rancho Del Oro Drive. The District has been developed for industrial, commercial and warehouse purposes. The District also contains a small residential subdivision which is entitled for 349 units of medium density housing and is partially developed.

Development within the District also includes:

- (i) a 529,000 square foot manufacturing and research facility owned by Genentech Inc.,
- (ii) the 80,000 square foot Ocean Ranch Plaza consisting of retail and office space, plus a 125 room Residence Inn by Marriot,
- (iii) a 104,000 square foot Coca-Cola distribution center,

- (iv) a 205,000 square foot building in ready-to-lease condition,
- (v) a 227,100 square foot industrial condo development called Venture Commerce Center,
- (vi) the 226,220 square foot La Pacifica I industrial condos,
- (vii) a 200,000 square foot building used by the manufacturer Paolone Brothers,
- (viii) an 88,800 square foot manufacturing building leased by HK Plastics Engineering,
- (ix) a 34,375 square foot Hydranautics Warehouse facility,
- (x) the Oceanic Business Park with 191,000 square feet of industrial condos, plus the 42,500 square foot Precision One Medical, 50,000 square foot Native Floral, 36,900 square foot Robert Mann Packing, and 84,985 square foot One Source Supply buildings, and
- (xi) various other industrial and commercial complexes of various size.

All of the undeveloped property within the District is in a finished lot condition. See “THE DISTRICT” herein. The property owners within the District are hereinafter referred to as the “Property Owners.”

Sources of Payment for the Bonds

Special Taxes. As used in this Official Statement, the term “Special Tax” is that tax which has been authorized pursuant to the Act to be levied against certain land within the District pursuant to the Act and in accordance with the Rate and Method. See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes” and APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES.” Under the Indenture, the District has pledged to repay the Bonds and the 2004 Bonds on a parity basis from the Special Tax revenues remaining after the payment of certain annual Administrative Expenses of the District (the “Net Taxes”) and amounts in the Special Tax Fund (other than the Administrative Expenses Account therein) established under the Indenture.

The Special Taxes are the primary security for the repayment of the Bonds and the 2004 Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds and the 2004 Bonds are amounts held by the Trustee in the Special Tax Fund, including amounts held in the Reserve Account therein. See “SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund.”

Foreclosure Proceedings. The District has covenanted for the benefit of the owners of the Bonds that it will commence, and diligently pursue to completion, judicial foreclosure proceedings against Assessor’s parcels of common ownership with delinquent Special Taxes in excess of \$10,000 by the October 1 following the close of the fiscal year in which such Special Taxes were due, and it will commence and diligently pursue to completion judicial foreclosure proceedings against all Assessor’s parcels with delinquent Special Taxes by the October 1 following the close of any fiscal year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount in the Reserve Account is less than the Reserve Requirement. See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Proceeds of Foreclosure Sales*” herein. There is no assurance that the property within the District can be sold for the appraised value or assessed values described herein, or for a price sufficient to pay the principal of and interest on the Bonds in the event of a default in payment of Special Taxes by the current or future landowners within the District. See “SPECIAL RISK FACTORS—Land Values.”

EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM SPECIAL TAXES AND AMOUNTS HELD UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.

No Issuance of Parity Bonds except for Refunding. The District may, without the consent of the Owners of the Bonds and the 2004 Bonds, issue additional indebtedness secured by the Net Taxes on a parity with the Bonds and the 2004 Bonds ("Parity Bonds"), but only for the purpose of refunding all or a portion of the Bonds, 2004 Bonds or any Parity Bonds then Outstanding. All \$25,000,000 of the debt originally authorized by the voters within the District has been issued and, accordingly, in the future, Parity Bonds, such as the Bonds, will be issued only for refunding purposes. See "SOURCES OF PAYMENT FOR THE BONDS—Issuance of Parity Bonds for refunding." Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes have been levied and may also be levied in the future on the property within the District which could adversely affect the willingness of the landowners to pay the Special Taxes when due. See "SPECIAL RISK FACTORS—Parity Taxes, Special Assessments and Land Development Costs" herein.

Description of the Bonds

The Bonds will be issued and delivered as fully registered Bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM" herein.

Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Trustee, all as described herein. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are subject to optional redemption and mandatory sinking fund redemption as described herein. For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see "THE BONDS" and APPENDIX C—"SUMMARY OF INDENTURE" herein.

Tax Matters

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

Professionals Involved in the Offering

The Bank of New York Mellon Trust Company, N.A. will act as Trustee under the Indenture. David Taussig & Associates, Inc. will act as the initial Dissemination Agent under the Continuing Disclosure Agreement. See APPENDIX D—"FORM OF CONTINUING DISCLOSURE AGREEMENT." Stifel, Nicolaus & Company, Incorporated is the Underwriter of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel and Disclosure Counsel to the District. CSG Advisors, Incorporated, is acting as Financial Advisor to the City in connection with the Bonds. Certain legal matters will be passed on for the City and the District by the City Attorney, for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, and for the Trustee by its Counsel. Other professional services have been performed by David Taussig & Associates, Inc., Newport Beach, California, as Special Tax Consultant.

For information concerning the respects in which certain of the above-mentioned professionals, advisors, counsel and agents may have a financial or other interest in the offering of the Bonds, see "FINANCIAL INTERESTS" herein.

Continuing Disclosure

The District has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board certain annual financial information and operating data. The District has further agreed to provide notice of certain material events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE" herein and APPENDIX D hereto for a description of the specific nature of the annual reports and notices of material events to be filed by the District.

Bond Owners' Risks

Certain events could affect the timely repayment of the principal of and interest on the Bonds when due. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The Bonds are not rated by any nationally recognized rating agency. *The purchase of the Bonds involves significant investment risks, and the Bonds are not suitable investments for many investors.* See "SPECIAL RISK FACTORS" herein.

Other Information

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

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bonds and the Constitution and laws of the State as well as the proceedings of the City Council, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture.

Copies of the Indenture, the Continuing Disclosure Agreement and other documents and information referred to herein are available for inspection and (upon request and payment to the City of a charge for copying, mailing and handling) for delivery from the City at the Office of the City Clerk at 300 North Coast Highway, Oceanside, California 92054, Attention: City Clerk.

THE REFUNDING PLAN

A portion of the proceeds from the sale of the Bonds, together with other funds on hand, will be deposited into an escrow fund (the "Escrow Fund") to redeem the 2002 Bonds. The Escrow Fund is to be created and maintained by The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"), under the 2002 Escrow Agreement dated as of June 1, 2013 (the "Escrow Agreement"), by and between the District and the Escrow Agent for the redemption of the 2002 Bonds.

Moneys in the Escrow Fund will be invested in cash and/or non-callable direct obligations of the United States Treasury or other non-callable obligations, the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America. Grant Thornton, LLP, independent certified public accountants, acting as verification agent (the "Verification Agent") with respect to the Escrow Fund, will certify in writing that the proceeds of the Bonds deposited into the Escrow Fund, along with the interest earnings thereon, will be sufficient to pay on September 1, 2013 all principal and interest then due on the 2002 Bonds and to redeem on September 1, 2013 the principal amount of all 2002 Bonds maturing after September 1, 2013.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Bond proceeds:

Sources of Funds

Principal Amount of Bonds	\$
Plus/Less Original Issue Premium/Discount	
Available Funds	
TOTAL SOURCES	\$

Uses of Funds

Escrow Fund	\$
2013A Subaccount of Reserve Account	
Cost of Issuance Account ⁽¹⁾	
TOTAL USES	\$

⁽¹⁾ Includes fees for Trustee, legal fees, the fees and reimbursement of expenses to the financial advisor, printing costs, Underwriter's discount and other costs of delivery.

THE BONDS

General Provisions

The Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing on March 1, 2014 (each, an "Interest Payment Date"), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof.

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from the date of the

Bonds; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on that Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment. In the Indenture, "Record Date" is defined to mean the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

Interest on any Bond will be paid to the person whose name appears as its owner in the registration books held by the Trustee on the close of business on the Record Date. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to the Bondowner at its address on the registration books. Pursuant to a written request prior to the Record Date of a Bondowner of at least \$1,000,000 in aggregate principal amount of Bonds, payment will be made by wire transfer in immediately available funds to a designated account in the United States.

Principal of the Bonds and any premium due upon redemption is payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Trustee in Los Angeles, California.

Book-Entry Only System

The Bonds are issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple thereof. The Trustee will make payments due with respect to the Bonds to DTC but assumes no responsibility for DTC's disbursement of funds to its principals. See APPENDIX F—"BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance

The Bonds are issued pursuant to the Act and the Indenture. As required by the Act, the City Council of the City has taken the following actions with respect to establishing the District and the Bonds:

Resolutions of Intention: On March 7, 2001, the City Council of the City adopted a resolution stating its intention to establish the District and to authorize the levy of a special tax, and a resolution declaring its intention to incur bonded indebtedness in an amount not to exceed \$25,000,000 within the District.

Resolutions of Formation: Immediately following noticed public hearings opened on May 2, 2001, the City Council of the City, adopted resolutions which established the District, authorized the levy of the Special Tax within the District and the Original Rate and Method, and declared the necessity to incur bonded indebtedness within the District.

Resolution Calling Election: The resolutions adopted by the City Council of the City on May 2, 2001 also called for an election by the landowners in the District for May 15, 2001 on the issues of the levy of the Special Tax, the incurring of bonded indebtedness, and the establishment of an appropriations limit.

Landowner Election and Declaration of Results: On May 15, 2001, an election was held at which the landowners within the District approved a ballot proposition authorizing the issuance of up to \$25,000,000 of bonds to finance the acquisition and construction of various public facilities, the levy of the Special Tax and the establishment of an appropriations limit for the District. On July 11, 2001, the City Council adopted a resolution approving the canvass of the votes and declaring the District to be fully formed with the authority to levy the Special Taxes, to incur the bonded indebtedness, and to have the established appropriations limit.

Ordinance Levying Special Taxes: On July 18, 2001, the City Council adopted an ordinance levying the Special Tax within the District.

Special Tax Lien and Levy: A Notice of Special Tax Lien for the District was recorded in the real property records of the County on July 26, 2001, establishing the Special Taxes as a continuing lien against the property in the District.

Resolution of Consideration: On August 4, 2004, the City Council of the City adopted a resolution stating its determination that public necessity and convenience required an amendment to the Original Rate and Method to reclassify Parcel 2 of Lot Line Adjustment 12-2002 ("Parcel 2") as Property Owners Association Property in order to exempt Parcel 2 from the levy of the Special Taxes and to reallocate the exempt acreage between Property Owners Association Property and Public Property (the "Amendments"). The Amendments did not increase the amount of property exempt from the levy of the Special Taxes.

Resolution of Change: Immediately following noticed public hearings opened on September 15, 2004, the City Council of the City adopted a resolution calling an election by the landowners in the District for September 15, 2004 on the proposed Amendments.

Landowner Election and Declaration of Results: On September 15, 2004, an election was held at which the landowners within the District approved a ballot proposition amending the Original Rate and Method and the City Council adopted a resolution approving the canvass of the votes.

Amendment No. 1 to Notice of Special Tax Lien: On September 30, 2004, an Amended Notice of Special Tax Lien was recorded in the real property records of the County.

Ordinance Amending Prior Ordinance: On October 6, 2004, the City Council adopted an ordinance amending the prior Ordinance adopted on July 18, 2001 and authorizing the levying of the Special Tax within the District in accordance with the Rate and Method.

Resolution Authorizing Issuance of the Bonds: On May 1, 2013, the City Council adopted a resolution approving the issuance of the Bonds.

Debt Service Schedule

The following table presents the annual debt service on the Bonds and the 2004 Bonds (including sinking fund redemptions), assuming that there are no optional redemptions. See "THE BONDS—Redemption" below.

<i>Date (September 1)</i>	<i>Bonds</i>			<i>2004 Bonds Debt Service</i>	<i>Total Debt Service</i>
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>		
2014				\$ 819,025.00	
2015				833,800.00	
2016				852,625.00	
2017				874,875.00	
2018				890,625.00	
2019				905,125.00	
2020				923,081.26	
2021				944,168.76	
2022				963,418.76	
2023				980,831.26	
2024				1,000,481.26	
2025				1,022,931.26	
2026				1,042,906.26	
2027				1,059,156.26	
2028				1,082,818.76	
2029				1,108,318.76	
2030				1,125,368.76	
2031				1,148,362.50	
2032				1,172,537.50	
2033				2,502,600.00	
2034				<u>2,551,587.50</u>	
Total				<u>\$ 23,804,643.86</u>	

Redemption

Optional Redemption. The Bonds maturing on or after September 1, 2024 may be redeemed, at the option of the District from any source of funds on any Interest Payment Date on or after September 1, 2023, in whole, or in part from such maturities as are selected by the District and by lot within a maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

Mandatory Sinking Payment Redemption. The Bonds maturing on September 1, 20__, and September 1, 20__ (the "Term Bonds") will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established by the Indenture, on September 1, 20__, and September 1, 20__, respectively, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

* Preliminary, subject to change.

Term Bonds Maturing September 1, 20__

Sinking Fund Redemption Date
(September 1)

Sinking Payments

†

† Final Maturity.

In the event of a partial optional redemption of the Term Bonds, each of the remaining Sinking Fund Payments for the Term Bonds so redeemed will be reduced, as nearly as practicable, on a pro rata basis in increments of \$5,000.

Notice of Redemption. So long as the Bonds are held in book-entry form, notice of redemption will be mailed by the Trustee to DTC and not to the Beneficial Owners of the Bonds under the DTC book-entry only system. Neither the District nor the Trustee is responsible for notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See APPENDIX F—“BOOK-ENTRY ONLY SYSTEM” herein. The Trustee is obligated to mail, at least 30 days but not more than 45 days prior to the date of redemption, notice of intended redemption, by first-class mail, postage prepaid, to the original purchasers of the Bonds and the respective registered Owners of the Bonds at the addresses appearing on the Bond registration books. The notice of redemption must: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption; (ii) state the date fixed for redemption and surrender of the Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds are to be redeemed; (v) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (vi) state the date of issue of the Bonds as originally issued; (vii) state the rate of interest borne by each Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the Trustee.

So long as notice by first class mail has been provided as set forth above, the actual receipt by the Owner of any Bond of notice of such redemption is not a condition precedent to redemption, and failure to receive such notice will not affect the validity of the proceedings for redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Effect of Redemption. When notice of redemption has been given, and when the amount necessary for the redemption of the Bonds called for redemption is set aside for that purpose in the Redemption Account, the Bonds designated for redemption will become due and payable on the date fixed for redemption, and upon presentation and surrender of the Bonds at the place specified in the notice of redemption, and no interest will accrue on the Bonds called for redemption from and after the redemption date, and the Owners of the redeemed Bonds, after the redemption date, may look for the payment of principal and premium, if any, of such Bonds or portions of Bonds only to the Redemption Account and shall have no rights, except with respect to the payment of the redemption price from the Redemption Account.

Registration, Transfer and Exchange

Registration. The Trustee will keep sufficient books for the registration and transfer of the Bonds. The ownership of the Bonds will be established by the Bond registration books held by the Trustee.

Transfer or Exchange. Whenever any Bond is surrendered for registration of transfer or exchange, the Trustee will authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal

amount of authorized denominations; provided that the Trustee will not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding the date of any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Bonds are special, limited obligations of the District payable only from amounts pledged under the Indenture and from no other sources.

The Special Taxes are the primary security for the repayment of the Bonds. Under the Indenture, the District has pledged to repay the Bonds, the 2004 Bonds and any Parity Bonds from the Net Taxes (which are Special Tax revenues remaining after the payment of annual Administrative Expenses of up to \$65,730.10 for Fiscal Year 2012-13 and escalating at a rate of two percent annually each Fiscal Year thereafter, the "Administrative Expense Cap") and amounts on deposit in the Special Tax Fund (other than amounts held in the Administrative Expenses Account therein). Special Tax revenues include the proceeds of the Special Taxes received by the District, including any scheduled payments thereof, the net proceeds of the redemption of delinquent Special Taxes or sale of property sold as a result of foreclosure of the lien of delinquent Special Taxes to the amount of said lien, and penalties and interest thereon.

In the event that the Special Tax revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds, the 2004 Bonds and any Parity Bonds are amounts held by the Trustee in the Special Tax Fund (other than the Administrative Expenses Account therein), including amounts held in the Reserve Account therein, for the exclusive benefit of the Owners of the Bonds, the 2004 Bonds and any Parity Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Special Taxes

Authorization and Pledge. In accordance with the provisions of the Act, the City Council established the District on May 2, 2001, for the purpose of financing the acquisition, construction and installation of various public improvements required in connection with the proposed development within the District. At a special election held on May 15, 2001, the owners of the property within the District authorized the District to incur indebtedness in an amount not to exceed \$25,000,000, and approved the Original Rate and Method which authorized the Special Tax to be levied to repay District indebtedness, including the Bonds. On September 15, 2004, at a special election, the landowners within the District voted to amend the Original Rate and Method and approved the Rate and Method.

The District has covenanted in the Indenture that each year it will levy Special Taxes up to the maximum rates permitted under the Rate and Method in an amount sufficient, together with other amounts on deposit in the Special Tax Fund, to pay the principal of and interest on any Outstanding Bonds and any Parity Bonds to which the Special Taxes are pledged, to replenish the Reserve Account and to pay the estimated Administrative Expenses.

The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. See APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES" hereto. There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See "SPECIAL RISK FACTORS—Insufficiency of Special Taxes" herein.

Rate and Method of Apportionment of Special Taxes. The Special Taxes will be levied in accordance with the terms of the Rate and Method, the text of which is set forth in APPENDIX A. All capitalized terms used in this section shall have the meaning set forth in APPENDIX A.

Under the Rate and Method, all Taxable Property in the District will be classified as Developed Property, Taxable Public Property, Taxable Property Owner Association Property or Undeveloped Property and will be subject to a Special Tax levy at the maximum rates described in Section C of the Rate and Method.

For each Fiscal Year, Developed Property includes all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, for which a building permit for new construction was issued prior to January 1 of the prior Fiscal Year. Taxable Property includes all of the Assessor's Parcels within the boundaries of the District which are not otherwise exempt from the Special Tax pursuant to law or the Rate and Method. No Special Tax will be levied on up to 30.92 Acres of Public Property and 54.02 Acres of Property Owner Association Property. Tax-exempt status has been irrevocably assigned by the Director of Financial Services in the chronological order in which property becomes Public Property or Property Owner Association Property under the Rate and Method. Public Property or Property Owner Association Property that is not exempt from Special Taxes under the Rate and Method is subject to the levy of the Special Tax and is taxed Proportionately pursuant to the Rate and Method, at up to 100% of the applicable Maximum Special Tax for Taxable Public Property or Taxable Property Owner Association Property if additional monies are needed to satisfy the Special Tax Requirement after the Maximum Special Tax has been levied on Developed Property and Undeveloped Property.

The Maximum Annual Special Tax for Developed Property will be the greater of the Assigned Special Tax or the Backup Special Tax. The Assigned Special Tax rate for Fiscal Year 2013-14 is the greater of \$0.4439 per square foot of Developed Floor Area or \$4,438.86 per Acre. The Backup Special Tax for Fiscal Year 2013-14 is \$8,397.04 per acre. The maximum Special Tax rate for Undeveloped Property for Fiscal Year 2013-14 is \$8,801.62 per acre. These amounts increase 2% each fiscal year.

After classifying the parcels, the City Council will determine the Special Tax Requirement for the fiscal year. "Special Tax Requirement" is defined in the Rate and Method as the amount required in any Fiscal Year to: (i) pay debt service on all Outstanding Parity Bonds; (ii) pay periodic costs on the Parity Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Parity Bonds; (v) pay directly for construction of CFD No. 2000-1 facilities eligible under the Act; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the Director of Financial Services pursuant to the Indenture. The Special Tax will be levied first on Developed Property up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement. If additional monies are needed to satisfy the Special Tax Requirement after levying on all Developed Property at the applicable Assigned Special Tax, the Special Tax will be levied next on Undeveloped Property up to the maximum rate. If additional moneys are needed to satisfy the Special Tax Requirement, then the Special Tax will be levied on all Developed Property in equal percentages up to the maximum rate pursuant to the Backup Special Tax and finally on Taxable Property Owner Association Property, and Taxable Public Property proportionately up to the maximum rate. See APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES."

Prepayment of Special Taxes. The Rate and Method does not provide for prepayment of Special Taxes.

Collection and Application of Special Taxes. The Special Taxes are levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes. The District may, however, collect the Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

The District has made certain covenants in the Indenture for the purpose of ensuring that the current maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would impair the District's ability to collect sufficient Special Taxes to pay debt service on the Bonds, the 2004 Bonds and any Parity Bonds and Administrative Expenses when due. First, the District has covenanted that, to the extent it is legally permitted to do so, it will not reduce the maximum Special Tax rates and will oppose the reduction of maximum Special Tax rates by initiative where such reduction would reduce the maximum Special Taxes below the levels described under the caption "*—Rate and Method of Apportionment of Special Taxes*" above. See "SPECIAL RISK FACTORS—Proposition 218." Second, the District has covenanted not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and any Parity Bonds remaining Outstanding following such tender. See "SPECIAL RISK FACTORS—Non-Cash Payments of Special Taxes."

Although the Special Taxes constitute liens on taxable parcels within the District, they do not constitute a personal indebtedness of the owners of property within the District. Moreover, other liens for taxes and assessments already exist on the property located within the District and others could come into existence in the future in certain situations without the consent or knowledge of the City, the District or the landowners therein. See "SPECIAL RISK FACTORS—Parity Taxes, Special Assessments and Land Development Costs" herein.

Under the terms of the Indenture, all Special Tax revenues received by the District, are to be deposited in the Special Tax Fund. Special Tax revenues deposited in the Special Tax Fund each fiscal year are to be applied by the Trustee under the Indenture in the following order of priority: (i) to deposit an amount up to the Administrative Expense Cap to the Administrative Expense Fund to pay Administrative Expenses; (ii) to pay the principal of and interest on the Bonds, the 2004 Bonds and any Parity Bonds when due; (iii) to replenish the Reserve Account to the Reserve Requirement; (iv) to make any required transfers to the Rebate Fund; (v) to pay Administrative Expenses of the District above the Administrative Expense Cap referenced in (i) above; and (vi) for any other lawful purpose of the District. See APPENDIX C—"SUMMARY OF INDENTURE."

Debt Service Coverage from Net Special Taxes. Table 1 below shows the estimated debt service coverage on the 2004 Bonds and the Bonds.

TABLE 1*
ESTIMATED DEBT SERVICE COVERAGE
COMMUNITY FACILITIES DISTRICT NO. 2000-1 OF THE CITY OF OCEANSIDE

Bond Year Ending September 1	Developed Special Tax Revenues⁽¹⁾	Undeveloped Special Tax Revenues⁽²⁾	Annual Administrative Expenses⁽³⁾	Net Special Tax Revenues	Series 2004 Debt Service	Series 2013 Debt Service	Total Debt Service	Coverage from All Property
2014	\$1,302,992	\$ 797,436	\$35,000	\$2,065,427	\$ 819,025	\$ 797,250	\$1,616,275	127.79%
2015	1,329,051	813,384	35,000	2,107,435	833,800	811,650	1,645,450	128.08
2016	1,355,632	829,652	35,000	2,150,284	852,625	827,650	1,680,275	127.97
2017	1,382,745	846,245	35,000	2,193,990	874,875	842,900	1,717,775	127.72
2018	1,410,400	863,170	35,000	2,238,570	890,625	857,400	1,748,025	128.06
2019	1,438,608	880,433	35,000	2,284,041	905,125	877,400	1,782,525	128.14
2020	1,467,380	898,042	35,000	2,330,422	923,081	896,000	1,819,081	128.11
2021	1,496,728	916,003	35,000	2,377,730	944,169	913,200	1,857,369	128.02
2022	1,526,662	934,323	35,000	2,425,985	963,419	934,000	1,897,419	127.86
2023	1,557,196	953,009	35,000	2,475,205	980,831	948,200	1,929,031	128.31
2024	1,588,339	972,069	35,000	2,525,409	1,000,481	966,000	1,966,481	128.42
2025	1,620,106	991,511	35,000	2,576,617	1,022,931	991,250	2,014,181	127.92
2026	1,652,508	1,011,341	35,000	2,628,849	1,042,906	1,008,750	2,051,656	128.13
2027	1,685,559	1,031,568	35,000	2,682,126	1,059,156	1,028,750	2,087,906	128.46
2028	1,719,270	1,052,199	35,000	2,736,469	1,082,819	1,051,000	2,133,819	128.24
2029	1,753,655	1,073,243	35,000	2,791,898	1,108,319	1,065,250	2,173,569	128.45
2030	1,788,728	1,094,708	35,000	2,848,436	1,125,369	1,091,750	2,217,119	128.47
2031	1,824,503	1,116,602	35,000	2,906,105	1,148,363	1,114,750	2,263,113	128.41
2032	1,860,993	1,138,934	35,000	2,964,927	1,172,538	1,139,250	2,311,788	128.25
2033	1,898,213	1,161,713	35,000	3,024,925	2,502,600	--	2,502,600	120.87
2034	1,936,177	1,184,947	35,000	3,086,124	2,551,588	--	2,551,588	120.95

⁽¹⁾ Developed Special Tax Revenues for Fiscal Year 2013-14 and each year thereafter are equal to 100% of the assigned special tax, which escalates by two percent per year. Based on development as of March 1, 2013 and assumes no further development.

⁽²⁾ Undeveloped Special Tax Revenues are equal to 100% of the maximum special tax, which escalates by two percent per year. Based on development as of March 1, 2013 and assumes no further development.

⁽³⁾ Based on the Administrative Expense Cap of \$35,000.

* Preliminary, subject to change.

Covenant to Foreclose; Proceeds of Foreclosure Sales. The net proceeds received following a judicial foreclosure sale of land within the District resulting from a landowner's failure to pay the Special Taxes when due are included within the Special Tax revenues pledged to the payment of principal of and interest on the Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Tax levied, the City Council, as the legislative body of the District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District has covenanted for the benefit of the owners of the Bonds that it will commence and diligently pursue to completion, judicial foreclosure proceedings against (i) parcels of common ownership with delinquent Special Taxes in excess of \$10,000 by the October 1 following the close of the Fiscal Year in which such Special Taxes were due; and (ii) all properties with delinquent Special Taxes by the October 1 following the close of any fiscal year in which the District receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied and the amount in the Reserve Account is less than the Reserve Requirement. See APPENDIX C—"SUMMARY OF INDENTURE—Other Covenants of the District" herein.

If foreclosure is necessary and other funds (including amounts in the Reserve Account) have been exhausted, debt service payments on the Bonds could be delayed until the foreclosure proceedings have ended with the receipt of any foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the City and the District. See "SPECIAL RISK FACTORS—Bankruptcy and Foreclosure" and "—FDIC/Federal Government Interests in Properties" herein. Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See "SPECIAL RISK FACTORS—Land Values" herein. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the City any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. Moreover, if the District chooses to purchase the property sold at foreclosure using a "credit bid" (where the District submits a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax), as permitted under Section 53356.5 of the Act, the District must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

Reserve Account of the Special Tax Fund

In order to secure further the payment of principal of and interest on the Bonds and the Parity Bonds, the District is required, upon delivery of the Bonds, to deposit in the Reserve Account and thereafter to maintain in the Reserve Account an amount equal to the Reserve Requirement, which is defined as the amount, as of any date of calculation, equal the lesser of (i) 10% of the initial principal amount of the Bonds, the 2004 Bonds and any Parity Bonds; (ii) the maximum annual debt service on the Bonds, the 2004 Bonds and any Parity Bonds; or (iii) one hundred twenty-five percent (125%) of average annual debt service on the Bonds, the 2004 Bonds and any Parity Bonds (the "Reserve Requirement"). Upon issuance of the Bonds, the Reserve Requirement will initially be \$ _____. The Second Supplemental Bond Indenture amends the definition of "Reserve Requirement" to be 75% of the maximum annual debt service on the Bonds and any Parity Bonds. Such amendment shall take effect only after no 2004 Bonds remain Outstanding and provided that the value to lien ratios in the District (based on the most recent assessed valuation information available from the County and any direct special tax or assessments levied on the properties, but excluding any general obligation debt) is

at least 10 to 1. Such amendment will result in a reduction in the amount on deposit in the Reserve Account when it takes effect.

Subject to the limits on the maximum annual Special Tax which may be levied within the District, as described in APPENDIX A, the District has covenanted to levy Special Taxes in an amount that is anticipated to be sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the Reserve Account at the Reserve Requirement. Amounts in the Reserve Account are to be applied to (i) pay debt service on the Bonds, the 2004 Bonds and any Parity Bonds, to the extent other monies are not available therefor; and (ii) pay the principal and interest due in the final year of maturity of the Bonds, the 2004 Bonds and any Parity Bonds. See APPENDIX C—"SUMMARY OF INDENTURE—Reserve Account" herein.

Issuance of Parity Bonds for Refunding

Subject to the limitations set forth in the Indenture, the District may, at any time after the issuance and delivery of the Bonds, and without the consent of the Owners of the Bonds and the 2004 Bonds, issue additional bonds ("Parity Bonds") payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expenses Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued pursuant to the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. With the issuance of the 2002 Bonds and the 2004 Bonds, all \$25,000,000 of the debt originally authorized by the voters within the District has been issued. In the future, Parity Bonds, such as the Bonds, will be issued only for refunding purposes and only where such issuance results in a reduction in the Annual Debt Service due in each fiscal year in which such Parity Bonds are outstanding, and the other specific conditions precedent to the issuance of any such Parity Bonds as set forth in the Indenture. See APPENDIX C—"SUMMARY OF INDENTURE—Conditions for the Issuance of Parity Bonds" herein.

[INSERT LOT MAP OF DISTRICT]

THE DISTRICT

General Description of the District

The District, which is located entirely within the City, consists of approximately 413 gross acres (of which approximately 377 acres are expected to be subject to the levy of Special Taxes). The City is located in northern San Diego County (the "County") approximately 35 miles north of downtown San Diego. The City is bordered by the Pacific Ocean on the west, Camp Pendleton Marine Corps Base on the north, the City of Vista and an unincorporated portion of the County on the east, and the City of Carlsbad on the south. The development is a primarily industrial subdivision known as "Ocean Ranch Corporate Centre" located north of Oceanside Boulevard and east of the proposed extension of Rancho Del Oro Drive. The District has been developed for industrial, commercial and warehouse purposes. The District also contains a small residential subdivision which is entitled for 349 units of medium density housing and is partially developed.

Property Ownership

Table 2 below identifies the various Property Owners within the District as of January 1, 2012 by lot number of the original tract map for the District. For reference, the lot numbers are set forth in the map on the previous page.

TABLE 2

**PROPERTY OWNER DESCRIPTION
COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE**

Original Lot No.	Current Description	Owner ⁽¹⁾	Land Use	Development Status	FY 2013-14 Special Tax	Percent of Fiscal Year 2013-14 Special Tax	Acres	Bldg. SF	No. of Units	Assessed Value ⁽²⁾	Estimated Assessed Value-to-Lien Ratio
1	Single Building	Calvary Chapel of Oceanside	Non-Res	Developed	\$ 33,113.90	2.01%	7.46	73,654	NA	\$ 0	0.00
1	Single Building	Brauvin Net Lease LLC	Non-Res	Developed	7,235.34	0.44	1.63	10,992	NA	2,625,000	17.93
1	Commercial Condo (26 Units w/ 25 Owners)	Engel William, Pingel Christopher Anselmo Armando Simon Raymond Oceanic LTD Boonstra Joey F Jr & Tammy L Roemani Enterprises Inc Kirk Jesse W & Tracy M, Rodriguez Antonio Suburban Partners LLC Dalphin Donald C Jr Family Trust 09-19-02 Heering David S & Susan D Steinbrenner Donna J Trust 12-12-08 Torrey Pines Bank Morrissey Thomas P & Laura A Trust Sybrandy Andrew L & Risa L Ocean Ranch Corporate Center LLC CMP Holdings LLC Bell Blueprint Co Delshesh Houtan Azul Trust 03-25-06 Parson & Fox LLC Shimoda LLC RMS Gagne Company LLC AMDG Properties LLC	Non-Res	Developed	1,313.90	0.08	0.30	2,947	NA	452,691	17.27
			Non-Res	Developed	2,681.06	0.16	0.60	6,019	NA	725,000	14.39
			Non-Res	Developed	655.64	0.04	0.13	1,477	NA	231,226	17.56
			Non-Res	Developed	672.94	0.04	0.13	1,516	NA	151,067	12.43
			Non-Res	Developed	759.50	0.05	0.15	1,711	NA	337,383	20.64
			Non-Res	Developed	758.18	0.05	0.15	1,708	NA	330,208	20.37
			Non-Res	Developed	758.18	0.05	0.15	1,708	NA	372,665	22.08
			Non-Res	Developed	758.18	0.05	0.15	1,708	NA	378,616	22.31
			Non-Res	Developed	758.18	0.05	0.15	1,708	NA	195,000	13.84
			Non-Res	Developed	742.20	0.04	0.14	1,672	NA	195,771	14.12
			Non-Res	Developed	672.94	0.04	0.13	1,516	NA	175,000	13.96
			Non-Res	Developed	690.26	0.04	0.13	1,555	NA	162,610	12.92
			Non-Res	Developed	1,230.04	0.07	0.24	2,771	NA	400,000	16.55
			Non-Res	Developed	1,286.42	0.08	0.25	2,898	NA	576,421	20.76
			Non-Res	Developed	1,559.86	0.09	0.30	3,514	NA	549,183	17.54
			Non-Res	Developed	1,559.86	0.09	0.30	3,514	NA	872,382	23.98
			Non-Res	Developed	945.06	0.06	0.18	2,129	NA	396,099	19.84
			Non-Res	Developed	948.16	0.06	0.18	2,136	NA	399,843	19.93
			Non-Res	Developed	838.08	0.05	0.16	1,888	NA	364,796	20.36
			Non-Res	Developed	3,117.50	0.19	0.59	7,023	NA	1,360,555	20.40
			Non-Res	Developed	1,558.08	0.09	0.30	3,510	NA	452,177	15.20
			Non-Res	Developed	1,487.94	0.09	0.28	3,352	NA	683,967	21.12
			Non-Res	Developed	1,661.06	0.10	0.32	3,742	NA	875,195	23.09

2	Commercial Condo (8 Units w/ 3 Owners)	Shaughnessy Thomas E Oceanic Way Investments LLC	Non-Res Non-Res	Developed Developed	1,787.14 2,251.02	0.11 0.14	0.34 0.43	4,026 5,071	NA NA	380,000 949,162	11.89 19.92
		Petra Services Inc	Non-Res	Developed	3,755.28	0.23	0.85	5,966	NA	680,000	10.42
		MST Management LLC	Non-Res	Developed	7,168.74	0.43	1.62	11,390	NA	1,364,571	10.86
		SLP Oceanic LLC	Non-Res	Developed	10,515.66	0.64	2.37	16,701	NA	1,170,000	13.26
2	Commercial Condo (7 Units w/ 3 Owners)	Hansen Commercial Investments LLC Pacific California Properties LLC	Non-Res Non-Res	Developed Developed	4,941.48 2,666.94	0.30 0.16	0.76 0.41	11,132 6,008	NA NA	1,170,000 626,000	12.97 12.88
		SLP Oceanic LLC	Non-Res	Developed	4,805.66	0.29	0.74	10,826	NA	1,875,000	10.28
2	Commercial Condo (7 Units w/ 3 Owners)	Bank of the West Sevigny Siefano & Koppenhaver Karen	Non-Res Non-Res	Developed Developed	5,281.96 2,190.64	0.32 0.13	1.06 0.44	11,899 4,935	NA NA	1,172,000 1,392,964	12.31 28.55
		Bede USA Inc	Non-Res	Developed	4,941.48	0.30	0.99	11,132	NA	1,550,000	16.11
2	Commercial Condo (10 Units w/ 1 Owner)	Four Fields LLC	Non-Res	Developed	12,206.36	0.74	2.51	27,498	NA	3,962,477	16.53
2	Single Building	Native Bouquet LLC	Non-Res	Developed	24,350.12	1.47	4.04	54,855	NA	4,810,570	11.20
2	Single Building	OCC Lot 5 LLC	Non-Res	Developed	20,231.18	1.23	3.21	45,576	NA	4,418,646	12.16
3	Single Building	McWin Corporation	Non-Res	Developed	16,374.58	0.99	2.94	36,888	NA	3,395,857	11.65
4A	Single Building	Centurion Faith LLC	Non-Res	Developed	9,551.84	0.58	1.81	21,518	NA	1,845,405	10.99
5A	Single Building	ZJR LLC	Non-Res	Developed	40,144.10	2.43	8.07	90,435	NA	8,079,854	11.37
1A	Commercial Condo (32 Units w/ 7 Owners)	Omori R Ray & Yoko, Omoro Greg & Hong Ernst Nile W & Leigh S Sevigny Siefano & Koppenhaver Karen ADLP-4005 LLC	Non-Res Non-Res Non-Res Non-Res	Developed Developed Developed Developed	2,463.64 2,734.42 5,469.28 7,184.08	0.15 0.17 0.33 0.44	0.42 0.47 0.94 1.23	5,550 6,160 12,321 16,184	NA NA NA NA	797,992 760,666 1,078,427 1,541,519	16.50 14.71 10.64 11.98
		Ward Family Trust 09-26-02	Non-Res	Developed	2,708.22	0.16	0.47	6,101	NA	834,329	15.90
		Mattes Lawrence J	Non-Res	Developed	5,550.96	0.34	0.95	12,505	NA	1,610,507	15.19
		Dimitroff Family Residuary Trust 03-24-99	Non-Res	Developed	5,468.84	0.33	0.94	12,320	NA	1,356,000	13.45
1A	Multiple Buildings on Two Lots	Oceanic Business Center North LP	Non-Res	Developed	55,646.60	3.37	11.69	122,898	NA	12,725,909	12.61
4	Single Building	Paolone Brothers Oceanside LLC	Non-Res	Developed	112,201.94	6.79	11.76	252,764	NA	23,888,277	11.91
5, 7, 8, 9	Multiple Buildings on Four Lots	Genentech Inc	Non-Res	Developed	371,217.18	22.48	66.66	510,268	NA	436,280,098 ^{b)}	35.60
6	Single Building	Innovative Development Enterprises, Inc.	Non-Res	Undeveloped	21,065.92	1.28	5.48	0	NA	2,026,546	6.00
6	Single Building	Innovative Development Enterprises, Inc.	Non-Res	Developed	15,668.34	0.95	2.12	35,297	NA	3,835,665	13.32
6	Single Building	HK Advisors LLC	Non-Res	Developed	24,268.00	1.47	3.20	54,670	NA	5,300,000	12.15
10	Multiple Buildings on One Lot	La Pacifica LP	Non-Res	Developed	100,419.06	6.08	15.02	226,220	NA	17,984,409	10.32
11	Undeveloped	La Pacifica 2-Ocean Ranch LLC	Non-Res	Undeveloped	60,775.94	3.68	15.81	0	NA	5,500,000	5.67

12	Multiple Buildings on Four Lots	K&G Banderas I LLC, K&G Ocean Ranch LLC	Non-Res	Developed	50,995.58	3.09	7.24	104,982	NA	18,220,000	17.73
12	Single Building	Apple Eight Hospitality Ownership Inc	Non-Res	Developed	38,289.48	2.32	2.98	86,257	NA	21,200,000	23.83
13	Undeveloped	Ivey Ranch Inc.	Non-Res	Undeveloped	11,916.84	0.72	3.10 ^(b)	0	NA	194,812	1.11
14	Commercial Condo	Friedman-McGown Family Trust 06-17-04	Non-Res	Developed	577.50	0.03	0.11	1,301	NA	375,000	26.24
	(42 Units w/ 26 Owners)	Varon Julio & Rosalba	Non-Res	Developed	890.90	0.05	0.17	2,007	NA	245,000	14.58
		Impact Solutions LLC	Non-Res	Developed	1,284.20	0.08	0.24	2,893	NA	718,822	23.99
		Holtz Holdings LLC	Non-Res	Developed	1,284.20	0.08	0.24	2,893	NA	354,548	14.63
		DeCarlo Ludovico L Jr & Debra B	Non-Res	Developed	1,442.68	0.09	0.27	3,250	NA	350,880	13.25
		International Church Missions	Non-Res	Developed	579.72	0.04	0.11	1,306	NA	158,158	14.49
		Anderson Jack D & Dale A	Non-Res	Developed	898.00	0.05	0.17	2,023	NA	365,000	19.43
		Diaz Hector E	Non-Res	Developed	1,269.54	0.08	0.24	2,860	NA	530,000	19.79
		Medvinsky Enterprises LLC	Non-Res	Developed	1,327.26	0.08	0.25	2,990	NA	313,000	12.93
		LB/VCC Oceanside LLC	Non-Res	Developed	5,827.02	0.35	1.11	13,127	NA	1,375,185	12.94
		Polyvue Distribution LLC	Non-Res	Developed	1,458.20	0.09	0.28	3,285	NA	330,900	12.54
		Pharm-Aid Inc	Non-Res	Developed	577.06	0.03	0.11	1,300	NA	375,696	26.28
		Sunwest Bank	Non-Res	Developed	895.34	0.05	0.17	2,017	NA	223,313	13.51
		Action Properties LLC	Non-Res	Developed	1,220.72	0.07	0.23	2,750	NA	302,279	13.44
		Song Quanlai & Fan Xinai	Non-Res	Developed	1,324.60	0.08	0.25	2,984	NA	318,098	13.12
		Adams J Orville IRA, Sacramento Benjamin	Non-Res	Developed	1,266.44	0.08	0.24	2,853	NA	304,108	13.11
		Evans David & Stephanie	Non-Res	Developed	898.00	0.05	0.17	2,023	NA	611,023	26.97
		Blue River Trust 08-14-07	Non-Res	Developed	1,327.26	0.08	0.25	2,990	NA	446,308	16.97
		2007 IRT got Joseph V Salvucci LLC	Non-Res	Developed	1,269.54	0.08	0.24	2,860	NA	293,760	12.73
		Sandoval Ernie Revocable Trust	Non-Res	Developed	1,458.20	0.09	0.28	3,285	NA	917,221	25.75
		3648 Ocean Ranch LLC	Non-Res	Developed	1,456.44	0.09	0.28	3,281	NA	310,000	11.90
		Breese Benjamin	Non-Res	Developed	1,223.82	0.07	0.23	2,757	NA	282,800	12.72
		Eynon Leasing LLC	Non-Res	Developed	1,269.54	0.08	0.24	2,860	NA	295,800	12.80
		Gardner John A & Susan J, Watkins Dennis	Non-Res	Developed	898.00	0.05	0.17	2,023	NA	230,000	13.80
		Southern Winds International	Non-Res	Developed	579.72	0.04	0.11	1,306	NA	415,889	27.79
		Pacific View Charter School	Non-Res	Developed	12,216.96	0.74	2.32	27,522	NA	0	0.00
15	Four Undeveloped Lots	Ocean Ranch Corporate Center II Lot 15 LLC	Non-Res	Undeveloped	16,222.28	0.98	4.22	0	NA	2,067,491	7.71
15	Single Building	LTG Holdings LLC	Non-Res	Developed	24,010.54	1.45	3.00	54,090	NA	6,186,879	13.86
15	Single Building	Ocean Ranch Corporate Center II Lot 15 LLC	Non-Res	Developed	14,163.50	0.86	2.46	31,907	NA	3,224,086	12.57
16	Undeveloped	Ocean Ranch Corporate Center II Lot 16 LLC	Non-Res	Undeveloped	52,741.66	3.19	13.72	0	NA	6,477,654	7.46
17	Single Building	BCI-Coca Cola Bottling Co of Los Angeles	Non-Res	Developed	50,780.56	3.08	11.44	81,333	NA	14,320,687	14.87

18	Single Building	4010 Ocean Ranch Venture LLC	Non-Res	Developed	90,457.50	5.48	15.74	203,779	NA	14,846,100	9.59
19, 20	Undeveloped	US Foods ⁽³⁾⁽⁵⁾	Non-Res	Undeveloped	107,482.28	6.51	27.96	0	NA	8,976,000	5.27
21	Residential Condo (34 Units w/ 34 Owners)	Individual Owners	Res	Developed	24,971.96	1.51	2.10	56,256	34	6,597,335	14.14
21	Residential Condo (17 Units w/ 1 Owner)	St Cloud Recovery Acquisition LLC	Res	Developed	12,673.68	0.77	1.77	26,995	17	3,700,992	15.27
21	Undeveloped	St Cloud Recovery Acquisition LLC	Res	Undeveloped	78,078.50	4.73	20.31	0	0	14,419,576	10.59
					<u>\$1,651,274.28</u>	<u>100.00%</u>				<u>\$ 698,500,105</u>	<u>19.97</u>

(1) Unless otherwise noted, ownership information as of January 1, 2012 provided by the San Diego County Assessor.
(2) Ownership as of February 2013.
(3) Genentech has multiple pending property tax appeals on its parcels within the District, dating back to at least Fiscal Year 2008. The appeal for Fiscal Year 2012 requests a reduction in assessed value to \$182,200,000.
(4) Constitutes a portion of large lot (which is located outside the boundaries of the District and not subject to the levy of the Special Tax) intended to be developed.
(5) Property purchased by U.S. Foods in February 2012 for \$14,000,000.
Source: David Taussig & Associates, Inc.

The following is a brief description of the ten largest property owners within the District based upon the projected Fiscal Year 2012-13 Special Tax levy.

Genentech Inc. Genentech Inc. was founded in 1976 as a biotechnology company and was acquired in 2009 by F. Hoffmann-La Roche Ltd. (“Hoffmann”), a Swiss global health-care company that operates worldwide under two divisions: pharmaceuticals and diagnostics. Genentech Inc. is now a wholly owned subsidiary of Hoffmann. The pharmaceuticals division concentrates primarily in the areas of oncology, virology, inflammation/autoimmune/transplantation and metabolism/bone, while the diagnostics division concentrates primarily in the areas of professional diagnostics, diabetes care, molecular diagnostics, applied science and tissue diagnostics.

Hoffmann’s holding company, Roche Holding AG (“Roche”), is publicly listed on the SIX Swiss Exchange and, accordingly, files periodic financial and other information in accordance with the Swiss Stock Exchange directives (including the commentaries thereto) and the Swiss Code of Best Practice for Corporate Governance promulgated by the Swiss business federation “economiesuisse.” Prospective investors may and should review Roche’s financial and other filings to gain a more thorough understanding of Genentech and its business and financial condition.

Paolone Brothers Oceanside LLC. Paolone Brothers Oceanside LLC is a subsidiary of the Hamann Companies. The development, which constitutes part of the Oceanic Business Park, consists of multiple industrial/commercial buildings totaling approximately 200,000 square feet and an existing entitlement to build approximately 80,000 square feet of additional industrial/commercial space.

US Foods. US Foods purchased an undeveloped lot totaling approximately 27.9 acres from VCH No. 1 LP, JJB Silverhawk LP Hamann JCF in February 2013. US Foods is an international food distributor and is currently the tenth largest private company in the United State of America. The City does not know what plans US Foods has for the property.

La Pacifica LP. La Pacifica 1 - Ocean Ranch LLC (“La Pacifica”), purchased Lot 10 within the Ocean Ranch Corporate Centre in September 2004. La Pacifica is a subsidiary of Cruzan Monroe, a San Diego-based real estate acquisition and development company. Lot 10 contains an approximately 226,000 square foot industrial development thereon. Tenants on lot 10 currently include La Cantina Doors and Rich Limited Pop Displays, Shredit, Everest Solar, Krannich Solar, Star Metalizing, and Nature’s Own Bread.

St. Cloud Recovery Acquisition LLC. St. Cloud Recovery Acquisition LLC (“Saint Cloud”) acquired St. Cloud, a 28 acre residential development located within the District (the “Saint Cloud Project”), in [2010]. The Saint Cloud Project had been initiated by John Laing Homes. However, John Lang Homes filed for bankruptcy in February, 2009 and stopped development of the Saint Cloud Project. The Saint Cloud Project is entitled for 349 units of medium density housing, along with a clubhouse and associated facilities. As of April 1, 2013, 51 units had been constructed and the clubhouse and internal road infrastructure had been completed. Though still entitled to build an additional 298 units, no building permits have been issued for the Saint Cloud Project since July 1, 2006. The City is not aware of plans by Saint Cloud to pursue further development of the Saint Cloud Project.

4010 Ocean Ranch Venture LLC. 4010 Ocean Ranch Venture LLC purchased lot 18 in 2009. The lot currently consists of one 205,000 square foot building that is available for either commercial or industrial use.

La Pacific 2 – Ocean Ranch LLC. La Pacifica LP also purchased the Lot 11 – Ocean Ranch LLC. Lot 11 is currently undeveloped and deed restricted for industrial development. The City is not aware of any current plans or entitlements for the development of Lot 11.

Oceanic Business Center North LP. Oceanic Business Center North LP owns a 200,000 square foot lot located near the center of the District which consists of one commercial/industrial building. The entire building is leased to Magnaflow Exhaust Products.

Ocean Ranch Corporate Center II Lot 16 LLC. Ocean Ranch Corporate Center II Lot 16 LLC purchased the 13.4 acre lot 16 in 2004. The lot is currently undeveloped but is in finished condition. The City is not aware of plans by Ocean Ranch Corporate Center II Lot 16 LLC to develop the property in the near future.

K&G Banderas I LLC, K&G Ocean Ranch LLC. K&G Banderas I LLC, K&G Ocean Ranch LLC owns the 80,000 square foot Ocean Ranch Plaza. The Ocean Ranch Plaza consists of 4 commercial buildings whose tenants include Kaiser Permanente, Qinetiq and Kellermeyer Bergensons Services.

Estimated Direct and Overlapping Indebtedness

Numerous local agencies provide public services within the District's boundaries. Some of these local agencies have outstanding bonds which are secured by taxes and assessments on the parcels within the District and others have authorized but unissued bonds which, if issued, will be secured by taxes and assessments levied on parcels within the District. The approximate amount of the direct and overlapping debt secured by such taxes and assessments on the parcels within the District for fiscal year 2012-13 is shown in Table 2 below (the "Debt Report"). At present, all overlapping debt is general obligation. As such, increases in assessed value in the District relative to assessed values in the overlapping jurisdiction can increase the tax levy on District parcels and a decrease in assessed value within the District relative to assessed values in the overlapping jurisdiction can decrease the tax levy on District parcels.

The Debt Report has been derived from data assembled and reported to the District by David Taussig and Associates, Inc., Special Tax Consultant. None of the District, the City nor the Underwriter has independently verified the information in the Debt Report and do not guarantee its completeness or accuracy.

TABLE 3

**DIRECT AND OVERLAPPING DEBT SUMMARY
COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE**

<i>Overlapping District</i>	<i>Actual Fiscal Year 2012-13 Total Levy</i>	<i>Amount of Levy on Parcels in the District</i>	<i>Percent of Levy on Parcels in the District</i>	<i>Total Debt Outstanding⁽¹⁾</i>	<i>District Share of Total Debt Outstanding</i>
Metropolitan Water District G.O. Bonds	\$ 92,246,662	\$ 24,448	0.0265%	\$165,085,000	\$ 43,752
Oceanside Unified School District Bond Series 2000 D	1,174,914	70,409	5.9927	12,700,000 ⁽²⁾	761,069
Oceanside Unified School District Bond Series 2000 E	1,440,668	86,335	5.9927	20,945,000 ⁽³⁾	1,255,169
Oceanside Unified School District Bond Series 2000 F	814,747	48,825	5.9927	22,965,000 ⁽⁴⁾	1,376,222
Oceanside Unified School District Bond Series Prop H Series 2008A	1,255,340	75,228	5.9927	49,995,054	2,996,036
Oceanside Unified School District Bond Series Prop H Series 2008B	0	0	0.0000	29,999,992	1,797,799 ⁽⁵⁾
Oceanside Unified School District Bond Series Prop H Series 2008C	0	0	0.0000	14,999,626	898,877 ⁽⁶⁾
Oceanside Unified School District Bond Series 2009 Refunding	551,324	33,039	5.992	16,600,000	994,777
Oceanside Unified School District Bond Series 2010 Refunding	639,909	38,348	5.9927	14,320,000	858,153
Oceanside Unified School District Bond Series Prop G Series 2012	924,312	55,391	5.9927	23,210,000	<u>1,390,897</u>
				Estimated Share of Overlapping Debt Allocable to the District Series 2004 Bonds Plus: the Bonds	\$10,981,853 12,540,000 <u>\$11,460,000*</u>
				Estimated Share of Direct and Overlapping Debt Allocable to the District	\$34,981,853*

(1) As of March 2, 2013.

(2) \$8,360,000 refunded by Series 2012 Refunding Bonds.

(3) \$570,000 refunded by Series 2010 Refunding Bonds.

(4) \$255,000 refunded by Series 2010 Refunding Bonds.

(5) As there was no levy for Fiscal Year 2012-13, "District Share of Total Debt Outstanding" was calculated by multiplying Overlapping District's Total Debt Outstanding by 5.9927%. Bonds were issued May 5, 2010.

(6) As there was no levy for Fiscal Year 2012-13, "District Share of Total Debt Outstanding" was calculated by multiplying Overlapping District's Total Debt Outstanding by 5.9927%. Bonds were issued May 3, 2012.

Source: David Taussig & Associates, Inc.

Expected Tax Burden

Table 4 below sets forth an estimated property tax bill for an average single family detached unit located within the Saint Cloud project within the District. As can be seen from Table 3 below, the total effective tax rate within the District, reflected as a percent of the assessed value, will be approximately 1.4024%. The estimated tax rates and amounts presented herein are based on currently available information. The actual amounts charged and actual sales prices may vary and may increase or decrease in future years.

* Preliminary, subject to change.

TABLE 4

**SAMPLE PROPERTY TAX BILL
(ESTIMATED FISCAL YEAR 2013-14)
Projected Property taxes for a Single Family Detached Home**

Assessed Valuation and Property Taxes		Percent of Total AV	Expected Amount
AVERAGE NET ASSESSED VALUE ⁽¹⁾	\$194,039		
AVERAGE TOTAL ASSESSED VALUE ⁽¹⁾	\$201,039		
AVERAGE HOME SIZE ⁽²⁾	1,655 SF		
AVERAGE LOT SIZE ⁽²⁾	2,696 SF		
AD VALOREM PROPERTY TAXES⁽³⁾			
Basic Levy		1.00000%	\$1,940.39
Oceanside Unified School District Bond Series 2000D		0.01008%	19.56
Oceanside Unified School District Bond Series 2000E		0.01236%	23.98
Oceanside Unified School District Bond Series 2000F		0.00699%	13.56
Oceanside Unified School District Bond Series Prop H Series 2008A		0.01077%	20.90
Oceanside Unified School District Bond Series 2009 Refunding		0.00473%	9.18
Oceanside Unified School District Bond Series 2010 Refunding		0.00549%	10.65
Oceanside Unified School District Bond Series Prop G Series 2012		0.00793%	15.39
Metropolitan Water District G.O. Bonds		<u>0.00350%</u>	<u>6.79</u>
Total General Property Taxes and Overrides		1.06185%	\$2,053.61
ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES			
CWA Water Availability ⁽⁴⁾			\$ 10.00
City of Oceanside Lighting 2-1991 ⁽⁵⁾			2.54
Vector Disease Control ⁽⁶⁾			4.10
Mosquito Surveillance ⁽⁷⁾			3.00
MWD Water Standby Charge ⁽⁸⁾			11.50
City of Oceanside CFD No. 2000-1 ⁽⁹⁾			<u>734.65</u>
Total Assessments and Parcel Charges			\$ 765.79
PROJECTED TOTAL PROPERTY TAXES			<u>\$2,819.41</u>
Projected Total Effective Tax Rate (as % of Appraised Value)			1.4024%

[Footnotes begin on next page]

- (1) Net assessed values as of January 1, 2012 provided by the San Diego County Assessor. Average net assessed value for 34 owner-occupied homes in the District as of March 1, 2013. Total assessed value includes homeowner's exemption of \$7,000 and is used to determine the Total Effective Tax Rate.
 - (2) Based on average home size and average lot size for 34 owner-occupied homes in the District.
 - (3) Based on Fiscal Year 2012-13 rates for property within TRA 07007, which encompasses all developed residential property in the District.
 - (4) Based on Fiscal Year 2012-13 rate of \$10.00 per dwelling unit.
 - (5) Based on Fiscal Year 2012-13 rate of \$2.54 per dwelling unit.
 - (6) Based on Fiscal Year 2012-13 rate of \$4.10 per dwelling unit.
 - (7) Based on Fiscal Year 2012-13 rate of \$3.00 per dwelling unit.
 - (8) Based on Fiscal Year 2012-13 rate of \$11.50 per acre for parcels less than 1 acre.
 - (9) Based on the greater of the estimated Fiscal Year 2013-14 Special Tax rate of \$0.4439 per SF or \$4,438.86 per acre for Developed Property. Application of the square-foot rate yields \$734.65, and application of the acre rate yields \$274.69.
- Source: David Taussig & Associates, Inc.

Estimated Assessed Value-to-Lien Ratio

The assessed value of the land within the District for fiscal year 2012-13 is \$698,500,105. Dividing the assessed value by the \$24,000,000* principal amount of the Bonds and 2004 Bonds and the \$10,981,853 of additional direct and overlapping debt which is payable from taxes and assessments levied on the property within the District as set forth in Table 3 above results in an estimated assessed value-to-lien ratio of approximately 19.97* to 1. Table 5 below sets forth the estimated assessed value-to-lien ratio of property owners within the District as of the January 1, 2012 lien date, as shown on the Fiscal Year 2012-13 County Assessor's tax roll. The estimated Special Tax levy for Fiscal Year 2013-14 is \$1,651,274.

As a part of its Annual Report delivered pursuant to its Continuing Disclosure Agreement, the District will provide in the format of Table 5 below the estimated assessed value-to-lien ratio for all Developed Property in the aggregate and for each owner of Undeveloped Property.

* Preliminary, subject to change.

TABLE 5

CITY OF OCEANSIDE (OCEAN RANCH CORPORATE CENTRE)
 COMMUNITY FACILITIES DISTRICT NO. 2000-1
 ASSESSED VALUE TO LIEN ANALYSIS*
 (As of March 2, 2013)

Property Type ⁽¹⁾	Number of Non-Exempt Parcels	Estimated Fiscal Year 2013-14 Special Tax	Percentage of Estimated Fiscal Year 2013-14 Special Tax		CFD No. 2000-1 Outstanding Bond Amount ⁽²⁾	Total Overlapping Debt ⁽³⁾⁽⁴⁾	Total Direct and Overlapping Debt	Assessed Value ⁽⁵⁾	Estimated Value-to-Lien Ratio
			2013-14	2012-13					
Developed Property	171								
Residential Property		\$ 37,646	2.28%		\$ 547,150	\$ 161,910	\$ 709,060	\$ 10,298,327	14.52 to 1
Non-Residential Property		1,265,345	76.63		18,390,818	10,196,381	28,587,199	648,539,699	22.69 to 1
Subtotal - Developed Property		1,302,991	78.91		18,937,969	10,358,290	29,296,259	658,838,026	22.49 to 1
Undeveloped Property									
Residential Property	27	78,079	4.73		1,134,811	226,697	1,361,508	14,419,576	10.59 to 1
Non-Residential Property		270,205	16.36		3,927,220	396,865	4,324,085	25,242,503	5.84 to 1
Subtotal - Undeveloped Property	37	348,283	21.09		5,062,031	623,562	5,685,594	39,662,079	6.98 to 1
Total	208	\$ 1,651,274	21.09%		\$ 24,000,000	\$ 10,981,853	\$ 34,981,853	\$ 698,500,105	19.97 to 1

⁽¹⁾ Property is classified as Developed if a building permit was issued as of March 1, 2013. Property is classified as Undeveloped if no building permits have been issued as of March 1, 2013.

⁽²⁾ As of March 2, 2013. Allocated based on fiscal year 2013-14 Special Tax levy

⁽³⁾ As of March 2, 2013. Allocated based on Fiscal Year 2012-13 *ad valorem* levy.

⁽⁴⁾ Includes outstanding debt for CFD No. 2000-1, MWD and OUSD Series 2000D, E, F, Prop H Series 2008A, Prop H Series 2008B, Prop H Series 2008C, 2009 Refunding, 2010 Refunding and Prop G Series 2012 Bonds.

⁽⁵⁾ Net assessed value as of January 1, 2012 provided by the San Diego County Assessor.

Source: David Taussig & Associates, Inc.

* Preliminary, subject to change.

Special Tax Coverage

Table 6 below sets forth the percentage of the Special Tax payable from Developed Property (i.e., property for which a building permit had been issued as of January 1, of the prior Fiscal Year) for the projected Special Tax levy for Fiscal Year 2013-14. As can be seen from Table 6 below, based on development status as of March 1, 2013, approximately 78.91% of the Special Taxes to be levied in Fiscal Year 2013-14 are to be levied on Developed Property.

TABLE 6
ACTUAL FISCAL YEAR 2013-14
SPECIAL TAX COVERAGE FROM DEVELOPED PROPERTY

<i>Development Status⁽¹⁾</i>	<i>Number of Parcels Taxed</i>	<i>Fiscal Year 2013-14 Special Tax Levy⁽²⁾</i>	<i>Percentage of Total Levy</i>	<i>Acreage⁽³⁾</i>
Developed	171	\$ 1,302,991	78.91%	218.14
Undeveloped	<u>37</u>	<u>348,283</u>	<u>21.09</u>	<u>90.60</u>
	208	\$ 1,651,274	100.00%	308.74

⁽¹⁾ As of March 1, 2013.

⁽²⁾ Did not include debt service on the Bonds.

⁽³⁾ Does not include Exempt Property.

Based on the development status as of March 1, 2013, the maximum Special Taxes that could be collected in each Fiscal Year, assuming no further development, would be approximately [100]% of the Annual Debt Service due on the Bonds and the 2004 Bonds in each calendar year. The maximum Special Taxes will reduce as Undeveloped Property becomes developed property, provided that in no event shall the maximum Special Taxes that could be collected in each Fiscal Year be less than the Administrative Expenses plus 110% of the Annual Debt Service due on the Bonds and the 2004 Bonds in each calendar year.

Delinquency History

Under the provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, will be billed to the properties within the District on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future.

The following table shows the Special Tax levy and the percentages of delinquent Special Taxes for Fiscal Year 2006-07 through Fiscal Year 2012-13.

TABLE 7
DELINQUENCY RATE FOR
FISCAL YEARS 2006-07 THROUGH 2012-13

<i>Fiscal Year</i>	<i>Total Tax Levy</i>	<i>Number of Delinquent Parcels at Fiscal Year End⁽¹⁾</i>	<i>Delinquent Special Tax as Fiscal Year End⁽¹⁾</i>	<i>Delinquency Rate at Fiscal Year End⁽¹⁾</i>	<i>Number of Delinquent Parcels as of 2/26/2013⁽³⁾</i>	<i>Delinquent Special Tax as of 2/26/2013⁽³⁾</i>	<i>Delinquency Rate as of 2/26/2013⁽³⁾</i>
2006-07	\$1,537,624	2 ⁽²⁾	\$ 27,377 ⁽²⁾	1.78% ⁽²⁾	0	\$ 0	0.00%
2007-08	1,560,624	6	10,977	0.70	0	0	0.00
2008-09	1,587,726	78	147,748	9.31	0	0	0.00
2009-10	1,781,564	14	215,155	12.08	0	0	0.00
2010-11	1,738,281	11	16,422	0.95	1	714	0.04
2011-12	1,583,051	14	15,563	0.98	3	2,945	0.19
2012-13	1,617,400	NA	NA	NA	5 ⁽⁴⁾	4,833 ⁽⁴⁾	0.60 ⁽⁴⁾

⁽¹⁾ Delinquent parcels, delinquent special tax, and delinquency rate around June 30 of the year levied, unless otherwise noted.

⁽²⁾ Delinquent parcels and delinquent special tax as of September 11, 2008

⁽³⁾ Based on data as of March 20, 2013 provided by the County of San Diego.

⁽⁴⁾ Delinquent parcels and delinquent special tax for the first installment of the FY 2012-13 Special Tax levy only.

Source: David Taussig & Associates, Inc.

See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes” for a discussion of the provisions which apply, and procedures which the District is obligated to follow, in the event of delinquency in the payment of Special Tax installments.

SPECIAL RISK FACTORS

The purchase of the Bonds involves significant investment risks and, therefore, the Bonds are not suitable investments for many investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District. See “SPECIAL RISK FACTORS—Land Values” and “—Limited Secondary Market” below.

Concentration of Ownership

The District has a significant concentration of ownership. The top ten property owners within the District own property responsible for approximately 67.68% of the Special Taxes levied in Fiscal Year 2013, and the top taxpayer, Genentech Inc., was responsible for approximately 22.48% of the annual Special Tax levy. See “THE DISTRICT—Property Ownership.” Failure of the Property Owners, or any successor, to pay the annual Special Taxes when due could result in a default in payments of the principal of, and interest on, the Bonds, when due. Further, even at buildout of the development within the District, there are expected to be fewer than 100 taxpayers (exclusive of the residential subdivision).

Several of the top taxpayers own undeveloped property within the District. No assurance can be made that owners of undeveloped property, or their successors, will complete the intended construction and

development in the District. See “SPECIAL RISK FACTORS—Failure to Develop Properties” below. The receipt of Special Taxes until maturity of the Bonds will be dependent on the willingness and ability of a limited number of landowners within the District to pay Special Taxes when due. See “SPECIAL RISK FACTORS—Bankruptcy and Foreclosure” below, for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels.

Limited Obligations

The Bonds and interest thereon are not payable from the general funds of the City. Except with respect to the Special Taxes, neither the credit nor the taxing power of the District or the City is pledged for the payment of the Bonds or the interest thereon, and, except as provided in the Indenture, no Owner of the Bonds may compel the exercise of any taxing power by the District or the City or force the forfeiture of any City or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or a legal or equitable pledge, charge, lien or encumbrance upon any of the City’s or the District’s property or upon any of the City’s or the District’s income, receipts or revenues, except the Special Taxes and other amounts pledged under the Indenture.

Insufficiency of Special Taxes

Under the Rate and Method, the annual amount of Special Tax to be levied on each taxable parcel in the District will generally be based on whether such parcel is categorized as Undeveloped Property or as Developed Property. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES” and “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Rate and Method of Apportionment of Special Taxes.*”

Based on current development projections, the maximum Special Taxes that may be levied within the District are at least 110% of maximum annual debt service on the Bonds and the 2004 Bonds plus the Administrative Expense Cap. Notwithstanding that the maximum Special Taxes that may be levied in the District exceed debt service due on the Bonds and the 2004 Bonds, the Special Taxes collected could be inadequate to make timely payment of debt service either because of nonpayment or because property becomes exempt from taxation.

The Amended Rate and Method governing the levy of the Special Tax expressly exempts up to 30.92 and 54.02 acres of property owned by public agencies and/or owned by a property owners’ association, respectively. If for any reason property within the District becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government or another public agency, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

Moreover, if a substantial portion of land within the District became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Tax which could be levied upon the remaining property within the District might not be sufficient to pay principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.

Failure to Develop Properties

As of March 1, 2013, 90.6 acres within the District remained to be developed. See Table 6 above. Notwithstanding the foregoing, approximately 79% of the Special Tax Levy in Fiscal Year 2013-14 is expected to be on Developed Property, some of which may be subject to further subdivision and development. All of the Undeveloped Property in the District is in a finished lot condition.

Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the Bondowners should it be necessary for the District to foreclose on the property due to the nonpayment of Special Taxes. Any delays in developing the Undeveloped Property, or the decision not to develop such property, may affect the willingness and ability of the owners of property within the District to pay the Special Taxes when due.

Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy such governmental requirements would adversely affect planned land development. Finally, development of land is subject to economic considerations.

The Property Owners will need continued financing to complete the development of the property within the District. No assurance can be given that the required funding will be secured or that the proposed development will be partially or fully completed, and it is possible that cost overruns will be incurred which will require additional funding beyond what the Property Owners have projected, which may or may not be available.

There can be no assurance that land development operations within the District will not be adversely affected by a future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, or the national economy. A slowdown of the development process and the absorption rate could adversely affect land values and reduce the ability or desire of the property owners to pay the annual Special Taxes. In that event, there could be a default in the payment of principal of, and interest on, the Bonds when due.

Bondowners should assume that any event that significantly impacts the ability to complete the development of the land in the District would cause the property values within the District to decrease substantially and could affect the willingness and ability of the owners of land within the District to pay the Special Taxes when due.

The payment of principal of and interest on the Bonds depends upon the receipt of Special Taxes levied on Undeveloped Property. Undeveloped Property is less valuable per unit of area than developed land, especially if there are no plans to develop such land or if there are severe restrictions on the development of such land. The Undeveloped Property also provides less security to the Bondowners should it be necessary for the District to foreclose on undeveloped property due to the nonpayment of the Special Taxes. See "SPECIAL RISK FACTORS—Concentration of Ownership" above. A slowdown or stoppage in the continued development of the District could reduce the willingness and ability of the landowners to make Special Tax payments on undeveloped property and could greatly reduce the value of such property in the event it has to be foreclosed upon. See "SPECIAL RISK FACTORS—Land Values" below.

Future Land Use Regulations and Growth Control Initiatives

Future growth control initiatives could be enacted by the voters or future local, state or federal land use regulations could be adopted by governmental agencies and be made applicable to the development of the vacant land within the District with the effect of negatively impacting the ability of the owners of such land to complete the development of such land if they should desire to develop it. See "SPECIAL RISK FACTORS—Endangered Species" below. This possibility presents a risk to prospective purchasers of the Bonds in that an inability to complete desired development increases the risk that the Bonds will not be repaid when due. The owners of the Bonds should assume that any reduction in the permitted density, significant increase in the cost of development of the vacant land or substantial delay in development caused by growth and building permit

restrictions or more restrictive land use regulations would cause the values of such vacant land within the District to decrease. A reduction in land values increases the likelihood that in the event of a delinquency in payment of Special Taxes a foreclosure action will result in inadequate funds to repay the Bonds when due.

Completion of construction of any proposed structures on the vacant land within the District is subject to the receipt of approvals from a number of public agencies concerning the layout and design of such structures, land use, health and safety requirements and other matters. The failure to obtain any such approval could adversely affect the planned development of such land.

Under current State law, it is generally accepted that proposed development is not exempt from future land use regulations until building permits have been issued and substantial work has been performed and substantial liabilities have been incurred in good faith reliance on the permits. Because future development of vacant property in the District could occur over many years, if at all, the application of future land use regulations to the development of the vacant land could cause significant delays and cost increases not currently anticipated, thereby reducing the development potential of the vacant property and the ability or willingness of owners of such land to pay Special Taxes when due or causing land values of such land within the District to decrease substantially.

Endangered Species

During the past several years, there has been an increase in activity at the State and federal levels related to the listing and possible listing of certain plant and animal species found in California as endangered species. An increase in the number of endangered species is expected to curtail development in a number of areas. At present, all of the unimproved property within the District (except for designated open space) is in a finished lot condition and is not known to be inhabited by any plant or animal species which either the California Fish and Game Commission or the United States Fish and Wildlife Service has listed or has proposed for listing on the endangered species list. One of the open space parcels adjacent to Lots 16, 17, 18, 19 and 21 formerly had gnatcatchers nesting on such lot prior to the commencement of grading in the District. The City is not aware of the current existence of any endangered species within the District. Notwithstanding this fact, new species are proposed to be added to the State and federal protected lists on a regular basis. Any action by the State or federal government to protect species located on or adjacent to the property within the District could have an adverse effect on the ability of the owners of undeveloped property to develop such property. Any such action could reduce the likelihood of timely payment of the Special Taxes which might be levied upon such undeveloped property and would likely reduce the value of such property and the potential revenues available at foreclosure sales for delinquent Special Tax installments. See "SECURITY FOR THE BONDS—Covenant for Superior Court Foreclosure."

Natural Disasters

The District, like all California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, bridges and property within the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

According to recent geotechnical reports, no active faults are known to cross the land within the District; therefore, the potential for primary ground rupture due to faulting on-site is very low to negligible. The land within the District is not within an Alquist-Priolo Earthquake Fault Zone. However, there are

nonactive fault lines crossing the land within the District and the land within the District will likely be subject to seismic shaking at some time in the future.

Hazardous Substances

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxed parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency.

Other than as described in the caption “—Risks Associated with Genentech Inc.’s Use of Property within the District,” neither the City nor the District has any knowledge of any hazardous substances being located on the property within the District.

Risks Associated with Genentech Inc.’s Use of Property within the District

The manufacturing that Genentech Inc. conducts in its Ocean Ranch facilities involves the controlled use of hazardous materials, chemicals, biologics and radioactive compounds. Further, biologics manufacturing is extremely susceptible to product loss due to microbial or viral contamination, material equipment failure, or vendor or operator error. If the Genentech Inc. property within the District ever experienced microbial or viral contamination, such contamination could cause the closure of Genentech Inc.’s manufacturing facilities for an extended period of time. By law, radioactive materials may only be disposed of at state-approved facilities. Genentech Inc. currently plans to store radioactive materials on-site at the Ocean Ranch facilities because the approval of a disposal site in California for all California-based companies has been delayed indefinitely. If and when a disposal site is approved, Genentech Inc. may incur substantial costs related to the disposal of these materials. If Genentech Inc. were to become liable for an accident, or if Genentech Inc. were to suffer an extended facility shutdown, Genentech Inc. could incur significant costs, damages and penalties that could harm Genentech Inc.’s business and jeopardize both Genentech Inc.’s Ocean Ranch property and its ability to pay the Special Taxes on its property within the District.

Parity Taxes, Special Assessments and Land Development Costs

Property within the District is subject to taxes and assessments imposed by public agencies also having jurisdiction over the land within the District. See “THE DISTRICT—Estimated Direct and Overlapping Indebtedness.”

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and

special assessments levied by the City and other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See “SPECIAL RISK FACTORS—Bankruptcy and Foreclosure,” and “-FDIC/Federal Government Interests in Properties” below.

Neither the City nor the District has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within the District. In addition, the landowners within the District may, without the consent or knowledge of the City, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for property within the District described herein.

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value of the parcel is sufficient may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy, and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The City has caused a notice of the Special Tax lien to be recorded in the Office of the Recorder for the County against each parcel. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within the District or lending of money thereon.

The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds, the 2004 Bonds and any Parity Bonds are derived, are customarily billed to the properties within the District on the *ad valorem* property tax bills sent to owners of such properties. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Proceeds of Foreclosure Sales*,” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See “—FDIC/Federal Government Interests in Properties” below, for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessment and limitations on the District’s ability to foreclosure on the lien of the Special Taxes in certain circumstances.

Non-Cash Payments of Special Taxes

Under the Act, the City Council as the legislative body of the District may reserve to itself the right and authority to allow the owner of any taxable parcel to tender a Bond, 2004 Bond or Parity Bond in full or partial payment of any installment of the Special Taxes or the interest or penalties thereon. A Bond, 2004 Bond or Parity Bond so tendered is to be accepted at par and credit is to be given for any interest accrued thereon to the date of the tender. Thus, if Bonds, 2004 Bonds or Parity Bonds can be purchased in the secondary market at a discount, it may be to the advantage of an owner of a taxable parcel to pay the Special Taxes applicable thereto by tendering a Bond, 2004 Bond or Parity Bond. Such a practice would decrease the cash flow available to the District to make payments with respect to other Bonds, 2004 Bonds or Parity Bonds then outstanding; and, unless the practice was limited by the District, the Special Taxes paid in cash could be insufficient to pay the debt service due with respect to such other Bonds or Parity Bonds. In order to provide some protection against the potential adverse impact on cash flows which might be caused by the tender of Bonds, 2004 Bonds or Parity Bonds in payment of Special Taxes, the Indenture includes a covenant pursuant to which the District will not authorize owners of taxable parcels to satisfy Special Tax obligations by the tender of Bonds, 2004 Bonds or Parity Bonds unless the District shall have first obtained a report of an Independent Financial Consultant certifying that doing so would not result in the District having insufficient Special Tax revenues to pay the principal of and interest on all Outstanding Bonds and any Parity Bonds when due.

Payment of the Special Tax is not a Personal Obligation of the Owners

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully the Special Tax, the District has no recourse against the owner.

Land Values

The value of the property within the District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See "THE DISTRICT—Estimated Assessed Value-to-Lien Ratios" herein.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, adjusted annually by an amount determined by the San Diego County Assessor, generally not to exceed an increase of more than 2% per fiscal year. In the last several years such upward adjustment has been less than 2% annually and in certain years, the assessed value for specific parcels within the District may have actually been revised downwards. No assurance can be given that a parcel could actually be sold for its assessed value.

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See "SOURCES OF PAYMENT FOR THE BONDS—Special Tax—*Proceeds of Foreclosure Sales.*"

FDIC/Federal Government Interests in Properties

General. The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC"), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

The supremacy clause of the United States Constitution reads as follows: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding."

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("FNMA") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the District, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that

the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit has issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from Mello-Roos special taxes.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the 2013 Subaccount of the Reserve Account and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Bankruptcy and Foreclosure

Bankruptcy, insolvency and other laws generally affecting creditors' rights could adversely impact the interests of owners of the Bonds in at least two ways. First, the payment of property owners' taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Proceeds of Foreclosure Sales.*" In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

Second, the Bankruptcy Code might prevent moneys on deposit in the Project Account of the Acquisition and Construction Fund from being applied to pay the interest and principal on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner or other party and if the court found that the landowner or other party had an interest in such moneys within the meaning of Section 541(a)(1) of the Bankruptcy Code.

Although a bankruptcy proceeding would not cause the Special Taxes to become extinguished, the amount of any Special Tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in prosecuting Superior Court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of delinquent Special Tax installments and the possibility of delinquent Special Tax installments not being paid in full.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed after the filing of the bankruptcy petition were declared to be "administrative expenses" of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all the proceeds of the sale except the amount of the pre-petition taxes.

The Bankruptcy Reform Act of 1994 (the "Bankruptcy Reform Act") included a provision which exempts from the Bankruptcy Code's automatic stay provisions, "the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state if such tax comes due after the filing of the petition [by a debtor in bankruptcy court]." This amendment effectively makes the *Glasply* holding inoperative as it relates to *ad valorem* real property taxes. However, it is possible that the original rationale of

the Glasply ruling could still result in the treatment of post-petition special taxes as “administrative expenses,” rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings.

According to the court’s ruling, as administrative expenses, post-petition taxes would be paid, assuming that the debtor had sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise), it would at that time become subject to current *ad valorem* taxes.

The Act provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as *ad valorem* taxes. No case law exists with respect to how a bankruptcy court would treat the lien for Special Taxes levied after the filing of a petition in bankruptcy. Glasply is controlling precedent on bankruptcy courts in the State. If the Glasply precedent was applied to the levy of the Special Taxes, the amount of Special Taxes received from parcels whose owners declare bankruptcy could be reduced.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the Bonds or the Indenture.

Loss of Tax Exemption

As discussed under the caption “TAX EXEMPTION,” the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as a result of a failure of the District to comply with certain provisions of the Internal Revenue Code of 1986, as amended. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the redemption provisions of the Indenture.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors’ rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the District has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Bondowners on a timely basis. See “CONTINUING DISCLOSURE.” The failure to provide the required annual financial information does not give rise to monetary damages but merely

an action for specific performance. Occasionally, because of general market conditions, lack of current information, or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Proposition 218

An initiative measure commonly referred to as the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIIC and Article XIID to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." The provisions of the Initiative have not yet been interpreted by the courts, although several lawsuits have been filed requesting the courts to interpret various aspects of the Initiative. The Initiative could potentially impact the Special Taxes available to the District to pay the principal of and interest on the Bonds as described below.

Among other things, Section 3 of Article XIII states that "... the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

"Section 3 of Article XIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution."

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Bonds. The provisions of the Initiative relating to the exercise of the initiative power have not been interpreted by the courts, and no assurance can be given as to the outcome of any such litigation.

It may be possible, however, for voters or the City Council acting as the legislative body of the District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, to the maximum extent that the law permits it to do so, the District has covenanted that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates on parcels within the District to an amount that is less than 110% of the sum of the estimated Administrative Expenses and gross debt service in each Bond Year on the Outstanding Bonds and Parity Bonds. In connection with the foregoing covenant, the District has made a legislative finding and determination that any elimination or reduction of Special Taxes below the foregoing level would interfere with the timely retirement of the Bonds and the 2004 Bonds. The District also has covenanted that, in the event an initiative is adopted which purports to alter the Rate and Method, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

The interpretation and application of the Initiative will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See “—Limitations on Remedies” above.

Ballot Initiatives

Article XIII A, XIII B, XIII C and XIII D were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City, or local districts to increase revenues or to increase appropriations or on the ability of the landowners within the District to complete the remaining proposed development. See “—Failure to Develop Properties” above.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement (the “Disclosure Agreement”) with the Trustee, as dissemination agent, the District has agreed to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (each, a “Repository”) certain annual financial information and operating data concerning the District. The Annual Report to be filed by the District is to be filed not later than April 1 of each year, beginning April 1, 2014, and is to include audited financial statements of the City. The requirement that the City file its audited financial statements as a part of the Annual Report has been included in the Disclosure Agreement solely to satisfy the provisions of Rule 15c2-12. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the City. See “SOURCES OF PAYMENT FOR THE BONDS” and “SPECIAL RISK FACTORS—Limited Obligations.” In the last five years, the City has on occasion failed to comply in certain material respects with its previous continuing disclosure undertakings pursuant to Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, including, but not limited to, the failure to timely file complete annual reports for some of the City’s outstanding debt obligations and a failure to timely file notices of significant event to reflect rating downgrades to certain insurers who insured some of the City’s debt obligations. However, the City has since brought itself current with respect to its past filings and is currently in compliance with its continuing disclosure undertakings. Additionally, the City has established and implemented policies and procedures to ensure future compliance with its continuing disclosure obligations. The full text of the Disclosure Agreement is set forth in APPENDIX D.

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. The form of Bond Counsel’s opinion with respect to the Bonds is attached as APPENDIX E. In addition to serving as Bond Counsel in connection with the issuance and sale of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, has served as Disclosure Counsel to the District. Certain legal matters will be passed on for the City and the District by the City Attorney and for the Underwriter by Jones Hall, A Professional Law Corporation. Bond Counsel and Disclosure Counsel expresses no opinion to the owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds, and expressly disclaims any duty to advise the owners of the Bonds as to matters related to the Official Statement.

TAX EXEMPTION

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming

the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of such corporations.

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

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

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

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

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE INTEREST ON THE BONDS OR THE MARKET VALUE OF THE BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF

TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE EXECUTION AND DELIVERY OF THE BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinion may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

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

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached in APPENDIX E.

LITIGATION

No litigation is pending or threatened against the City or the District concerning the validity of the Bonds, the pledge of Special Taxes to repay the Bonds, the powers or authority of the District with respect to the Bonds, or seeking to restrain or enjoin development of the land within the District and a certificate of the District to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds.

NO RATING

The District has not made and does not contemplate making application to any rating agency for the assignment of a rating of the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$ _____ (being \$ _____ aggregate principal amount thereof, less Underwriter's discount of \$ _____ and plus/less original issue premium/discount of \$ _____). The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

The District has retained CSG Advisors, Incorporated, San Francisco, California, as Financial Advisor for the sale of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CSG Advisors, Incorporated, is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

FINANCIAL INTERESTS

The fees being paid to the Financial Advisor, the Underwriter, Underwriter’s Counsel and Bond Counsel are contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds and Underwriter’s Counsel represents the City on matters unrelated to the Bonds.

PENDING LEGISLATION

The District is not aware of any significant pending legislation which would have material adverse consequences on the Bonds or the ability of the District to pay the principal of and interest on the Bonds when due.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions.

The execution and delivery of this Official Statement by the City Manager of the City has been duly authorized by the City Council acting in its capacity as the legislative body of the District.

COMMUNITY FACILITIES DISTRICT NO. 2000-1 OF
THE CITY OF OCEANSIDE (OCEAN RANCH
CORPORATE CENTRE)

By: _____
City Manager

APPENDIX A

AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT FOR CITY OF OCEANSIDE COMMUNITY FACILITIES DISTRICT NO. 2000-1 (OCEAN RANCH CORPORATE CENTRE)

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in the City of Oceanside Community Facilities District No. 2000-1 (Ocean Ranch Corporate Centre) ("CFD No. 2000-1") and collected each Fiscal Year commencing in Fiscal Year 2001-2002, in an amount determined by the City Council of the City of Oceanside, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2000-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2000-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2000-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2000-1 or any designee thereof of complying with City, CFD No. 2000-1 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2000-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2000-1 for any other administrative purposes of CFD No. 2000-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's parcel number.

"Assessor's Parcel Map" means an official map of the County Assessor of the County designating parcels by Assessor's parcel number.

"Assigned Special Tax" means the Special Tax for each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

“Backup Special Tax” means the Special Tax applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section C below.

“Bonds” means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2000-1 under the Act.

“CFD No. 2000-1” means the City of Oceanside Community Facilities District No. 2000-1 (Ocean Ranch Corporate Centre).

“City” means the City of Oceanside.

“Council” means the City Council of the City.

“County” means the County of San Diego.

“Developed Floor Area” means the total building square footage of the building(s) located on an Assessor’s Parcel, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, garages, carports, or similar spaces attached to the building. The determination of Developed Floor Area shall be made by reference to the building permit(s) issued for such Assessor’s Parcel.

“Developed Property” means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, for which a building permit for new construction was issued prior to January 1 of the prior Fiscal Year.

“Finance Director” the Financial Services Director of the City or his or her designee.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

“Maximum Special Tax” means the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel.

“Outstanding Bonds” means all Bonds which are deemed to be outstanding under the Indenture.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property.

“Property Owner Association Property” means any property within the boundaries of CFD No. 2000-1 that is owned by or irrevocably dedicated to a property owner association, including any master or sub-association. In addition, Property Owner Association Property shall also include all property within Parcel 2 of Lot Line Adjustment 12-2002, regardless of its ownership.

“Public Property” means any property within the boundaries of CFD No. 2000-1 that is (i) used for rights-of-way or any other purpose and is owned by or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency or (ii) encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement, provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use. Notwithstanding the above sentence, all property within Parcel 2 of Lot Line

Adjustment 12-2002, shall be considered Property Owner Association Property regardless of its ownership.

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax Requirement.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 2000-1 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for construction of CFD No. 2000-1 facilities eligible under the Act; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the Finance Director pursuant to the Indenture.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2000-1 which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Property Owner Association Property” means all Assessor’s Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

“Taxable Public Property” means all Assessor’s Parcels of Public Property that are not exempt pursuant to Section E below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Public Property or Taxable Property Owner Association Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2000-1 shall be classified as Developed Property, Taxable Public Property, Taxable Property Owner Association Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

b. Assigned Special Tax

The Fiscal Year 2001-2002 Assigned Special Tax is the greater of \$0.35 per square foot of Developed Floor Area or \$3,500 per Acre.

c. Backup Special Tax

The Fiscal Year 2001-2002 Backup Special Tax shall equal \$6,621 per Acre.

d. Increase in the Assigned Special Tax and the Backup Special Tax

On each July 1, commencing July 1, 2002 the Assigned Special Tax and the backup Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

2. Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property

a. Maximum Special Tax

The Maximum Special Tax for Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property shall be \$6,940 per Acre for Fiscal Year 2001-2002.

b. Increases in the Maximum Special Tax

On each July 1, commencing July 1, 2002, the Maximum Special Tax for Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property shall be increased by two percent (2%) of the amount in effect in the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2001-2002 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement and shall levy the Special Tax until the amount of Special Taxes equal the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property up to the Maximum Special Tax for Taxable Public Property or Taxable Property Owner Association Property.

E. EXEMPTIONS

No Special Tax shall be levied on up to 30.92 Acres of Public Property and 54.02 Acres of Property Owner Association Property. Tax-exempt status will be irrevocably assigned by the Finance Director in the chronological order in which property becomes Public Property or Property Owner Association Property.

Public Property or Property Owner Association Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Public Property or Taxable Property Owner Association Property.

F. REVIEW/APPEAL COMMITTEE

The Council shall establish as part of the proceedings and administration of CFD No. 2000-1 a special three-member Review/Appeal Committee. Any landowner or resident who feels that the amount of the Special Tax, as to their Assessor's Parcel, is in error, may file a notice with the Review/Appeal Committee appealing the amount of the Special Tax levied on such Assessor's Parcel. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2000-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. TERM OF SPECIAL TAX

The Special Tax shall not be levied after Fiscal Year 2050-2051.

APPENDIX B

SUPPLEMENTAL INFORMATION CONCERNING THE CITY OF OCEANSIDE

The information and expressions of opinion set forth herein have been obtained from sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness. Statements contained herein which involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale thereafter of the securities offered hereby shall under any circumstances create any implication that there has been no change in the affairs of the City or in any other information contained herein since the date of the Official Statement.

General Information

The City is located in San Diego County, approximately 90 miles south of Los Angeles and 30 miles north of the City of San Diego. The City comprises approximately 44 square miles at an elevation between sea level and 300 feet. Typical of Southern California, it offers a temperate climate with an average high temperature of 60.9 degrees and average annual rain fall of 4.5 inches.

Incorporated in 1888, The City operates as a general law city. It has a council-manager form of government, with the Mayor and other council members elected at large for four-year terms.

City Council

The members of the City Council and the expiration dates of their respective terms are as follows:

CITY OF OCEANSIDE City Council

<i>Council Member</i>	<i>Term Expires</i>
Jim Wood, Mayor	November 2016
Jack Feller, Deputy Mayor	November 2016
Jerome M. Kern	November 2014
Esther C. Sanchez	November 2016
Gary Felien	November 2014

The City Council appoints the City Manager who heads the executive branch of the government, implements City Council directives and policies and manages the administrative and operational functions through the various departmental heads, who are appointed by the City Manager.

City Management

The City Manager's Office is responsible for the administrative supervision of all City activities. This task involves the continual evaluation of the provision of efficient, effective, and economical services to the citizens of the City. The City Manager's Office keeps the City Council informed of City activities and services and implements the policy of the City Council. The City Manager also serves as the Executive Director of the Community Development Commission and oversees the functions of the housing activities of the Community Development Commission.

Peter A. Weiss is the City Manager and has served in such position since August 2007.

Cari Dale is the Water Utilities Director and has served in such position since May 2010.

John P. Mullen is the City Attorney and has served in such position since March 2006.

Gary M. Ernst is the City Treasurer and has served in such position since December 2010.

City full-time employees numbered 851 as of June 30, 2012, of which 276 were assigned to the Police Department and 111 to the Fire Department.

Employee Relations

In accordance with the provisions of California Government Code Section 3500 and the City’s Employee/Employer Relations Indenture, the City recognizes the following bargaining units:

<i>Unit/Affiliation</i>	<i>Number of Members</i>
Oceanside City Employee’s Association	295
Management Employees of City of Oceanside.....	62
Oceanside Police Officer’s Association (non-sworn).....	63
Oceanside Police Officer’s Association (sworn)	192
Oceanside Firefighter’s Association	91
Oceanside Fire Management Association.....	6
Western Council of Engineers	11
Oceanside Police Management Association	<u>10</u>
Total	<u>730</u>

Source: City of Oceanside.

Management of various unrepresented position classifications include a total of 60 classifications which are not represented by any bargaining unit. In addition, the City has 63 unrepresented non-management positions.

Population

The City’s population as of January 1, 2012 was approximately 169,319. The following chart shows the population for the City, the County and state from 2008 through 2012.

**POPULATION
For Years 2008 through 2012**

<i>Year (as of 1/1)</i>	<i>City of Oceanside</i>	<i>County of San Diego</i>	<i>State of California</i>
2008	166,064	3,032,689	36,704,375
2009	166,242	3,064,436	36,966,713
2010	167,241	3,091,579	37,223,900
2011	167,943	3,115,810	37,427,946
2012	169,319	3,143,429	37,678,563

Source: State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties and State, 2001-2010, with 2000 & 2010 Census Counts and E-1 Population Estimates for Cities, Counties and the State, 2011-2012, Sacramento, California, May 2012.*

City's Economy

The City enjoys one of the most desirable locations in the United States. With Camp Pendleton to the north (a permanent open space) and the Pacific Ocean to the west, Oceanside provides a retail market for tourists and military alike. Many senior citizens and retirees settle in Oceanside because it is one of the last moderately-priced coastal communities in California. Although the City was incorporated in 1888, the majority of development has occurred within the last twenty years. Infrastructure and facilities are therefore relatively new.

The City's commercial base is growing. The downtown redevelopment agency is aggressively recruiting major hotel and retail enterprises to locate within blocks of the City's wide beaches and large marina. Raw land is still available next to major freeway off-ramps for commercial development.

Education

Public instruction in the City is provided by the Oceanside Unified School District, the Bonsall Union School District, the Fallbrook Union Elementary School District, the Carlsbad Elementary School District and the Vista Unified School District. The following table summarizes public school enrollment in the five school districts over the past five years:

**OCEANSIDE UNIFIED
SCHOOL DISTRICT
PUBLIC SCHOOL ENROLLMENT
2007-08 through 2011-12**

<i>Grades</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>
K-6	11,943	12,034	11,887	11,960	12,024
7-12	<u>9,279</u>	<u>9,483</u>	<u>9,235</u>	<u>9,121</u>	<u>8,985</u>
Total	<u>21,222</u>	<u>21,517</u>	<u>21,122</u>	<u>21,081</u>	<u>21,009</u>

Source: California Department of Education, Educational Demographics Unit.

**BONSALL UNION
SCHOOL DISTRICT
PUBLIC SCHOOL ENROLLMENT
2007-08 through 2011-12**

<i>Grades</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>
K-6	1,524	1,536	1,611	1,628	1,640
7-12	<u>384</u>	<u>345</u>	<u>366</u>	<u>377</u>	<u>326</u>
Total	<u>1,908</u>	<u>1,881</u>	<u>1,977</u>	<u>2,005</u>	<u>1,966</u>

Source: California Department of Education, Educational Demographics Unit.

**FALLBROOK UNION
ELEMENTARY SCHOOL DISTRICT
PUBLIC SCHOOL ENROLLMENT
2007-08 through 2011-12**

<i>Grades</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>
K-6	4,343	4,480	4,564	4,730	4,651
7-12	<u>1,142</u>	<u>1,137</u>	<u>1,132</u>	<u>1,130</u>	<u>1,165</u>
Total	<u>5,485</u>	<u>5,617</u>	<u>5,696</u>	<u>5,860</u>	<u>5,816</u>

Source: California Department of Education, Educational Demographics Unit.

**CARLSBAD UNIFIED
SCHOOL DISTRICT
PUBLIC SCHOOL ENROLLMENT
2007-08 through 2011-12**

<i>Grades</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>
K-6	5,832	5,837	6,020	6,077	6,073
7-12	<u>4,909</u>	<u>4,858</u>	<u>4,845</u>	<u>4,953</u>	<u>4,973</u>
Total	<u>10,741</u>	<u>10,695</u>	<u>10,865</u>	<u>11,030</u>	<u>11,046</u>

Source: California Department of Education, Educational Demographics Unit.

**VISTA UNIFIED
SCHOOL DISTRICT
PUBLIC SCHOOL ENROLLMENT
2007-08 through 2011-12**

<i>Grades</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>
K-6	12,899	12,876	12,677	12,537	12,415
7-12	<u>14,103</u>	<u>13,850</u>	<u>13,468</u>	<u>13,306</u>	<u>13,178</u>
Total	<u>27,002</u>	<u>26,726</u>	<u>26,145</u>	<u>25,843</u>	<u>25,593</u>

Source: California Department of Education, Educational Demographics Unit.

The City is also served by California State University, San Marcos and by one community college district, Mira Costa College, which includes Camp Pendleton, a U.S. Marine Corps base adjacent to the City.

Building Activity

Residential building activity for the past five calendar years for Oceanside is shown in the following tables.

**City of Oceanside
New Housing Units Building Permits**

	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
Single Family Units	149	56	64	64	106
Multifamily Units	<u>104</u>	<u>32</u>	<u>159</u>	<u>159</u>	<u>28</u>
Total Units	<u>253</u>	<u>88</u>	<u>223</u>	<u>223</u>	<u>134</u>

Source: Construction Industry Research Board and California Homebuilding Foundation.

**City of Oceanside
Building Permit Valuations
(Dollars in Thousands)**

	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
Residential					
New Single Family	\$ 44,252.3	\$ 2,329.4	\$ 21,814.8	\$ 21,814.8	\$ 33,894.5
New Multifamily	15,456.9	14,863.5	33,172.0	33,172.0	3,748.9
Res. Alt. & Adds	<u>18,938.3</u>	<u>34,330.6</u>	<u>17,784.3</u>	<u>17,784.3</u>	<u>3,609.4</u>
Total Residential	\$ 78,647.6	\$ 71,523.5	\$ 72,771.2	72,771.2	\$ 41,252.8
Nonresidential					
New Commercial	\$ 1,634.6	\$ 8,761.7	\$ 13,591.8	13,591.8	8,803.9
New Industrial	2,804.3	7,259.0	0.0	0.0	0.0
New Other ⁽¹⁾	8,079.2	9,483.5	20,264.0	20,264.0	21.0
Alters. & Adds.	<u>19,071.0</u>	<u>30,589.6</u>	<u>20,387.8</u>	<u>20,387.8</u>	<u>5,837.7</u>
Total Non-Residential	\$ 49,589.1	\$ 56,093.8	\$ 54,243.7	\$ 54,243.6	\$ 14,662.6
Total All Building	<u>\$ 128,236.7</u>	<u>\$ 127,617.3</u>	<u>\$ 127,014.8</u>	<u>\$ 127,014.8</u>	<u>\$ 55,915.4</u>

⁽¹⁾ Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings.

Note: "Total All Building" is the sum of Residential and Nonresidential Building Permit Valuations. Totals may not add to sums because of independent rounding.

Source: Construction Industry Research Board and California Homebuilding Foundation.

Employment

The civilian labor force in the City increased to an annual average of 87,700 in 2012, up 0.03 percent from the 85,000 average in 2008. For the past five years the unemployment rate in the City has been below the rate for the County of San Diego and the State and roughly even with the nation's rate. The following table summarizes the labor force, employment and unemployment figures over the past five years for the City, the County of San Diego, the State of California and the nation as a whole.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT Yearly Average for Years 2008 through 2012

<i>Year and Area</i>	<i>Labor Force</i>	<i>Civilian Employment⁽¹⁾</i>	<i>Unemployment⁽²⁾</i>	<i>Unemployment Rate⁽³⁾</i>
2008				
City of Oceanside	85,000	80,200	4,800	5.7%
County of San Diego	1,548,200	1,455,600	92,700	6.0
California.....	18,203,100	16,890,000	1,313,100	7.2
United States ⁽⁴⁾	154,287,000	145,362,000	8,924,000	5.8
2009				
City of Oceanside	85,200	77,400	7,800	9.1%
County of San Diego	1,554,200	1,405,000	149,200	9.6
California.....	18,208,300	16,144,500	2,063,900	11.3
United States ⁽⁴⁾	154,142,000	139,877,000	14,265,000	9.3
2010				
City of Oceanside	86,200	77,500	8,600	10.0%
County of San Diego	1,572,600	1,407,100	165,600	10.5
California.....	18,316,400	16,051,500	2,264,900	12.4
United States ⁽⁴⁾	153,889,000	139,064,000	14,825,000	9.6
2011				
City of Oceanside	86,800	78,600	8,200	9.5%
County of San Diego	1,583,800	1,426,100	157,700	10.0
California.....	18,384,900	16,226,600	2,158,300	11.7
United States ⁽⁴⁾	153,617,000	139,869,000	13,747,000	8.9
2012				
City of Oceanside	87,700	80,200	7,500	8.5%
County of San Diego	1,599,200	1,456,300	142,800	8.9
California.....	18,494,900	16,560,300	1,934,500	10.5
United States ⁽⁴⁾	154,975,000	142,469,000	12,506,000	8.1

(1) Includes persons involved in labor-management trade disputes.

(2) Includes all persons without jobs who are actively seeking work.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

(4) Not strictly comparable with data for prior years.

Source: California Employment Development Department, based on March 2012 benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

The table below summarizes employment by Industry in the San Diego Metropolitan Statistical Area (“MSA”) from 2008 to 2012. Manufacturing, Retail Trade, Services and Government are the largest employment sectors in the San Diego MSA.

**San Diego-Carlsbad-San Marcos MSA
(San Diego County)
Industry Employment & Labor Force – by Annual Average
March 2012 Benchmark**

<i>Industry</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>
Total Farm	10,500	9,500	10,500	10,000	9,500
Total Nonfarm	1,298,700	1,231,400	1,222,800	1,231,200	1,250,600
Total Private	1,073,600	1,006,900	992,400	1,002,700	1,022,200
Goods Producing	179,200	156,800	148,600	148,400	147,900
Natural Resources & Mining	400	400	400	400	400
Construction	76,100	61,100	55,300	55,200	56,300
Manufacturing	102,800	95,300	92,900	92,800	91,200
Durable Goods	78,100	73,100	71,000	70,800	69,800
Nondurable Goods	24,700	22,200	21,900	21,900	21,400
Service Providing	1,119,500	1,074,600	1,074,200	1,082,800	1,102,700
Private Service Producing	894,400	850,100	843,800	854,400	874,300
Trade, Transportation & Utilities	215,900	199,600	197,300	199,000	202,500
Wholesale Trade	44,900	40,600	40,100	40,700	38,700
Retail Trade	142,000	131,600	130,700	132,200	137,300
Transportation, Warehousing & Utilities	29,000	27,400	26,500	26,100	26,500
Information	31,400	28,200	25,100	24,000	23,800
Financial Activities	75,200	69,800	67,200	66,800	68,100
Professional & Business Services	222,300	206,800	207,700	211,500	218,300
Educational & Health Services	137,300	144,300	145,500	149,100	153,700
Leisure & Hospitality	164,000	154,800	154,800	156,900	160,800
Other Services	48,400	46,800	46,200	47,100	47,100
Government	<u>225,100</u>	<u>224,500</u>	<u>230,400</u>	<u>228,400</u>	<u>228,400</u>
Total, All Industries	<u>1,309,300</u>	<u>1,240,900</u>	<u>1,233,300</u>	<u>1,241,200</u>	<u>1,260,100</u>

Note: The “Total, All Industries” data is not directly comparable to the employment data found herein.

⁽¹⁾ Employment is reported by place of work; it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not add to totals due to rounding.

Source: State of California, Employment Development Department, *San Diego-Carlsbad-San Marcos MSA Industry Employment & Labor Force – by Annual Average, March 2012 Benchmark*.

Industry

Within the City, principal employers and the approximate number of employees are:

CITY OF OCEANSIDE PRINCIPAL EMPLOYERS As of December 31, 2011

<i>Name of Company</i>	<i>Type of Business</i>	<i>Number of Employees</i>
Tri-City Hospital	Hospital District (Non-Profit)	2,100
City of Oceanside	Municipal Government	1,150
Mira Costa Community College	Education	1,150
Genentech	Manufacturer/Bio-technology	500
Oceanside Unified School District	Education	500
Hydranautics	Manufacturer/Bio-technology	400
Ocean's Eleven Casino	Casino	400
Deutsch	Manufacturing/Transportation	300
T.E.R.I. Inc.	Healthcare	300
US Postal Service	Government	200
Monterey Financial Services, Inc.	Financial Services	200
Joe & Mary Mottino Family YMCA	Community Center	200

Source: City of Oceanside.

City Water Supply

The City operates its own municipal water department and serves all of the City's water needs, primarily to residential and commercial users and to some industrial users. Water delivered through the City's water system has historically been supplied by the San Diego Water Authority, which is a member of the Metropolitan Water District, and local water sources. While the recent drought reduced water conditions throughout the region, the City expects that future water needs will continue to be met by the San Diego Water Authority and new sources of local water and reclaimed water.

The City has an ongoing water conservation program which includes limitations on watering hours and certain water uses. In the event that the drought were to return and water conditions were to deteriorate the City would likely expand its water conservation program to include additional water use restrictions, such as imposing limitations on the landscaping of new developments.

Commercial Activity

The following table summarizes the annual volume of taxable transactions within the City for the years 2007 through 2011.

**CITY OF OCEANSIDE
TABLE OF TAXABLE TRANSACTIONS BY TYPE
For the Years 2007 Through 2011**

	(In thousands)				
	2007	2008	2009	2010	2011
Apparel Stores.....	\$ 48,996	\$ 45,268	\$ 47,739	\$ 47,327	\$ 47,892
General Merchandise.....	263,121	268,918	235,242	232,331	226,300
Food Stores	104,987	96,871	105,588	103,171	104,859
Eating and Drinking Places	198,759	201,960	207,282	207,729	220,085
Home Furnishings and Appliances.....	29,225	51,058	80,566	81,201	82,531
Building Materials.....	117,695	105,987	102,100	104,226	110,459
Auto Dealers and Supplies	141,290	130,635	117,635	103,315	114,264
Service Stations.....	184,056	211,769	173,070	199,862	246,704
Other Retail Stores	<u>223,453</u>	<u>181,576</u>	<u>136,664</u>	<u>136,566</u>	<u>138,024</u>
Subtotal retail outlets.....	1,311,582	1,294,041	1,205,885	1,215,730	1,291,119
All Other Outlets.....	<u>270,572</u>	<u>274,787</u>	<u>232,980</u>	<u>226,660</u>	<u>235,150</u>
Total all outlets.....	<u><u>1,582,154</u></u>	<u><u>1,568,828</u></u>	<u><u>1,438,866</u></u>	<u><u>1,442,389</u></u>	<u><u>1,526,269</u></u>

Source: California State Board of Equalization.

APPENDIX C

SUMMARY OF BOND INDENTURE

The following is a summary of certain provisions of the Indenture which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of their provisions. All capitalized terms not defined in the body of the Official Statement have the meanings set forth in the Indenture.

DEFINITIONS

“Account” means any account created pursuant to the Indenture.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 *et seq.* of the California Government Code.

“Acquisition Agreement” means that certain Agreement for Acquisition dated as of December 1, 2002, by and among the City, the District and Ivey Ranch Development Company, LLC, together with any amendments thereto.

“Acquisition and Construction Fund” means the fund by that name established pursuant to the Indenture.

“Administrative Expenses” means the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys’ fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for the Bonds or any Parity Bonds which are not otherwise paid as Costs of Issuance, any costs related to the District’s compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds and the District, and any other costs otherwise incurred by the City staff on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District hereunder.

“Administrative Expenses Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Administrative Expenses Cap” means an amount equal to \$55,000 for Fiscal Year 2003-04 and escalating at a rate of two percent annually each Fiscal Year thereafter, or such lesser amount as may be designated in written instructions from an Authorized Representative of the District.

“Alternate Penalty Account” means the account by that name created and established in the Rebate Fund pursuant to the Indenture.

“Annual Debt Service” means the principal amount of any Outstanding Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds or Parity Bonds in such Bond Year, if the Bonds and any Parity Bonds are retired as scheduled; provided, however, that there shall be included from such calculation any Escrow Bonds.

“Appraisal” means the appraisal of taxable property in the District dated June 18, 2004 delivered in connection with the initial sale and issuance of the Series 2004 Bonds.

“Authorized Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(1) (A) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”); (B) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (C) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or (D) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
Senior Debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
Consolidated system-wide bonds and notes
- Federal Home Loan Banks (FHL Banks)
Consolidated debt obligations
- Federal National Mortgage Association (FNMA)
Senior debt obligations
Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- Student Loan Marketing Association (SLMA)
Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
- Financing Corporation (FICO)
Debt obligations
- Resolution Funding Corporation (REFCORP)
Debt obligations

(4) Unsecured certificates of deposit, time deposits, and bankers’ acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated “A-1” or better by Standard & Poor’s.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Trustee and any affiliate) which have capital and surplus of at least \$5 million.

(6) Commercial paper (having original maturities of not more than 270 days rated “A-1+” by Standard & Poor’s and “Prime-1” by Moody’s).

(7) Money market funds rated “AAM” or “AAM-G” by Standard & Poor’s, or better (including those of the Trustee or its affiliates).

(8) “State Obligations,” which means:

(A) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated “A3” by Moody’s and “A” by Standard & Poor’s, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(B) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated “A-1+” by Standard & Poor’s and “Prime-1” by Moody’s.

(C) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated “AA” or better by Standard & Poor’s and “Aa” or better by Moody’s.

(9) Pre-refunded municipal obligations rated “AAA” by S & P and “Aaa” by Moody’s meeting the following requirements:

(A) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(B) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(C) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(D) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(E) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(F) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(10) Repurchase agreements:

(A) With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by Standard & Poor’s and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or

the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by Standard & Poor's and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by Standard & Poor's and Moody's, provided that:

(a) The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

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

(c) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or Standard & Poor's is withdrawn or suspended or falls below "A-" by Standard & Poor's or "A3" by Moody's, as appropriate, the provider must, at the direction of the District or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the District or Trustee.

(B) Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by Standard & Poor's and Moody's, respectively.

(11) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by Standard & Poor's and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(A) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Acquisition and Construction Fund, construction draws) on the Bonds;

(B) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the District and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(C) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof, or, in the case of a bank, that the obligation of the bank to make payments under the agreement ranks *pari passu* with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;

(D) the District and the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the District and the Trustee) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the District;

(E) the investment agreement shall provide that if during its term.

(1) the provider's rating by either Standard & Poor's or Moody's falls below "AA-" or "Aa3," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Standard & Poor's and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment; and

(2) the provider's rating by either Standard & Poor's or Moody's is withdrawn or suspended or falls below "A-" or "A3," respectively, the provider must, at the direction of the District or the Fiscal Agent, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the District or Trustee; and

(F) The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(G) the investment agreement must provide that if during its term

(1) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate, and

(2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate.

(12) The State of California Local Agency Investment Fund; provided that the Trustee may restrict investments in such Fund to the extent necessary to keep monies available for the purposes of the Indenture.

"Authorized Representative of the City" means the City Manager of the City, the Deputy City Manager of the City, the Administrative Services Director of the City or the Chief Financial Officer of the City or any other person or persons designated by the City Manager, the Deputy City Manager, Administrative Services Director or the Chief Financial Officer by a written certificate signed by the City Manager, the

Deputy City Manager, Administrative Services Director or the Chief Financial Officer and containing the specimen signature of each such person.

“Authorized Representative of the District” means the City Manager of the City, the Deputy City Manager of the City, the Administrative Services Director of the City or the Chief Financial Officer of the City or any other person or persons designated by the City Manager, the Deputy City Manager, Administrative Services Director or the Chief Financial Officer by a written certificate signed by the City Manager, the Deputy City Manager, Administrative Services Director or the Chief Financial Officer and containing the specimen signature of each such person.

“Bond Counsel” means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Register” means the books which the Trustee shall keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds shall be recorded.

“Bondowner” or “Owner” means the person or persons in whose name or names any Bond or Parity Bond is registered.

“Bonds” means the Series 2002A Bonds and the Series 2004 Bonds.

“Bond Year” means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds or an issue of Parity Bonds shall begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Trustee is located, are not required or authorized to remain closed.

“Certificate of an Authorized Representative” means a written certificate executed by an Authorized Representative of the City.

“Certificate of the Special Tax Administrator” means a certificate of an Authorized Representative of the District, or any successor entity appointed by the City, to administer the calculation and collection of the Special Taxes.

“City” means the City of Oceanside, California.

“Code” means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Continuing Disclosure Agreement” together, means that certain Continuing Disclosure Agreement dated as of December 1, 2002 between the District and The Bank of New York Trust Company, N.A., together with any amendments thereto and that certain Continuing Disclosure Agreement dated as of October 1, 2004, executed and delivered by the District, together with any amendments thereto.

“Costs of Issuance” means the costs and expenses incurred in connection with the formation of the District and the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Trustee, legal fees and expenses, costs of printing the Bonds and Parity Bonds and the

preliminary and final official statements for the Bonds and Parity Bonds, fees of financial consultants and all other related fees and expenses, as set forth in a Certificate of an Authorized Representative of the City.

“Delivery Date” means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

“Depository” shall mean The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Certificates, or any other securities depository acting as Depository under the Indenture.

“Developed Property” means real property within the District for which a building permit has been issued.

“Direct Debt for District Property” means that portion of the aggregate principal amount of the Outstanding Bonds and Parity Bonds (exclusive of any Escrow Bonds) which is allocable to the property in the District as described below. For this purpose there will be allocated to the property in the District the largest principal amount of Bonds that results in a Value of District Property at least four (4) times the sum of Direct Debt for District Property plus Overlapping Debt allocable to all property in the District subject to the Special Tax.

“District” means Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) established pursuant to the Act and the Resolution of Formation.

“Escrow Bonds” means the principal amount of any Parity Bonds deposited in an escrow account established by a Supplemental Indenture which are not secured by a pledge of the Net Taxes while on deposit therein.

“Event of Default” shall mean the “event of default” described in the Indenture.

“Federal Securities” means any of the following: (a) non-callable direct obligations of the United States of America (“Treasuries”), (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, and (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by Standard & Poor’s and Moody’s, respectively (or any combination thereof).

“First Supplement” means the First Supplemental Bond Indenture, dated as of October 1, 2004, by and between the District and the Trustee, together with any Supplemental Indenture approved pursuant to the Indenture.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next following June 30.

“Gross Taxes” means the amount of all Special Taxes received by the District, together with the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

“Indenture” means the Bond Indenture dated as of November 1, 2002 pursuant to which the Bonds have been issued, together with any Supplemental Indenture approved pursuant to the Indenture.

“Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom:

- (1) is in fact independent and not under the domination of the District or the City;
 - (2) does not have any substantial interest, direct or indirect, in the District or the City;
- and
- (3) is not connected with the District or the City as a member, officer or employee of the District or the City, but who may be regularly retained to make annual or other reports to the District or the City.

“Interest Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Interest Payment Date” means each March 1 and September 1, commencing March 1, 2003; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next succeeding such date.

“Investment Agreement” means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in Subsection (11) of the definition of Authorized Investments.

“Maximum Annual Debt Service” means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds and any Parity Bonds by adding the following for each Bond Year; provided, however, that there shall be excluded from such calculation any Escrow Bonds:

- (1) the principal amount of all Outstanding Bonds and Parity Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and
- (2) the interest payable on the aggregate principal amount of all Bonds and Parity Bonds Outstanding in such Bond Year if the Bonds and Parity Bonds are retired as scheduled.

“Moody’s” means Moody’s Investors Service, its successors and assigns.

“Net Taxes” means Gross Taxes minus amounts set aside to pay Administrative Expenses, not to exceed the Administrative Expenses Cap.

“Nominee” shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

“Ordinance” means the Ordinance No. 01-OR479-1 adopted by the legislative body of the District on July 18, 2001, providing for the levying of the Special Tax, as may be further amended.

“Original Indenture” means the Bond Indenture, dated as of December 1, 2002, by and between the District and the Trustee, together with any Supplemental Indenture approved pursuant to the Indenture.

“Outstanding” or “Outstanding Bonds and Parity Bonds” means all Bonds and Parity Bonds theretofore issued by the District, except:

- (1) Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation in accordance with the Indenture;

(2) Bonds and Parity Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or any applicable Supplemental Indenture for Parity Bonds; and

(3) Bonds and Parity Bonds which have been surrendered to the Trustee for transfer or exchange pursuant to the Indenture or for which a replacement has been issued pursuant to the Indenture.

“Overlapping Debt” means with respect to any property within the District, the sum of (a) the aggregate amount of all unpaid assessments which are a lien on such property and which are pledged to secure the repayment of bonds, plus (b) a portion of the principal amount of any outstanding bonds of other community facilities districts which are payable at least partially from special taxes to be levied on such property (the “Other CFD Bonds”) determined by multiplying the aggregate principal amount of the Other CFD Bonds by a fraction, the numerator of which is the amount of special taxes levied for the Other CFD Bonds on such property and the denominator of which is the total amount of special taxes levied for the Other CFD Bonds on all parcels of property which are subject to the levy of such special taxes, based upon information which is available for the then current Fiscal Year.

“Parity Bonds” means all bonds, notes or other similar evidences of indebtedness hereafter issued, payable out of the Net Taxes and which, as provided in the Indenture or any Supplemental Indenture, rank on a parity with the Bonds.

“Participants” shall mean those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as securities depository.

“Person” means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

“Principal Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Principal Office of the Trustee” means the office of the Trustee located in Los Angeles, California, or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

“Project” means those public facilities described in the Resolution of Formation which are to be acquired or constructed within and outside of the District, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the District from time to time.

“Project Costs” means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds or any Parity Bonds, including, but not limited to, remarketing, credit enhancement, Trustee and other fees and expenses relating to the issuance of the Bonds or any Parity Bonds and the formation of the District, and to pay any other “incidental expenses” of the District, as such term is defined in the Act.

“Rating Agency” means Moody’s and Standard & Poor’s, or both, as the context requires.

“Rebate Account” means the account by that name created and established in the Rebate Fund pursuant to the Indenture.

“Rebate Fund” means the fund by that name established pursuant to the Indenture in which there are established the Accounts described in the Indenture.

“Rebate Regulations” means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

“Representation Letter” shall mean the Blanket Letter of Representations from the District and the Paying Agent to the Depository as described in the Indenture.

“Reserve Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Reserve Requirement” means that amount as of any date of calculation equal to the lesser of (i) 10% of the initial principal amount of the Bonds and Parity Bonds, if any, (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; and (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any.

“Resolution of Formation” means Resolution No. 01-R263-1 adopted by the City Council of the City on May 2, 2001, pursuant to which the City formed the District.

“Series 2004 Bonds” means the District’s Special Tax Bonds, Series 2004 issued on November 10, 2004 in the aggregate principal amount of \$12,735,000.

“Series 2002A Bonds” means the District’s Special Tax Bonds, Series 2002A issued on December 30, 2002 in the aggregate principal amount of \$12,265,000.

“Sinking Fund Payment” means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with the schedule set forth in the Indenture and any annual sinking fund payment schedule to retire any Parity Bonds which are designated as Term Bonds.

“Six-Month Period” means the period of time beginning on the Delivery Date of each issue of Bonds or Parity Bonds, as applicable, and ending six consecutive months thereafter, and each six-month period thereafter until the latest maturity date of the Bonds and the Parity Bonds (and any obligations that refund an issue of the Bonds or Parity Bonds).

“Special Tax Fund” means the fund by that name created and established pursuant to the Indenture.

“Special Taxes” means the taxes authorized to be levied by the District on property within the District in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the May 15, 2001 election in the District, including any scheduled payments and any Prepayments thereof, the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and penalties and interest thereon.

“Standard & Poor’s” means Standard & Poor’s Ratings Group, a division of McGraw-Hill, its successors and assigns.

“Supplemental Indenture” means any supplemental indenture amending or supplementing the Indenture.

“Surplus Fund” means the fund by that name created and established pursuant to the Indenture.

“Tax Certificate” means the certificate by that name to be executed by the District and the City on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Tax-Exempt” means, with reference to an Authorized Investment, an Authorized Investment the interest earnings on which are excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, other than one described in Section 57(a)(5)(C) of the Code.

“Term Bonds” means the Series A of 2002 Bonds maturing on September 1, 2027 and September 1, 2032, and the Series 2004 Bonds maturing on September 1, 2029 and September 1, 2034, and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

“Trustee” means The Bank of New York Trust Company, N.A., a state banking corporation duly organized and existing under the laws of the State of California, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in the Indenture and any successor thereto.

“Underwriter” means Citigroup Global Markets Inc. with respect to the Series 2004 Bonds.

“Value of District Property” means for all parcels of property in the District which are subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, either (i) the fair market value, as of the date of the appraisal provided for below of such parcels, including with respect to such parcels the value of the then existing improvements thereon, as estimated by an appraiser, who shall be a State of California certified general real estate appraiser selected and employed by the District, in an appraisal performed within ninety (90) days preceding the date of such determination based upon a methodology of valuation consistent with the City’s policy for appraisals, provided that a mass appraisal methodology may be applied when valuing Developed Property; or (ii) the full cash value of any or all of such parcels, including with respect to such parcels the value of the improvements thereon, as set forth on the last equalized assessment roll of the County Assessor of the County of San Diego.

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Creation of Funds; Application of Proceeds.

(a) The Trustee has established the following funds and accounts:

(1) The Community Facilities District No. 2000-1 of the City of Oceanside Special Tax Fund (the “Special Tax Fund”) (in which there shall be established and created an Interest Account (in which there shall be established the Capitalized Interest Subaccount), a Principal Account, a Redemption Account, a Reserve Account and an Administrative Expenses Account).

(2) The Community Facilities District No. 2000-1 of the City of Oceanside Rebate Fund (the “Rebate Fund”) (in which there shall be established a Rebate Account and an Alternative Penalty Account).

(3) The Community Facilities District No. 2000-1 of the City of Oceanside Acquisition and Construction Fund (the "Acquisition and Construction Fund") (in which there shall be established a Costs of Issuance Account, a Project Account and a City Account).

(4) The Community Facilities District No. 2000-1 of the City of Oceanside Surplus Fund (the "Surplus Fund").

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Trustee and the Trustee shall invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of the Indenture and shall disburse investment earnings thereon in accordance with the provisions of the Indenture. The Trustee may in its discretion, establish a temporary fund or account in its books and records to facilitate transfers to such accounts. The District as specified in a Certificate of an Authorized Representative may instruct the Trustee to establish one or more sub-accounts in the City Account.

In connection with the issuance of any Parity Bonds, the Trustee, at the direction of an Authorized Representative of the District, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

There is established a 2002 Subaccount of the Reserve Account of the Special Tax Fund, a 2004 Subaccount of the Reserve Account of the Special Tax Fund, a 2002 Subaccount of the Project Account of the Acquisition and Construction Fund, and a 2004 Subaccount of the Project Account of the Acquisition and Construction Fund. On the Delivery Date for the Series 2004 Bonds, prior to making deposits of the proceeds of the Series 2004 Bonds, all amounts in the Reserve Account shall be transferred to the 2002 Subaccount of the Reserve Account and all amounts in the Project Account shall be transferred to the 2002 Subaccount of the Project Account.

The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

(b) The proceeds of the sale of the Bonds shall be received by the Trustee on behalf of the District and deposited and transferred as set forth in the Official Statement under the caption "ESTIMATED SOURCES AND USES OF FUNDS."

Deposits to and Disbursements from Special Tax Fund.

(a) The Trustee shall, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

- (1) the Administrative Expenses Account of the Special Tax Fund;
- (2) the Interest Account of the Special Tax Fund;
- (3) the Principal Account of the Special Tax Fund;
- (4) the Redemption Account of the Special Tax Fund;
- (5) the Reserve Account of the Special Tax Fund;
- (6) the Rebate Fund; and

(7) the Surplus Fund.

(b) The District shall deliver to the Trustee at least five Business Days prior to each Interest Payment Date a Certificate of an Authorized Representative of the District stating what amount, if any, is to be transferred by the Trustee to the Interest Account, the Principal Account and the Redemption Account with respect to the upcoming Interest Payment Date. Upon receipt of such Certificate, the Trustee shall make the required transfers to the Interest Account, the Principal Account and the Redemption Account, as applicable.

(c) At maturity of all of the Bonds and Parity Bonds and, after all principal and interest then due on the Bonds and Parity Bonds then Outstanding has been paid or provided for and any amounts owed to the Trustee and the Bond Insurer have been paid in full, moneys in the Special Tax Fund and any accounts in the Indenture may be used by the District for any lawful purpose.

Administrative Expenses Account of the Special Tax Fund. The Trustee shall transfer from the Special Tax Fund and deposit in the Administrative Expenses Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses as set forth in a Certificate of an Authorized Representative of the District; provided, however, that, except as set forth in the following sentence, the total amount transferred in a Bond Year shall not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit in the Indenture, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to restore the Reserve Account to the Reserve Requirement. Notwithstanding the foregoing, amounts in excess of the Administrative Expenses Cap may be transferred to the Administrative Expenses Account to the extent necessary to collect delinquent Special Taxes. Moneys in the Administrative Expenses Account of the Special Tax Fund may be invested in any Authorized Investments as directed in writing by an Authorized Representative of the District and shall be disbursed as directed in a Certificate of an Authorized Representative.

Interest Account and Principal Account of the Special Tax Fund. The principal of and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon redemption, shall be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by the Indenture, at least one Business Day prior to each March 1 and September 1, the Trustee shall make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account) are inadequate to make the foregoing transfers, from the Reserve Account:

(a) To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account shall be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year, commencing September 1, 2004, shall equal the principal payment due on the Bonds and any Parity Bonds maturing on such September 1 and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal of such Bonds and any Parity Bonds as the same become due at maturity.

Redemption Account of the Special Tax Fund.

(a) With respect to each September 1 on which a Sinking Fund Payment is due, after the deposits have been made to the Administrative Expenses Account, the Interest Account and the Principal Account of the Special Tax Fund as required by the preceding two paragraphs, the Trustee shall next transfer into the Redemption Account of the Special Tax Fund from the Special Tax Fund the amount needed to make the balance in the Redemption Account one Business Day prior to each September 1 equal to the Sinking Fund Payment due on any Outstanding Bonds and Parity Bonds on such September 1; provided, however, that, if amounts in the Special Tax Fund are inadequate to make the foregoing transfers, then any deficiency shall be made up by an immediate transfer from the Reserve Account, if funded, pursuant to the Indenture. Moneys so deposited in the Redemption Account shall be used and applied by the Trustee to call and redeem Term Bonds in accordance with the Sinking Fund Payment schedule set forth in the Indenture, and to redeem Parity Bonds in accordance with any Sinking Fund Payment schedule in the Supplemental Indenture for such Parity Bonds.

(b) After making the deposits to the Administrative Expenses Account, the Interest Account and the Principal Account of the Special Tax Fund and to the Redemption Account for Sinking Fund Payments then due pursuant to the preceding paragraph, and in accordance with the District's election to call Bonds for optional redemption as set forth in the Indenture, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund (other than the Administrative Expenses Account in the Indenture) may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement.

(c) Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and Parity Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender of such Bonds or Parity Bonds and in the case of an optional redemption to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account, other than Prepayments, may be used to purchase Outstanding Bonds or Parity Bonds in the manner provided in the next sentence. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Indenture, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Reserve Account of the Special Tax Fund. There shall be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. If funded, the amounts in the Reserve Account shall be applied as follows:

(a) Moneys in the Reserve Account shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due and for the purpose of making any required transfer to the Rebate Fund upon written direction from the District. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee shall withdraw from the Reserve Account for deposit in the

Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers to the Administrative Expenses Account, the Interest Account, the Principal Account and the Redemption Account, the Trustee shall transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the District elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund shall be deemed available for transfer to the Reserve Account only if the Trustee determines that such amounts will not be needed to make the deposits required to be made to the Administrative Expenses Account, the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the District shall include the amount necessary fully to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates.

(c) In connection with an optional or extraordinary redemption of Bonds or Parity Bonds, or a partial defeasance of Bonds in accordance with any Supplemental Indenture, or Parity Bonds, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such optional redemption or partial defeasance equals the Reserve Requirement. The District shall set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to the Indenture to partially defease Bonds, and the Trustee shall make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds in accordance with any Supplemental Indenture, or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement not transferred in accordance with the preceding provisions of this section shall be withdrawn from the Reserve Account on the Business Day before each March 1 and September 1 and transferred to the Project Account of the Acquisition and Construction Fund until the receipt of a Certificate of an Authorized Representative stating that all Project Costs required or expected to be funded pursuant to the Acquisition Agreement have been funded or amounts in the Project Account are sufficient to fund all remaining Project Costs and thereafter to the Interest Account of the Special Tax Fund.

Rebate Fund. The Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund and shall establish a separate Rebate Account and Alternative Penalty Account in the Indenture. All money at any time deposited in the Rebate Account or the Alternative Penalty Account of the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. A separate sub-account of the Rebate Account and the Alternate Penalty Account shall be established for the Bonds and each issue of Parity Bonds the interest on which is excluded from gross income for federal income tax purposes. All amounts on deposit in the Rebate Fund with respect to the Bonds or an issue of Parity Bonds shall be governed by the Indenture and the Tax Certificate for such issue, unless the District obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds and Parity Bonds will not be adversely affected if such requirements are not satisfied.

Surplus Fund. After making the transfers required by the Indenture, as soon as practicable after each September 1, and in any event prior to each October 1, the Trustee shall transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the

District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to the Indenture. Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the District (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor; (ii) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement; (iii) to the Administrative Expenses Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expenses Account of the Special Tax Fund are insufficient to pay Administrative Expenses; (iv) to the Acquisition and Construction Fund to pay Project Costs; or (v) for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate sub-account and the moneys on deposit in such sub-account of the Surplus Fund shall be invested at the written direction of the District in Authorized Investments the interest on which is excludable from gross income under the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Acquisition and Construction Fund.

(a) The moneys in the Costs of Issuance Account shall be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative of the District, and any balance therein shall be transferred by the Trustee to the Project Account as directed in writing by an Authorized Representative of the District.

(b) The moneys in the Project Account of the Acquisition and Construction Fund shall be applied exclusively to pay the Project Costs. The Trustee shall transfer moneys in the Project Account to the City Account, or any sub-account established therein to pay Project Costs as specified by an Authorized Representative of the District in an Instruction for Transfer of Funds to City pursuant to the Indenture. Amounts for Project Costs shall be disbursed by the Trustee from the Project Account or the City Account of the Acquisition and Construction Fund as specified in a Request for Disbursement of Project Costs which must be submitted in connection with each requested disbursement.

(c) Upon receipt of a Certificate of an Authorized Representative of the District stating that all or a specified portion of the amount remaining in the Acquisition and Construction Fund is no longer needed to pay Project Costs, the Trustee shall transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Acquisition and Construction Fund to the Principal Account or Redemption Account of the Special Tax Fund or to the Surplus Fund, as directed in the Certificate, provided that in connection with any direction to transfer amounts to the Surplus Fund there shall have been delivered to the Trustee with such Certificate an opinion of Bond Counsel to the effect that such transfer to the Surplus Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Investments. Moneys held in any of the Funds, Accounts and Subaccounts under the Indenture shall be invested at the written direction of the District in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Authorized Investments shall be credited or charged to the Fund,

Account or Subaccount from which such investment was made, and any investment earnings on a Fund, Account or Subaccount shall be applied as follows: (i) investment earnings on all amounts deposited in the Acquisition and Construction Fund, the Special Tax Fund, the Surplus Fund and the Rebate Fund and each Account therein (other than the Reserve Account of the Special Tax Fund) shall be deposited in those respective Funds and Accounts, and (ii) investment earnings on all amounts deposited in the Reserve Account shall be applied as set forth in the Indenture. Moneys in the Funds, Accounts and Subaccounts held under the Indenture may be invested by the Trustee as directed in writing by the District, from time to time, in Authorized Investments subject to the following restrictions:

(a) Moneys in the Acquisition and Construction Fund shall be invested in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available without penalty, as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Acquisition and Construction Fund. Notwithstanding anything in the Indenture to the contrary, amounts in the Acquisition and Construction Fund three years after the Delivery Date for the Bonds and the proceeds of each issue of Parity Bonds issued on a tax-exempt basis which are remaining on deposit in the Acquisition and Construction Fund on the date which is three years following the date of issuance of such issue of Parity Bonds shall be invested by the District only in Authorized Investments the interest on which is excluded from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds from which such proceeds were derived, unless in the opinion of Bond Counsel such restriction is not necessary to prevent interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes from being included in gross income for federal income tax purposes.

(b) Moneys in the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund shall be invested only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(c) Monies in the Reserve Account of the Special Tax Fund may be invested only in Authorized Investments which, taken together, have a weighted average maturity not in excess of five years; provided that such amounts may be invested in an Investment Agreement to the later of the final maturity of the Bonds or any Parity Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with the Indenture; and provided that no such Authorized Investment of amounts in the Reserve Account allocable to the Bonds or an issue of Parity Bonds shall mature later than the respective final maturity date of the Bonds or the issue of Parity Bonds, as applicable.

(d) Moneys in the Rebate Fund shall be invested only in Authorized Investments of the type described in clause (1) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government or in Authorized Investments of the type described in clause (7) of the definition thereof.

(e) In the absence of written investment directions from the District, the Trustee shall invest solely in Authorized Investments specified in clause (7) of the definition thereof.

COVENANTS AND WARRANTY

Warranty. The District shall preserve and protect the security pledged under the Indenture to the Bonds and any Parity Bonds against all claims and demands of all persons.

Covenants. So long as any of the Bonds or Parity Bonds issued under the Indenture are Outstanding and unpaid, the District has made the following covenants with the Bondowners under the provisions of the Act and the Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

Punctual Payment; Against Encumbrances. The District has covenanted that it will receive all Special Taxes in trust for the Owners and will instruct the Treasurer to deposit all Special Taxes with the Trustee immediately upon their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by the Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District has covenanted that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued under the Indenture, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and the Parity Bonds and in accordance with the Indenture to the extent that Net Taxes and other amounts pledged under the Indenture are available therefor, and that the payments into the Funds and Accounts created under the Indenture will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, and the Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued under the Indenture.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in the Indenture, and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the Bonds, other than Parity Bonds. Nothing in the Indenture shall prevent the District from issuing or incurring indebtedness which is payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds and the Parity Bonds.

Levy of Special Tax. Beginning in Fiscal Year 2002-03 and so long as any Bonds or Parity Bonds issued under the Indenture are Outstanding, the legislative body of the District covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund deemed available for such purpose, to pay (1) the principal of and interest on the Bonds and any Parity Bonds when due, (2) the Administrative Expenses, and (3) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement (the "Special Tax Requirement"). The District has also covenanted that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

Commence Foreclosure Proceedings. The District has covenanted for the benefit of the Owners of the Bonds and any Parity Bonds that it (i) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$10,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due; and (ii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Account is at less than the Reserve Requirement; and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The District has covenanted that it will deposit the net proceeds of any foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Special Tax Fund (other than the Administrative Expenses Account as set forth in the Indenture), or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided, however, that nothing contained in the Indenture shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Trustee or of the Owners of not less than 10% of the principal amount of the Bonds or the Owners of not less than 10% of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

Federal Tax Covenants. Absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes will not be adversely affected for federal income tax purposes, the District has covenanted to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or any Parity Bonds or of any other monies or property which would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code;

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds or take or omit to take any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(4) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds; and

(6) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated in the Indenture and incorporated by reference in the Indenture.

(7) Other Tax Exempt Issues. The District will not use proceeds of other tax exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond

Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis.

(8) Subsequent Opinions. If the District obtains a subsequent opinion of Bond Counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation (“SYCR”), where such opinion is required in connection with a change or amendment to the Indenture or the procedures set forth in the Tax Certificate, it will obtain an opinion substantially to the effect originally delivered by SYCR that interest on the Bonds is excluded from gross income for federal income tax purposes.

Reduction of Maximum Special Taxes. The District has covenanted, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the District, unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property (as defined in the Rate and Method of Apportionment of Special Taxes then in effect in the District) in each Bond Year for any Bonds and Parity Bonds Outstanding will equal at least 110% of the sum of the estimated Administrative Expenses and gross debt service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds and Parity Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultants shall compute the Administrative Expenses for the current Fiscal Year and escalate that amount by 2% in each subsequent Fiscal Year.

Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the minimum or the maximum Special Tax below the levels specified in the Indenture or to limit the power of the District to levy the Special Taxes for the purposes set forth in the Indenture, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

Limitation on Right to Tender Bonds. The District has covenanted that it will not adopt any policy pursuant to the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due.

AMENDMENTS TO INDENTURE

Supplemental Indentures or Orders Not Requiring Bondowner Consent. The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions in the Indenture which may be inconsistent with any other provision in the Indenture, or to make any other provision with respect to matters or questions arising under the Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(d) to modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to comply with the Code or regulations issued under the Indenture, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding;

(e) to modify, alter or amend the rate and method of apportionment of the Special Taxes in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; or

(f) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Bondowners.

Supplemental Indentures or Orders Requiring Bondowner Consent. Exclusive of the Supplemental Indentures described in the preceding paragraph, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing in the Indenture shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond, (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon, (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond, or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District shall desire to adopt a Supplemental Indenture, which pursuant to the terms of this Section shall require the consent of the Bondowners, the District shall so notify the Trustee and shall deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by the Indenture. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds which are owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of this section, the Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

TRUSTEE

Trustee. The Bank of New York Trust Company, N.A. has been appointed the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District under the Indenture. The Trustee represents that it has a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000. The District may, at any time, appoint a successor Trustee satisfying certain requirements under the Indenture for the purpose of receiving all money which the District is required to deposit with the Trustee under the Indenture and to allocate, use and apply the same as provided in the Indenture.

Removal of Trustee. The District may at any time at its sole discretion remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a written notice of its decision to remove the Trustee and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor Trustee. Any removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Bondowners of the successor Trustee's identity and address.

Resignation of Trustee. The Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee satisfying the criteria in the Indenture by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

EVENTS OF DEFAULT; REMEDIES

Events of Default. Any one or more of the following events shall constitute an "event of default":

(a) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same shall become due and payable; or

(c) except as described in (a) or (b), default shall be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in the Indenture, the Bonds or any Parity Bonds, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Trustee or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

The Trustee has agreed to give notice to the Owners as soon as practicable upon the occurrence of an Event of Default under (a) or (b) above and within 30 days of the Trustee's knowledge of an event of default under (c) above.

Remedies of Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture, including:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in the Indenture;

(b) By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) By a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least 25% in aggregate principal amount of Outstanding Bonds and Parity Bonds and if indemnified to its satisfaction, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the Bonds and Parity Bonds.

No remedy conferred in the Indenture upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture relating to the Bonds and Parity Bonds shall be applied by the Trustee in the following order upon presentation of the several Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing,

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing, and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of 25% in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds or Parity Bonds shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee has been appointed (and the successive respective Owners of the Bonds and Parity Bonds issued under the Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds and Parity Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds and Parity Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Bonds and Parity Bonds under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged hereunder, pending such proceedings, with such powers as the court making appointments shall confer.

Non-Waiver. Nothing in the Indenture, or in the Bonds or the Parity Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as provided in the Indenture, out of the Net Taxes and other moneys pledged in the Indenture for such payment.

Limitations on Rights and Remedies of Owners. No Owner of any Bond or Parity Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds and Parity Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers in the Indenture before granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are, in every case, to be conditions precedent to the exercise by any Owner of Bonds and Parity Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Bonds and Parity Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds and Parity Bonds.

The right of any Owner of any Bond and Parity Bond to receive payment of the principal of and interest and premium (if any) on such Bond and Parity Bond as provided in the Indenture or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding any other provision of the Indenture.

Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the District, the Trustee and the Owners shall be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

DEFEASANCE AND PARITY BONDS

Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in the Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond shall cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond or Parity Bond under the Indenture and any Supplemental Indenture relating to such Parity Bond shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to this Section, the Trustee shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the District's general fund all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond shall be deemed to have been paid within the meaning expressed in the preceding paragraph if such Bond or Parity Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the Administrative Expenses Account) and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or

(c) by depositing with the Trustee or another escrow bank appointed by the District, in trust, Federal Securities, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expenses Account) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable.

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under the Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the federal tax covenants of the District or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election shall be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee. In connection with a defeasance under (b) or (c) above,

there shall be provided to the District a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Trustee or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased in accordance with this Section, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds or Parity Bonds being defeased have been legally defeased in accordance with the Indenture and any applicable Supplemental Indenture.

Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time after the issuance and delivery of the Bonds under the Indenture issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expenses Account in the Indenture) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds which may only be issued to effect a partial refunding may be issued subject to the following additional specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in the Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect shall have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Parity Bonds to be applied solely for the purpose of refunding any Outstanding Bonds or Parity Bonds, including payment of all costs and the funding of all reserves incidental to or connected with such refunding;

(2) the authorized principal amount of such Parity Bonds;

(3) the date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date shall fall on an September 1, (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) the denominations and method of numbering of such Parity Bonds;

(6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund to increase the amount in the Indenture to the Reserve Requirement;

- (8) the form of such Parity Bonds; and
- (9) such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The District shall have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Trustee (unless the Trustee shall accept any of such documents bearing a prior date):

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

(2) a written request of the District as to the delivery of such Parity Bonds;

(3) an opinion of Bond Counsel and/or general counsel to the District to the effect that (a) the District has the right and power under the Act to adopt the Indenture and the Supplemental Indentures relating to such Parity Bonds, and the Indenture and all such Supplemental Indentures have been duly and lawfully adopted by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (b) the Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (c) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Indenture and all Supplemental Indentures thereto and entitled to the benefits of the Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax-exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture;

(5) where the Parity Bonds are issued to refund the Bonds or other Parity Bonds, a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds;

(6) where the Parity Bonds are being issued other than to refund the Bonds or other Parity Bonds, a Certificate of the Special Tax Administrator certifying that (i) the Maximum Special Taxes that may be levied in each Fiscal Year is not less than 110% of the Annual Debt Service in the Bond Year that begins in such Fiscal Year; and (ii) the Value of District Property is not less than four (4) times the sum of Direct Debt for District Property plus Overlapping Debt allocable to all property in the District subject to the Special Tax. For purposes of the foregoing Certificate of Special Tax Administrator, all calculations shall

consider the Parity Bonds proposed to be issued to be Outstanding. If all or any portion of the Parity Bonds are issued as Escrow Bonds, each time that amounts are to be released from the escrow account established under a Supplemental Indenture, as a condition of such release, the Trustee shall have received a Certificate of the Special Tax Administrator certifying that (x) following such release, the requirements of (i), (ii) and (iii) above will be satisfied, and (y) the amount of Special Taxes levied in such Fiscal Year and to be levied in the following Fiscal Year, together with amounts on deposit in the Interest Account, will be sufficient to pay the principal of and interest on all Outstanding Bonds and Parity Bonds (other than the remaining Escrow Bonds); and

(7) such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

MISCELLANEOUS

Cancellation of Bonds and Parity Bonds. All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption shall be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized in the Indenture and delivered to the Trustee for such purpose shall be, cancelled forthwith and shall not be reissued.

Unclaimed Moneys. Any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee at the expense of the District, shall cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

Provisions Constitute Contract. The provisions of the Indenture shall constitute a contract between the District and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Trustee, then the District, the Trustee and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds the Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in the Indenture, but to no greater extent and in no other manner.

Future Contracts. Nothing contained in the Indenture shall be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which is subordinate to the pledge under the Indenture, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged under the Indenture.

Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in the Indenture.

Severability. If any covenant, agreement or provision, or any portion thereof, contained in the Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of the Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and the Indenture, the Bonds and any Parity Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

Provisions of Indenture in Effect. Except as expressly modified in the First Supplement, all of the provisions of the Original Indenture shall remain in full force and effect.

Partial Invalidity. If any section, paragraph, sentence, clause or phrase of the First Supplement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of the First Supplement. The District declares that it would have entered into the First Supplement and each and every other Section, paragraph, sentence, clause or phrase of the First Supplement and authorized the issuance of the Series 2004 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of the First Supplement may be held illegal, invalid or unenforceable.

Governing Law. The Indenture shall be construed and governed in accordance with the laws of the State of California applicable to contracts made and performed in such state.

APPENDIX D
CONTINUING DISCLOSURE AGREEMENT OF THE DISTRICT

[TO COME]

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Date of Delivery]

Community Facilities District No. 2000-1
of the City of Oceanside
(Ocean Ranch Corporate Centre)
Oceanside, California

Re: \$_____ Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) Special Tax Refunding Bonds Series 2013A

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the City of Oceanside (the "City") taken in connection with the formation of Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) (the "District") and the authorization and issuance of the District's Special Tax Refunding Series 2013A in the aggregate principal amount of \$_____ (the "Bonds") and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the City, the District, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), and a Bond Indenture dated as of December 1, 2002, by and between the District and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), as supplemented by the First Supplemental Bond Indenture dated as of November 1, 2004, and the Second Supplemental Bond Indenture dated as of June 1, 2013 (collectively, the "Indenture") by and between the District and the Trustee. All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

The Bonds are dated their date of delivery and mature on the dates and in the amounts set forth in the Indenture. The Bonds bear interest payable semiannually on each March 1 and September 1, commencing on March 1, 2014, at the rates per annum set forth in the Indenture. The Bonds are registered Bonds in the form set forth in the Indenture, redeemable in the amounts, at the times and in the manner provided for in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California. The Bonds are limited obligations of the District but are not a debt of the City of Oceanside, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for

the Special Taxes, neither the faith and credit nor the taxing power of the City of Oceanside, the State of California, or any of its political subdivisions is pledged for the payment thereof.

(2) The execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses or as to any indemnification, penalty, choice of law, choice of forum or waiver provisions contained therein.

(3) The Indenture creates a valid pledge of that which the Indenture purports to pledge, subject to the provisions of the Indenture, except to the extent that enforceability of the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases, or by the limitations on legal remedies against public agencies in the State of California.

(4) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest (and original issue discount) will be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

(5) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

(6) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is more than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond. Original issue discount that accrues for the Bond owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals or corporations (as described in paragraph (4) above) and is exempt from State of California personal income tax.

(7) The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinions expressed in paragraphs (4) and (6) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are subject to the condition that the District complies with certain covenants and all requirements of the Code, that must be satisfied

subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such covenants and requirements of the Code may cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Bonds.

Certain requirements and procedures contained or referred to in the Indenture and Tax Certificate may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in the Indenture and Tax Certificate, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to the matters contained in the Official Statement.

Respectfully submitted,

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by

an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

11. The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

ATTACHMENT 3

Document No. _____

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of _____ 1, 2013 (the "Disclosure Agreement") is executed and delivered by the Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) (the "Issuer") and David Taussig & Associates, Inc. (the "Dissemination Agent") in connection with the issuance of the Issuer's \$ _____ Special Tax Refunding Bonds Series 2013A (the "Bonds"). The Bonds are being issued pursuant to a Bond Indenture, dated as of December 1, 2002, by and between the Issuer and the Trustee, as supplemented by the First Supplemental Bond Indenture, dated as of November 1, 2004, and by the Second Supplemental Bond Indenture, dated as of _____ 1, 2013 (collectively, the "Bond Indenture"). The Issuer, the Trustee and the Dissemination Agent covenant as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Comprehensive Annual Financial Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the City Manager of the City of Oceanside (the "City"), the Assistant City Manager of the City, the Director of Financial Services of the City or their designee, or such other officer or employee as the Issuer shall designate in writing from time to time.

"Dissemination Agent" shall mean David Taussig & Associates, Inc., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Official Statement" shall mean the Official Statement relating to the Bonds, dated _____, 2013.

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org>.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

“Underwriter” shall mean the original Underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or, upon delivery of the Annual Report to the Dissemination Agent, shall cause the Dissemination Agent to, not later than each April 1 of each year commencing April 1, 2014, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating, to the extent it can confirm such filing of the Annual Report, the date it was provided.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

(a) The City’s audited financial statements, prepared in accordance with generally accepted auditing standards for municipalities in the State of California. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed pursuant to the preceding subsection (a) by the date required by Section 3 hereof:

(i) the principal amount of Bonds outstanding as of the September 2 preceding the filing of the Annual Report;

(ii) the balance in each fund under the Bond Indenture as of the September 2 preceding the filing of the Annual Report;

(iii) any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report;

(iv) a table setting forth the estimated assessed value-to-lien ratios for Developed Property as a group and for each owner of Undeveloped Property based upon the most recent Special Tax levy preceding the date of the Annual Report, the most recent assessed values of the property and the principal amount of the Bonds and any other land secured debt allocable to parcels within the District;

(v) a table including a list of all taxpayers within the District which own property in the District upon which 5% or more of the total Special Taxes for the current fiscal year have been levied, and a statement as to whether any of such taxpayers is delinquent in the payment of Special Taxes;

(vi) any event known to the Issuer which results in a moratorium on future building within the District;

(vii) a table setting forth for the five most recent fiscal years in which Special Taxes were levied, the amount of Special Taxes levied in each fiscal year and the percentage delinquent as of June 30 of such fiscal year and as of the date of the Annual Report, and a description of the status of any foreclosure actions being pursued by the Issuer with respect to delinquent Special Taxes;

(viii) the date of issuance and the principal amount of any Parity Bonds and a copy of any appraisal delivered in connection with such issuance; and

(ix) any information not already included under (i) through (viii) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) days after the event, if material:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposal Issue (IRS Form 5701-TEB);
6. Tender Offers;
7. Defeasances;
8. Rating changes; and
9. Bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material in a timely manner not more than ten (10) days after occurrence:

1. unless described in Section 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. modifications to the rights of Bondholders;
3. optional, unscheduled or contingent Bond calls;
4. release, substitution or sale of property securing repayment of the Bonds;

5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
7. appointment of a successor or additional trustee or the change of the name of a trustee.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the Issuer, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event.

(d) If the Issuer determines that the Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the Issuer, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and, if the Dissemination Agent is other than the Issuer, the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty days written notice to the Issuer and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Issuer and shall have no duty to review any information provided to it by the Issuer. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Issuer in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule; provided, the Dissemination Agent shall have first

consented to any amendment that modifies or increases its duties or obligations hereunder. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Bond Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

No Bond holder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Issuer satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Issuer shall have refused to comply therewith within a reasonable time.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. In performing its duties hereunder, the Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Bond holders, or any

other party. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Disclosure Representative: City of Oceanside
300 North Coast Highway
Oceanside, CA 92054
Attention: City Manager

Dissemination Agent: David Taussig & Associates, Inc.
5000 Birch Street, Suite 6000
Newport Beach, CA 92660
Attention: _____

SECTION 13. Beneficiaries. This Disclosure Agreement solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Signature. This Disclosure Agreement has been executed by the undersigned on the date hereof, and such signature binds the Issuer to the undertaking herein provided.

COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE (OCEAN RANCH
CORPORATE CENTRE)

By: _____
Its: City Manager of the City of Oceanside

DAVID TAUSSIG & ASSOCIATES, INC., as
Dissemination Agent

By: _____
Its: Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Community Facilities District No. 2000-1 of the City of Oceanside
(Ocean Ranch Corporate Centre)

Name of Certificate Issue: Community Facilities District No. 2000-1 of the City of Oceanside
(Ocean Ranch Corporate Centre) Special Tax Refunding Bonds Series
2013

Date of Issuance: _____, 2013

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement executed by the Issuer on the date of issuance of the Bonds. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

Dissemination Agent

By: _____

ATTACHMENT 4

Document No. _____

SECOND SUPPLEMENTAL BOND INDENTURE

by and between

**COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)**

and

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

Dated as of _____ 1, 2013

Relating to

**\$ _____
COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)
SPECIAL TAX REFUNDING BONDS
SERIES 2013A**

SECOND SUPPLEMENTAL BOND INDENTURE

THIS SECOND SUPPLEMENTAL BOND INDENTURE dated as of _____ 1, 2013 (the "Second Supplement"), by and between Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) (the "District") and The Bank of New York Trust Company, N.A. (the "Trustee"), governs the terms of the Special Tax Refunding Bonds, Series 2013A which are being issued as Parity Bonds in accordance with the Bond Indenture (the "Original Indenture") dated as of December 1, 2002, by and between the District and the Trustee, and the First Supplemental Bond Indenture (the "First Supplement," and together with the Original Indenture, the "Supplemented Indenture"), dated as of November 1, 2004, and supplements the Supplemented Indenture. The Original Indenture, the First Supplement and the Second Supplement are hereinafter collectively referred to as the "Indenture."

RECITALS:

WHEREAS, the City Council of the City of Oceanside, located in San Diego County, California (hereinafter sometimes referred to as the "legislative body of the District" or the "City"), has heretofore undertaken proceedings and declared the necessity to issue bonds on behalf of the District pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the "Act"); and

WHEREAS, based upon Resolution Nos. 02-R263-1 and 02-R264-1 adopted by the legislative body of the District on May 2, 2001, and an election held on May 15, 2001 authorizing the levy of a special tax and the issuance of bonds by the District, the District is authorized to issue bonds in one or more series, pursuant to the Act, in an aggregate principal amount not to exceed \$25,000,000; and

WHEREAS, pursuant to the Original Indenture, the District has previously issued its Special Tax Bonds, Series 2002A (the "Series 2002 Bonds") in the aggregate principal amount of \$12,265,000; and

WHEREAS, pursuant to the First Supplement, the District has previously issued its Special Tax Bonds, Series 2004 (the "Series 2004 Bonds") in the aggregate principal amount of \$12,735,000; and

WHEREAS, the legislative body of the District intends to refund the Series 2002 Bonds through the issuance of bonds in an aggregate principal amount of \$ _____ designated as the "Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) Special Tax Refunding Bonds, Series 2013A" (the "Series 2013 Bonds"); and

WHEREAS, the District has determined all requirements of the Act for the issuance of the Series 2013 Bonds as Parity Bonds under the terms of the Supplemented Indenture have been satisfied;

NOW, THEREFORE, in order to establish the terms and conditions upon and subject to which the Series 2013 Bonds are to be issued, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Series 2013 Bonds by the

Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Owners of the Series 2004 Bonds, the Series 2013 Bonds and any Parity Bonds (as defined in the Supplemented Indenture) which may be issued from time to time, as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Supplemented Indenture. The following definitions set forth in Section 1.1 of the Indenture are revised to mean the following with respect to the Series 2013 Bonds:

“Continuing Disclosure Agreement” together, means that certain Continuing Disclosure Agreement dated as of November 1, 2004, by and between the District and The Bank of New York Mellon Trust Company, N.A., together with any amendments thereto, and that certain Continuing Disclosure Agreement dated as of _____ 1, 2013, by and between the District and David Taussig & Associates, Inc., together with any amendments thereto.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated with respect to the Series 2013 Bonds.

Section 1.2. Amendment. The definition of “Reserve Requirement” below shall amend and supersede the definition of “Reserve Requirement” set forth in the Original Indenture. Such amendment shall take effect only when no Series 2004 Bonds remain Outstanding.

“Reserve Requirement” means that amount as of any date of calculation equal to 75% of Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any.

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1. Amount, Issuance, Purpose and Nature of Series 2013 Bonds. Under and pursuant to the Supplemented Indenture, the Series 2013 Bonds in the aggregate principal amount not to exceed \$ _____ shall be issued as Parity Bonds governed by the terms of the Supplemented Indenture, as supplemented by this Second Supplement, for the purpose of refunding the Series 2002 Bonds, funding a deposit to the Reserve Account and paying the costs of administration and issuance of the Series 2013 Bonds.

Section 2.2. Description of Bonds; Interest Rates. The Series 2013 Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof within a single maturity. The Series 2013 Bonds shall be numbered as determined by the Trustee.

The Series 2013 Bonds shall be designated “COMMUNITY FACILITIES DISTRICT NO. 2000-1 OF THE CITY OF OCEANSIDE (OCEAN RANCH CORPORATE CENTRE) SPECIAL TAX REFUNDING BONDS, SERIES 2013A.” The Series 2013 Bonds shall be dated as of their Delivery Date and shall mature and be payable on September 1 in the years and in the

aggregate principal amounts and shall be subject to and shall bear interest at the rates set forth in the table below payable on March 1, 2014 and each Interest Payment Date thereafter:

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
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Section 2.3. Form of Series 2013 Bonds; Execution and Authentication. The Series 2013 Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which forms are hereby approved and adopted as the forms of such Series 2013 Bonds and of the certificate of authentication.

Only the Series 2013 Bonds as shall bear thereon such certificate of authentication in the form set forth in Exhibit A hereto shall be entitled to any right or benefit under the Indenture, and no Series 2013 Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been manually executed by the Trustee.

Section 2.4. Conditions to Issuance of Series 2013 Bonds. The Series 2013 Bonds shall not be issued unless and until the conditions for the issuance of the Series 2013 Bonds as Parity Bonds pursuant to Section 9.2 of the Supplemented Indenture shall have been satisfied.

ARTICLE III

APPLICATION OF PROCEEDS OF SERIES 2013 BONDS

Section 3.1. Application of Proceeds of Sale of Series 2013 Bonds

The net proceeds of the sale of the Series 2013 Bonds shall be received by the Trustee on behalf of the District and deposited and transferred as follows:

(a) \$ _____ shall be transferred to the Costs of Issuance Account of the Acquisition and Construction Fund to pay the Costs of Issuance of the Series 2013 Bonds;

(b) \$ _____ shall be transferred to the 2013 Subaccount of the Reserve Account of the Special Tax Fund which is established in the Special Tax Fund as set forth below to fund the portion of the Reserve Requirement attributable to the Series 2013 Bonds; and

(c) \$ _____ shall be transferred to The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "Escrow Bank") under that certain 2002 Escrow Agreement, dated as of _____ 1, 2013, by and between the City and the Escrow Bank.

There is hereby established a 2013 Subaccount of the Reserve Account of the Special Tax Fund.

The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

ARTICLE IV

REDEMPTION OF SERIES 2013 BONDS

Section 4.1. Redemption of Series 2013 Bonds

(a) Optional Redemption. The Series 2013 Bonds maturing on or after September 1, _____ are subject to redemption at the option of the District from any source of funds, on any Interest Payment Date on or after September 1, _____, in whole or in part, from such maturities as are selected by the District and by lot within a maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

(b) Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, _____ shall be called before maturity and redeemed, from Sinking Fund Payments deposited into the Redemption Account, on September 1, _____, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, _____

Sinking Fund Redemption Date

Sinking Fund Payments

\$

*

* Maturity

The Term Bonds maturing on September 1, _____ shall be called before maturity and redeemed, from Sinking Fund Payments deposited into the Redemption Account, on September 1, _____, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, _____

Sinking Fund Redemption Date

Sinking Fund Payments

\$

*

* Maturity

In the event of a partial optional redemption of the Term Bonds pursuant to Section 4.1(a), each of the remaining Sinking Fund Payments for such Term Bonds, as applicable, will be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of \$5,000.

ARTICLE V

MISCELLANEOUS

Section 5.1. Provisions of Indenture in Effect. Except as expressly modified herein, all of the provisions of the Supplemented Indenture shall remain in full force and effect.

Section 5.2. Partial Invalidity. If any section, paragraph, sentence, clause or phrase of this Second Supplement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Second Supplement. The District hereby declares that it would have entered into this Second Supplement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Series 2013 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Second Supplement may be held illegal, invalid or unenforceable.

Section 5.3. Execution in Counterparts. This Second Supplement may be executed in

several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.4. Governing Law. This Second Supplement shall be construed and governed in accordance with the laws of the State of California applicable to contracts made and performed in such state.

IN WITNESS WHEREOF, COMMUNITY FACILITIES DISTRICT NO. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) has caused this Second Supplemental Bond Indenture to be signed by an Authorized Representative of the District and The Bank of New York Trust Company, N.A., in token of its acceptance of the trust created hereunder and has caused this Second Supplemental Bond Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE (OCEAN RANCH
CORPORATE CENTRE)

By: _____
Mayor of the City of Oceanside, California,
acting as the legislative body of the Community
Facilities District No. 2000-1 of the City of
Oceanside (Ocean Ranch Corporate Centre)

ATTEST:

City Clerk of the City of Oceanside,
California acting as the legislative body of
Community Facilities District No. 2000-1
of the City of Oceanside (Ocean Ranch
Corporate Centre)

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

By: _____
Its: Authorized Signatory

EXHIBIT A

FORM OF SPECIAL TAX REFUNDING BOND, SERIES 2013A

R- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)
SPECIAL TAX REFUNDING BONDS, SERIES 2013A

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:
_____ % September 1, _____ _____, 2013 _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

COMMUNITY FACILITIES DISTRICT NO. 2000-1 OF THE CITY OF OCEANSIDE (OCEAN RANCH CORPORATE CENTRE) (the "District") which was formed by the City of Oceanside (the "City") and is situated in the County of San Diego, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Indenture (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication; (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and September 1 (each, an "Interest Payment Date"), commencing [March 1, 2014], at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Trustee (as such term is defined in the Indenture), initially The Bank of New York Trust Company, N.A. (the "Trustee"). Interest on this Bond shall be paid by check of the Trustee mailed, by first class mail, postage prepaid, or in certain circumstances described in the Indenture by wire transfer to an account within the United States of America, to the Registered Owner hereof as of the close of business on the fifteenth day of the month preceding the month in which the Interest Payment Date occurs (the "Record Date") at such Registered Owner's address as it appears on the registration books maintained by the Trustee.

This Bond is one of a duly authorized issue of "Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) Special Tax Refunding Bonds, Series 2013A" (the "Bonds") issued in the aggregate principal amount of \$_____ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, *et seq.*, of the California Government Code (the "Act") for the purpose of refunding the District's outstanding Special Tax Bonds, Series 2002A, funding a reserve account and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the City Council of the City, acting in its capacity as the legislative body of the District (the "Legislative Body"), on _____, 2013 and a Bond Indenture dated as of December 1, 2002, between the District and the Trustee, as amended and supplemented by that certain First Supplemental Bond Indenture dated as of November 1, 2004, by and between the District and the Trustee, and by that certain Second Supplemental Bond Indenture dated as of _____ 1, 2013, by and between the District and the Trustee (collectively, the "Indenture"), and this reference incorporates the Indenture herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Indenture is executed and delivered and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

This Bond has been issued as a Parity Bond in accordance with Section 9.2 of the Indenture.

Pursuant to the Act and the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from the portion of the annual special taxes authorized under the Act to be levied and collected within the District (the "Special Taxes") and certain other amounts pledged to the repayment of the Bonds as set forth in the Indenture. Any amounts for the payment hereof shall be limited to the Special Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Special Taxes and other amounts deposited to the Special Tax Fund (other than the Administrative Expense Account therein) established under the Indenture, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Indenture it will commence and diligently pursue to completion appropriate foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds.

The Bonds maturing on or after September 1, _____ are subject to redemption at the option of the District from any source of funds, on any Interest Payment Date on or after September 1, _____, in whole or in part, from such maturities as are selected by the District and by lot within a maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

The Bonds maturing on September 1, _____ and September 1, _____ (the "Term Bonds") shall be called before maturity and redeemed, from Sinking Fund Payments deposited into the Redemption Account, on September 1, _____ and September 1, _____, respectively, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth in the Second Supplemental Bond Indenture at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 45 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date, provided that funds for the redemption are on deposit with the Trustee on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

This Bond shall be registered in the name of the Registered Owner hereof, as to both principal and interest, and the District and the Trustee may treat the Registered Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

The Trustee shall not be required to register transfers or make exchanges of (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Indenture.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE CITY OF OCEANSIDE OR OF THE DISTRICT FOR WHICH THE CITY OF OCEANSIDE OR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE PORTION OF THE SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF THE CITY OF OCEANSIDE, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) has caused this Bond to be dated as of the Dated Date, to be signed on behalf of the District by the Mayor of the City by his facsimile signature and attested by the facsimile signature of the City Clerk of the City.

Mayor of the City of Oceanside, California,
acting in its capacity as the legislative body of
Community Facilities District No. 2000-1 of
the City of Oceanside (Ocean Ranch
Corporate Centre)

ATTEST:

City Clerk of the City of Oceanside,
California, acting in its capacity as the
legislative body of Community Facilities
District No. 2000-1 of the City of Oceanside
(Ocean Ranch Corporate Centre)

**[FORM OF TRUSTEE'S CERTIFICATE
OF AUTHENTICATION AND REGISTRATION]**

This is one of the Series 2013 Bonds described in the within-defined Indenture.

Dated: _____, 2013

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

By: _____
Its: Authorized Signatory

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

City Clerk of the City of Oceanside,
California, acting in its capacity as the
legislative body of Community Facilities
District No. 2000-1 of the City of Oceanside
(Ocean Ranch Corporate Centre)

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto

whose tax identification number is _____,
the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s)
_____ attorney to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTE: Signature(s) must be guaranteed by an eligible guarantor institution.

NOTE: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

ATTACHMENT 5

BOND PURCHASE AGREEMENT

\$ _____
**COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)
SPECIAL TAX REFUNDING BONDS SERIES 2013A**

_____, 2013

Community Facilities District No. 2000-1
of the City of Oceanside
(Ocean Ranch Corporate Centre)
c/o City of Oceanside
300 North Coast Highway
Oceanside, CA 92054

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this "**Purchase Contract**") with Community Facilities District No. 2000-1 of the City of Oceanside (the "**Issuer**"), which, upon your acceptance of this offer, will be binding upon the Issuer and the Underwriter. Capitalized terms used in this Purchase Contract and not otherwise defined herein have the meanings given to such terms in the Bond Indenture described below.

This offer is made subject to the acceptance by the Issuer of this Purchase Contract on or before 5:00 p.m. on the date set forth above.

1. Upon the terms and conditions and in reliance upon the respective representations, warranties and covenants herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all (but not less than all) of the above-captioned bonds (the "**Bonds**") at a purchase price (the "**Purchase Price**") of \$_____ (equal to the par amount of the Bonds (\$_____) less a net original issue discount of \$_____, less an Underwriter's discount of \$_____).

The Bonds will be issued by the Issuer under the authority of the Mello-Roos Community Facilities Act of 1982 (constituting Section 53311 et seq. of the California Government Code) (the "**Act**"), and Resolution No. _____ (the "**Bond Resolution**") adopted on _____, 2013 by the City Council (the "**City Council**") of the City of Oceanside (the "**City**"), acting as the legislative body of the Issuer.

The special taxes that will provide a source of payment for the Bonds (the "**Special Taxes**") are being levied pursuant to (i) Resolution No. ____, adopted by the City Council on May 2, 2001 (the "**Resolution of Formation**"), which established the Issuer and authorized the levy

of a special tax within the Issuer, (ii) Resolution No. _____, adopted by the Board of Supervisors of the Issuer on September 15, 2004 (the "**Resolution Ordering Changes**"), which ordered certain changes with respect to the Issuer, (iii) a two-thirds vote of the qualified electors at an election held in the boundaries of the Issuer on September 15, 2004, and (iv) Ordinance No. _____ enacted by the City Council on October 6, 2004 (the "**Ordinance**"), pursuant to which the Special Taxes were levied on the taxable property in the boundaries of the Issuer. Together, the Bond Resolution, the Resolution of Formation, the Resolution Ordering Changes and the Ordinance are referred to as the "**Resolutions and the Ordinance**" in this Purchase Contract.

The Bonds will be issued pursuant to the terms of a Bond Indenture, dated as of December 1, 2002 (the "**Original Indenture**"), by and between the Issuer and The Bank of New York Mellon Trust Company, as trustee (the "**Trustee**"), as amended and supplemented by a First Supplemental Bond Indenture, dated as of November 1, 2004 and by a Second Supplemental Bond Indenture, dated as of _____ 1, 2013 (collectively, the "**Bond Indenture**").

The Bonds will be payable from the Special Taxes on a parity basis with the City of Oceanside (Ocean Ranch Corporate Centre) Special Tax Bonds Series 2004A (the "**2004 Bonds**").

The proceeds of the sale of the Bonds will be applied in accordance with the Bond Indenture to (i) refund in full the City of Oceanside (Ocean Ranch Corporate Centre) Special Tax Bonds Series 2002A (the "**Prior Bonds**"); (ii) fund a debt service reserve fund for the Bonds and the 2004 Bonds; and (iii) pay costs of issuing the Bonds.

The refunding of the Prior Bonds will be accomplished as described in an Escrow Agreement, dated as of _____ 1, 2013 (the "**Escrow Agreement**"), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "**Escrow Bank**").

2. The Bonds will mature on the dates and in the principal amounts, and will bear interest at the rates, as set forth in Exhibit B hereto. The Underwriter agrees to make a bona fide public offering of all of the Bonds at the offering prices set forth on Exhibit B hereto. The Bonds will be subject to redemption as set forth on Exhibit B.

3. The Issuer agrees to deliver to the Underwriter as many copies of the Official Statement dated the date hereof relating to the Bonds (as supplemented and amended from time to time, the "**Final Official Statement**") as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "**Rule**"). The Issuer agrees to deliver such Final Official Statements within seven (7) business days after the execution hereof, or such earlier date identified by the Underwriter to be necessary to allow the Underwriter to meet its obligations under the Rule and Rule G-32 of the Municipal Securities Rulemaking Board ("**MSRB**"). The Underwriter agrees to file the Final Official Statement with the MSRB on or as soon as practicable after the Closing Date (defined below). The Underwriter agrees to deliver a copy of the Final Official Statement to each of its customers purchasing Bonds no later than the settlement date of the transaction.

The Issuer has authorized and approved the Preliminary Official Statement dated _____, 2013 relating to the Bonds (the "**Preliminary Official Statement**") and the Final Official Statement and consents to their distribution and use by the Underwriter in connection with the offer and sale of the Bonds. The Issuer deems such Preliminary Official Statement final as of its

date for purposes of the Rule, except for information allowed by the Rule to be omitted, and has executed a certificate to that effect in the form of Exhibit C.

In connection with issuance of the Bonds, and in order to assist the Underwriter in complying with the Rule, the Issuer will execute a Continuing Disclosure Agreement dated as of _____ 1, 2013 (the "**Continuing Disclosure Agreement**"), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as dissemination agent (the "**Dissemination Agent**"). The form of the Continuing Disclosure Agreement is attached as Appendix D to the Final Official Statement.

4. The Issuer represents and warrants to the Underwriter that:

(a) The Issuer is a community facilities district duly organized and validly existing under the laws of the State of California (the "**State**"), including the Act. The Issuer has the full legal right, power and authority, among other things, (i) upon satisfaction of the conditions in this Purchase Contract and the Bond Indenture, to issue the Bonds for the purpose specified in Section 1 hereof, (ii) to secure the Bonds in the manner contemplated in the Bond Indenture and (iii) to levy the Special Taxes according to the rate and method of apportionment of special taxes for the Issuer (the "**Rate and Method**").

(b) The City Council has the full legal right, power and authority to adopt the Resolutions and the Ordinance, and the Issuer has the full legal right, power and authority (i) to enter into this Purchase Contract, the Bond Indenture, the Escrow Agreement and the Continuing Disclosure Agreement (such documents are collectively referred to herein as the "**Issuer Documents**"), (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate all other transactions on its part contemplated by each of the Issuer Documents and the Resolutions and the Ordinance, and the Issuer and the City Council have complied with all provisions of applicable law, including the Act, in all matters relating to such transactions.

(c) The Issuer has duly authorized (i) the execution and delivery by the Issuer and the execution, delivery and due performance by the Issuer of its obligations under the Issuer Documents, (ii) the distribution and use of the Preliminary Official Statement and execution, delivery and distribution of the Final Official Statement, and (iii) the taking of any and all such action as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions on its part contemplated by such instruments. All consents or approvals necessary to be obtained by the Issuer in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) The Resolutions and the Ordinance have been duly adopted by the City Council, acting as legislative body of the Issuer, and are in full force and effect; and the Issuer Documents, when executed and delivered by the Issuer and the other party thereto, will constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally.

(e) When delivered to the Underwriter, the Bonds will have been duly authorized by the City Council, acting as legislative body of the Issuer, and duly

executed, issued and delivered by the Issuer and will constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally, and will be entitled to the benefit and security of the Bond Indenture.

(f) The information relating to the Issuer contained in the Preliminary Official Statement is, and as of the Closing Date such information in the Final Official Statement will be, true and correct in all material respects, and neither the Preliminary Official Statement nor the Final Official Statement will as of the Closing Date contain any untrue or misleading statement of a material fact relating to the Issuer or omit to state any material fact relating to the Issuer necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) If, at any time prior to the date twenty-five (25) days following the later of the Closing (as described in Section 6 below) or the date the Underwriter no longer retains, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public, which date, if other than the date of the Closing, shall be provided to the Issuer by written notice of the Underwriter (the "**End of the Underwriting Period**"), any event of which the Issuer has knowledge shall occur which might or would cause the Final Official Statement to contain an untrue statement of a material fact or to omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Issuer will promptly notify the Underwriter in writing of the circumstances and details of such event. If, as a result of such event or any other event, it is necessary, in the opinion of the Underwriter, the Issuer or their respective counsel, to amend or supplement the Final Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Issuer will forthwith cooperate with the Underwriter in the prompt preparation and furnishing to the Underwriter of a reasonable number of copies of an amendment of or a supplement to the Final Official Statement, in form and substance reasonably satisfactory to the Underwriter, which will so amend or supplement the Final Official Statement so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) None of the adoption of the Resolutions and the Ordinance, the execution and delivery of the Issuer Documents or the Final Official Statement, the consummation of the transactions on the part of the Issuer contemplated herein or therein and the compliance by the Issuer with the provisions hereof or thereof will conflict with, or constitute on the part of the Issuer, a material violation of, or a material breach of or default under, (i) any indenture, mortgage, commitment, note or other agreement or instrument to which the Issuer is a party or by which it is bound, (ii) any provision of the State Constitution, or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Issuer (or the members of the City Council or any of its officers in their respective capacities as such) is subject, that would have a material adverse affect on the ability of the Issuer to perform its obligations under the Issuer Documents.

(i) The Issuer has never been in default at any time, as to principal of or interest on any obligation which it has issued, including those which it has issued as a

conduit for another entity, which default may have an adverse effect on the ability of the Issuer to consummate the transactions on its part under the Issuer Documents, except as specifically disclosed in the Final Official Statement; and other than the Bond Indenture, the Issuer has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Special Taxes following issuance of the Bonds.

(j) Except as is specifically disclosed in the Final Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the Issuer has been served with process or known by the official of the Issuer executing this Purchase Contract to be threatened, which in any way questions the powers of the City Council or the Issuer referred to in paragraph (b) above, or the validity of any proceeding taken by the City Council in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions on the part of the Issuer contemplated by this Purchase Contract, or of any other Issuer Document, or which, in any way, could adversely affect the validity or enforceability of the Resolutions, the Ordinance, the Bond Indenture, the Escrow Agreement, the Bonds or this Purchase Contract or, to the knowledge of the official of the Issuer executing this Purchase Contract, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the Bonds for federal income tax purposes or in any other way questions the status of the Bonds under State tax laws or regulations.

(k) Any certificate signed by an official of the Issuer authorized to execute such certificate and delivered to the Underwriter in connection with the transactions contemplated by the Issuer Documents shall be deemed a representation and warranty by the Issuer to the Underwriter as to the truth of the statements therein contained.

(l) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(m) The Bonds will be paid from Special Taxes received by the Issuer and moneys held in certain funds and accounts established under the Bond Indenture and pledged thereunder to the payment of the Bonds on a parity basis with the 2004 Bonds.

(n) The Special Taxes may lawfully be levied in accordance with the Rate and Method, and the Ordinance, and, when levied, will be secured by a lien on the property on which they are levied.

(o) The Bond Indenture creates a valid pledge of and first lien upon the Special Taxes deposited thereunder, and the moneys in certain funds and accounts established pursuant to the Bond Indenture, subject in all cases to the provisions of the Bond Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

(p) Except as disclosed in the Preliminary Official Statement and the Final Official Statement, the Issuer has not failed in any material respect to comply with any undertaking of the Issuer under the Rule in the previous five years.

(q) The Issuer acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's length, commercial transaction between the Issuer and the Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (iii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters) or any other obligation to the Issuer except the obligations expressly set forth in this Purchase Contract and (iv) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein.

5. The Issuer covenants with the Underwriter that the Issuer will cooperate with the Underwriter (at the cost and written directions of the Underwriter), in qualifying the Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided, however, that the Issuer shall not be required to consent to suit or to service of process, or to qualify to do business, in any jurisdiction. The Issuer consents to the use by the Underwriter of the Issuer Documents, the Preliminary Official Statement and the Final Official Statement in the course of its compliance with the securities or Blue Sky laws of the various jurisdictions related to the offering and sale of the Bonds.

6. At 9:00 a.m. on _____, 2013 (the "**Closing Date**") or at such other time and/or date as shall have been mutually agreed upon by the Issuer and the Underwriter, the Issuer will deliver or cause to be delivered to the Underwriter the Bonds in definitive form duly executed and authenticated by the Fiscal Agent together with the other documents mentioned in Section 8 hereof; and the Underwriter will accept such delivery and pay the Purchase Price of the Bonds by delivering to the Fiscal Agent for the account of the Issuer a check payable in federal funds or making a wire transfer in federal funds payable to the order of the Fiscal Agent.

The activities relating to the final execution and delivery of the Bonds and the Bond Indenture and the payment therefor and the delivery of the certificates, opinions and other instruments as described in Section 8 of this Purchase Contract shall occur at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("**Bond Counsel**"). The payment for the Bonds and simultaneous delivery of the Bonds to the Underwriter is herein referred to as the "**Closing**." The Bonds will be delivered as fully registered, book-entry only Bonds initially in denominations equal to the principal amount of each maturity thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, and will be made available for checking by the Underwriter at such place as the Underwriter and the Fiscal Agent shall agree not less than 24 hours prior to the Closing.

7. The Underwriter shall have the right to cancel its obligations to purchase the Bonds if between the date hereof and the date of Closing:

(a) the House of Representatives or the Senate of the Congress of the United States, or a committee of either, shall have pending before it, or shall have passed or recommended favorably, legislation introduced previous to the date hereof, which legislation, if enacted in its form as introduced or as amended, would have the

purpose or effect of imposing federal income taxation upon revenues or other income of the general character to be derived by the Issuer or by any similar body under the Bond Indenture or upon interest received on obligations of the general character of the Bonds, or of causing interest on obligations of the general character of the Bonds, to be includable in gross income for purposes of federal income taxation, and such legislation, in the Underwriter's opinion, materially adversely affects the market price of the Bonds; or

(b) a tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported or re-reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted or a decision by a federal court of the United States or the United States Tax Court shall have been rendered, or a ruling, release, order, circular, regulation or official statement by or on behalf of the United States Treasury Department, the Internal Revenue Service or other governmental agency shall have been made or proposed to be made having the purpose or effect, or any other action or event shall have occurred which has the purpose or effect, directly or indirectly, of adversely affecting the federal income tax consequences of owning the Bonds, including causing interest on the Bonds to be included in gross income for purposes of federal income taxation, or imposing federal income taxation upon revenues or other income of the general character to be derived by the Issuer under the Bond Indenture or upon interest received on obligations of the general character of the Bonds, or the Bonds and also including adversely affecting the tax-exempt status of the Issuer under the Code, which, in the opinion of the Underwriter, materially adversely affects the market price of or market for the Bonds; or

(c) legislation shall have been enacted, or actively considered for enactment with an effective date prior to the Closing, or a decision by a court of the United States shall have been rendered, the effect of which is that the Bonds, including any underlying obligations, or the Bond Indenture, as the case may be, is not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) a stop order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution and delivery of the Bond Indenture as contemplated hereby or by the Final Official Statement, is or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) any event shall have occurred or any information shall have become known to the Underwriter which causes the Underwriter to reasonably believe that the Final Official Statement includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances

under which they were made, not misleading, and the Issuer fails to amend or supplement such Final Official Statement to cure such omission or misstatement pursuant to Section 4(g); or

(f) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(g) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(h) a general banking moratorium shall have been declared by federal, New York or State authorities; or

(i) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Issuer; or

(j) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which adversely affects the Underwriter's ability to sell the Bonds; or

(k) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(l) an amendment to the federal or State constitution shall be enacted or action taken by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Issuer, its property, income or securities (or interest thereon), the validity or enforceability of the Special Tax or the ability of the Issuer to issue the Bonds and levy the Special Tax as contemplated by the Bond Indenture, the Rate and Method and the Final Official Statement; or

(m) any rating on the Bonds shall have been downgraded or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability of the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds.

8. The obligation of the Underwriter to purchase the Bonds shall be subject (a) to the performance by the Issuer of its obligations to be performed by it hereunder at and prior to the Closing, (b) to the accuracy as of the date hereof and as of the time of the Closing of the representations and warranties of the Issuer herein, and (c) to the following conditions, including the delivery by the Issuer of such documents as are enumerated herein in form and substance satisfactory to the Underwriter:

(a) At the time of Closing, (i) the Final Official Statement, this Purchase Contract, the Continuing Disclosure Agreement, the Escrow Agreement and the Bond Indenture shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriter, and (ii) the Issuer shall have duly adopted and there shall be in full force and effect such resolutions and ordinances (including, but not limited to, the Resolutions and the Ordinance) as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby.

(b) Receipt of the Bonds, executed by the Issuer and authenticated by the Fiscal Agent, at or prior to the Closing. The terms of the Bonds, when delivered, shall in all instances be as described in Final Official Statement.

(c) At or prior to the Closing, the Underwriter shall receive the following documents in such number of counterparts as shall be mutually agreeable to the Underwriter and the Issuer:

(i) A final approving opinion of Bond Counsel dated the date of Closing in the form attached to the Final Official Statement as Appendix E.

(ii) A letter or letters of Bond Counsel addressed to the Underwriter, which includes a statement to the effect that Bond Counsel's final approving opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to the Underwriter, and further provides:

(A) the statements contained in the Official Statement on the cover page and under the captions "INTRODUCTION," "THE BONDS" (other than information relating to DTC and its book-entry only system, as to which no opinion need be expressed), "SOURCES OF PAYMENT FOR THE BONDS," and "TAX EXEMPTION," and in Appendices C and E thereto, are accurate insofar as such statements expressly summarize certain provisions of the Bonds, the Bond Indenture and Bond Counsel's opinion concerning certain federal tax matters relating to the Bonds;

(B) this Purchase Contract constitutes the legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought; and

(C) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Bond Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(iii) A letter of Stradling Yocca Carlson & Rauth, a Professional Corporation ("**Disclosure Counsel**"), addressed to the Issuer and the Underwriter, to the effect that:

(A) during the course of serving as Disclosure Counsel in connection with the issuance of the Bonds and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Final Official Statement, no information came to the attention of the attorneys in such firm rendering legal services in connection with the issuance of the Bonds that would lead them to believe that the Final Official Statement (excluding therefrom the financial statements, any financial or statistical data, or forecasts, charts, numbers, estimates, projections, assumptions or expressions of opinion included in the Official Statement, information regarding DTC, and the appendices to the Official Statement, as to which no opinion need be expressed), as of the date thereof or the Closing Date, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(B) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended.

(iv) A letter of Jones Hall, A Professional Law Corporation ("**Underwriter's Counsel**"), addressed to the Underwriter, in form and substance acceptable to the Underwriter.

(v) The Final Official Statement executed on behalf of the Issuer by a duly authorized officer of the Issuer.

(vi) Certified copies of the Resolutions and the Ordinance.

(vii) Evidence of recordation in the real property records of the County of San Diego of the Amended Notice of Special Tax Lien in the form required by the Act.

(viii) A certificate, in form and substance as set forth in Exhibit A hereto, of the Issuer, dated as of the Closing Date.

(ix) Evidence that Federal Form 8038 has been executed by the Issuer and will be filed with the Internal Revenue Service.

(x) Executed copies of the Bond Indenture, the Escrow Agreement and the Continuing Disclosure Agreement.

(xi) A tax certificate in form satisfactory to Bond Counsel.

(xii) An opinion, dated the Closing Date and addressed to the Underwriter, of the City Attorney, to the effect that:

(A) the Issuer is duly organized and validly existing as a community facilities district under and by virtue of the Constitution and laws of the State, with full legal right, power and authority to adopt the Resolutions and the Ordinance;

(B) the Resolutions and the Ordinance were each duly adopted at a meeting of the City Council, acting as legislative body of the Issuer, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Resolutions and the Ordinance are in full force and effect and have not been amended or repealed, except as set forth therein;

(C) the Escrow Agreement and the Continuing Disclosure Agreement were duly authorized, executed and delivered by the Issuer, and constitute the legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought.

(D) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending with respect to which the Issuer has been served with process or to the knowledge of the City Attorney, is threatened, in any way affecting the existence of the Issuer or the titles of the Issuer's officials to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds or the application of the proceeds thereof in accordance with the Bond Indenture, or the collection or application of the Special Taxes to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Issuer Documents or any action of the Issuer contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Final Official Statement or the powers of the Issuer or its authority with respect to the Bonds, the Issuer Documents or any action on the part of the Issuer contemplated by any of said documents, wherein an unfavorable decision, ruling, or finding could materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(E) the execution and delivery of the Bonds and the Issuer Documents, and compliance with the provisions of each, will not conflict with or constitute a breach of or default under any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument of which the Issuer is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of the Issuer to perform its obligations under the Bonds or the Issuer Documents; and

(F) all approvals, consents, authorization, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the ability of the Issuer, to perform its obligations under the Bonds or the Issuer Documents, have been obtained or made, as the case may be, and are in full force and effect.

(xiii) In connection with printing and distribution of the Preliminary Official Statement, an executed certificate of the Issuer in the form attached hereto as Exhibit C.

(xiv) A certificate in form and substance as set forth in Exhibit D hereto of the Fiscal Agent/Escrow Bank/Dissemination Agent and an opinion of its counsel in form and substance satisfactory to the Underwriter.

(xv) A certificate in form and substance as set forth in Exhibit E hereto, of David Taussig & Associates, Inc. ("**Special Tax Consultant**"), dated as of the Closing Date.

(xvi) A defeasance opinion of Bond Counsel with respect to the Prior Bonds.

(xvii) Evidence satisfactory to the Underwriter that, except as set forth in the Preliminary Official Statement and the Final Official Statement, the Issuer and the City have not failed to comply in all material respects with any continuing disclosure undertakings during the past five years.

(xviii) A Certificate of Representations and Warranties of the City, dated as of the date of this Purchase Contract (the "**City Pricing Certificate**"), in substantially the form of Exhibit F, with only such changes therein as shall have been accepted by the Underwriter on or prior to the date of this Purchase Contract.

(xix) A certificate dated the Closing Date and signed by the City Manager of the City certifying that the representations and warranties of the City contained in the City Pricing Certificate are true and correct in all material respects on and as of the Closing Date, with the same effect as if made on the Closing Date, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement.

(xx) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of the respective representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Purchase Contract, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the Issuer shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 11 hereof shall continue in full force and effect.

9. The obligations of the Issuer to issue and deliver the Bonds on the Closing Date shall be subject, at the option of the Issuer, to the performance by the Underwriter of its obligations to be performed hereunder at or prior to the Closing Date, and to the delivery by

Bond Counsel of the opinion described in Section 8(c)(i) and by Disclosure Counsel of the letter described in Section 8(iii).

10. All representations, warranties and agreements of the Issuer hereunder shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter, and shall survive the Closing.

11. The Issuer shall pay or cause to be paid all expenses incident to the performance of its obligations under this Purchase Contract, including, but not limited to, delivery of the Bonds, costs of printing the Bonds, the Preliminary Official Statement and the Final Official Statement, any amendment or supplement to the Preliminary Official Statement or Final Official Statement and this Purchase Contract, fees and disbursements of Bond Counsel and Disclosure Counsel, the financial advisor and other consultants engaged by the Issuer, including the fees and expenses of the Special Tax Consultant, the California Debt Investment and Advisory Commission fee, fees of the Fiscal Agent and the Escrow Bank, and fees and disbursements in connection with the qualification of the Bonds for sale under the securities or "Blue Sky" laws of the various jurisdictions and the preparation of "Blue Sky" memoranda.

The Underwriter shall pay all advertising expenses in connection with the public offering of the Bonds, and all other expenses incurred by it in connection with its public offering and distribution of the Bonds, including fees and expenses of its counsel, if any.

12. Any notice or other communication to be given to the Issuer under this Purchase Contract may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to the following: Stifel, Nicolaus & Company, Incorporated, One Ferry Building, San Francisco, CA 94111, Attention: Sara Brown.

13. This Purchase Contract is made solely for the benefit of the Issuer and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

14. This Purchase Contract shall be governed by and construed in accordance with the laws of the State applicable to contracts made and performed in the State.

15. This Purchase Contract shall become effective upon acceptance hereof by the Issuer.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Authorized Representative

Accepted and agreed to as of
the date first above written and the time set
forth below:

COMMUNITY FACILITIES DISTRICT NO.
2000-1 OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)

By: _____
Authorized Representative

Time: _____

EXHIBIT A

COMMUNITY FACILITIES DISTRICT NO. 2000-1 OF THE CITY OF OCEANSIDE (OCEAN RANCH CORPORATE CENTRE) SPECIAL TAX REFUNDING BONDS SERIES 2013A

ISSUER CLOSING CERTIFICATE

I, the undersigned, hereby certify that I am the _____ of the City of Oceanside, the City Council of which is the legislative body for Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) (the "**Issuer**"), a community facilities district duly organized and existing under the laws of the State of California (the "**State**") and that as such, I am authorized to execute this Certificate on behalf of the Issuer in connection with the issuance of the above-referenced bonds (the "**Bonds**").

I hereby further certify on behalf of the Issuer that:

(A) no litigation is pending with respect to which the Issuer has been served with process or, to my best knowledge after reasonable inquiry, threatened (1) to restrain or enjoin the issuance of any of the Bonds or the collection of Special Taxes pledged under the Bond Indenture; (2) in any way contesting or affecting the authority for the issuance of the Bonds or the validity or enforceability of the Bonds, the Bond Indenture, the Escrow Agreement, the Continuing Disclosure Agreement or the Purchase Contract; or (3) in any way contesting the existence or powers of the Issuer;

(B) the representations and warranties made by the Issuer in the Issuer Documents are true and correct in all material respects on the Closing Date, with the same effect as if made on the Closing Date;

(C) no event has occurred since the date of the Final Official Statement that, as of the Closing Date, would cause any statement or information contained in the Final Official Statement to be incorrect or incomplete in any material respect or would cause the information in the Final Official Statement to contain an untrue statement of a material fact or omit to state a material fact necessary in order to make such statements therein, in the light of the circumstances under which they were made, not misleading; and

(D) as of the date hereof, the Bond Indenture is in full force and effect in accordance with its terms and has not been amended, modified or supplemented except in such case as may have been agreed to by the Underwriter; and

(E) the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Issuer Documents prior to issuance of the Bonds.

Capitalized terms used in this Certificate and not defined herein shall have the same meaning set forth in the Bond Purchase Agreement dated _____, 2013, between the Issuer and Stifel, Nicolaus & Company, Incorporated

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date set forth below.

Dated: [Closing Date]

COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)

By: _____
Authorized Representative

EXHIBIT B

**COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)
SPECIAL TAX REFUNDING BONDS SERIES 2013A**

Serial Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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Term Bond

Redemption Provisions

[to come]

EXHIBIT C

**COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)
SPECIAL TAX REFUNDING BONDS SERIES 2013A**

RULE 15C2-12 CERTIFICATE

The undersigned hereby certifies and represents that she is the duly elected and acting _____ of the City of Oceanside (the "**Issuer**"), the City Council of which is the legislative body of the Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) (the "**Issuer**"), and is duly authorized to execute and deliver this Certificate and further hereby certifies on behalf of the Issuer as follows:

(1) This Certificate is delivered in connection with the offering and sale of the above-referenced bonds (the "**Bonds**") in order to enable the underwriter of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "**Rule**").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, setting forth information concerning the Bonds and the Issuer (the "**Preliminary Official Statement**").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand as of _____, 2013.

COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)

By: _____
Authorized Representative

EXHIBIT D

**COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)
SPECIAL TAX REFUNDING BONDS SERIES 2013A**

CERTIFICATE OF TRUSTEE/ESCROW BANK/DISSEMINATION AGENT

The undersigned hereby states and certifies that the undersigned is an authorized officer of The Bank of New York Mellon Trust Company, N.A., (the "**Bank**"), which is acting (A) as trustee (the "**Trustee**") under that certain Bond Indenture, dated as of December 1, 2002 (the "**Original Indenture**"), by and between the Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) (the "**Issuer**") and the Bank, as amended and supplemented by a First Supplemental Bond Indenture, dated as of November 1, 2004 and a Second Supplemental Bond Indenture, dated as of ____ 1, 2013 (collectively, the "**Bond Indenture**"), (B) as escrow bank (the "**Escrow Bank**") under the Escrow Agreement, dated as of ____ 1, 2013 (the "**Escrow Agreement**"), between the Issuer and the Bank, and (C) as dissemination agent (the "**Dissemination Agent**") pursuant to a Continuing Disclosure Agreement dated as of ____ 1, 2013 (the "**Continuing Disclosure Agreement**"), by and between the Issuer and the Bank, and as such, is familiar with the following facts and is authorized and qualified to certify the following facts on behalf of the Bank:

(1) The Bank is duly organized and existing as a national banking association under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Bond Indenture, the Escrow Agreement and the Continuing Disclosure Agreement.

(2) The Bond Indenture, the Escrow Agreement and the Continuing Disclosure Agreement have been duly authorized, executed and delivered by the Bank, and are legal, valid and binding agreements of the Bank enforceable upon the Bank in accordance with their respective terms.

(3) The Bonds have been authenticated by a duly authorized representative of the Bank in accordance with the Bond Indenture.

(4) To the best knowledge of the Bank, after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Bank or threatened against the Bank which in the reasonable judgment of the Bank would affect the existence of the Bank or in any way contesting or affecting the validity or enforceability of the Bond Indenture, the Escrow Agreement or the Continuing Disclosure Agreement or contesting the powers of the Bank or its authority to enter into and perform its obligations under the Bond Indenture, the Escrow Agreement and the Continuing Disclosure Agreement.

Dated: [closing date]

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

By _____
Authorized Officer

EXHIBIT E

**COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)
SPECIAL TAX REFUNDING BONDS SERIES 2013A**

CERTIFICATE OF SPECIAL TAX CONSULTANT

David Taussig & Associates, Inc. (the "**Special Tax Consultant**") has been retained as Special Tax administrator for the Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) (the "**Issuer**") and has reviewed the Rate and Method of Apportionment of Special Tax for the Issuer (the "**Rate and Method**"), a copy of which is set forth in Appendix A to the Official Statement, dated _____, 2013 (the "**Official Statement**") relating to the above-captioned bonds (the "**Bonds**").

Based upon such review, the Special Tax Consultant hereby certifies that the Special Tax, if collected in the maximum amounts permitted pursuant to the Rate and Method on the date hereof, would generate the debt service coverage shown in Table _____ of the Official Statement, provided that the annual debt service figures on the attached debt service schedule, which were relied upon by Special Tax Consultant, are substantially true and correct.

Although the Special Tax if collected in the maximum amounts pursuant to the Rate and Method, would generate the debt service coverage shown in Table _____ of the Official Statement, no representation is made herein as to actual amounts that will be collected in future years.

All information with respect to the Rate and Method in the Official Statement and all other information sourced to the Special Tax Consultant is true and correct as of the date of the Official Statement and as of the date hereof, and a true and correct copy of the Rate and Method is attached to the Official Statement as Appendix A.

Dated: _____, 2013

DAVID TAUSSIG & ASSOCIATES,
INC.

By: _____
Authorized Officer

EXHIBIT F

**COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF THE CITY OF OCEANSIDE
(OCEAN RANCH CORPORATE CENTRE)
SPECIAL TAX REFUNDING BONDS SERIES 2013A**

**CERTIFICATE OF REPRESENTATIONS
AND WARRANTIES OF THE CITY**

January 29, 2013

To: Stifel, Nicolaus & Company, Incorporated
One Ferry Building
San Francisco, CA 94111

Ladies and Gentlemen:

We are delivering to you this certificate in connection with the issuance and sale of the captioned bonds (the "**Bonds**") and pursuant to the Bond Purchase Agreement, dated the date hereof (the "**Purchase Agreement**"), by and between you and Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) (the "**Issuer**"). All capitalized terms used herein without definition shall have the meanings assigned to such terms in the Purchase Agreement.

The undersigned, in his capacity as an officer of the City of Oceanside (the "**City**") and not in his individual capacity, on behalf of the City, represents and warrants to you that:

(1) The City is duly organized and validly existing as a municipal corporation and charter law city under the Constitution and laws of the State of California and the City Council has duly and validly adopted each of the Resolutions and Ordinance and authorized the formation of the Issuer pursuant to the Act.

(2) The information contained in the Preliminary Official Statement (other than information provided by David Taussig & Associates, Inc., the County of San Diego and information relating to The Depository Trust Company and its book-entry only system, as to which no view is expressed) is, as of the date thereof and as of the date hereof, true and correct in all material respects and does not, as of the date thereof and as of the date hereof, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(3) Except as is specifically disclosed in the Preliminary Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the City has been served with process or is known to have been threatened, which in any way questions the powers of the City Council to adopt the Resolutions and the Ordinance, or the validity of any proceeding taken by the City Council in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling

or finding could materially adversely affect the transactions contemplated by the Purchase Contract, or of any other Issuer Document, or which, in any way, could adversely affect the validity or enforceability of the Resolutions, the Ordinance, the Bond Indenture, the Escrow Agreement, the Bonds or the Purchase Contract.

(4) Any certificate signed by an official of the City authorized to execute such certificate and delivered to the Underwriter in connection with the transactions contemplated by the Issuer Documents shall be deemed a representation and warranty by the City to the Underwriter as to the truth of the statements therein contained.

(5) Except as disclosed in the Preliminary Official Statement, the City has not failed in any material respect to comply with any undertaking of the Issuer under the Rule in the previous five years.

CITY OF OCEANSIDE

By: _____
Authorized Representative

ATTACHMENT 6

2002 ESCROW AGREEMENT

THIS 2002 ESCROW AGREEMENT, dated as of _____ 1, 2013 (the "Agreement"), by and between the Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) (the "District") and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as escrow agent (the "Escrow Agent"), is entered into in accordance with Resolution No. _____ of the City of Oceanside, acting as legislative body for the District, adopted on _____, 2013 and a Bond Indenture dated as of December 1, 2002, by and between the District and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as amended and supplemented by the First Supplemental Bond Indenture, dated as of November 1, 2004, and the Second Supplemental Bond Indenture, dated as of _____ 1, 2013 (collectively, the "Indenture") to refund all of the outstanding City of Oceanside (Oceanside Ranch Corporate Centre) Special Tax Bonds Series 2002 (the "Refunded Bonds").

WITNESSETH:

WHEREAS, the District previously issued the Refunded Bonds pursuant to the Indenture;

WHEREAS, the District has determined that a portion of the proceeds of the \$ _____ aggregate principal amount of the City of Oceanside (Oceanside Ranch Corporate Centre) Special Tax Refunding Bonds Series 2013 (the "2013A Bonds") issued pursuant to the Indenture, together with certain other moneys, will be used to provide the funds to pay on and prior to September 1, 2013, all regularly scheduled payments of interest on the Refunded Bonds, and to redeem on September 1, 2013 the principal of the Refunded Bonds maturing on and after September 1, 2013, plus interest with respect thereto accrued to such date, without premium (the "Redemption Price");

WHEREAS, the District will irrevocably deposit a portion of the proceeds from the 2013A Bonds with the Escrow Agent, some of which will be used to purchase securities as described on Schedule A hereto (the "Federal Securities"), which Federal Securities satisfy the criteria set forth in Section 9.1 of the Indenture, and

WHEREAS, the moneys deposited with the Escrow Agent, including interest earnings thereon, will be sufficient, along with certain other moneys deposited with the Escrow Agent at the same time pursuant to this agreement, to redeem and discharge the Refunded Bonds;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. The District hereby instructs the Escrow Agent to deposit \$ _____ received from the Trustee from the net proceeds of the sale of the 2013A Bonds in the Escrow Fund established hereunder. The District hereby further instructs the Trustee to transfer to the Escrow Agent the amount of \$ _____ constituting moneys on deposit in the funds and accounts relating to the Refunded Bonds established under the Indenture, and instructs the Escrow Agent to deposit such amount in the Escrow Fund established hereunder. The Escrow Agent shall hold all such amounts in irrevocable escrow separate and apart from other funds of the District and the Escrow Agent in a fund hereby created and established to be known as the "Escrow Fund" and to be applied solely as provided in this Agreement. The District represents that the moneys set

forth above are at least equal to an amount sufficient to purchase the Federal Securities listed in Schedule A hereto, and to hold \$_____ uninvested as cash.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such moneys in the Federal Securities listed on Schedule A hereto and to deposit such Federal Securities in the Escrow Fund. The Escrow Agent shall be entitled to rely upon the conclusion of [Grant Thornton, LLP] (the "Verification Agent"), that the Federal Securities listed on Schedule A hereto mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay when due all regularly scheduled payments of principal of and interest on the Refunded Bonds on and prior to September 1, 2013, and to pay on September 1, 2013 the Redemption Price of the Refunded Bonds maturing after September 1, 2013.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the District, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the District, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of principal of and interest on the Refunded Bonds on and prior to September 1, 2013, and to pay on September 1, 2013 the Redemption Price of the Refunded Bonds maturing after September 1, 2013, and provided that the District has obtained and delivered to the Escrow Agent an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Refunded Bonds or interest on the 2013A Bonds. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which are not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the District with respect to the refunding of the Refunded Bonds or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of tax-exempt obligations of political subdivisions, shall be paid to the District promptly upon the receipt of such interest income by the Escrow Agent. The determination of the District as to whether an accountant qualifies under this 2002 Escrow Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of the District, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the District has obtained and delivered to the Escrow Agent: (i) an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect that the refunding of the Refunded Bonds will not cause the interest on the Refunded Bonds to be includable in gross income for federal income tax purposes; and (ii) a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of principal of and interest on the Refunded Bonds on and prior to September 1, 2013, and to pay on September 1, 2013 the Redemption Price of

the Refunded Bonds maturing after September 1, 2013. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded Bonds.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall, on September 1, 2013, apply the amounts on deposit in the Escrow Fund to pay the regularly scheduled payments of principal of and interest on the Refunded Bonds due on September 1, 2013, and pay on September 1, 2013 the Redemption Price of the Refunded Bonds maturing after September 1, 2013.

(b) Irrevocable Instructions to Provide Notice. The forms of the notice required to be mailed pursuant to Sections 4.3 and 9.1 of the Indenture are substantially in the forms attached hereto as Exhibits A and B. The District hereby irrevocably instructs the Escrow Agent to mail a notice of redemption and a notice of defeasance of the Refunded Bonds in accordance with Sections 4.3 and 9.1, respectively, of the Indenture, as required to provide for the redemption of the Refunded Bonds in accordance with this Section 5.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for two years after September 1, 2013 shall be repaid by the Escrow Agent to the District.

(d) Priority of Payments. The owners of the Refunded Bonds shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the Indenture, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof and the purchase of the various Federal Securities as provided in Section 2 hereof, all obligations of the District under the Indenture with respect to the Refunded Bonds shall cease, terminate and become void except as set forth in the Indenture.

SECTION 6. Application of Certain Terms of the Indenture. All of the terms of the Indenture relating to the making of payments of principal of and interest on the Refunded Bonds and relating to the exchange or transfer of the Refunded Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VII of the Indenture relating to the resignation and removal and merger of the Trustee under the Indenture are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Section 2 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Federal Securities held hereunder.

SECTION 9. Indemnity. The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees or the willful breach by the Escrow Agent of the terms of this Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the retention of the Federal Securities or the proceeds thereof, the sufficiency of the Federal Securities to pay or redeem the Refunded Bonds, as the case may be, or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the District.

SECTION 11. Amendments. This Agreement is made for the benefit of the District and the owners from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the District; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, the Act (as defined in the Indenture), or the Indenture, for any one or

more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. [Reserved].

SECTION 13. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Agreement.

SECTION 14. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the District and any other reasonable fees and expenses of the Escrow Agent approved by the District; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 15. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 16. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 17. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 18. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the District in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 19. Notice to District and Escrow Agent. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent at 400 South Hope Street, Suite 400, Los Angeles, CA 90071, Attention: Corporate Trust Department. Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the City of Oceanside at

300 North Coast Highway, 92054, California 92054, Attention: City Manager (or such other address as may have been filed in writing by the District with the Escrow Agent).

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and attested as of the date first above written.

COMMUNITY FACILITIES DISTRICT NO.
2000-1 OF THE CITY OF OCEANSIDE (OCEAN
RANCH CORPORATE CENTRE)

By: _____
City Manager of the City of Oceanside

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

By: _____
Authorized Officer

SCHEDULE A

Federal Securities

<i>Security</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
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EXHIBIT A

NOTICE OF REDEMPTION

CITY OF OCEANSIDE (OCEANSIDE RANCH CORPORATE CENTRE)
SPECIAL TAX BONDS SERIES 2002

BASE CUSIP NO.

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds (the "Bonds") of the Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) (the "District"), issued on December 30, 2002 pursuant to a Bond Indenture dated as of December 1, 2002, by and between the District and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as amended and supplemented by the First Supplemental Bond Indenture, dated as of November 1, 2004, and the Second Supplemental Bond Indenture, dated as of _____ 1, 2013 (collectively, the "Indenture"), that the Bonds in the amount of \$ _____ have been called for redemption on September 1, 2013 (the "Redemption Date").

<i>CUSIP</i>	<i>Maturity (September 1)</i>	<i>Rate</i>	<i>Amount</i>	<i>Price</i>
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The Bonds will be payable on the Redemption Date at a redemption price of 100% of the principal amount plus accrued interest to such date (the "Redemption Price"). The Redemption Price of the Bonds will become due and payable on the Redemption Date. Interest on the Bonds to be redeemed will cease to accrue and be payable on and after the Redemption Date, and such Bonds will be surrendered to the Trustee.

All Bonds are required to be surrendered to the principal corporate office of the Trustee, on the Redemption Date at the following location. If the Bonds are mailed, the use of registered, insured mail is recommended:

First Class/Registered/Certified
The Bank of New York Mellon
Global Corporate Trust
P.O. Box 2320
Dallas, Texas 75221-2320

Express Delivery Only
The Bank of New York Mellon
Global Corporate Trust
2001 Bryan Street, 9th Floor
Dallas, Texas 75201

By Hand Only
The Bank of New York Mellon
Global Corporate Trust
Corporate Trust Window
101 Barclay Street, 1st Floor East
New York, New York 10286

If the Owner of any Bond subject to optional redemption fails to deliver such Bond to the Trustee on the Redemption Date, such Bond shall nevertheless be deemed redeemed on the Redemption Date and

the Owner of such Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the Trustee for such payment.

A form W-9 must be submitted with the Bonds. Failure to provide a completed form W-9 will result in 31% backup withholding pursuant to the Interest and Dividend Tax Compliance Act of 1983. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if the tax identification number is not properly certified.

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

DATED this 1st day of August, 2013.

EXHIBIT B

NOTICE OF DEFEASANCE

CITY OF OCEANSIDE (OCEANSIDE RANCH CORPORATE CENTRE)
SPECIAL TAX BONDS SERIES 2002

BASE CUSIP NO.

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds of participation (as further defined below, the "Refunded Bonds"), of the Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) (the "District") that the District has deposited with The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") under the Bond Indenture dated as of December 1, 2002, by and between the District and Trustee, as amended and supplemented by the First Supplemental Bond Indenture, dated as of November 1, 2004, and the Second Supplemental Bond Indenture, dated as of _____ 1, 2013 (collectively, the "Indenture"), cash and federal securities, the principal of and interest on which when paid will provide moneys sufficient to pay on and prior to September 1, 2013 the regularly scheduled payments of principal of and interest on the Refunded Bonds, and to redeem on September 1, 2013, the principal of the Refunded Bonds maturing after September 1, 2013.

The Refunded Bonds to be defeased are as follows:

<i>CUSIP</i>	<i>Maturity (September 1)</i>	<i>Rate</i>	<i>Amount</i>
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In accordance with the Indenture, the Refunded Bonds are deemed to have been paid in accordance with Section 9.1 thereof and the obligations of the District under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied.

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

DATED this ____ day of _____, 2013.

ATTACHMENT 7

BOND COUNSEL AGREEMENT

CITY OF OCEANSIDE

(Ocean Ranch Centre Community Facilities District)

THIS AGREEMENT, made as of this 1st day of May, 2013, by and between the CITY OF OCEANSIDE, a charter city organized and existing under the Constitution of the State of California (herein "City"), and STRADLING YOCCA CARLSON & RAUTH, a Professional Corporation (herein "Bond Counsel"):

RECITALS:

A. The City desires to refund the \$12,265,000 Special Tax Bonds, Series 2002A (the "2002 Bonds") of the Community Facilities District No. 2000-1 of the City of Oceanside (Ocean Ranch Corporate Centre) ("CFD No. 2000-1") and, assuming the achievement of certain net present value savings, may additionally refund the \$12,735,000 Special Tax Bonds, Series 2004 (the "2004 Bonds") of CFD No. 2000-1; and

B. The City desires to retain Bond Counsel to do the necessary legal work hereinafter outlined, upon the terms and conditions hereinafter set forth, to assist in the issuance of refunding bonds for CFD No. 2000-1; and

C. Bond Counsel represents that it is ready, willing and able to perform said legal work;

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

1. SCOPE OF SERVICES

A. BOND COUNSEL SERVICES

The City retains Bond Counsel to provide, and Bond Counsel agrees to provide, legal services in connection with the issuance by CFD No. 2000-1 of refunding bonds (the "Refunding Bonds"). Such services shall include the rendering of legal opinions (hereinafter called the "opinions") pertaining to the issuance of Refunding Bonds to the effect that:

1. The Refunding Bonds have been properly authorized and issued and are valid and binding obligations; and
2. The essential sources of security for the Refunding Bonds have been legally provided; and
3. Interest on the Refunding Bonds is exempt from California personal income taxation and is excluded from gross income for purposes of federal income taxes.

Bond Counsel's services will also include:

- i. Researching applicable laws and ordinances relating to the issuance of the Refunding Bonds;
- ii. Attending conferences and consulting with City staff and the City Attorney regarding such laws, and the need for amendments thereto, or additional legislation;
- iii. Participating in meetings, conferences or discussions with any financial advisors, underwriters or other experts retained by the City with respect to the issuance of the Refunding Bonds;
- iv. Supervising and preparing documentation of the steps to be taken with respect to the issuance of the Refunding Bonds, including:
 - a. Drafting all resolutions and other legal documents required for the issuance of the Refunding Bonds, and all other documents relating to the security of the Refunding Bonds, in consultation with the City, the City Attorney, the City's financial advisor, underwriter and other experts;
 - b. Preparing the record of proceedings for the authorization, sale and issuance of the Refunding Bonds;
 - c. Assisting in the preparation of the portions of the official statement or placement memorandum for the sale of the Refunding Bonds which relate to the terms of the Refunding Bonds (the "Official Statement") and the firm's legal opinion delivered with respect to the Refunding Bonds;
 - d. Reviewing the purchase contracts or the bidding documents relating to the sale of the Refunding Bonds and participating in the related negotiations;
 - e. Participating in meetings and other conferences scheduled by the City, the City's financial advisor or the underwriter;
 - f. Consulting with prospective purchasers, their legal counsel and rating agencies;
 - g. Consulting with counsel to the City concerning any legislation or litigation which may effect the Refunding Bonds, the security for the Refunding Bonds, or any other matter related to the issuance of the Refunding Bonds;
 - h. Consulting with any trustee or fiscal agent for the Refunding Bonds and their counsel;

- i. Preparing the form of the Refunding Bonds, and supervising their production or printing, signing, authentication and delivery;
- j. Rendering the final approving opinion as to the validity of the Refunding Bonds for use and distribution upon their issuance; and
- k. Rendering a legal opinion to the underwriter or purchaser of the Refunding Bonds as to the applicability of the registration requirements of federal securities laws and the fair and accurate nature of those portions of the Official Statement described in (c) above.

B. DISCLOSURE COUNSEL SERVICES

In addition to the services set forth in Section A above, Bond Counsel agrees to prepare the Official Statement for the Refunding Bonds.

C. SPECIAL SERVICES

“Special Services” are defined for purposes of this Agreement as services in addition to the services outlined in Sections A and B above. Special Services will include, but not be limited to, any work after a bond closing related to the amendment of bond documents or agreements and special studies or analyses. Special Services must be authorized in writing by the City Manager, or his designee.

2. COMPENSATION

The City agrees to pay Bond Counsel, but only from the sources of funds specified below, the following amounts as compensation for services rendered by Bond Counsel under this Agreement:

A. For the services to be rendered under Sections 1.A and 1.B above, Bond Counsel will be paid the fee of \$75,000, which will be payable only from Refunding Bond proceeds provided that if the 2004 Bonds are also refunded such fee shall be increased by an additional \$7,500.

The fees referenced in this Section 2.A assume that the Refunding Bonds will be issued in calendar year 2013 and that if the 2004 Bonds are refunded that they are refunded pursuant to the same Official Statement pursuant to which the 2002 Bonds are issued. In the event the Refunding Bonds are not issued within that time, Bond Counsel reserves the right to make such modifications to the foregoing fees as the City and Bond Counsel agree, as justified by reason of increased cost to Bond Counsel and the then prevailing fees for disclosure counsel and bond counsel services for bonds such as the Refunding Bonds.

B. In the event Bond Counsel is requested to perform Special Services as set forth in Section 1.C above, Bond Counsel will be paid fees at the hourly rates set forth in Exhibit A, or in such other manner as is mutually acceptable to the City and Bond Counsel. Such fees will be billed monthly and shall be payable exclusively from funds of CFD No. 2000-1 within thirty (30) days following the receipt of each invoice.

C. In addition to the fees set forth in paragraphs A and B above, Bond Counsel shall be reimbursed for the actual cost of any out-of-pocket expenses reasonably incurred by Bond Counsel in the course of its employment, such as document reproduction, telecommunications charges, printing costs, filing fees, long-distance telephone calls, messenger services, overnight delivery services, travel and similar items of expense. All expenses incurred in connection with services rendered under Sections 1.A and 1.B above will be billed upon the issuance of the series of the Refunding Bonds.

3. PERSONNEL AND CONTRACT ADMINISTRATION

City agrees to accept and Bond Counsel agrees to provide the aforementioned services primarily through Brian Forbath, Carol L. Lew and Reed T.C. Glycer. If any one of the above attorneys is unable to provide such services due to death, disability or similar event, Bond Counsel reserves the right to substitute another of its attorneys, upon approval by the City Manager, or his designee, to provide such services; and such substitution shall not alter or affect in any way Bond Counsel's or the City's other obligations under this Agreement.

This Agreement will be administered by the City Manager, or his designee.

4. CONFLICTS OF INTEREST

Bond Counsel represents many of the underwriting firms, including Stifel, Nicolaus & Company, Incorporated, active in the issuance of bonds for community facilities districts and other municipal financings. The City hereby provides its informed written consent to Bond Counsel's representation of such underwriting firms on matters unrelated to CFD No. 2000-1.

5. TERMINATION

A. This Agreement may be terminated without cause by the City or Bond Counsel upon thirty (30) days' advance written notice to the other party. Such notification shall state the effective date of the termination of this Agreement.

B. Bond Counsel reserves the absolute right to withdraw from representing the City if, among other things, the City fails to honor the terms of this Agreement, the City fails to cooperate fully or follow Bond Counsel's advice on a material matter, or any fact or circumstance occurs that would, in Bond Counsel's view, render its continuing representation unlawful or unethical. If Bond Counsel elects to withdraw, the City will take all steps necessary to free Bond Counsel of any obligation to perform further services, including the execution of any documents necessary to complete such withdrawal, and Bond Counsel will be entitled to be paid at the time of withdrawal for all services rendered and costs and expenses paid or incurred on the City's behalf in accordance with the payment terms set forth in Section 2 above. If necessary in connection with litigation, Bond Counsel would request leave of court to withdraw.

C. Bond Counsel's representation of the City will be considered terminated at the earlier of (i) the City's termination of its representation, (ii) Bond Counsel's withdrawal from its representation of the City, or (iii) the substantial completion by Bond Counsel of its substantive work for the City. Unless Bond Counsel has been specifically engaged to perform Special Services related

to the Bonds after their execution and delivery, Bond Counsel's representation of City with respect to CFD No. 2000-1 shall terminate on the date of execution and delivery of the Refunding Bonds.

6. DISPUTE RESOLUTION

IN THE EVENT OF A DISPUTE REGARDING FEES, COSTS, OR ANY OTHER MATTER ARISING OUT OF OR RELATED IN ANY WAY WHATSOEVER TO BOND COUNSEL'S RELATIONSHIP WITH THE CITY, OR BOND COUNSEL'S OR THE CITY'S PERFORMANCE OF THIS AGREEMENT, INCLUDING THE QUALITY OF THE SERVICES WHICH BOND COUNSEL RENDERS, SUCH DISPUTE SHALL BE FIRST SUBMITTED TO MEDIATION, THE COST OF WHICH SHALL BE BORNE EQUALLY BY THE PARTIES, AND RESOLVED BY CONFIDENTIAL ARBITRATION IN THE COUNTY OF ORANGE, CALIFORNIA.

7. INDEMNIFICATION AND INSURANCE

The Firm agrees to defend, indemnify and hold the City and its officers, agents, and employees harmless from any and all claims which arise from or are directly connected with the Bond Counsel's negligence or failure to perform the work or other obligations under this Agreement, and all expenses of investigating and defending against same; provided, however, that this duty to defend, indemnify, and hold harmless shall not include any claim based upon the alleged errors or omissions of Bond Counsel related to the rendering of or the failure to render professional services hereunder so long as Bond Counsel maintains in effect errors and omissions insurance as required by this paragraph, or arising from the sole negligence or willful misconduct of the City, its officers, agents or employees. Bond Counsel agrees to maintain errors omissions insurance in an amount not less than twenty-five million dollars (\$25,000,000) per claim throughout the term of this Agreement.

8. MISCELLANEOUS

A. Bond Counsel and the employees of Bond Counsel, in performance of the Agreement, shall act in an independent capacity and not as officers or agents of the City.

B. Without the written consent of the City, this Agreement is not assignable by Bond Counsel in whole or in part.

C. No alteration or variation of the terms of this Agreement shall be valid unless in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.

D. In accordance with the requirements of California Business and Professions Code § 6148, Bond Counsel advises you that the firm maintains professional errors and omissions insurance coverage applicable to the services to be rendered to the City.

CITY OF OCEANSIDE

By: _____
City Manager

STRADLING YOCCA CARLSON & RAUTH
a Professional Corporation

By: _____
Brian Forbath

EXHIBIT A

Shareholders	\$465
Associates	\$250
Paralegals	\$125