

**Administration Report
Fiscal Year 2011/2012**

Poway Unified School District
Improvement Area F of
Community Facilities District No. 10

June 20, 2011

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Exhibit A: First Amended Rate and Method of Apportionment

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Introduction

This Administration Report ("Report") provides an analysis of the financial and administrative obligations of Improvement Area ("IA") F of Community Facilities District ("CFD") No. 10 of the Poway Unified School District ("School District"), pursuant to the First Amended Rate and Method of Apportionment ("RMA") attached as Exhibit A, for the purpose of calculating the Annual Special Tax levy for Fiscal Year 2011/2012. In calculating the Annual Special Tax levy for Fiscal Year 2011/2012, this Report describes (i) the remaining financial obligations of IA F of CFD No. 10 for Fiscal Year 2010/2011, (ii) the financial obligations of IA F of CFD No. 10 for Fiscal Year 2011/2012, and (iii) the amount of new development which has occurred within the boundaries of IA F of CFD No. 10.

The Report is organized into the following sections:

Section I

Section I provides a description of the Annual Special Tax levy for Fiscal Year 2010/2011 including any delinquent Annual Special Taxes.

Section II

Section II contains a description of the expenditure of Special Taxes to fund Authorized Facilities of IA F of CFD No. 10 through April 30, 2011, as directed by Senate Bill 165 ("SB 165").

Section III

Section III calculates the Minimum Annual Special Tax Requirement based on the financial obligations of IA F of CFD No. 10 for Fiscal Year 2011/2012.

Section IV

Section IV provides (i) a description of the Special Tax classifications and (ii) an update of the development which has occurred in IA F of CFD No. 10.

Section V

Section V describes the methodology used to apportion the Minimum Annual Special Tax Requirements among the properties within IA F of CFD No. 10 and lists the Assigned Annual Special Tax rates for Fiscal Year 2011/2012.

I. Fiscal Year 2010/2011 Levy Summary

A. Special Tax Levy

The aggregate Annual Special Tax levy of IA F of CFD No. 10 in Fiscal Year 2010/2011 as well as a summary of the levy can be found in the table below.

Annual Special Tax Rates For Fiscal Year 2010/2011

Annual Special Tax				
Tax Class	Building Square Footage	Number of Units/Acres	Assigned Annual Special Tax Rate	Total Annual Special Taxes
1	≤ 1,750	6 Units	\$1,521.71 per Unit	\$9,130.20
2	1,751 - 1,900	6 Units	\$1,648.16 per Unit	\$9,888.96
3	1,901 - 2,050	6 Units	\$1,774.78 per Unit	\$10,648.68
4	2,051 - 2,200	0 Units	\$1,869.58 per Unit	\$0.00
5	> 2,200	7 Units	\$1,964.54 per Unit	\$13,751.78
<i>Developed Property</i>		<i>25 Units</i>	<i>NA</i>	<i>\$43,419.62</i>
<i>Undeveloped Property</i>		<i>5.17 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>
<i>Annual Special Tax Subtotal</i>				<i>\$43,419.62</i>
Supplemental Annual Special Tax				
Tax Class	Building Square Footage	Number of Units/Acres	Assigned Annual Special Tax Rate	Total Annual Special Taxes
1	≤ 1,750	6 Units	\$651.00 per Unit	\$3,906.00
2	1,751 - 1,900	6 Units	\$705.10 per Unit	\$4,230.60
3	1,901 - 2,050	6 Units	\$759.26 per Unit	\$4,555.56
4	2,051 - 2,200	0 Units	\$799.82 per Unit	\$0.00
5	> 2,200	7 Units	\$840.44 per Unit	\$5,883.08
<i>Developed Property</i>		<i>25 Units</i>	<i>NA</i>	<i>\$18,575.24</i>
<i>Undeveloped Property</i>		<i>5.17 Acres</i>	<i>NA</i>	<i>NA</i>
<i>Supplemental Annual Special Tax Subtotal</i>				<i>\$18,575.24</i>
Total				\$61,994.86

B. Special Tax Delinquencies

Dolinka Group, LLC has received delinquency information for IA F of CFD No. 10 for the first and second installments of Fiscal Year 2010/2011 from the County of San Diego ("County"). For Fiscal Year 2010/2011 (as of May 2, 2011), \$1,086.35 in Annual Special Taxes were delinquent yielding a delinquency rate of 1.75%.

II. Senate Bill 165 Compliance

The Board of Education ("Board") of the School District, pursuant to the provisions of the Local Agency Special Tax and Bond Accountability Act ("Accountability Act"), has directed the filing of the Special Tax and Bond Accountability Report for IA F of CFD No. 10. According to SB 165, any local special tax and/or bond measure subject to voter approval on or after January 1, 2001, must follow the requirements of the Accountability Act. All capitalized terms herein are used as defined in the RMA of IA F of CFD No. 10.

A. Authorized Facilities

Pursuant to the Mello Roos Community Facilities Act of 1982, as Amended ("Act"), CFD No. 10 IA F can only be used to fund the "Authorized Facilities" as outlined at the time of formation. The following is an excerpt taken from the Resolution of Intention ("ROI") to establish CFD No. 10 IA F which describes the Authorized Facilities.

The types of collective Facilities proposed to be financed by Community Facilities District No. 10 (the "CFD") of the Poway Unified School District (the "District") under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act") are as follows.

"School Facilities" means the acquisition, planning, construction and/or financing of those school facilities, including classrooms, multi-purpose, administration and auxiliary space at each school, central support and administrative facilities, interim housing, transportation and special education facilities, together with furniture, equipment and technology, needed by District in order to serve directly or indirectly the student population to be generated as a result of the development of the property within CFD No. 10, together with all land or interests in land required for the construction of such facilities and all land or interests in land required to be provided by the District as mitigation of environmental impacts associated with the development of such school facilities as well as all that portion of the related incidental expenses and the costs to the District related to the negotiation, execution and implementation of the Torrey Highlands – Subarea IV School Impact Mitigation Agreement dated as of July 1, 1996 (the "Mitigation Agreement") between the District and each "Owner" named therein allocable to the properties within CFD No. 10. "School Facilities" shall also mean the acquisition, planning, construction and/or financing of other additional school facilities ("Supplemental School Facilities"), including classrooms, multi-purpose, administration and auxiliary space at each school, central support and administrative facilities, interim housing, transportation and special education facilities, together with furniture, equipment and technology, needed by District to serve the student population of the District and which are financed in whole or in part from the revenues of special taxes levied in any fiscal year on Developed property within any Improvement Area or Improvement Areas in excess of that required to satisfy the special tax requirements for such Improvement Area or Improvement Areas for such fiscal year.

The School Facilities shall also include the attributable costs of engineering, design, planning, materials testing, coordination, construction staking and construction, together with the expenses related to the issuance and sale of any "debt" as defined in Section 53317(d) of the Act, including but not limited to, underwriters' discount, appraisals, market studies, reserve fund, capitalized interest, bond counsel, special tax consultant, bond and official statement printing, administrative expenses of the District, CFD No. 10 and bond trustee or fiscal agent related to CFD no. 10 and any such debt and all other incidental expenses.

The School Facilities shall be constructed, whether or not acquired in their completed states, pursuant to plans and specifications approved by the District.

The School Facilities listed in this Exhibit A-1 are representative of the types of improvements authorized to be financed by CFD No. 10. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the District. Addition, deletion, or modification of descriptions of School Facilities may be made consistent with the requirements of the Board of Education of the District, the CFD and the Act.

"City Improvements" means the acquisition, planning, construction and/or financing of those improvements to be owned by the City of San Diego (the "City"), including (a) Camino Ruiz Northerly (grading 4 lanes, construction 2 lanes) from "A" Street to Carmel Valley Road, (b) Camino Ruiz Northerly (completion of full length, 4 lane improvements), (c) "B" Street from "A" Street to Camino Ruiz, (d) "A" Street and (e) Camino Ruiz/SR 56 Phase I interchange improvements.

The City Improvements shall also include the attributable costs of right of way acquisition, grading and site preparation, slope and erosion control, sanitary sewers, storm drainage, water distribution facilities, traffic signals, street lighting, street paving, curb, gutter, sidewalk, media, landscaping, dry utilities, engineering, design, planning, materials testing, coordination, construction staking and construction, construction management and supervision together with the expenses related to the issuance and sale of any "debt" as defined in Section 53317(d) of the Act, including but not limited to, underwriters' discount, appraisals, market studies, reserve fund, capitalized interest, bond counsel, special tax consultant, bond and official statement printing, administrative expenses of the District, CFD No. 10 and bond trustee or fiscal agent related to any Improvement Area in CFD No. 10 and any such debt and all other incidental expenses.

The City Improvements shall be constructed, whether or not acquired in their completed states, pursuant to plans and specification approved by the City.

The City Improvements listed in this Exhibit A-2 are representative of the types of improvement that are to be owned, operated and maintained by the City and to be financed by CFD No. 10. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the City. Addition, deletion, or modification of descriptions of City Improvements may be made consistent with the requirements of the City subject to the approval by the Board of Education of the District, CFD No. 10 and the Act.

B. Bond Proceeds

Currently, no bonds have been issued for IA F of CFD No. 10, therefore, there are no allocation of bond proceeds.

C. Construction/Acquisition Accounts

As of April 30, 2010, no bonds have been issued for IA F of CFD No. 10. Since bonds have not been issued, no authorized facilities have been financed by IA F of CFD No. 10.

D. Special Tax Fund

Each Fiscal Year, IA F of CFD No. 10 will levy, collect, and expend Annual Special Taxes in an amount necessary to pay interest and principal to bondholders, cover Administrative Expenses, and fund school facilities necessary to serve students generated from residential units constructed within the boundaries of IA F of CFD No. 10. The table below presents a detailed listing of the Annual Special Taxes collected and expended by IA F of CFD No. 10 from July 1, 2010 to April 30, 2011.

Improvement Area F CFD No. 10 Custodial Account

Balance as of July 1, 2010		\$32,360.15 ^[1]
Accruals		\$44,729.25
Special Tax Receipts	\$44,725.16	
Interest Earnings	\$4.09	
Expenditures		(\$8,100.00)
Legal/Consulting Services	(\$8,100.00)	
Balance as of April 30, 2011		\$68,989.40
[1] Developer's deposit.		

III. Annual Special Tax Requirement

For Fiscal Year 2011/2012, the Annual Special Tax Requirements for IA F of CFD No. 10, calculated pursuant to the RMA, can be found in the table below.

**Special Tax Minimum Annual Special Tax Requirement
For Fiscal Year 2011/2012**

FY 2011/2012 Obligations		\$123,423.82
Administrative Expenses/Direct Construction ^[1]	\$123,423.82	
Minimum Annual Special Tax Requirement		\$123,423.82

[1] All funds collected from the Special Tax levy and not needed to pay Administrative Expenses are to be segregated and used specifically for the improvements outlined in the Addendum to Supplement to Subarea IV Torrey Highlands School Impact Mitigation Agreement between the School District , DR Horton and TR II, LLC. At the issuance of the bonds, these funds will be transferred to an Improvement Fund of the bonds.

IV. Development Summary

Each Fiscal Year, the School District calculates the Annual Special Taxes to be levied against Taxable Property within IA F of CFD No. 10. Taxable Property is classified based on the issuance of a Building Permit. Specifically, Developed Property means, for any Fiscal Year, all Assessor's Parcels in IA F of CFD No. 10 for which a Building Permit has been issued as of May 1 of the previous Fiscal Year, provided that the Assessor's Parcel was created prior to January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot. The table below summarizes the Special Tax classification within IA F of CFD No. 10 for the previous Fiscal Year and Fiscal Year 2011/2012.

Special Tax Classification

Tax Class	Building Square Footage	Previous Fiscal Year	Fiscal Year 2011/2012
Annual Special Tax			
1	≤ 1,750	6 Units	10 Units
2	1,751 - 1,900	6 Units	14 Units
3	1,901 - 2,050	6 Units	14 Units
4	2,051 - 2,200	0 Units	0 Units
5	> 2,200	7 Units	11 Units
<i>Developed Property</i>		<i>25 Units</i>	<i>49 Units</i>
<i>Undeveloped Property</i>		<i>5.17 Acres</i>	<i>2.34 Acres</i>
Supplemental Annual Special Tax			
1	≤ 1,750	6 Units	10 Units
2	1,751 - 1,900	6 Units	14 Units
3	1,901 - 2,050	6 Units	14 Units
4	2,051 - 2,200	0 Units	0 Units
5	> 2,200	7 Units	11 Units
<i>Developed Property</i>		<i>25 Units</i>	<i>49 Units</i>
<i>Undeveloped Property</i>		<i>5.17 Acres</i>	<i>2.34 Acres</i>
Total		25 Units	49 Units

V. Fiscal Year 2011/2012 Levy Summary

The Special Tax rates of IA F of CFD No. 10 needed to meet the Minimum Annual Special Tax Requirements for Fiscal Year 2011/2012 are shown in the table below. The Special Tax roll, which lists the actual Special Tax levied against each Assessor's Parcel, is included as Exhibit C. For a more detailed explanation of the methodology used to apportion the Minimum Annual Special Tax Requirements among Developed Property and Undeveloped Property, please see the RMA.

Annual Special Tax Rates For Fiscal Year 2011/2012

Annual Special Tax				
Tax Class	Building Square Footage	Number of Units/Acres	Assigned Annual Special Tax Rate	Total Annual Special Taxes
1	≤ 1,750	10 Units	\$1,552.14 per Unit	\$15,521.40
2	1,751 - 1,900	14 Units	\$1,681.12 per Unit	\$23,535.68
3	1,901 - 2,050	14 Units	\$1,810.28 per Unit	\$25,343.92
4	2,051 - 2,200	0 Units	\$1,906.96 per Unit	\$0.00
5	> 2,200	11 Units	\$2,003.82 per Unit	\$22,042.02
<i>Developed Property</i>		<i>49 Units</i>	<i>NA</i>	<i>\$86,443.02</i>
<i>Undeveloped Property</i>		<i>2.34 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>
<i>Annual Special Tax Subtotal</i>				<i>\$86,443.02</i>
Supplemental Annual Special Tax				
Tax Class	Building Square Footage	Number of Units/Acres	Assigned Annual Special Tax Rate	Total Annual Special Taxes
1	≤ 1,750	10 Units	\$664.02 per Unit	\$6,640.20
2	1,751 - 1,900	14 Units	\$719.20 per Unit	\$10,068.80
3	1,901 - 2,050	14 Units	\$774.44 per Unit	\$9,293.28
4	2,051 - 2,200	0 Units	\$815.82 per Unit	\$0.00
5	> 2,200	11 Units	\$857.24 per Unit	\$10,978.52
<i>Developed Property</i>		<i>49 Units</i>	<i>NA</i>	<i>\$36,980.80</i>
<i>Undeveloped Property</i>		<i>2.34 Acres</i>	<i>NA</i>	<i>NA</i>
<i>Supplemental Annual Special Tax Subtotal</i>				<i>\$36,980.80</i>
Total				\$123,423.82

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Exhibit A

**First Amended
Rate and Method of Apportionment**

**FIRST AMENDED
RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA F
OF COMMUNITY FACILITIES DISTRICT NO. 10
OF THE POWAY UNIFIED SCHOOL DISTRICT**

An Annual Special Tax shall be levied on and collected in Improvement Area ("IA") F of Community Facilities District ("CFD") No. 10 of the Poway Unified School District ("School District") in each Fiscal Year, in an amount determined through the application of the rate and method of apportionment described below. All of the real property in IA F of CFD No. 10, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION 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 any ordinary and necessary expense of the School District to carry out its duties as the legislative body of IA F of CFD No. 10.

"Affordable Unit" means any Unit subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the City or County providing for affordable housing.

"Annual Special Tax" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G.

"Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay: (i) the debt service on all Non-School Bonds or other periodic costs on the Non-School Bonds, (ii) the Administrative Expenses of IA F of CFD No. 10, (iii) any costs associated with the release of funds from an escrow account in association with the Non-School Bonds, (iv) any amount required to establish or replenish any reserve funds established in association with the Non-School Bonds, less (v) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable fiscal agent agreement, bond indenture, or trust agreement. In arriving at the Annual Special Tax Requirement the Board shall take into account the reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in previous Fiscal Year.

"Assessor's Parcel" means a parcel of land in IA F of CFD No. 10 which is designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

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

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County Assessor for purposes of identification.

"Assigned Annual Special Tax" means the Special Tax of that name as set forth in Section D. In each Fiscal Year, Assigned Annual Special Tax revenues shall be used in the following order of priority; (i) to satisfy the Annual Special Tax Requirement and (ii) to pay for the acquisition, construction, rehabilitation, and improvement of School Facilities.

"Assigned Annual Special Tax Present Value of Taxes" means the present value of Assigned Annual Special Tax applicable to such Assessor's Parcel in the current Fiscal Year not yet received by the School District for IA F of CFD No. 10, plus the expected Assigned Annual Special Tax applicable to such Assessor's Parcel in each remaining Fiscal Year until the termination date specified in Section I using as the discount rate the (i) Bond Yield after Non-School Bond issuance or (ii) the most recently published Bond Index prior to the Non-School Bond issuance. The duration used to calculate the Assigned Annual Special Tax Present Value of Taxes prior to the issuance of the first series of Non-School Bonds shall be the lesser of (i) thirty-four (34) years and (ii) the number of Fiscal Year remaining until Fiscal Year 2050/2051.

"Deputy Superintendent" means the Deputy Superintendent of the School District or his/her designee.

"Backup Annual Special Tax" means the Special Tax of that name described in Section F below.

"Board" means the Board of Education of the School District or its designee.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to the repayment of which Special Taxes of IA F of CFD No. 10 are pledged.

"Bond Index" means the National Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody's A1 and S&P's A-plus, as reasonably determined by the Board.

"Bond Yield" means the yield on the last series of Non-School Bonds issued by or on behalf of IA F of CFD No. 10, as calculated at the time such Non-School Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the non-arbitrage certificate or other similar bond issuance document.

"Building Permit" means a permit for the construction of one or more Units issued by the City, or another public agency in the event the City no longer issues permits for the construction of Units within IA F of CFD No. 10. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

"Building Square Footage" or **"BSF"** means the square footage of internal living space of a Unit, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Unit or other applicable records of the City.

"Calendar Year" means any period beginning January 1 and ending December 31.

"City" means the City of San Diego.

"County" means the County of San Diego.

"Developed Property" means all Assessor's Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Deputy Superintendent.

"Exempt Property" means the property designated as Exempt Property in Section J.

"Final Subdivision Map" means a final tract map, parcel map, condominium plan lot line adjustment, or functionally equivalent map or instrument that creates individual Lots, recorded in the Office of the Recorder of the County.

"Fiscal Year" means the period commencing on July 1 of any year and ending the following June 30.

"Index" means the Marshall & Swift Western Region Class D Wood Frame Index, or if the Marshall & Swift Western Region Class D Wood Frame Index ceases to be used by the State Allocation Board, a reasonably comparable index used by the State Allocation Board to estimate changes in school construction costs, or in the absence of such an index, the Engineering News Record, Construction Cost Index (Los Angeles Area) published by McGraw-Hill, Inc.

"Inflator" means the greater of (i) the annual percentage change in the Index, as calculated for the twelve (12) months ending December 31 of the prior Calendar Year and (ii) two percent (2.00%).

"Lot" means an individual legal lot created by a Final Subdivision Map for which a Building Permit for a Unit has been or could be issued, provided that land for which one or more building permits have been or could be issued for the construction of one or more model Units shall not be construed as a Lot until such land has been subdivided by a Final Subdivision Map.

"Minimum Taxable Acreage" means the applicable Acreage set forth in Section J.

"Non-School Bonds" means any Bonds which are not School Bonds.

"Prepayment Amount" means the dollar amount required to prepay all of the Annual Special Tax obligation on any Assessor's Parcel, determined pursuant to Sections H.

"Proportionately" means that the ratio of the actual Annual Special Tax levy to the applicable Assigned Annual Special Tax is equal for all applicable Assessor's Parcels.

"Reserve Fund Credit" means the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of outstanding bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of outstanding bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.

"School Bonds" means any Bonds allocable to proceeds used or to be used to fund the acquisition, construction, rehabilitation, or improvement of School Facilities.

"School Facilities" means any public facilities owned or to be owned by the School District.

"Senior Citizen Unit" means a Unit designated as senior citizen housing, part of a residential care facility for the elderly, or part of a multi-level care facility for the elderly as referred to in California Government Code Section 65995.1. For purposes hereof, it shall be sufficient to designate a Unit as a Senior Citizen Unit if Senior Citizen Restrictions have been affected with respect to such Unit.

"Senior Citizen Restriction" means (i) a restriction limiting the use of Units to senior citizen housing under a specific plan, a final map or other governmental entitlements, or a declaration of covenants, conditions and restrictions or any similar recorded instrument or (ii) licensing from appropriate agencies received for residential care facilities for the elderly or multi-level care facilities as those terms are defined in Health and Safety Code Section 1569.2 and Government Code Section 15432(d)(9), respectively.

"Special Tax" means any of the special taxes authorized to be levied in IA F of CFD No. 10 under the Act.

"Supplemental Annual Special Tax" means the Special Tax of that name as set forth in Section E. In each Fiscal Year, Supplemental Annual Special Tax revenue shall be used to pay for the acquisition, construction, rehabilitation, and improvement of School Facilities.

"Supplemental Annual Special Tax Present Value of Taxes" means the present value of Supplemental Annual Special Tax applicable to such Assessor's Parcel in the current Fiscal Year not yet received by the School District for IA F of CFD No. 10, plus the expected Supplemental Annual Special Tax applicable to such Assessor's Parcel in each remaining Fiscal Year until the termination date specified in Section I using as the discount rate the (i) Bond Yield after Non-School Bond issuance or (ii) the most recently published Bond Index prior to Non-School Bond issuance. The duration used to calculate the Supplemental Annual Special Tax Present Value of Taxes prior to the issuance of the first series of Non-School Bonds shall be the lesser of (i) thirty-four (34) years and (ii) the number of Fiscal Years remaining until Fiscal Year 2050/2051.

"Taxable Property" means all Assessor's Parcels which are not Exempt Property.

"Undeveloped Property" means all Assessor's Parcels which are not Developed Property.

"Unit" means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

SECTION B ASSIGNMENT OF ASSESSOR'S PARCELS

For each Fiscal Year, beginning with Fiscal Year 2010/2011, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The classification of Exempt Property shall take into consideration Minimum Taxable Acreage as determined pursuant to Section J.

SECTION C MAXIMUM SPECIAL TAX

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property in any Fiscal Year shall be the sum of (i) the greater of (a) the Assigned Annual Special Tax and (b) the Backup Annual Special Tax and (ii) the Supplemental Annual Special Tax.

2. Undeveloped Property

The Maximum Special Tax for any Assessor's Parcel classified as Undeveloped Property in any Fiscal Year shall be the Assigned Annual Special Tax.

**SECTION D
ASSIGNED ANNUAL SPECIAL TAXES**

1. Developed Property

The Assigned Annual Special Tax for each Assessor's Parcel of Developed Property in Fiscal Year 2010/2011 shall be the amount determined by reference to Table 1 below.

TABLE 1

**ASSIGNED ANNUAL SPECIAL TAX FOR
DEVELOPED PROPERTY FOR
FISCAL YEAR 2010/2011**

Building Square Footage	Assigned Annual Special Tax
< 1,750	\$1,521.71 per Unit
1,750 – 1,900	\$1,648.16 per Unit
1,901 – 2,050	\$1,774.78 per Unit
2,051 – 2,200	\$1,869.58 per Unit
> 2,200	\$1,964.54 per Unit

Each July 1, commencing July 1, 2011, the Assigned Annual Special Tax for each Assessor's Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

2. Undeveloped Property

The Assigned Annual Special Tax for an Assessor's Parcel of Undeveloped Property in Fiscal Year 2010/2011 shall be \$18,367.51 per acre of Acreage. On each July 1, commencing July 1, 2011, the Assigned Annual Special Tax for each Assessor's Parcel of Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION E
SUPPLEMENTAL ANNUAL SPECIAL TAXES**

1. Developed Property

The Supplemental Annual Special Tax for each Assessor's Parcel of Developed Property in Fiscal Year 2010/2011 shall be the amount determined by reference to Table 2 below.

TABLE 2

**SUPPLEMENTAL ANNUAL SPECIAL TAX FOR
DEVELOPED PROPERTY FOR
FISCAL YEAR 2010/2011**

Building Square Footage	Assigned Annual Special Tax
< 1,750	\$651.00 per Unit
1,750 – 1,900	\$705.10 per Unit
1,901 – 2,050	\$759.26 per Unit
2,051 – 2,200	\$799.82 per Unit
> 2,200	\$840.44 per Unit

Each July 1, commencing July 1, 2011, the Supplemental Annual Special Tax applicable to an Assessor's Parcel in the first Fiscal Year in which such Assessor's Parcel is classified as Developed Property shall increase by the Inflator.

Each July 1, commencing the July 1 immediately following the Fiscal Year in which an Assessor's Parcel was first classified as Developed Property, the Supplemental Annual Special Tax for each Assessor's Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

2. Undeveloped Property

No Supplemental Annual Special Tax shall apply to Undeveloped Property.

SECTION F
BACKUP ANNUAL SPECIAL TAX

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax rate for an Assessor's Parcel of Developed Property within a Final Subdivision Map shall be the rate per Lot calculated according to the following formula in Fiscal Year 2010/11 or such later Fiscal Year in which such Final Subdivision Map is created, subject to increases as described below:

$$B = (Z \times A) / L$$

The terms above have the following meanings:

- B = Backup Annual Special Tax per Lot for the applicable Fiscal Year
- Z = Assigned Annual Special Tax per Acre of Undeveloped Property in the Fiscal Year the calculation is performed
- A = Acreage of Taxable Property expected to exist in such Final Subdivision Map at the time of calculation, as determined by the Board pursuant to Section J
- L = Number of Lots in the applicable Final Subdivision Map at the time of calculation

Each July 1, commencing July 1 following the initial calculation of the Backup Annual Special Tax rate for an Assessor's Parcel of Developed Property within a Final Subdivision Map, the Backup Annual Special Tax for each Lot within such Final Subdivision Map shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year. No Backup Annual Special Tax shall be applied to Affordable Units or Senior Citizen Units.

Notwithstanding the foregoing, if the Final Subdivision Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Subdivision Map area changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Tax revenue anticipated to apply to the changed or modified area of the Final Subdivision Map prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property of the Final Subdivision Map that is anticipated to be changed or modified, as reasonably determined by the Board.

3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax per square foot of Acreage per square foot of Acreage that shall be applicable to Assessor's Parcels of Developed Property in such changed or modified area of the Final Subdivision Map for all remaining Fiscal Years in which the Special Tax may be levied. Each July 1, commencing the July 1 following the change or modification to the Final Subdivision Map, the amount determined by this Section shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

SECTION G METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Commencing Fiscal Year 2010/2011, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax as follows:

Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the sum of the (i) Assigned Annual Special Tax and (ii) Supplemental Annual Special Tax applicable to each such Assessor's Parcel.

Step Two: If the sum of the Assigned Annual Special Taxes levied on Assessor's Parcels in the first step above is less than the Annual Special Tax Requirement, then the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax applicable to such Assessor's Parcel to satisfy the Annual Special Tax Requirement.

Step Three: If the sum of the Assigned Annual Special Taxes levied on Assessor's Parcels in the first and second steps above is less than the Annual Special Tax Requirement, then the Annual Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax includes the application of the Backup Annual Special Tax shall be increased Proportionately from the Assigned Annual Special Tax up to the Backup Annual Special Tax to satisfy the Annual Special Tax Requirement.

**SECTION H
PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid. However, the Supplemental Annual Special Tax obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Assigned Annual Special Tax obligation for such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Assigned Annual Special Tax and Supplemental Annual Special Tax obligation shall provide IA F of CFD No. 10 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the prepayment amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. The Prepayment Amount shall be calculated according to the following formula:

$$AP = APVT - RFC + PAF \text{ or } SP = SPVT - RFC + PAF$$

The terms above have the following meanings:

AP	=	Assigned Annual Special Tax Prepayment Amount
SP	=	Supplemental Annual Special Tax Prepayment Amount
APVT	=	Assigned Annual Special Tax Present Value of Taxes
SPVT	=	Supplemental Annual Special Tax Present Value of Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Assigned Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Non-School Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Non-School Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property or be developed with Senior Citizen Units or Affordable Units.

With respect to any Assessor's Parcel that is prepaid, the Board shall indicate in the records of IA F of CFD No. 10 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Tax shall cease.

**SECTION I
TERMINATION OF SPECIAL TAX**

The Annual Special Tax shall be levied for a term of thirty-four (34) Fiscal Years after the issuance of Non-School Bonds by IA F of CFD No. 10, but in no event shall the Annual Special Tax be levied later than Fiscal Year 2050/2051.

**SECTION J
EXEMPTIONS**

The Deputy Superintendent shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or the restriction, (v) Assessor's Parcels for which building permits were issued on or before May 1 of the prior Fiscal Year for the construction of Affordable Units and/or Senior Citizen Units exclusively, and (vi) other types of Assessor's Parcels, at the reasonable discretion of the Deputy Superintendent, provided that no such classification would reduce the Acreage of all Taxable Property to less than 6.87 acres of Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 6.87 acres of Acreage will continue to be classified as Taxable Developed Property or Taxable Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

**SECTION K
APPEALS**

Any property owner claiming that the amount or application of any Special Tax is not correct may file a written notice of appeal with the Deputy Superintendent not later than twelve (12) months after having paid the Special Tax that is disputed. The Deputy Superintendent shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Deputy Superintendent's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy or in other special cases, as determined by the Deputy Superintendent), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

SECTION L
MANNER OF COLLECTION

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that IA F of CFD No. 10 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

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Exhibit B

**Annual Special Tax Roll
Fiscal Year 2011/2012**

**Poway Unified School District
Improvement Area F of CFD No. 10
Special Tax Levy For Fiscal Year 2011/2012**

Book	Page	Parcel	Interest	Special Tax	Supplemental Special Tax	Total
306	410	1	00	\$1,552.14	\$664.02	\$2,216.16
306	410	2	00	\$1,810.28	\$774.44	\$2,584.72
306	410	3	00	\$2,003.82	\$857.24	\$2,861.06
306	410	4	00	\$1,681.12	\$719.20	\$2,400.32
306	410	5	00	\$0.00	\$0.00	\$0.00
306	410	6	00	\$0.00	\$0.00	\$0.00
306	410	7	00	\$1,681.12	\$719.20	\$2,400.32
306	410	8	00	\$2,003.82	\$857.24	\$2,861.06
306	410	9	00	\$0.00	\$0.00	\$0.00
306	410	10	00	\$0.00	\$0.00	\$0.00
306	410	11	00	\$0.00	\$0.00	\$0.00
306	410	12	00	\$0.00	\$0.00	\$0.00
306	410	13	00	\$0.00	\$0.00	\$0.00
306	410	14	00	\$0.00	\$0.00	\$0.00
306	410	15	00	\$0.00	\$0.00	\$0.00
306	410	16	00	\$0.00	\$0.00	\$0.00
306	410	17	00	\$0.00	\$0.00	\$0.00
306	410	18	00	\$0.00	\$0.00	\$0.00
306	410	19	00	\$2,003.82	\$857.24	\$2,861.06
306	410	20	00	\$1,552.14	\$664.02	\$2,216.16
306	410	21	00	\$1,681.12	\$719.20	\$2,400.32
306	410	22	00	\$1,810.28	\$774.44	\$2,584.72
306	410	23	00	\$1,552.14	\$664.02	\$2,216.16
306	410	24	00	\$2,003.82	\$857.24	\$2,861.06
306	410	25	00	\$1,681.12	\$719.20	\$2,400.32
306	410	26	00	\$1,810.28	\$774.44	\$2,584.72
306	410	27	00	\$1,681.12	\$719.20	\$2,400.32
306	410	28	00	\$2,003.82	\$857.24	\$2,861.06
306	410	29	00	\$1,810.28	\$774.44	\$2,584.72
306	410	30	00	\$1,681.12	\$719.20	\$2,400.32
306	410	31	00	\$1,552.14	\$664.02	\$2,216.16
306	410	32	00	\$0.00	\$0.00	\$0.00
306	410	33	00	\$0.00	\$0.00	\$0.00
306	410	34	00	\$0.00	\$0.00	\$0.00
306	410	35	00	\$0.00	\$0.00	\$0.00
306	410	36	00	\$0.00	\$0.00	\$0.00
306	410	37	00	\$0.00	\$0.00	\$0.00
306	410	38	00	\$0.00	\$0.00	\$0.00
306	410	39	00	\$0.00	\$0.00	\$0.00
306	410	40	00	\$0.00	\$0.00	\$0.00
306	410	41	00	\$0.00	\$0.00	\$0.00
306	410	42	00	\$0.00	\$0.00	\$0.00
306	410	43	00	\$0.00	\$0.00	\$0.00
306	410	44	00	\$1,681.12	\$719.20	\$2,400.32

**Poway Unified School District
Improvement Area F of CFD No. 10
Special Tax Levy For Fiscal Year 2011/2012**

Book	Page	Parcel	Interest	Special Tax	Supplemental Special Tax	Total
306	410	45	00	\$1,810.28	\$774.44	\$2,584.72
306	410	46	00	\$1,681.12	\$719.20	\$2,400.32
306	410	47	00	\$1,810.28	\$774.44	\$2,584.72
306	410	48	00	\$2,003.82	\$857.24	\$2,861.06
306	410	49	00	\$2,003.82	\$857.24	\$2,861.06
306	410	50	00	\$1,681.12	\$719.20	\$2,400.32
306	410	51	00	\$2,003.82	\$857.24	\$2,861.06
306	410	52	00	\$1,552.14	\$664.02	\$2,216.16
306	410	53	00	\$1,810.28	\$774.44	\$2,584.72
306	410	54	00	\$1,681.12	\$719.20	\$2,400.32
306	410	55	00	\$2,003.82	\$857.24	\$2,861.06
306	410	56	00	\$1,552.14	\$664.02	\$2,216.16
306	410	57	00	\$1,810.28	\$774.44	\$2,584.72
306	410	58	00	\$1,681.12	\$719.20	\$2,400.32
306	410	59	00	\$1,810.28	\$774.44	\$2,584.72
306	410	60	00	\$2,003.82	\$857.24	\$2,861.06
306	410	61	00	\$1,552.14	\$664.02	\$2,216.16
306	410	62	00	\$1,681.12	\$719.20	\$2,400.32
306	410	63	00	\$1,810.28	\$774.44	\$2,584.72
306	410	64	00	\$2,003.82	\$857.24	\$2,861.06
306	410	65	00	\$1,552.14	\$664.02	\$2,216.16
306	410	66	00	\$1,681.12	\$719.20	\$2,400.32
306	410	67	00	\$1,810.28	\$774.44	\$2,584.72
306	410	68	00	\$1,552.14	\$664.02	\$2,216.16
306	410	69	00	\$1,810.28	\$774.44	\$2,584.72
306	410	70	00	\$1,681.12	\$719.20	\$2,400.32
306	410	71	00	\$1,810.28	\$774.44	\$2,584.72
306	410	72	00	\$1,552.14	\$664.02	\$2,216.16
306	410	73	00	\$1,810.28	\$774.44	\$2,584.72
306	410	74	00	\$0.00	\$0.00	\$0.00
306	410	75	00	\$0.00	\$0.00	\$0.00
306	410	76	00	\$0.00	\$0.00	\$0.00
306	410	77	00	\$0.00	\$0.00	\$0.00
306	410	78	00	\$0.00	\$0.00	\$0.00
306	410	79	00	\$0.00	\$0.00	\$0.00
306	410	80	00	\$0.00	\$0.00	\$0.00
306	410	81	00	\$0.00	\$0.00	\$0.00
306	410	82	00	\$0.00	\$0.00	\$0.00
306	411	6	00	\$0.00	\$0.00	\$0.00

Major Conclusions	
Total Number of Parcels	83
Number of Parcels Taxed	49
Total Special Tax Levy for Fiscal Year 2011/2012	\$123,423.82