



Saddleback Valley Unified School District Public Financing Authority

\$29,484,917.95 Special Tax Revenue Bonds 1996 Series A

Orange County, California
Dated: January 16, 1997
Base CUSIP⁺: 786325

**NOTICE OF OCCURRENCE OF LISTED EVENT
JANUARY 17, 2013**

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LIST OF PARTICIPANTS

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*In its role as Disclosure Consultant and Dissemination Agent, Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.

I. LISTED EVENT – RATING CHANGE

Pursuant to an Official Statement dated January 8, 1997, the Saddleback Valley Unified School District Public Financing Authority (the “Authority”) issued \$29,484,917.95 Special Tax Revenue Bonds, 1996 Series A (“Series 1996 Bonds”) on behalf of itself and the Community Facilities District Nos. 88-1, 89-2 and 89-3 (collectively, the “CFDs”) formed by the Saddleback Valley Unified School District (the “School District”).

The Bonds were issued to finance the acquisition of the CFDs. Bond proceeds from the CFDs will be used to refund and defease certain prior obligations of and to finance certain school facilities improvements of the CFDs.

The 1995, 1996 and 1998 Series A Bonds are secured on parity by the Revenues of the Authority. Generally, “Revenues” are (i) special taxes (the “Special Tax”) levied on the properties in the CFDs; and (ii) investment earnings on certain funds held by the Trustee. The Bonds are not a debt of the CFDs, School District, the State of California, or any of its political subdivisions other than the Authority and neither the CFDs, School District, the State of California, nor any of its political subdivisions is liable for payment on the Bonds. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

As of November 21, 2008, Moody’s Investors Service has downgraded its assigned rating to Financial Security Assurance Inc. from “Aaa” to “Aa3.” Moody’s Investors Service downgrade of Financial Security Assurance Inc. has caused the insured rating assigned to the Bonds to likewise be downgraded.

As of July 1, 2009, Financial Security Assurance was acquired by Assured Guaranty Ltd. Financial Security Assurance was renamed Assured Guaranty Municipal Corp.

As of October 25, 2010, Standard & Poor’s has downgraded its assigned rating to Assured Guaranty Municipal Corp. from “AAA” to “AA+.” Standard & Poor’s downgrade of Assured Guaranty Municipal Corp. has caused the insured rating assigned to the Bonds to likewise be downgraded.

As of November 30 2011, Standard & Poor’s has downgraded its assigned rating to Assured Guaranty Municipal Corp. from “AA+” to “AA-.” Standard & Poor’s downgrade of Assured Guaranty Municipal Corp. has caused the insured rating assigned to the Bonds to likewise be downgraded.

As of January 17, 2013, Moody’s Investors Service has downgraded its assigned rating to Assured Guaranty Municipal Corp. from “Aa3” to “A2.” Moody’s Investors Service downgrade of Assured Guaranty Municipal Corp. has caused the insured rating assigned to the Bonds to likewise be downgraded.

This constitutes a listed event with respect to the Bonds under the Continuing Disclosure Agreement and Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934.

An explanation of the significance of the rating downgrade may be obtained from Standard & Poor's and Moody's Investors Service.