

**Administration Report
For Fiscal Year 2007/2008**

Poway Unified School District
Zone 4 of
Community Facilities District No. 11

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Introduction

This Administration Report ("Report") provides an analysis of the financial and administrative obligations of Zone 4 of Community Facilities District ("CFD") No. 11 of the Poway Unified School District ("School District") pursuant to the Rate and Method of Apportionment ("RMA") attached as Exhibit A for the purpose of calculating the Annual Special Tax levy for Fiscal Year 2007/2008.

The Report is organized into the following sections:

Section I

Section I contains a description of (i) the expenditures to fund authorized facilities, and (ii) the uses of Special Taxes of Zone 4 of CFD No. 11 through May 1, 2007, as directed by Senate Bill 165 ("SB 165").

Section II

Section II provides (i) a description of the Special Tax classifications and (ii) an update of the development which has occurred in Zone 4 of CFD No. 11.

Section III

Section III describes the methodology used to apportion the Annual Special Tax levies among the properties within Zone 4 of CFD No. 11 and lists the Assigned Annual Special Tax rates for Fiscal Year 2007/2008.

I. Senate Bill 165 Compliance

The Board of Education 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 for Zone 4 of CFD No. 11. According to Senate Bill ("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 for Zone 4 of CFD No. 11.

A. Use of Construction Funds

Pursuant to the Mello Roos Community Facilities Act of 1982, as Amended ("Act"), Zone 4 of CFD No. 11 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. 11 which describes the Authorized Facilities.

"The School Facilities proposed to be financed by Poway Unified School District Community Facilities District No. 11 (StoneBridge Estates) ("CFD No. 11") 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 Poway Unified School District (the "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. 11, 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 Memorandum of Understanding dated as of June 17, 2002 (the "MOU") between the District and each "Owner" named therein allocable to the properties within CFD No. 11 and the School Impact Mitigation and Public Facilities Funding Agreement, dated as of November 20, 2003, by and between the District and the Owners. "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. 11 and bond trustee or fiscal agent related to CFD No. 11, 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-I are representative of the types of improvements authorized to be financed by CFD No. 11. 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."

As of May 1, 2007, no Bonds have been issued for Zone 4 of CFD No. 11. Since Bonds have not been issued, no authorized facilities have been financed by Zone 4 of CFD No. 11.

B. Uses of Special Taxes

Each Fiscal Year, Zone 4 of CFD No. 11 will levy, collect, and expend Annual Special Taxes in an amount necessary to pay interest and principal to bondholders, cover Administrative Expenses, and the fund school facilities necessary to serve students generated from residential units constructed within the boundaries of Zone 4 of CFD No. 11.

No Special Taxes were levied in Fiscal Year 2006/2007.

II. Development Summary

Each Fiscal Year, the District calculates the Annual Special Taxes to be levied against Taxable Property within Zone 4 of CFD No. 11. Taxable Property is classified as either Developed Property or Undeveloped Property by the issuance of a Building Permit and the building square footage of a unit. Specifically, Developed Property means, for any Fiscal Year, all Assessor's Parcels in Zone 4 of CFD No. 11 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 lists the development status of Zone 4 of CFD No. 11 by Special Tax class for Fiscal Year 2007/2008.

Development Status

Unit Type	Fiscal Year 2007/2008
Attached Unit / Detached Unit	0 Units
NA	0 Units

III. Fiscal Year 2007/2008 Levy Summary

The Special Tax rates of Zone 4 of CFD No. 11 for Fiscal Year 2007/2008 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 B. For a more detailed explanation of the methodology used to apportion the amount among Developed Property and Undeveloped Property, please see the RMA.

Annual Special Tax Rates For Fiscal Year 2007/2008

Building Square Footage	Number of Units/Acres	Annual Tax	Total Taxes
Attached Unit / Detached Unit	0 Units	\$2,142.94 per Unit	\$0.00
Undeveloped Property	1,144.93 Acres	\$0.00 per Acre	\$0.00
Total	NA	NA	\$0.00

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Exhibit A

Rate and Method of Apportionment

**RATE AND METHOD OF APPORTIONMENT FOR
COMMUNITY FACILITIES DISTRICT NO. 11
OF THE POWAY UNIFIED SCHOOL DISTRICT**

A Special Tax shall be levied on and collected in Community Facilities District ("CFD") No. 11 of the Poway Unified School District ("School District") 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 CFD No. 11, 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:

"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 Subdivision Map, other final map, parcel map, condominium plan, or other recorded parcel map at the County.

"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 expenses of the School District to carry out its duties as the legislative body of CFD No. 11.

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

"Assessor's Parcel" means a Lot or parcel of land in CFD No. 11 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 Assessor of the County for purposes of identification.

"Assigned Annual Special Tax" means the Special Tax of that name as set forth in Section D.

"Assigned Unit" means any of up to 106 Units assigned this classification in writing to the Associate Superintendent at the Developer's election at the time the applicable Building Permit is issued provided that each such Unit is an Attached Unit. Under no circumstance may the Developer assign more than 106 Units this classification.

"Associate Superintendent" means the Associate Superintendent of Business Support Services of the School District or his/her designee.

"Attached Units" means an Assessor's Parcel of Residential Property that consists of or shall consist of a building or buildings in which each of the individual Units have at least one common wall with another Unit.

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

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

"Building Permit" means a permit for the construction of one or more Units, issued by the City, or other public agency in the event the City no longer issues said permits for the construction of Units within CFD No. 11. For purposes of this definition, "Building Permits" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, and utility improvements not intended for human habitation.

"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.

"Detached Unit" means a Unit that is not an Assigned Unit or an Attached Unit.

"Developed Property" means all Assessor's Parcels of Taxable Property for which a Building Permit was issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels are associated with a Final Subdivision Map recorded 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 Board.

"Developer" means any "Owner" defined as such in the certain School Impact Mitigation and Public Facilities Funding Agreement by and among the School District, Sycamore Estates, LLC, a Delaware limited liability company, Sycamore Estates II, LLC, a Delaware limited liability company, McMillin Montecito 109, LLC, a Delaware limited liability company, Brookfield 6 LLC, a Delaware limited liability company, and Brookfield 8 LLC, a Delaware limited liability company.

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

"Final Subdivision Map" means a final tract map, parcel map, 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.

"Gross Prepayment Amount" means any amount determined by reference to Tables 6, 7, 8 and 9 and adjusted as set forth in Section H.

"Indenture" means the bond indenture, master trust agreement, fiscal agent agreement, or similar document regardless of title, pursuant to which Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds are issued and which establishes the terms and conditions for the payment of applicable bonds as modified, amended and/or supplemented from time to time in accordance with its terms.

"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.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C, which can be levied by CFD No. 11 on any Assessor's Parcel in any Fiscal Year.

"Net Taxable Acres" means the total Acreage of all Taxable Property expected to exist in a given Zone after all Final Subdivision Maps are recorded.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Annual Special Tax obligation of any Assessor's Parcel determined pursuant to Section I.

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

"Prepayment Ratio" means with respect to an Assessor's Parcel, for each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds, the ratio of (i) the Annual Special Tax revenue or portion thereof applicable to the Assessor's Parcel at the time each such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds were issued and which were used in providing the minimum debt service coverage required to issue such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds, as reasonably determined by the Board, to (ii) the sum of all Annual Special Tax revenue used in providing the minimum debt service coverage required to issue such series of applicable Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds, as reasonably determined by the Board.

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

"Regularly Retired Principal" means the principal amount of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds that have been paid as scheduled pursuant to the Indenture under which they were reserved, whether by virtue of maturing principal or regularly scheduled mandatory sinking fund redemptions.

"Residential Property" means all Assessor's Parcels of Developed Property for which a Building Permit was issued for the construction of a Unit.

"Special Tax" means any of the special taxes authorized to be levied in CFD No. 11 under the Act.

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

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not classified as Developed Property.

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

"Zone" means the areas identified as a Zone and illustrated in Section N.

"Zone 1" means all property located within the area identified as Zone 1 in Section N, subject to interpretation by the Board.

"Zone 1 Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) annual debt service on all outstanding Zone 1 Bonds, (ii) Administrative Expenses of CFD No. 11 applicable to property within Zone 1, (iii) any costs associated with the release of funds from an escrow account established in association with Zone 1 Bonds, (iv) any amount required to establish or replenish any reserve funds established in association with the Zone 1 Bonds, less (v) any amounts on deposit in any fund or account which are available to pay for items (i) through (iv) above pursuant to any applicable fiscal agent agreement, bond indenture, or trust agreement.

"Zone 1 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 within Zone 1 of CFD No. 11 are pledged.

"Zone 2" means all property located within the area identified as Zone 2 in Section N, subject to interpretation by the Board.

"Zone 2 Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) annual debt service on all outstanding Zone 2 Bonds, (ii) Administrative Expenses of CFD No. 11 applicable to property within Zone 2, (iii) any costs associated with the release of funds from an escrow account established in association with Zone 2 Bonds, (iv) any amount required to establish or replenish any reserve funds established in association with the Zone 2 Bonds, less (v) any amounts on deposit in any fund or account which are available to pay for items (i) through (iv) above pursuant to any applicable fiscal agent agreement, bond indenture, or trust agreement.

"Zone 2 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 within Zone 2 of CFD No. 11 are pledged.

"Zone 3" means all property located within the area identified as Zone 3 in Section N, subject to interpretation by the Board.

"Zone 3 Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) annual debt service on all outstanding Zone 3 Bonds, (ii) Administrative Expenses of CFD No. 11 applicable to property within Zone 3, (iii) any costs associated with the release of funds from an escrow account established in association with Zone 3 Bonds, (iv) any amount required to establish or replenish any reserve funds established in association with the Zone 3 Bonds, less (v) any amounts on deposit in any fund or account which are available to pay for items (i) through (iv) above pursuant to any applicable fiscal agent agreement, bond indenture, or trust agreement.

"**Zone 3 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 within Zone 3 of CFD No. 11 are pledged.

"**Zone 4**" means all property located within the area identified as Zone 4 in Section N, subject to interpretation by the Board.

"**Zone 4 Annual Special Tax Requirement**" means the amount required in any Fiscal Year to pay (i) annual debt service on all outstanding Zone 4 Bonds, (ii) Administrative Expenses of CFD No. 11 applicable to property within Zone 4, (iii) any costs associated with the release of funds from an escrow account established in association with Zone 4 Bonds, (iv) any amount required to establish or replenish any reserve funds established in association with the Zone 4 Bonds, less (v) any amounts on deposit in any fund or account which are available to pay for items (i) through (iv) above pursuant to any applicable fiscal agent agreement, bond indenture, or trust agreement.

"**Zone 4 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 within Zone 4 of CFD No. 11 are pledged.

SECTION B ASSIGNMENT OF ASSESSOR'S PARCELS

For each Fiscal Year, beginning with Fiscal Year 2004-05, each Assessor's Parcel in CFD No. 11 shall be assigned to a Zone. Each Assessor's Parcel in a Zone shall be classified as Taxable Property or Exempt Property taking into consideration minimum Net Taxable Acreage as set forth in Section J. Each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property and each Assessor's Parcel of Developed Property shall be classified according to Unit type.

SECTION C MAXIMUM SPECIAL TAX

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property within a particular Zone in any Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax for such Zone or (ii) the Backup Annual Special Tax for a given Final Subdivision Map.

2. Undeveloped Property

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

**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 2004-05 shall be the amount determined by reference to Tables 1, 2, 3, or 4 according to the Zone in which the Assessor's Parcel is located and the Unit type.

TABLE 1

**ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY WITHIN ZONE 1
FISCAL YEAR 2004-05**

Unit Type	Assigned Annual Special Tax
Attached Unit / Detached Unit	\$2,019.35
Assigned Unit	\$0.00

TABLE 2

**ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY WITHIN ZONE 2
FISCAL YEAR 2004-05**

Unit Type	Assigned Annual Special Tax
Attached Unit / Detached Unit	\$2,128.74
Assigned Unit	\$0.00

TABLE 3

**ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY WITHIN ZONE 3
FISCAL YEAR 2004-05**

Unit Type	Assigned Annual Special Tax
Attached Unit / Detached Unit	\$2,113.19
Assigned Unit	\$0.00

TABLE 4

**ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY WITHIN ZONE 4
FISCAL YEAR 2004-05**

Unit Type	Assigned Annual Special Tax
Attached Unit / Detached Unit	\$2,019.35
Assigned Unit	\$0.00

Each July 1, commencing July 1, 2005, the Assigned Annual Special Tax applicable to an Assessor's Parcel of Developed Property in each Zone shall be increased by 2.00% of the amount in effect in the prior Fiscal Year.

2. Undeveloped Property

The Assigned Annual Special Tax per acre of Acreage for an Assessor's Parcel of Undeveloped Property within a particular Zone for Fiscal Year 2004-05 shall be determined by reference to Table 5.

TABLE 5

**ASSIGNED ANNUAL SPECIAL TAX
FOR UNDEVELOPED PROPERTY
FISCAL YEAR 2004-05**

Zone	Assigned Annual Special Tax
1	\$9,947.69 per acre
2	\$4,829.16 per acre
3	\$4,713.79 per acre
4	\$9,947.69 per acre

Each July 1, commencing July 1, 2005, the Assigned Annual Special Tax applicable to an Assessor's Parcel of Undeveloped Property in each Zone shall be increased by 2.00% of the amount in effect in the prior Fiscal Year.

**SECTION F
BACKUP ANNUAL SPECIAL TAX**

Each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax for Developed Property shall be the rate per Lot calculated according to the following formula:

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

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 for the applicable Zone for the applicable Fiscal Year
A	=	Acreage of Developed Property expected to exist in the applicable Final Subdivision Map at build-out, as determined by the Associate Superintendent pursuant to Section K
L	=	Lots in the Final Subdivision Map

Notwithstanding the foregoing, if all or any portion of 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 that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Subdivision Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Subdivision Map area, 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 which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Subdivision Map area for all remaining Fiscal Years in which the Special Tax may be levied.

SECTION G METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Zone 1

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in Zone 1 of CFD No. 11 in such Fiscal Year. The Annual Special Tax shall be levied as follows:

First: The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to such Assessor's Parcel.

Second: If the sum of the amounts levied on Assessor's Parcels in the first step is less than the Zone 1 Annual Special Tax Requirement, then an 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 Zone 1 Annual Special Tax Requirement.

Third: If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the Zone 1 Annual Special Tax Requirement, then the Annual Special Tax on each Assessor's Parcel of Developed Property shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Annual Special Tax to satisfy the Zone 1 Annual Special Tax Requirement.

Zone 2

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in Zone 2 of CFD No. 11 in such Fiscal Year. The Annual Special Tax shall be levied as follows:

First: The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to such Assessor's Parcel.

Second: If the sum of the amounts levied on Assessor's Parcels in the first step is less than the Zone 2 Annual Special Tax Requirement, then an 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 Zone 2 Annual Special Tax Requirement.

Third: If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the Zone 2 Annual Special Tax Requirement, then the Annual Special Tax on each Assessor's Parcel of Developed Property shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Annual Special Tax to satisfy the Zone 2 Annual Special Tax Requirement.

Zone 3

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in Zone 3 of CFD No. 11 in such Fiscal Year. The Annual Special Tax shall be levied as follows:

First: The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to such Assessor's Parcel.

Second: If the sum of the amounts levied on Assessor's Parcels in the first step is less than the Zone 3 Annual Special Tax Requirement, then an 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 Zone 3 Annual Special Tax Requirement.

Third: If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the Zone 3 Annual Special Tax Requirement, then the Annual Special Tax on each Assessor's Parcel of Developed Property shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Annual Special Tax to satisfy the Zone 3 Annual Special Tax Requirement.

Zone 4

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in Zone 4 of CFD No. 11 in such Fiscal Year. The Annual Special Tax shall be levied as follows:

- First:** The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to such Assessor's Parcel.
- Second:** If the sum of the amounts levied on Assessor's Parcels in the first step is less than the Zone 4 Annual Special Tax Requirement, then an 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 Zone 4 Annual Special Tax Requirement.
- Third:** If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the Zone 4 Annual Special Tax Requirement, then the Annual Special Tax on each Assessor's Parcel of Developed Property shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Annual Special Tax to satisfy the Zone 4 Annual Special Tax Requirement.

SECTION H PREPAYMENT OF ANNUAL SPECIAL TAX

The Annual Special Tax obligation 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. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 11 with written notice of intent to prepay. Within 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.

1. Bond Proceeds Allocation

Prior to the calculation of any Tax Prepayment Amount, a calculation shall be performed to determine the amount of Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds that are allocable to the Assessor's Parcel for which the Annual Special obligation is to be prepaid, if any. For purposes of this, calculation Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds shall equal the par amount of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds. For each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds proceeds of such series shall be allocated to each Assessor's Parcel in an amount equal to the Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds times the Prepayment Ratio applicable to such Assessor's Parcel for such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds. For each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds, an amount of Regularly Retired Principal shall also be allocated to each Assessor's Parcel to be calculated pursuant to Section H.3E. If, after such allocations, the amount of (i) Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds allocated to the Assessor's Parcel for which the Annual Special Tax obligation is to be prepaid less the amount of Regularly Retired Principal allocated to such Assessor's Parcel is less than (ii) the sum of all the Gross Prepayment Amounts applicable to

such Assessor's Parcel pursuant to Section H.2., then the Prepayment Amount for such Assessor's Parcel shall be calculated pursuant to Tables 6,7,8 or 9 of Section H.2. Otherwise, the Prepayment Amount shall be calculated pursuant to Section H.3.

2. **Prepayment Amount for Assessor's Parcel with Allocation of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds Less than Applicable Gross Prepayment Amounts**

The Prepayment Amount for each Assessor's Parcel for which the Prepayment Amount is to be calculated pursuant to this Section H.2. shall be calculated by (i) counting all the Units of each Unit type applicable to such Assessor's Parcel, (ii) multiplying the sum of the Units for each Unit type for such Assessor's Parcel by the applicable Gross Prepayment Amount per Unit for the Zone in which such Assessor's Parcel is located as set forth in Table 6,7, 8 or 9, and (iii) adding all the products derived from the immediately preceding step. This sum is the Prepayment Amount for the Assessor's Parcel calculated pursuant to H.2. The Gross Prepayment Amounts shall be determined by reference to Tables 6, 7, 8 or 9.

TABLE 6

**PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05
FOR PROPERTY WITHIN ZONE 1**

Unit Type	Gross Prepayment Amount
Attached Unit/Detached Unit	\$19,484.84 per Unit
Assigned Unit	\$0.00 per Unit

TABLE 7

**PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05
FOR PROPERTY WITHIN ZONE 2**

Unit Type	Gross Prepayment Amount
Attached Unit/Detached Unit	\$21,106.97 per Unit
Assigned Unit	\$0.00 per Unit

TABLE 8

**PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05
FOR PROPERTY WITHIN ZONE 3**

Unit Type	Gross Prepayment Amount
Attached Unit/Detached Unit	\$21,133.13 per Unit
Assigned Unit	\$0.00 per Unit

TABLE 9

**PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05
FOR PROPERTY WITHIN ZONE 4**

Unit Type	Gross Prepayment Amount
Attached Unit/Detached Unit	\$19,484.84 per Unit
Assigned Unit	\$0.00 per Unit

3. Prepayment Amount for Assessor's Parcel with Allocation of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds Equal to or Greater than Applicable Gross Prepayment Amounts

The Prepayment Amount for each Assessor's Parcel for which the Prepayment Amount is to be calculated pursuant to this Section H.3 shall be the amount calculated as shown below.

Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds allocated to Assessor's Parcel pursuant to Section H.1
plus A. Redemption Premium
plus B. Defeasance
plus C. Prepayment Fees and Expenses
less D. Reserve Fund Credit
less E. Regularly Retired Principal
less F. Partial Prepayment Credit
equals Prepayment Amount

Detailed explanations of items A through F follows:

A. Redemption Premium

The Redemption Premium is calculated by multiplying (i) the principal amount of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds to be redeemed with the proceeds of the Prepayment Amount by (ii) the applicable redemption premium, if any, on the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds to be redeemed.

B. Defeasance

The Defeasance is the amount needed to pay interest on the portion of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds to be

redeemed with the proceeds of the Prepayment Amount until the earliest call date of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds to be redeemed, net of interest earnings to be derived from the reinvestment of the Prepayment Amount until the redemption date of the portion of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds to be redeemed with the Prepayment Amount. Such amount of interest earnings will be the amount reasonably estimated by the Board.

C. Prepayment Fees and Expenses

The Prepayment Fees and Expenses are the costs of the computation of the Prepayment Amount and an allocable portion of the costs of redeeming Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds and recording any notices to evidence the prepayment and the redemption, as calculated reasonably by the Board.

D. Reserve Fund Credit

The Reserve Fund credit, if any, shall be calculated as the sum of (i) the reduction in the applicable reserve fund requirement resulting from the redemption of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds with the Prepayment Amount, plus (ii) the reduction in the applicable reserve fund requirement attributable to the allocable portion of regularly scheduled retirement of principal that has occurred, as well as any other allocable portion of principal retired not related to Prepayment Amounts or Partial Prepayment Amounts. The allocable portion of regularly scheduled retirement of principal that has occurred means the total regularly scheduled retirement of principal that has occurred with respect to each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds times the applicable Prepayment Ratio for each such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds. The allocable portion of principal retired not related to Prepayment Amounts or Partial Prepayment Amounts means the total principal retired not related to Prepayment Amounts or Partial Prepayment Amounts with respect to each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds times the applicable Prepayment Ratio for each such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds.

E. Regularly Retired Principal

The Regularly Retired Principal of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds times the applicable Prepayment Ratio for each such series of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds.

F. Partial Prepayment Credit

Partial prepayments of the Annual Special Tax obligation occurring prior to the issuance of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds will be credited in full. Partial prepayments of the Annual Special Tax obligation occurring subsequent to the issuance of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds will be credited in an amount equal to the greatest amount of principal of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds that could have been redeemed with the Partial Prepayment Amount(s), taking into account Redemption Premium, Defeasance, Prepayment Fees and Expenses and Reserve Fund Credit, if any, but exclusive of restrictions limiting early redemption on the basis of dollar increments, i.e., the full amount of the Partial Prepayment Amount(s) will be taken into account in the calculation. The sum of all applicable partial prepayment credits is the Partial Prepayment Credit.

With respect to an Annual Special Tax obligation that has been prepaid, the Board shall reasonably indicate in the records of CFD No. 11 that there has been a prepayment of the Annual Special Tax and shall reasonably cause a suitable notice to be recorded in compliance with the Act within 30 days of receipt of such prepayment of Annual Special Taxes, to indicate reasonably the prepayment of Annual Special Taxes 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. Notwithstanding the foregoing, no prepayment shall be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property within the Zone in which such Assessor's Parcel is located both prior to and after the proposed prepayment, net of an allocable portion of Administrative Expenses, is at least 1.1 times the annual debt service in each Fiscal Year on all outstanding Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds and such prepayment will not impair the security of all outstanding Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

SECTION I
PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Subdivision Map, the owner of no less than all of the property within such Final Subdivision Map may elect to prepay any portion of the applicable Annual Special Tax obligation for all of the Assessor's Parcels within such Final Subdivision Map. The owner of any Assessor's Parcel who desires such partial prepayment shall notify the Board of (i) such owner's intent to partially prepay the Annual Special Tax obligation and (ii) the percentage of the Annual Special Tax obligation to be prepaid. The partial prepayment of each Annual Special Tax obligation shall be collected at the issuance of each applicable Building Permit, provided that the Annual Special Tax obligation with respect to model Units for which Building Permits have already been issued must be partially prepaid at the time of the election. The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

These terms have the following meanings:

- PP = the Partial Prepayment Amount
P_G = the Prepayment Amount calculated according to Section H
F = the percentage of the Annual Special Tax obligation which the owner of the Assessor's Parcel is partially prepaying.

With respect to any Assessor's Parcel's Annual Special Tax obligation that is partially prepaid, the Board shall indicate in the records of CFD No. 11 that there has been a partial prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act within 30 days of receipt of such partial prepayment, to indicate the partial prepayment of Annual Special Tax obligation and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax and for the Assessor's Parcels has been reduced by an amount equal to the percentage, which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Tax that may be levied in CFD No. 11, net of an allocable portion of Administrative Expenses, is at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds.

SECTION J TERMINATION OF SPECIAL TAX

Annual Special Taxes of CFD No. 11 shall be levied within Zone 1, Zone 2 and Zone 3 for a period of thirty (30) Fiscal Years after the last series of Bonds have been issued for the applicable Zone. Annual Special Taxes of CFD No. 11 shall be levied within Zone 4 for a period of thirty (30) Fiscal Years after the issuance of the last Building Permit for a Lot within Zone 4. Annual Special Taxes shall not be levied in any Zone after Fiscal Year 2050-51.

SECTION K EXEMPTIONS

Zones 1, 2 and 3

The Associate Superintendent shall classify as Exempt Property: (i) Assessor's Parcels owned by or irrevocably offered to 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, and (v) other types of Assessor's Parcels, at the reasonable discretion of the Associate Superintendent, provided that no such classification would reduce the Acreage of all Taxable Property to less than 56.23 Net Taxable Acres in Zone 1, 92.57 Net Taxable Acres in Zone 2, and 152.87 Net Taxable Acres in Zone 3. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 56.23 Net Taxable Acres in Zone 1, 92.57 Net Taxable Acres in Zone 2, and 152.87 Net

Taxable Acres in Zone 3 will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

Zone 4

The Associate Superintendent shall classify as Exempt Property: (i) Assessor's Parcels owned by or irrevocably offered to 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 homeowner's association, (v) 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, and (iv) Assessor's Parcel for which a Final Subdivision Map has not been recorded.

SECTION L APPEALS

Any owner of an Assessor's Parcel claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Associate Superintendent not later than one (1) Calendar Year after having paid the first installment of the Special Tax that is being disputed. The Associate Superintendent shall reasonably and promptly review the appeal, and if necessary, reasonably meet with the property owner, reasonably consider written and oral evidence regarding the amount of the Special Tax, and reasonably rule on the appeal. If the Associate Superintendent's decision reasonably requires that the Special Tax for an Assessor's Parcel be reasonably modified or reasonably changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

SECTION M 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 CFD No. 11 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

SECTION N MAP OF ZONES

(Under separate cover)

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Exhibit B

**Annual Special Tax Roll
Fiscal Year 2007/2008**

**POWAY UNIFIED SCHOOL DISTRICT
 ZONE 4 OF
 COMMUNITY FACILITIES DISTRICT NO. 11
 SPECIAL TAX LEVY FOR FISCAL YEAR 2007/2008**

ASSESSOR PARCEL NUMBER				SPECIAL TAX
BOOK	PAGE	PARCEL	INT	
325	101	02	00	\$0.00
325	101	03	00	\$0.00
325	101	04	00	\$0.00
325	101	06	00	\$0.00
325	111	11	00	\$0.00
325	111	12	00	\$0.00
325	111	13	00	\$0.00
325	111	14	00	\$0.00
325	111	15	00	\$0.00
325	021	06	00	\$0.00
325	021	07	00	\$0.00
325	021	08	00	\$0.00
325	021	09	00	\$0.00
325	021	10	00	\$0.00
325	050	12	00	\$0.00
325	050	15	00	\$0.00
325	050	16	00	\$0.00

MAJOR CONCLUSIONS

NUMBER OF PARCELS WITHIN ZONE 4 OF CFD NO. 11	17
NUMBER OF PARCELS TAXED BY ZONE 4 OF CFD NO. 11	0
TOTAL TAX LEVY FY 2007/2008	\$0.00

**Administration Report
For Fiscal Year 2007/2008**

Poway Unified School District
Zone 3 of
Community Facilities District No. 11

June 25, 2007

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Exhibits

Exhibit A: Rate and Method of Apportionment

Exhibit B: Annual Special Tax Roll for Fiscal Year 2007/2008

Introduction

This Administration Report ("Report") provides an analysis of the financial and administrative obligations of Zone 3 of Community Facilities District ("CFD") No. 11 of the Poway Unified School District ("School District") pursuant to the Rate and Method of Apportionment ("RMA") attached as Exhibit A for the purpose of calculating the Annual Special Tax levy for Fiscal Year 2007/2008.

The Report is organized into the following sections:

Section I

Section I contains a description of (i) the expenditures to fund authorized facilities, and (ii) the uses of Special Taxes of Zone 3 of CFD No. 11 through May 1, 2007, as directed by Senate Bill 165 ("SB 165").

Section II

Section II provides (i) a description of the Special Tax classifications and (ii) an update of the development which has occurred in Zone 3 of CFD No. 11.

Section III

Section III describes the methodology used to apportion the Annual Special Tax levies among the properties within Zone 3 of CFD No. 11 and lists the Assigned Annual Special Tax rates for Fiscal Year 2007/2008.

I. Senate Bill 165 Compliance

The Board of Education 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 for Zone 3 of CFD No. 11. According to Senate Bill ("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 for Zone 3 of CFD No. 11.

A. Use of Construction Funds

Pursuant to the Mello Roos Community Facilities Act of 1982, as Amended ("Act"), Zone 3 of CFD No. 11 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. 11 which describes the Authorized Facilities.

"The School Facilities proposed to be financed by Poway Unified School District Community Facilities District No. 11 (StoneBridge Estates) ("CFD No. 11") 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 Poway Unified School District (the "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. 11, 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 Memorandum of Understanding dated as of June 17, 2002 (the "MOU") between the District and each "Owner" named therein allocable to the properties within CFD No. 11 and the School Impact Mitigation and Public Facilities Funding Agreement, dated as of November 20, 2003, by and between the District and the Owners. "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. 11 and bond trustee or fiscal agent related to CFD No. 11, 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-I are representative of the types of improvements authorized to be financed by CFD No. 11. 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."

As of May 1, 2007, no Bonds have been issued for Zone 3 of CFD No. 11. Since Bonds have not been issued, no authorized facilities have been financed by Zone 3 of CFD No. 11.

B. Uses of Special Taxes

Each Fiscal Year, Zone 3 of CFD No. 11 will levy, collect, and expend Annual Special Taxes in an amount necessary to pay interest and principal to bondholders, cover Administrative Expenses, and fund the school facilities necessary to serve students generated from residential units constructed within the boundaries of Zone 3 of CFD No. 11.

No Special Taxes were levied in Fiscal Year 2006/2007.

II. Development Summary

Each Fiscal Year, the District calculates the Annual Special Taxes to be levied against Taxable Property within Zone 3 of CFD No. 11. Taxable Property is classified as either Developed Property or Undeveloped Property by the issuance of a Building Permit and the building square footage of a unit. Specifically, Developed Property means, for any Fiscal Year, all Assessor's Parcels in Zone 3 of CFD No. 11 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 lists the development status of Zone 3 of CFD No. 11 by Special Tax class for Fiscal Year 2006/2007 thru Fiscal Year 2007/2008.

Development Status

Unit Type	Fiscal Year 2006/2007	Fiscal Year 2007/2008
Attached Unit / Detached Unit	6 Units	68 Units
NA	6 Units	68 Units

III. Fiscal Year 2007/2008 Levy Summary

The Special Tax rates of Zone 3 of CFD No. 11 for Fiscal Year 2007/2008 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 B. For a more detailed explanation of the methodology used to apportion the amount among Developed Property and Undeveloped Property, please see the RMA.

Annual Special Tax Rates For Fiscal Year 2007/2008

Building Square Footage	Number of Units/Acres	Annual Tax	Total Taxes
Attached Unit / Detached Unit	68 Units	\$2,242.52 per Unit	\$152,491.36
Undeveloped Property	336.68 Acres	\$0.00 per Acre	\$0.00
Total	NA	NA	\$152,491.36

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Exhibit A

Rate and Method of Apportionment

**RATE AND METHOD OF APPORTIONMENT FOR
COMMUNITY FACILITIES DISTRICT NO. 11
OF THE POWAY UNIFIED SCHOOL DISTRICT**

A Special Tax shall be levied on and collected in Community Facilities District ("CFD") No. 11 of the Poway Unified School District ("School District") 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 CFD No. 11, 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:

"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 Subdivision Map, other final map, parcel map, condominium plan, or other recorded parcel map at the County.

"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 expenses of the School District to carry out its duties as the legislative body of CFD No. 11.

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

"Assessor's Parcel" means a Lot or parcel of land in CFD No. 11 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 Assessor of the County for purposes of identification.

"Assigned Annual Special Tax" means the Special Tax of that name as set forth in Section D.

"Assigned Unit" means any of up to 106 Units assigned this classification in writing to the Associate Superintendent at the Developer's election at the time the applicable Building Permit is issued provided that each such Unit is an Attached Unit. Under no circumstance may the Developer assign more than 106 Units this classification.

"Associate Superintendent" means the Associate Superintendent of Business Support Services of the School District or his/her designee.

"Attached Units" means an Assessor's Parcel of Residential Property that consists of or shall consist of a building or buildings in which each of the individual Units have at least one common wall with another Unit.

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

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

"Building Permit" means a permit for the construction of one or more Units, issued by the City, or other public agency in the event the City no longer issues said permits for the construction of Units within CFD No. 11. For purposes of this definition, "Building Permits" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, and utility improvements not intended for human habitation.

"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.

"Detached Unit" means a Unit that is not an Assigned Unit or an Attached Unit.

"Developed Property" means all Assessor's Parcels of Taxable Property for which a Building Permit was issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels are associated with a Final Subdivision Map recorded 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 Board.

"Developer" means any "Owner" defined as such in the certain School Impact Mitigation and Public Facilities Funding Agreement by and among the School District, Sycamore Estates, LLC, a Delaware limited liability company, Sycamore Estates II, LLC, a Delaware limited liability company, McMillin Montecito 109, LLC, a Delaware limited liability company, Brookfield 6 LLC, a Delaware limited liability company, and Brookfield 8 LLC, a Delaware limited liability company.

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

"Final Subdivision Map" means a final tract map, parcel map, 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.

"Gross Prepayment Amount" means any amount determined by reference to Tables 6, 7, 8 and 9 and adjusted as set forth in Section H.

"Indenture" means the bond indenture, master trust agreement, fiscal agent agreement, or similar document regardless of title, pursuant to which Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds are issued and which establishes the terms and conditions for the payment of applicable bonds as modified, amended and/or supplemented from time to time in accordance with its terms.

"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.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C, which can be levied by CFD No. 11 on any Assessor's Parcel in any Fiscal Year.

"Net Taxable Acres" means the total Acreage of all Taxable Property expected to exist in a given Zone after all Final Subdivision Maps are recorded.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Annual Special Tax obligation of any Assessor's Parcel determined pursuant to Section I.

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

"Prepayment Ratio" means with respect to an Assessor's Parcel, for each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds, the ratio of (i) the Annual Special Tax revenue or portion thereof applicable to the Assessor's Parcel at the time each such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds were issued and which were used in providing the minimum debt service coverage required to issue such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds, as reasonably determined by the Board, to (ii) the sum of all Annual Special Tax revenue used in providing the minimum debt service coverage required to issue such series of applicable Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds, as reasonably determined by the Board.

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

"Regularly Retired Principal" means the principal amount of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds that have been paid as scheduled pursuant to the Indenture under which they were reserved, whether by virtue of maturing principal or regularly scheduled mandatory sinking fund redemptions.

"Residential Property" means all Assessor's Parcels of Developed Property for which a Building Permit was issued for the construction of a Unit.

"Special Tax" means any of the special taxes authorized to be levied in CFD No. 11 under the Act.

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

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not classified as Developed Property.

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

"Zone" means the areas identified as a Zone and illustrated in Section N.

"Zone 1" means all property located within the area identified as Zone 1 in Section N, subject to interpretation by the Board.

"Zone 1 Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) annual debt service on all outstanding Zone 1 Bonds, (ii) Administrative Expenses of CFD No. 11 applicable to property within Zone 1, (iii) any costs associated with the release of funds from an escrow account established in association with Zone 1 Bonds, (iv) any amount required to establish or replenish any reserve funds established in association with the Zone 1 Bonds, less (v) any amounts on deposit in any fund or account which are available to pay for items (i) through (iv) above pursuant to any applicable fiscal agent agreement, bond indenture, or trust agreement.

"Zone 1 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 within Zone 1 of CFD No. 11 are pledged.

"Zone 2" means all property located within the area identified as Zone 2 in Section N, subject to interpretation by the Board.

"Zone 2 Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) annual debt service on all outstanding Zone 2 Bonds, (ii) Administrative Expenses of CFD No. 11 applicable to property within Zone 2, (iii) any costs associated with the release of funds from an escrow account established in association with Zone 2 Bonds, (iv) any amount required to establish or replenish any reserve funds established in association with the Zone 2 Bonds, less (v) any amounts on deposit in any fund or account which are available to pay for items (i) through (iv) above pursuant to any applicable fiscal agent agreement, bond indenture, or trust agreement.

"Zone 2 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 within Zone 2 of CFD No. 11 are pledged.

"Zone 3" means all property located within the area identified as Zone 3 in Section N, subject to interpretation by the Board.

"Zone 3 Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) annual debt service on all outstanding Zone 3 Bonds, (ii) Administrative Expenses of CFD No. 11 applicable to property within Zone 3, (iii) any costs associated with the release of funds from an escrow account established in association with Zone 3 Bonds, (iv) any amount required to establish or replenish any reserve funds established in association with the Zone 3 Bonds, less (v) any amounts on deposit in any fund or account which are available to pay for items (i) through (iv) above pursuant to any applicable fiscal agent agreement, bond indenture, or trust agreement.

"Zone 3 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 within Zone 3 of CFD No. 11 are pledged.

"Zone 4" means all property located within the area identified as Zone 4 in Section N, subject to interpretation by the Board.

"Zone 4 Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) annual debt service on all outstanding Zone 4 Bonds, (ii) Administrative Expenses of CFD No. 11 applicable to property within Zone 4, (iii) any costs associated with the release of funds from an escrow account established in association with Zone 4 Bonds, (iv) any amount required to establish or replenish any reserve funds established in association with the Zone 4 Bonds, less (v) any amounts on deposit in any fund or account which are available to pay for items (i) through (iv) above pursuant to any applicable fiscal agent agreement, bond indenture, or trust agreement.

"Zone 4 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 within Zone 4 of CFD No. 11 are pledged.

SECTION B ASSIGNMENT OF ASSESSOR'S PARCELS

For each Fiscal Year, beginning with Fiscal Year 2004-05, each Assessor's Parcel in CFD No. 11 shall be assigned to a Zone. Each Assessor's Parcel in a Zone shall be classified as Taxable Property or Exempt Property taking into consideration minimum Net Taxable Acreage as set forth in Section J. Each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property and each Assessor's Parcel of Developed Property shall be classified according to Unit type.

SECTION C MAXIMUM SPECIAL TAX

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property within a particular Zone in any Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax for such Zone or (ii) the Backup Annual Special Tax for a given Final Subdivision Map.

2. Undeveloped Property

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

**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 2004-05 shall be the amount determined by reference to Tables 1, 2, 3, or 4 according to the Zone in which the Assessor's Parcel is located and the Unit type.

TABLE 1

**ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY WITHIN ZONE 1
FISCAL YEAR 2004-05**

Unit Type	Assigned Annual Special Tax
Attached Unit / Detached Unit	\$2,019.35
Assigned Unit	\$0.00

TABLE 2

**ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY WITHIN ZONE 2
FISCAL YEAR 2004-05**

Unit Type	Assigned Annual Special Tax
Attached Unit / Detached Unit	\$2,128.74
Assigned Unit	\$0.00

TABLE 3

**ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY WITHIN ZONE 3
FISCAL YEAR 2004-05**

Unit Type	Assigned Annual Special Tax
Attached Unit / Detached Unit	\$2,113.19
Assigned Unit	\$0.00

TABLE 4

**ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY WITHIN ZONE 4
FISCAL YEAR 2004-05**

Unit Type	Assigned Annual Special Tax
Attached Unit / Detached Unit	\$2,019.35
Assigned Unit	\$0.00

Each July 1, commencing July 1, 2005, the Assigned Annual Special Tax applicable to an Assessor's Parcel of Developed Property in each Zone shall be increased by 2.00% of the amount in effect in the prior Fiscal Year.

2. Undeveloped Property

The Assigned Annual Special Tax per acre of Acreage for an Assessor's Parcel of Undeveloped Property within a particular Zone for Fiscal Year 2004-05 shall be determined by reference to Table 5.

TABLE 5

**ASSIGNED ANNUAL SPECIAL TAX
FOR UNDEVELOPED PROPERTY
FISCAL YEAR 2004-05**

Zone	Assigned Annual Special Tax
1	\$9,947.69 per acre
2	\$4,829.16 per acre
3	\$4,713.79 per acre
4	\$9,947.69 per acre

Each July 1, commencing July 1, 2005, the Assigned Annual Special Tax applicable to an Assessor's Parcel of Undeveloped Property in each Zone shall be increased by 2.00% of the amount in effect in the prior Fiscal Year.

**SECTION F
BACKUP ANNUAL SPECIAL TAX**

Each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax for Developed Property shall be the rate per Lot calculated according to the following formula:

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

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 for the applicable Zone for the applicable Fiscal Year
A	=	Acreage of Developed Property expected to exist in the applicable Final Subdivision Map at build-out, as determined by the Associate Superintendent pursuant to Section K
L	=	Lots in the Final Subdivision Map

Notwithstanding the foregoing, if all or any portion of 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 that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Subdivision Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Subdivision Map area, 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 which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Subdivision Map area for all remaining Fiscal Years in which the Special Tax may be levied.

SECTION G METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Zone 1

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in Zone 1 of CFD No. 11 in such Fiscal Year. The Annual Special Tax shall be levied as follows:

First: The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to such Assessor's Parcel.

Second: If the sum of the amounts levied on Assessor's Parcels in the first step is less than the Zone 1 Annual Special Tax Requirement, then an 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 Zone 1 Annual Special Tax Requirement.

Third: If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the Zone 1 Annual Special Tax Requirement, then the Annual Special Tax on each Assessor's Parcel of Developed Property shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Annual Special Tax to satisfy the Zone 1 Annual Special Tax Requirement.

Zone 2

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in Zone 2 of CFD No. 11 in such Fiscal Year. The Annual Special Tax shall be levied as follows:

First: The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to such Assessor's Parcel.

Second: If the sum of the amounts levied on Assessor's Parcels in the first step is less than the Zone 2 Annual Special Tax Requirement, then an 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 Zone 2 Annual Special Tax Requirement.

Third: If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the Zone 2 Annual Special Tax Requirement, then the Annual Special Tax on each Assessor's Parcel of Developed Property shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Annual Special Tax to satisfy the Zone 2 Annual Special Tax Requirement.

Zone 3

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in Zone 3 of CFD No. 11 in such Fiscal Year. The Annual Special Tax shall be levied as follows:

First: The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to such Assessor's Parcel.

Second: If the sum of the amounts levied on Assessor's Parcels in the first step is less than the Zone 3 Annual Special Tax Requirement, then an 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 Zone 3 Annual Special Tax Requirement.

Third: If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the Zone 3 Annual Special Tax Requirement, then the Annual Special Tax on each Assessor's Parcel of Developed Property shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Annual Special Tax to satisfy the Zone 3 Annual Special Tax Requirement.

Zone 4

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in Zone 4 of CFD No. 11 in such Fiscal Year. The Annual Special Tax shall be levied as follows:

- First:** The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to such Assessor's Parcel.
- Second:** If the sum of the amounts levied on Assessor's Parcels in the first step is less than the Zone 4 Annual Special Tax Requirement, then an 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 Zone 4 Annual Special Tax Requirement.
- Third:** If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the Zone 4 Annual Special Tax Requirement, then the Annual Special Tax on each Assessor's Parcel of Developed Property shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Annual Special Tax to satisfy the Zone 4 Annual Special Tax Requirement.

SECTION H PREPAYMENT OF ANNUAL SPECIAL TAX

The Annual Special Tax obligation 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. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 11 with written notice of intent to prepay. Within 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.

1. Bond Proceeds Allocation

Prior to the calculation of any Tax Prepayment Amount, a calculation shall be performed to determine the amount of Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds that are allocable to the Assessor's Parcel for which the Annual Special obligation is to be prepaid, if any. For purposes of this, calculation Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds shall equal the par amount of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds. For each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds proceeds of such series shall be allocated to each Assessor's Parcel in an amount equal to the Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds times the Prepayment Ratio applicable to such Assessor's Parcel for such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds. For each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds, an amount of Regularly Retired Principal shall also be allocated to each Assessor's Parcel to be calculated pursuant to Section H.3E. If, after such allocations, the amount of (i) Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds allocated to the Assessor's Parcel for which the Annual Special Tax obligation is to be prepaid less the amount of Regularly Retired Principal allocated to such Assessor's Parcel is less than (ii) the sum of all the Gross Prepayment Amounts applicable to

such Assessor's Parcel pursuant to Section H.2., then the Prepayment Amount for such Assessor's Parcel shall be calculated pursuant to Tables 6,7,8 or 9 of Section H.2. Otherwise, the Prepayment Amount shall be calculated pursuant to Section H.3.

2. **Prepayment Amount for Assessor's Parcel with Allocation of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds Less than Applicable Gross Prepayment Amounts**

The Prepayment Amount for each Assessor's Parcel for which the Prepayment Amount is to be calculated pursuant to this Section H.2. shall be calculated by (i) counting all the Units of each Unit type applicable to such Assessor's Parcel, (ii) multiplying the sum of the Units for each Unit type for such Assessor's Parcel by the applicable Gross Prepayment Amount per Unit for the Zone in which such Assessor's Parcel is located as set forth in Table 6,7, 8 or 9, and (iii) adding all the products derived from the immediately preceding step. This sum is the Prepayment Amount for the Assessor's Parcel calculated pursuant to H.2. The Gross Prepayment Amounts shall be determined by reference to Tables 6, 7, 8 or 9.

TABLE 6

**PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05
FOR PROPERTY WITHIN ZONE 1**

Unit Type	Gross Prepayment Amount
Attached Unit/Detached Unit	\$19,484.84 per Unit
Assigned Unit	\$0.00 per Unit

TABLE 7

**PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05
FOR PROPERTY WITHIN ZONE 2**

Unit Type	Gross Prepayment Amount
Attached Unit/Detached Unit	\$21,106.97 per Unit
Assigned Unit	\$0.00 per Unit

TABLE 8

**PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05
FOR PROPERTY WITHIN ZONE 3**

Unit Type	Gross Prepayment Amount
Attached Unit/Detached Unit	\$21,133.13 per Unit
Assigned Unit	\$0.00 per Unit

TABLE 9

**PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05
FOR PROPERTY WITHIN ZONE 4**

Unit Type	Gross Prepayment Amount
Attached Unit/Detached Unit	\$19,484.84 per Unit
Assigned Unit	\$0.00 per Unit

3. Prepayment Amount for Assessor's Parcel with Allocation of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds Equal to or Greater than Applicable Gross Prepayment Amounts

The Prepayment Amount for each Assessor's Parcel for which the Prepayment Amount is to be calculated pursuant to this Section H.3 shall be the amount calculated as shown below.

Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds allocated to Assessor's Parcel pursuant to Section H.1
plus A. Redemption Premium
plus B. Defeasance
plus C. Prepayment Fees and Expenses
less D. Reserve Fund Credit
less E. Regularly Retired Principal
less F. Partial Prepayment Credit
equals Prepayment Amount

Detailed explanations of items A through F follows:

A. Redemption Premium

The Redemption Premium is calculated by multiplying (i) the principal amount of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds to be redeemed with the proceeds of the Prepayment Amount by (ii) the applicable redemption premium, if any, on the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds to be redeemed.

B. Defeasance

The Defeasance is the amount needed to pay interest on the portion of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds to be

redeemed with the proceeds of the Prepayment Amount until the earliest call date of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds to be redeemed, net of interest earnings to be derived from the reinvestment of the Prepayment Amount until the redemption date of the portion of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds to be redeemed with the Prepayment Amount. Such amount of interest earnings will be the amount reasonably estimated by the Board.

C. Prepayment Fees and Expenses

The Prepayment Fees and Expenses are the costs of the computation of the Prepayment Amount and an allocable portion of the costs of redeeming Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds and recording any notices to evidence the prepayment and the redemption, as calculated reasonably by the Board.

D. Reserve Fund Credit

The Reserve Fund credit, if any, shall be calculated as the sum of (i) the reduction in the applicable reserve fund requirement resulting from the redemption of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds with the Prepayment Amount, plus (ii) the reduction in the applicable reserve fund requirement attributable to the allocable portion of regularly scheduled retirement of principal that has occurred, as well as any other allocable portion of principal retired not related to Prepayment Amounts or Partial Prepayment Amounts. The allocable portion of regularly scheduled retirement of principal that has occurred means the total regularly scheduled retirement of principal that has occurred with respect to each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds times the applicable Prepayment Ratio for each such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds. The allocable portion of principal retired not related to Prepayment Amounts or Partial Prepayment Amounts means the total principal retired not related to Prepayment Amounts or Partial Prepayment Amounts with respect to each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds times the applicable Prepayment Ratio for each such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds.

E. Regularly Retired Principal

The Regularly Retired Principal of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds times the applicable Prepayment Ratio for each such series of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds.

F. Partial Prepayment Credit

Partial prepayments of the Annual Special Tax obligation occurring prior to the issuance of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds will be credited in full. Partial prepayments of the Annual Special Tax obligation occurring subsequent to the issuance of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds will be credited in an amount equal to the greatest amount of principal of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds that could have been redeemed with the Partial Prepayment Amount(s), taking into account Redemption Premium, Defeasance, Prepayment Fees and Expenses and Reserve Fund Credit, if any, but exclusive of restrictions limiting early redemption on the basis of dollar increments, i.e., the full amount of the Partial Prepayment Amount(s) will be taken into account in the calculation. The sum of all applicable partial prepayment credits is the Partial Prepayment Credit.

With respect to an Annual Special Tax obligation that has been prepaid, the Board shall reasonably indicate in the records of CFD No. 11 that there has been a prepayment of the Annual Special Tax and shall reasonably cause a suitable notice to be recorded in compliance with the Act within 30 days of receipt of such prepayment of Annual Special Taxes, to indicate reasonably the prepayment of Annual Special Taxes 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. Notwithstanding the foregoing, no prepayment shall be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property within the Zone in which such Assessor's Parcel is located both prior to and after the proposed prepayment, net of an allocable portion of Administrative Expenses, is at least 1.1 times the annual debt service in each Fiscal Year on all outstanding Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds and such prepayment will not impair the security of all outstanding Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

**SECTION I
PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Subdivision Map, the owner of no less than all of the property within such Final Subdivision Map may elect to prepay any portion of the applicable Annual Special Tax obligation for all of the Assessor's Parcels within such Final Subdivision Map. The owner of any Assessor's Parcel who desires such partial prepayment shall notify the Board of (i) such owner's intent to partially prepay the Annual Special Tax obligation and (ii) the percentage of the Annual Special Tax obligation to be prepaid. The partial prepayment of each Annual Special Tax obligation shall be collected at the issuance of each applicable Building Permit, provided that the Annual Special Tax obligation with respect to model Units for which Building Permits have already been issued must be partially prepaid at the time of the election. The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

These terms have the following meanings:

- PP = the Partial Prepayment Amount
P_G = the Prepayment Amount calculated according to Section H
F = the percentage of the Annual Special Tax obligation which the owner of the Assessor's Parcel is partially prepaying.

With respect to any Assessor's Parcel's Annual Special Tax obligation that is partially prepaid, the Board shall indicate in the records of CFD No. 11 that there has been a partial prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act within 30 days of receipt of such partial prepayment, to indicate the partial prepayment of Annual Special Tax obligation and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax and for the Assessor's Parcels has been reduced by an amount equal to the percentage, which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Tax that may be levied in CFD No. 11, net of an allocable portion of Administrative Expenses, is at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds.

SECTION J TERMINATION OF SPECIAL TAX

Annual Special Taxes of CFD No. 11 shall be levied within Zone 1, Zone 2 and Zone 3 for a period of thirty (30) Fiscal Years after the last series of Bonds have been issued for the applicable Zone. Annual Special Taxes of CFD No. 11 shall be levied within Zone 4 for a period of thirty (30) Fiscal Years after the issuance of the last Building Permit for a Lot within Zone 4. Annual Special Taxes shall not be levied in any Zone after Fiscal Year 2050-51.

SECTION K EXEMPTIONS

Zones 1, 2 and 3

The Associate Superintendent shall classify as Exempt Property: (i) Assessor's Parcels owned by or irrevocably offered to 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, and (v) other types of Assessor's Parcels, at the reasonable discretion of the Associate Superintendent, provided that no such classification would reduce the Acreage of all Taxable Property to less than 56.23 Net Taxable Acres in Zone 1, 92.57 Net Taxable Acres in Zone 2, and 152.87 Net Taxable Acres in Zone 3. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 56.23 Net Taxable Acres in Zone 1, 92.57 Net Taxable Acres in Zone 2, and 152.87 Net

Taxable Acres in Zone 3 will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

Zone 4

The Associate Superintendent shall classify as Exempt Property: (i) Assessor's Parcels owned by or irrevocably offered to 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 homeowner's association, (v) 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, and (iv) Assessor's Parcel for which a Final Subdivision Map has not been recorded.

SECTION L APPEALS

Any owner of an Assessor's Parcel claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Associate Superintendent not later than one (1) Calendar Year after having paid the first installment of the Special Tax that is being disputed. The Associate Superintendent shall reasonably and promptly review the appeal, and if necessary, reasonably meet with the property owner, reasonably consider written and oral evidence regarding the amount of the Special Tax, and reasonably rule on the appeal. If the Associate Superintendent's decision reasonably requires that the Special Tax for an Assessor's Parcel be reasonably modified or reasonably changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

SECTION M 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 CFD No. 11 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

SECTION N MAP OF ZONES

(Under separate cover)

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Exhibit B

**Annual Special Tax Roll
Fiscal Year 2007/2008**

**POWAY UNIFIED SCHOOL DISTRICT
 ZONE 3 OF
 COMMUNITY FACILITIES DISTRICT NO. 11
 SPECIAL TAX LEVY FOR FISCAL YEAR 2007/2008**

ASSESSOR PARCEL NUMBER				SPECIAL TAX
BOOK	PAGE	PARCEL	INT	
325	120	01	00	\$0.00
325	120	02	00	\$0.00
325	120	03	00	\$0.00
325	120	04	00	\$2,242.52
325	120	05	00	\$2,242.52
325	120	06	00	\$2,242.52
325	120	07	00	\$2,242.52
325	120	08	00	\$0.00
325	120	09	00	\$0.00
325	120	10	00	\$0.00
325	120	11	00	\$0.00
325	120	12	00	\$0.00
325	120	13	00	\$0.00
325	120	14	00	\$0.00
325	120	15	00	\$0.00
325	120	16	00	\$0.00
325	120	17	00	\$0.00
325	120	18	00	\$0.00
325	120	19	00	\$0.00
325	120	20	00	\$0.00
325	120	21	00	\$0.00
325	120	22	00	\$0.00
325	120	23	00	\$0.00
325	120	24	00	\$0.00
325	120	25	00	\$2,242.52
325	120	26	00	\$2,242.52
325	120	27	00	\$2,242.52
325	120	28	00	\$0.00
325	120	29	00	\$0.00
325	120	30	00	\$0.00
325	120	31	00	\$0.00
325	120	32	00	\$0.00
325	120	33	00	\$0.00
325	120	34	00	\$0.00
325	120	35	00	\$0.00
325	120	36	00	\$2,242.52
325	120	37	00	\$2,242.52
325	120	38	00	\$2,242.52
325	120	39	00	\$2,242.52
325	120	40	00	\$2,242.52

**POWAY UNIFIED SCHOOL DISTRICT
 ZONE 3 OF
 COMMUNITY FACILITIES DISTRICT NO. 11
 SPECIAL TAX LEVY FOR FISCAL YEAR 2007/2008**

ASSESSOR PARCEL NUMBER				SPECIAL TAX
BOOK	PAGE	PARCEL	INT	
325	120	41	00	\$2,242.52
325	120	42	00	\$2,242.52
325	120	43	00	\$2,242.52
325	120	44	00	\$2,242.52
325	120	45	00	\$2,242.52
325	120	46	00	\$2,242.52
325	120	47	00	\$2,242.52
325	120	48	00	\$2,242.52
325	120	49	00	\$2,242.52
325	120	50	00	\$0.00
325	120	51	00	\$0.00
325	120	52	00	\$0.00
325	120	53	00	\$0.00
325	120	54	00	\$0.00
325	120	55	00	\$0.00
325	120	56	00	\$0.00
325	120	57	00	\$0.00
325	120	58	00	\$0.00
325	120	59	00	\$0.00
325	120	60	00	\$0.00
325	120	61	00	\$0.00
325	120	62	00	\$0.00
325	120	63	00	\$0.00
325	120	64	00	\$0.00
325	160	01	00	\$0.00
325	160	02	00	\$0.00
325	160	03	00	\$0.00
325	160	04	00	\$0.00
325	160	05	00	\$0.00
325	160	06	00	\$0.00
325	160	07	00	\$0.00
325	160	08	00	\$0.00
325	160	16	00	\$0.00
325	160	17	00	\$0.00
325	160	18	00	\$0.00
325	160	19	00	\$0.00
325	160	20	00	\$0.00
325	160	21	00	\$0.00
325	160	22	00	\$0.00
325	160	23	00	\$0.00

**POWAY UNIFIED SCHOOL DISTRICT
 ZONE 3 OF
 COMMUNITY FACILITIES DISTRICT NO. 11
 SPECIAL TAX LEVY FOR FISCAL YEAR 2007/2008**

ASSESSOR PARCEL NUMBER				SPECIAL TAX
BOOK	PAGE	PARCEL	INT	
325	160	24	00	\$0.00
325	160	25	00	\$0.00
325	160	26	00	\$0.00
325	160	27	00	\$0.00
325	160	28	00	\$0.00
325	160	30	00	\$0.00
325	160	31	00	\$0.00
325	160	32	00	\$0.00
325	160	33	00	\$0.00
325	160	34	00	\$0.00
325	121	01	00	\$0.00
325	121	02	00	\$0.00
325	121	3	00	\$0.00
325	121	4	00	\$0.00
325	121	5	00	\$0.00
325	121	6	00	\$0.00
325	121	7	00	\$0.00
325	121	8	00	\$0.00
325	121	9	00	\$0.00
325	121	10	00	\$0.00
325	121	11	00	\$0.00
325	121	12	00	\$0.00
325	121	13	00	\$0.00
325	121	14	00	\$0.00
325	121	15	00	\$0.00
325	121	16	00	\$0.00
325	121	17	00	\$0.00
325	121	18	00	\$0.00
325	121	19	00	\$0.00
325	121	20	00	\$0.00
325	121	21	00	\$0.00
325	121	22	00	\$0.00
325	121	23	00	\$0.00
325	121	24	00	\$0.00
325	121	25	00	\$0.00
325	121	26	00	\$0.00
325	150	01	00	\$0.00
325	150	02	00	\$0.00
325	150	03	00	\$0.00
325	150	04	00	\$0.00

**POWAY UNIFIED SCHOOL DISTRICT
 ZONE 3 OF
 COMMUNITY FACILITIES DISTRICT NO. 11
 SPECIAL TAX LEVY FOR FISCAL YEAR 2007/2008**

ASSESSOR PARCEL NUMBER				SPECIAL TAX
BOOK	PAGE	PARCEL	INT	
325	150	05	00	\$0.00
325	150	06	00	\$0.00
325	150	07	00	\$0.00
325	150	08	00	\$0.00
325	150	09	00	\$0.00
325	150	10	00	\$0.00
325	150	11	00	\$0.00
325	150	12	00	\$0.00
325	150	13	00	\$0.00
325	150	14	00	\$0.00
325	150	15	00	\$0.00
325	150	16	00	\$0.00
325	150	17	00	\$0.00
325	150	18	00	\$0.00
325	150	19	00	\$0.00
325	150	20	00	\$0.00
325	150	21	00	\$0.00
325	150	22	00	\$0.00
325	150	23	00	\$0.00
325	150	24	00	\$0.00
325	150	25	00	\$0.00
325	150	26	00	\$0.00
325	150	27	00	\$0.00
325	150	28	00	\$0.00
325	150	29	00	\$0.00
325	150	30	00	\$0.00
325	150	31	00	\$0.00
325	150	32	00	\$0.00
325	150	33	00	\$0.00
325	150	34	00	\$0.00
325	150	35	00	\$0.00
325	150	36	00	\$0.00
325	150	37	00	\$0.00
325	150	38	00	\$0.00
325	150	39	00	\$0.00
325	150	40	00	\$0.00
325	150	41	00	\$0.00
325	150	42	00	\$0.00
325	150	43	00	\$0.00
325	150	44	00	\$0.00

**POWAY UNIFIED SCHOOL DISTRICT
 ZONE 3 OF
 COMMUNITY FACILITIES DISTRICT NO. 11
 SPECIAL TAX LEVY FOR FISCAL YEAR 2007/2008**

ASSESSOR PARCEL NUMBER				SPECIAL TAX
BOOK	PAGE	PARCEL	INT	
325	150	45	00	\$0.00
325	150	46	00	\$0.00
325	150	47	00	\$0.00
325	150	48	00	\$0.00
325	150	49	00	\$0.00
325	150	50	00	\$0.00
325	150	51	00	\$0.00
325	150	52	00	\$0.00
325	150	53	00	\$0.00
325	150	54	00	\$0.00
325	150	55	00	\$0.00
325	150	56	00	\$0.00
325	150	57	00	\$0.00
325	150	58	00	\$0.00
325	150	59	00	\$0.00
325	150	60	00	\$0.00
325	150	61	00	\$0.00
325	150	62	00	\$0.00
325	150	63	00	\$0.00
325	150	64	00	\$0.00
325	150	65	00	\$0.00
325	150	66	00	\$0.00
325	150	67	00	\$0.00
325	150	68	00	\$0.00
325	150	69	00	\$0.00
325	150	70	00	\$0.00
325	150	71	00	\$0.00
325	150	72	00	\$0.00
325	150	73	00	\$0.00
325	150	74	00	\$0.00
325	150	75	00	\$0.00
325	150	76	00	\$0.00
325	150	77	00	\$0.00
325	150	78	00	\$0.00
325	150	79	00	\$0.00
325	150	80	00	\$0.00
325	150	81	00	\$0.00
325	140	01	00	\$0.00
325	140	02	00	\$0.00
325	140	03	00	\$0.00

**POWAY UNIFIED SCHOOL DISTRICT
 ZONE 3 OF
 COMMUNITY FACILITIES DISTRICT NO. 11
 SPECIAL TAX LEVY FOR FISCAL YEAR 2007/2008**

ASSESSOR PARCEL NUMBER				SPECIAL TAX
BOOK	PAGE	PARCEL	INT	
325	140	04	00	\$0.00
325	140	05	00	\$0.00
325	140	06	00	\$2,242.52
325	140	07	00	\$2,242.52
325	140	08	00	\$2,242.52
325	140	09	00	\$2,242.52
325	140	10	00	\$2,242.52
325	140	11	00	\$0.00
325	140	12	00	\$0.00
325	140	13	00	\$0.00
325	140	14	00	\$0.00
325	140	15	00	\$0.00
325	140	16	00	\$0.00
325	140	17	00	\$0.00
325	140	18	00	\$0.00
325	140	19	00	\$0.00
325	140	20	00	\$2,242.52
325	140	21	00	\$2,242.52
325	140	22	00	\$2,242.52
325	140	23	00	\$2,242.52
325	140	24	00	\$2,242.52
325	140	25	00	\$2,242.52
325	140	26	00	\$2,242.52
325	140	27	00	\$2,242.52
325	140	28	00	\$2,242.52
325	140	29	00	\$0.00
325	140	30	00	\$0.00
325	140	31	00	\$0.00
325	140	32	00	\$0.00
325	140	33	00	\$0.00
325	140	34	00	\$2,242.52
325	140	35	00	\$2,242.52
325	140	36	00	\$2,242.52
325	140	37	00	\$0.00
325	140	38	00	\$2,242.52
325	140	39	00	\$2,242.52
325	140	40	00	\$2,242.52
325	140	41	00	\$0.00
325	140	42	00	\$0.00
325	140	43	00	\$0.00

**POWAY UNIFIED SCHOOL DISTRICT
 ZONE 3 OF
 COMMUNITY FACILITIES DISTRICT NO. 11
 SPECIAL TAX LEVY FOR FISCAL YEAR 2007/2008**

ASSESSOR PARCEL NUMBER				SPECIAL TAX
BOOK	PAGE	PARCEL	INT	
325	140	44	00	\$0.00
325	140	45	00	\$0.00
325	140	46	00	\$0.00
325	140	47	00	\$0.00
325	140	48	00	\$0.00
325	140	49	00	\$0.00
325	140	50	00	\$0.00
325	140	51	00	\$0.00
325	140	52	00	\$0.00
325	140	53	00	\$0.00
325	140	54	00	\$0.00
325	130	01	00	\$0.00
325	130	02	00	\$0.00
325	130	03	00	\$0.00
325	130	04	00	\$0.00
325	130	05	00	\$0.00
325	130	06	00	\$0.00
325	130	07	00	\$0.00
325	130	08	00	\$0.00
325	130	09	00	\$0.00
325	130	10	00	\$0.00
325	130	11	00	\$0.00
325	130	12	00	\$0.00
325	130	13	00	\$0.00
325	130	14	00	\$0.00
325	130	15	00	\$0.00
325	130	16	00	\$0.00
325	130	17	00	\$0.00
325	130	18	00	\$0.00
325	130	19	00	\$2,242.52
325	130	20	00	\$2,242.52
325	130	21	00	\$2,242.52
325	130	22	00	\$2,242.52
325	130	23	00	\$2,242.52
325	130	24	00	\$0.00
325	130	25	00	\$2,242.52
325	130	26	00	\$2,242.52
325	130	27	00	\$2,242.52
325	130	28	00	\$0.00
325	130	29	00	\$0.00

**POWAY UNIFIED SCHOOL DISTRICT
 ZONE 3 OF
 COMMUNITY FACILITIES DISTRICT NO. 11
 SPECIAL TAX LEVY FOR FISCAL YEAR 2007/2008**

ASSESSOR PARCEL NUMBER				SPECIAL TAX
BOOK	PAGE	PARCEL	INT	
325	130	30	00	\$2,242.52
325	130	31	00	\$2,242.52
325	130	32	00	\$2,242.52
325	130	33	00	\$2,242.52
325	130	34	00	\$2,242.52
325	130	35	00	\$2,242.52
325	130	36	00	\$2,242.52
325	130	37	00	\$2,242.52
325	130	38	00	\$0.00
325	130	39	00	\$0.00
325	130	40	00	\$0.00
325	130	41	00	\$0.00
325	130	42	00	\$0.00
325	130	43	00	\$0.00
325	130	44	00	\$0.00
325	130	45	00	\$0.00
325	130	46	00	\$0.00
325	130	47	00	\$0.00
325	130	48	00	\$0.00
325	130	49	00	\$2,242.52
325	130	50	00	\$2,242.52
325	130	51	00	\$2,242.52
325	130	52	00	\$2,242.52
325	130	53	00	\$2,242.52
325	130	54	00	\$2,242.52
325	130	55	00	\$0.00
325	130	56	00	\$2,242.52
325	130	57	00	\$2,242.52
325	130	58	00	\$2,242.52
325	130	59	00	\$2,242.52
325	130	60	00	\$2,242.52
325	130	61	00	\$0.00
325	130	62	00	\$0.00
325	130	63	00	\$0.00
325	130	64	00	\$0.00
325	130	65	00	\$0.00
325	130	66	00	\$0.00
325	130	67	00	\$0.00
325	130	68	00	\$0.00
325	130	69	00	\$0.00

**POWAY UNIFIED SCHOOL DISTRICT
 ZONE 3 OF
 COMMUNITY FACILITIES DISTRICT NO. 11
 SPECIAL TAX LEVY FOR FISCAL YEAR 2007/2008**

ASSESSOR PARCEL NUMBER				SPECIAL TAX
BOOK	PAGE	PARCEL	INT	
325	130	70	00	\$0.00
325	130	71	00	\$0.00
325	130	72	00	\$0.00
325	131	01	00	\$0.00
325	131	02	00	\$0.00
325	131	03	00	\$0.00
325	131	04	00	\$0.00
325	131	05	00	\$0.00
325	131	06	00	\$0.00
325	131	07	00	\$0.00
325	131	08	00	\$0.00
325	131	09	00	\$0.00
325	131	10	00	\$0.00
325	131	11	00	\$0.00
325	131	12	00	\$0.00
325	131	13	00	\$0.00
325	131	14	00	\$0.00
325	131	15	00	\$0.00
325	131	16	00	\$0.00
325	131	17	00	\$0.00
325	131	18	00	\$0.00
325	131	19	00	\$0.00
325	131	20	00	\$0.00
325	131	21	00	\$0.00
325	131	22	00	\$0.00
325	131	23	00	\$0.00
325	131	24	00	\$0.00
325	131	25	00	\$0.00
325	131	26	00	\$0.00
325	131	27	00	\$0.00
325	131	28	00	\$0.00
325	131	29	00	\$0.00
325	131	30	00	\$0.00
325	131	31	00	\$0.00
325	131	32	00	\$0.00
325	131	33	00	\$0.00
325	170	01	00	\$0.00
325	170	02	00	\$0.00
325	170	03	00	\$0.00
325	170	04	00	\$0.00

**POWAY UNIFIED SCHOOL DISTRICT
 ZONE 3 OF
 COMMUNITY FACILITIES DISTRICT NO. 11
 SPECIAL TAX LEVY FOR FISCAL YEAR 2007/2008**

ASSESSOR PARCEL NUMBER				SPECIAL TAX
BOOK	PAGE	PARCEL	INT	
325	170	05	00	\$0.00
325	170	06	00	\$0.00
325	170	07	00	\$0.00
325	170	08	00	\$0.00
325	170	09	00	\$0.00
325	170	10	00	\$0.00
325	170	11	00	\$0.00
325	170	12	00	\$0.00
325	170	13	00	\$0.00
325	170	14	00	\$0.00
325	170	15	00	\$0.00
325	170	16	00	\$0.00
325	170	17	00	\$0.00
325	170	18	00	\$0.00
325	170	19	00	\$0.00
325	170	20	00	\$0.00
325	170	21	00	\$0.00
325	170	22	00	\$0.00
325	170	23	00	\$0.00
325	170	24	00	\$0.00
325	170	25	00	\$0.00
325	170	26	00	\$0.00
325	170	27	00	\$0.00
325	170	28	00	\$0.00
325	170	29	00	\$0.00
325	170	30	00	\$0.00
325	170	31	00	\$0.00
325	170	32	00	\$0.00
325	170	33	00	\$0.00
325	170	34	00	\$0.00
325	170	35	00	\$0.00
325	160	35	00	\$0.00
325	160	36	00	\$0.00
325	160	37	00	\$0.00
325	160	38	00	\$0.00
325	160	39	00	\$0.00
325	160	46	00	\$0.00
325	160	47	00	\$0.00
325	160	48	00	\$0.00
325	110	01	00	\$0.00

**POWAY UNIFIED SCHOOL DISTRICT
 ZONE 3 OF
 COMMUNITY FACILITIES DISTRICT NO. 11
 SPECIAL TAX LEVY FOR FISCAL YEAR 2007/2008**

ASSESSOR PARCEL NUMBER				SPECIAL TAX
BOOK	PAGE	PARCEL	INT	
325	110	02	00	\$0.00
325	110	03	00	\$0.00
325	110	12	00	\$0.00

MAJOR CONCLUSIONS

NUMBER OF PARCELS WITHIN ZONE 3 OF CFD NO. 11	403
NUMBER OF PARCELS TAXED BY ZONE 3 OF CFD NO. 11	68
TOTAL TAX LEVY FY 2007/2008	\$152,491.36

**Administration Report
For Fiscal Year 2007/2008**

Poway Unified School District
Zone 2 of
Community Facilities District No.11

June 25, 2007

Prepared For:

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Exhibits

Exhibit A: Rate and Method of Apportionment

Exhibit B: Annual Special Tax Roll for Fiscal Year 2007/2008

Introduction

This Administration Report ("Report") provides an analysis of the financial and administrative obligations of Zone 2 of Community Facilities District ("CFD") No. 11 of the Poway Unified School District ("School District") pursuant to the Rate and Method of Apportionment ("RMA") attached as Exhibit A for the purpose of calculating the Annual Special Tax levy for Fiscal Year 2007/2008.

The Report is organized into the following sections:

Section I

Section I contains a description of (i) the expenditures to fund authorized facilities, and (ii) the uses of Special Taxes of Zone 2 of CFD No. 11 through May 1, 2007, as directed by Senate Bill 165 ("SB 165").

Section II

Section II provides (i) a description of the Special Tax classifications and (ii) an update of the development which has occurred in Zone 2 of CFD No. 11.

Section III

Section III describes the methodology used to apportion the Annual Special Tax levies among the properties within Zone 2 of CFD No. 11 and lists the Assigned Annual Special Tax rates for Fiscal Year 2007/2008.

I. Senate Bill 165 Compliance

The Board of Education 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 for Zone 2 of CFD No. 11. According to Senate Bill ("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 for Zone 2 of CFD No. 11.

A. Use of Construction Funds

Pursuant to the Mello Roos Community Facilities Act of 1982, as Amended ("Act"), Zone 2 of No. 11 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. 11 which describes the Authorized Facilities.

"The School Facilities proposed to be financed by Poway Unified School District Community Facilities District No. 11 (StoneBridge Estates) ("CFD No. 11") 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 Poway Unified School District (the "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. 11, 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 Memorandum of Understanding dated as of June 17, 2002 (the "MOU") between the District and each "Owner" named therein allocable to the properties within CFD No. 11 and the School Impact Mitigation and Public Facilities Funding Agreement, dated as of November 20, 2003, by and between the District and the Owners. "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. 11 and bond trustee or fiscal agent related to CFD No. 11, 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-I are representative of the types of improvements authorized to be financed by CFD No. 11. 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."

As of May 1, 2007, no Bonds have been issued for Zone 2 of CFD No. 11. Since Bonds have not been issued, no authorized facilities have been financed by Zone 2 of CFD No. 11.

B. Uses of Special Taxes

Each Fiscal Year, Zone 2 of CFD No. 11 will levy, collect, and expend Annual Special Taxes in an amount necessary to pay interest and principal to bondholders, cover Administrative Expenses, and the fund school facilities necessary to serve students generated from residential units constructed within the boundaries of Zone 2 of CFD No. 11.

No Special Taxes were levied in Fiscal Year 2006/2007.

II. Development Summary

Each Fiscal Year, the District calculates the Annual Special Taxes to be levied against Taxable Property within Zone 2 of CFD No. 11. Taxable Property is classified as either Developed Property or Undeveloped Property by the issuance of a Building Permit and the building square footage of a unit. Specifically, Developed Property means, for any Fiscal Year, all Assessor's Parcels in Zone 2 of CFD No. 11 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 lists the development status of Zone 2 of CFD No. 11 by Special Tax class for Fiscal Year 2005/2005 thru Fiscal Year 2007/2008.

Development Status

Unit Type	Fiscal Year 2005/2006	Fiscal Year 2006/2007	Fiscal Year 2007/2008
Attached Unit / Detached Unit	20 Units	108 Units	127 Units
NA	20 Units	108 Units	127 units

III. Fiscal Year 2007/2008 Levy Summary

The Special Tax rates of Zone 2 of CFD No. 11 for Fiscal Year 2007/2008 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 B. For a more detailed explanation of the methodology used to apportion the amount among Developed Property and Undeveloped Property, please see the RMA.

Annual Special Tax Rates For Fiscal Year 2007/2008

Building Square Footage	Number of Units/Acres	Annual Tax	Total Taxes
Attached Unit / Detached Unit	127 Units	\$2,259.04 per Unit	\$286,898.08
Undeveloped Property	130.17 Acres	\$0.00 per Unit	\$0.00
Total	NA	NA	\$286,898.08

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Exhibit A

Rate and Method of Apportionment

**RATE AND METHOD OF APPORTIONMENT FOR
COMMUNITY FACILITIES DISTRICT NO. 11
OF THE POWAY UNIFIED SCHOOL DISTRICT**

A Special Tax shall be levied on and collected in Community Facilities District ("CFD") No. 11 of the Poway Unified School District ("School District") 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 CFD No. 11, 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:

"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 Subdivision Map, other final map, parcel map, condominium plan, or other recorded parcel map at the County.

"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 expenses of the School District to carry out its duties as the legislative body of CFD No. 11.

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

"Assessor's Parcel" means a Lot or parcel of land in CFD No. 11 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 Assessor of the County for purposes of identification.

"Assigned Annual Special Tax" means the Special Tax of that name as set forth in Section D.

"Assigned Unit" means any of up to 106 Units assigned this classification in writing to the Associate Superintendent at the Developer's election at the time the applicable Building Permit is issued provided that each such Unit is an Attached Unit. Under no circumstance may the Developer assign more than 106 Units this classification.

"Associate Superintendent" means the Associate Superintendent of Business Support Services of the School District or his/her designee.

"Attached Units" means an Assessor's Parcel of Residential Property that consists of or shall consist of a building or buildings in which each of the individual Units have at least one common wall with another Unit.

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

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

"Building Permit" means a permit for the construction of one or more Units, issued by the City, or other public agency in the event the City no longer issues said permits for the construction of Units within CFD No. 11. For purposes of this definition, "Building Permits" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, and utility improvements not intended for human habitation.

"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.

"Detached Unit" means a Unit that is not an Assigned Unit or an Attached Unit.

"Developed Property" means all Assessor's Parcels of Taxable Property for which a Building Permit was issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels are associated with a Final Subdivision Map recorded 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 Board.

"Developer" means any "Owner" defined as such in the certain School Impact Mitigation and Public Facilities Funding Agreement by and among the School District, Sycamore Estates, LLC, a Delaware limited liability company, Sycamore Estates II, LLC, a Delaware limited liability company, McMillin Montecito 109, LLC, a Delaware limited liability company, Brookfield 6 LLC, a Delaware limited liability company, and Brookfield 8 LLC, a Delaware limited liability company.

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

"Final Subdivision Map" means a final tract map, parcel map, 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.

"Gross Prepayment Amount" means any amount determined by reference to Tables 6, 7, 8 and 9 and adjusted as set forth in Section H.

"Indenture" means the bond indenture, master trust agreement, fiscal agent agreement, or similar document regardless of title, pursuant to which Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds are issued and which establishes the terms and conditions for the payment of applicable bonds as modified, amended and/or supplemented from time to time in accordance with its terms.

"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.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C, which can be levied by CFD No. 11 on any Assessor's Parcel in any Fiscal Year.

"Net Taxable Acres" means the total Acreage of all Taxable Property expected to exist in a given Zone after all Final Subdivision Maps are recorded.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Annual Special Tax obligation of any Assessor's Parcel determined pursuant to Section I.

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

"Prepayment Ratio" means with respect to an Assessor's Parcel, for each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds, the ratio of (i) the Annual Special Tax revenue or portion thereof applicable to the Assessor's Parcel at the time each such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds were issued and which were used in providing the minimum debt service coverage required to issue such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds, as reasonably determined by the Board, to (ii) the sum of all Annual Special Tax revenue used in providing the minimum debt service coverage required to issue such series of applicable Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds, as reasonably determined by the Board.

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

"Regularly Retired Principal" means the principal amount of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds that have been paid as scheduled pursuant to the Indenture under which they were reserved, whether by virtue of maturing principal or regularly scheduled mandatory sinking fund redemptions.

"Residential Property" means all Assessor's Parcels of Developed Property for which a Building Permit was issued for the construction of a Unit.

"Special Tax" means any of the special taxes authorized to be levied in CFD No. 11 under the Act.

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

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not classified as Developed Property.

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

"Zone" means the areas identified as a Zone and illustrated in Section N.

"Zone 1" means all property located within the area identified as Zone 1 in Section N, subject to interpretation by the Board.

"Zone 1 Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) annual debt service on all outstanding Zone 1 Bonds, (ii) Administrative Expenses of CFD No. 11 applicable to property within Zone 1, (iii) any costs associated with the release of funds from an escrow account established in association with Zone 1 Bonds, (iv) any amount required to establish or replenish any reserve funds established in association with the Zone 1 Bonds, less (v) any amounts on deposit in any fund or account which are available to pay for items (i) through (iv) above pursuant to any applicable fiscal agent agreement, bond indenture, or trust agreement.

"Zone 1 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 within Zone 1 of CFD No. 11 are pledged.

"Zone 2" means all property located within the area identified as Zone 2 in Section N, subject to interpretation by the Board.

"Zone 2 Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) annual debt service on all outstanding Zone 2 Bonds, (ii) Administrative Expenses of CFD No. 11 applicable to property within Zone 2, (iii) any costs associated with the release of funds from an escrow account established in association with Zone 2 Bonds, (iv) any amount required to establish or replenish any reserve funds established in association with the Zone 2 Bonds, less (v) any amounts on deposit in any fund or account which are available to pay for items (i) through (iv) above pursuant to any applicable fiscal agent agreement, bond indenture, or trust agreement.

"Zone 2 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 within Zone 2 of CFD No. 11 are pledged.

"Zone 3" means all property located within the area identified as Zone 3 in Section N, subject to interpretation by the Board.

"Zone 3 Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) annual debt service on all outstanding Zone 3 Bonds, (ii) Administrative Expenses of CFD No. 11 applicable to property within Zone 3, (iii) any costs associated with the release of funds from an escrow account established in association with Zone 3 Bonds, (iv) any amount required to establish or replenish any reserve funds established in association with the Zone 3 Bonds, less (v) any amounts on deposit in any fund or account which are available to pay for items (i) through (iv) above pursuant to any applicable fiscal agent agreement, bond indenture, or trust agreement.

"Zone 3 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 within Zone 3 of CFD No. 11 are pledged.

"Zone 4" means all property located within the area identified as Zone 4 in Section N, subject to interpretation by the Board.

"Zone 4 Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) annual debt service on all outstanding Zone 4 Bonds, (ii) Administrative Expenses of CFD No. 11 applicable to property within Zone 4, (iii) any costs associated with the release of funds from an escrow account established in association with Zone 4 Bonds, (iv) any amount required to establish or replenish any reserve funds established in association with the Zone 4 Bonds, less (v) any amounts on deposit in any fund or account which are available to pay for items (i) through (iv) above pursuant to any applicable fiscal agent agreement, bond indenture, or trust agreement.

"Zone 4 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 within Zone 4 of CFD No. 11 are pledged.

SECTION B ASSIGNMENT OF ASSESSOR'S PARCELS

For each Fiscal Year, beginning with Fiscal Year 2004-05, each Assessor's Parcel in CFD No. 11 shall be assigned to a Zone. Each Assessor's Parcel in a Zone shall be classified as Taxable Property or Exempt Property taking into consideration minimum Net Taxable Acreage as set forth in Section J. Each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property and each Assessor's Parcel of Developed Property shall be classified according to Unit type.

SECTION C MAXIMUM SPECIAL TAX

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property within a particular Zone in any Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax for such Zone or (ii) the Backup Annual Special Tax for a given Final Subdivision Map.

2. Undeveloped Property

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

**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 2004-05 shall be the amount determined by reference to Tables 1, 2, 3, or 4 according to the Zone in which the Assessor's Parcel is located and the Unit type.

TABLE 1

**ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY WITHIN ZONE 1
FISCAL YEAR 2004-05**

Unit Type	Assigned Annual Special Tax
Attached Unit / Detached Unit	\$2,019.35
Assigned Unit	\$0.00

TABLE 2

**ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY WITHIN ZONE 2
FISCAL YEAR 2004-05**

Unit Type	Assigned Annual Special Tax
Attached Unit / Detached Unit	\$2,128.74
Assigned Unit	\$0.00

TABLE 3

**ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY WITHIN ZONE 3
FISCAL YEAR 2004-05**

Unit Type	Assigned Annual Special Tax
Attached Unit / Detached Unit	\$2,113.19
Assigned Unit	\$0.00

TABLE 4

**ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY WITHIN ZONE 4
FISCAL YEAR 2004-05**

Unit Type	Assigned Annual Special Tax
Attached Unit / Detached Unit	\$2,019.35
Assigned Unit	\$0.00

Each July 1, commencing July 1, 2005, the Assigned Annual Special Tax applicable to an Assessor's Parcel of Developed Property in each Zone shall be increased by 2.00% of the amount in effect in the prior Fiscal Year.

2. Undeveloped Property

The Assigned Annual Special Tax per acre of Acreage for an Assessor's Parcel of Undeveloped Property within a particular Zone for Fiscal Year 2004-05 shall be determined by reference to Table 5.

TABLE 5

**ASSIGNED ANNUAL SPECIAL TAX
FOR UNDEVELOPED PROPERTY
FISCAL YEAR 2004-05**

Zone	Assigned Annual Special Tax
1	\$9,947.69 per acre
2	\$4,829.16 per acre
3	\$4,713.79 per acre
4	\$9,947.69 per acre

Each July 1, commencing July 1, 2005, the Assigned Annual Special Tax applicable to an Assessor's Parcel of Undeveloped Property in each Zone shall be increased by 2.00% of the amount in effect in the prior Fiscal Year.

**SECTION F
BACKUP ANNUAL SPECIAL TAX**

Each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax for Developed Property shall be the rate per Lot calculated according to the following formula:

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

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 for the applicable Zone for the applicable Fiscal Year
A	=	Acreage of Developed Property expected to exist in the applicable Final Subdivision Map at build-out, as determined by the Associate Superintendent pursuant to Section K
L	=	Lots in the Final Subdivision Map

Notwithstanding the foregoing, if all or any portion of 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 that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Subdivision Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Subdivision Map area, 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 which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Subdivision Map area for all remaining Fiscal Years in which the Special Tax may be levied.

SECTION G METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Zone 1

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in Zone 1 of CFD No. 11 in such Fiscal Year. The Annual Special Tax shall be levied as follows:

First: The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to such Assessor's Parcel.

Second: If the sum of the amounts levied on Assessor's Parcels in the first step is less than the Zone 1 Annual Special Tax Requirement, then an 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 Zone 1 Annual Special Tax Requirement.

Third: If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the Zone 1 Annual Special Tax Requirement, then the Annual Special Tax on each Assessor's Parcel of Developed Property shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Annual Special Tax to satisfy the Zone 1 Annual Special Tax Requirement.

Zone 2

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in Zone 2 of CFD No. 11 in such Fiscal Year. The Annual Special Tax shall be levied as follows:

First: The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to such Assessor's Parcel.

Second: If the sum of the amounts levied on Assessor's Parcels in the first step is less than the Zone 2 Annual Special Tax Requirement, then an 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 Zone 2 Annual Special Tax Requirement.

Third: If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the Zone 2 Annual Special Tax Requirement, then the Annual Special Tax on each Assessor's Parcel of Developed Property shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Annual Special Tax to satisfy the Zone 2 Annual Special Tax Requirement.

Zone 3

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in Zone 3 of CFD No. 11 in such Fiscal Year. The Annual Special Tax shall be levied as follows:

First: The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to such Assessor's Parcel.

Second: If the sum of the amounts levied on Assessor's Parcels in the first step is less than the Zone 3 Annual Special Tax Requirement, then an 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 Zone 3 Annual Special Tax Requirement.

Third: If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the Zone 3 Annual Special Tax Requirement, then the Annual Special Tax on each Assessor's Parcel of Developed Property shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Annual Special Tax to satisfy the Zone 3 Annual Special Tax Requirement.

Zone 4

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in Zone 4 of CFD No. 11 in such Fiscal Year. The Annual Special Tax shall be levied as follows:

- First:** The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to such Assessor's Parcel.
- Second:** If the sum of the amounts levied on Assessor's Parcels in the first step is less than the Zone 4 Annual Special Tax Requirement, then an 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 Zone 4 Annual Special Tax Requirement.
- Third:** If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the Zone 4 Annual Special Tax Requirement, then the Annual Special Tax on each Assessor's Parcel of Developed Property shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Annual Special Tax to satisfy the Zone 4 Annual Special Tax Requirement.

SECTION H PREPAYMENT OF ANNUAL SPECIAL TAX

The Annual Special Tax obligation 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. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 11 with written notice of intent to prepay. Within 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.

1. Bond Proceeds Allocation

Prior to the calculation of any Tax Prepayment Amount, a calculation shall be performed to determine the amount of Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds that are allocable to the Assessor's Parcel for which the Annual Special obligation is to be prepaid, if any. For purposes of this, calculation Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds shall equal the par amount of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds. For each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds proceeds of such series shall be allocated to each Assessor's Parcel in an amount equal to the Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds times the Prepayment Ratio applicable to such Assessor's Parcel for such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds. For each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds, an amount of Regularly Retired Principal shall also be allocated to each Assessor's Parcel to be calculated pursuant to Section H.3E. If, after such allocations, the amount of (i) Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds allocated to the Assessor's Parcel for which the Annual Special Tax obligation is to be prepaid less the amount of Regularly Retired Principal allocated to such Assessor's Parcel is less than (ii) the sum of all the Gross Prepayment Amounts applicable to

such Assessor's Parcel pursuant to Section H.2., then the Prepayment Amount for such Assessor's Parcel shall be calculated pursuant to Tables 6,7,8 or 9 of Section H.2. Otherwise, the Prepayment Amount shall be calculated pursuant to Section H.3.

2. **Prepayment Amount for Assessor's Parcel with Allocation of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds Less than Applicable Gross Prepayment Amounts**

The Prepayment Amount for each Assessor's Parcel for which the Prepayment Amount is to be calculated pursuant to this Section H.2. shall be calculated by (i) counting all the Units of each Unit type applicable to such Assessor's Parcel, (ii) multiplying the sum of the Units for each Unit type for such Assessor's Parcel by the applicable Gross Prepayment Amount per Unit for the Zone in which such Assessor's Parcel is located as set forth in Table 6,7, 8 or 9, and (iii) adding all the products derived from the immediately preceding step. This sum is the Prepayment Amount for the Assessor's Parcel calculated pursuant to H.2. The Gross Prepayment Amounts shall be determined by reference to Tables 6, 7, 8 or 9.

TABLE 6

**PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05
FOR PROPERTY WITHIN ZONE 1**

Unit Type	Gross Prepayment Amount
Attached Unit/Detached Unit	\$19,484.84 per Unit
Assigned Unit	\$0.00 per Unit

TABLE 7

**PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05
FOR PROPERTY WITHIN ZONE 2**

Unit Type	Gross Prepayment Amount
Attached Unit/Detached Unit	\$21,106.97 per Unit
Assigned Unit	\$0.00 per Unit

TABLE 8

**PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05
FOR PROPERTY WITHIN ZONE 3**

Unit Type	Gross Prepayment Amount
Attached Unit/Detached Unit	\$21,133.13 per Unit
Assigned Unit	\$0.00 per Unit

TABLE 9

**PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05
FOR PROPERTY WITHIN ZONE 4**

Unit Type	Gross Prepayment Amount
Attached Unit/Detached Unit	\$19,484.84 per Unit
Assigned Unit	\$0.00 per Unit

3. Prepayment Amount for Assessor's Parcel with Allocation of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds Equal to or Greater than Applicable Gross Prepayment Amounts

The Prepayment Amount for each Assessor's Parcel for which the Prepayment Amount is to be calculated pursuant to this Section H.3 shall be the amount calculated as shown below.

Zone 1 Bond, Zone 2 Bond, Zone 3 Bond or Zone 4 Bond proceeds allocated to Assessor's Parcel pursuant to Section H.1
plus A. Redemption Premium
plus B. Defeasance
plus C. Prepayment Fees and Expenses
less D. Reserve Fund Credit
less E. Regularly Retired Principal
less F. Partial Prepayment Credit
equals Prepayment Amount

Detailed explanations of items A through F follows:

A. Redemption Premium

The Redemption Premium is calculated by multiplying (i) the principal amount of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds to be redeemed with the proceeds of the Prepayment Amount by (ii) the applicable redemption premium, if any, on the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds to be redeemed.

B. Defeasance

The Defeasance is the amount needed to pay interest on the portion of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds to be

redeemed with the proceeds of the Prepayment Amount until the earliest call date of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds to be redeemed, net of interest earnings to be derived from the reinvestment of the Prepayment Amount until the redemption date of the portion of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds to be redeemed with the Prepayment Amount. Such amount of interest earnings will be the amount reasonably estimated by the Board.

C. Prepayment Fees and Expenses

The Prepayment Fees and Expenses are the costs of the computation of the Prepayment Amount and an allocable portion of the costs of redeeming Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds and recording any notices to evidence the prepayment and the redemption, as calculated reasonably by the Board.

D. Reserve Fund Credit

The Reserve Fund credit, if any, shall be calculated as the sum of (i) the reduction in the applicable reserve fund requirement resulting from the redemption of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds with the Prepayment Amount, plus (ii) the reduction in the applicable reserve fund requirement attributable to the allocable portion of regularly scheduled retirement of principal that has occurred, as well as any other allocable portion of principal retired not related to Prepayment Amounts or Partial Prepayment Amounts. The allocable portion of regularly scheduled retirement of principal that has occurred means the total regularly scheduled retirement of principal that has occurred with respect to each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds times the applicable Prepayment Ratio for each such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds. The allocable portion of principal retired not related to Prepayment Amounts or Partial Prepayment Amounts means the total principal retired not related to Prepayment Amounts or Partial Prepayment Amounts with respect to each series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds times the applicable Prepayment Ratio for each such series of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds.

E. Regularly Retired Principal

The Regularly Retired Principal of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds times the applicable Prepayment Ratio for each such series of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds, or Zone 4 Bonds.

F. Partial Prepayment Credit

Partial prepayments of the Annual Special Tax obligation occurring prior to the issuance of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds will be credited in full. Partial prepayments of the Annual Special Tax obligation occurring subsequent to the issuance of Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds will be credited in an amount equal to the greatest amount of principal of the Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds that could have been redeemed with the Partial Prepayment Amount(s), taking into account Redemption Premium, Defeasance, Prepayment Fees and Expenses and Reserve Fund Credit, if any, but exclusive of restrictions limiting early redemption on the basis of dollar increments, i.e., the full amount of the Partial Prepayment Amount(s) will be taken into account in the calculation. The sum of all applicable partial prepayment credits is the Partial Prepayment Credit.

With respect to an Annual Special Tax obligation that has been prepaid, the Board shall reasonably indicate in the records of CFD No. 11 that there has been a prepayment of the Annual Special Tax and shall reasonably cause a suitable notice to be recorded in compliance with the Act within 30 days of receipt of such prepayment of Annual Special Taxes, to indicate reasonably the prepayment of Annual Special Taxes 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. Notwithstanding the foregoing, no prepayment shall be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property within the Zone in which such Assessor's Parcel is located both prior to and after the proposed prepayment, net of an allocable portion of Administrative Expenses, is at least 1.1 times the annual debt service in each Fiscal Year on all outstanding Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds and such prepayment will not impair the security of all outstanding Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

**SECTION I
PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Subdivision Map, the owner of no less than all of the property within such Final Subdivision Map may elect to prepay any portion of the applicable Annual Special Tax obligation for all of the Assessor's Parcels within such Final Subdivision Map. The owner of any Assessor's Parcel who desires such partial prepayment shall notify the Board of (i) such owner's intent to partially prepay the Annual Special Tax obligation and (ii) the percentage of the Annual Special Tax obligation to be prepaid. The partial prepayment of each Annual Special Tax obligation shall be collected at the issuance of each applicable Building Permit, provided that the Annual Special Tax obligation with respect to model Units for which Building Permits have already been issued must be partially prepaid at the time of the election. The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

These terms have the following meanings:

- PP = the Partial Prepayment Amount
P_G = the Prepayment Amount calculated according to Section H
F = the percentage of the Annual Special Tax obligation which the owner of the Assessor's Parcel is partially prepaying.

With respect to any Assessor's Parcel's Annual Special Tax obligation that is partially prepaid, the Board shall indicate in the records of CFD No. 11 that there has been a partial prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act within 30 days of receipt of such partial prepayment, to indicate the partial prepayment of Annual Special Tax obligation and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax and for the Assessor's Parcels has been reduced by an amount equal to the percentage, which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Tax that may be levied in CFD No. 11, net of an allocable portion of Administrative Expenses, is at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Zone 1 Bonds, Zone 2 Bonds, Zone 3 Bonds or Zone 4 Bonds.

SECTION J TERMINATION OF SPECIAL TAX

Annual Special Taxes of CFD No. 11 shall be levied within Zone 1, Zone 2 and Zone 3 for a period of thirty (30) Fiscal Years after the last series of Bonds have been issued for the applicable Zone. Annual Special Taxes of CFD No. 11 shall be levied within Zone 4 for a period of thirty (30) Fiscal Years after the issuance of the last Building Permit for a Lot within Zone 4. Annual Special Taxes shall not be levied in any Zone after Fiscal Year 2050-51.

SECTION K EXEMPTIONS

Zones 1, 2 and 3

The Associate Superintendent shall classify as Exempt Property: (i) Assessor's Parcels owned by or irrevocably offered to 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, and (v) other types of Assessor's Parcels, at the reasonable discretion of the Associate Superintendent, provided that no such classification would reduce the Acreage of all Taxable Property to less than 56.23 Net Taxable Acres in Zone 1, 92.57 Net Taxable Acres in Zone 2, and 152.87 Net Taxable Acres in Zone 3. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 56.23 Net Taxable Acres in Zone 1, 92.57 Net Taxable Acres in Zone 2, and 152.87 Net

Taxable Acres in Zone 3 will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

Zone 4

The Associate Superintendent shall classify as Exempt Property: (i) Assessor's Parcels owned by or irrevocably offered to 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 homeowner's association, (v) 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, and (iv) Assessor's Parcel for which a Final Subdivision Map has not been recorded.

SECTION L APPEALS

Any owner of an Assessor's Parcel claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Associate Superintendent not later than one (1) Calendar Year after having paid the first installment of the Special Tax that is being disputed. The Associate Superintendent shall reasonably and promptly review the appeal, and if necessary, reasonably meet with the property owner, reasonably consider written and oral evidence regarding the amount of the Special Tax, and reasonably rule on the appeal. If the Associate Superintendent's decision reasonably requires that the Special Tax for an Assessor's Parcel be reasonably modified or reasonably changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

SECTION M 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 CFD No. 11 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

SECTION N MAP OF ZONES

(Under separate cover)

J:\CLIENTS\POWAY.USD\CFD NO. 11\FORMATION\CFD NO 11 RMA FINAL.DOC

Exhibit B

**Annual Special Tax Roll
Fiscal Year 2007/2008**

**POWAY UNIFIED SCHOOL DISTRICT
 ZONE 2 OF
 COMMUNITY FACILITIES DISTRICT NO. 11
 SPECIAL TAX LEVY FOR FISCAL YEAR 2007/2008**

ASSESSOR PARCEL NUMBER				SPECIAL TAX
BOOK	PAGE	PARCEL	INT	
325	071	11	00	\$0.00
325	071	12	00	\$0.00
325	071	13	00	\$0.00
325	071	14	00	\$0.00
325	071	15	00	\$0.00
325	071	16	00	\$0.00
325	090	01	00	\$2,259.04
325	090	02	00	\$2,259.04
325	090	03	00	\$2,259.04
325	090	04	00	\$2,259.04
325	090	05	00	\$2,259.04
325	090	06	00	\$2,259.04
325	090	07	00	\$2,259.04
325	090	08	00	\$2,259.04
325	090	09	00	\$2,259.04
325	090	10	00	\$2,259.04
325	090	11	00	\$2,259.04
325	090	12	00	\$2,259.04
325	090	13	00	\$2,259.04
325	090	14	00	\$0.00
325	091	01	00	\$2,259.04
325	091	02	00	\$2,259.04
325	091	03	00	\$2,259.04
325	091	04	00	\$2,259.04
325	091	05	00	\$2,259.04
325	091	06	00	\$2,259.04
325	091	07	00	\$2,259.04
325	091	08	00	\$2,259.04
325	091	09	00	\$2,259.04
325	091	10	00	\$2,259.04
325	091	11	00	\$2,259.04
325	091	12	00	\$2,259.04
325	091	13	00	\$2,259.04
325	091	14	00	\$2,259.04
325	091	15	00	\$2,259.04
325	091	16	00	\$2,259.04
325	091	17	00	\$2,259.04
325	091	18	00	\$2,259.04
325	091	19	00	\$2,259.04
325	091	20	00	\$2,259.04
325	091	21	00	\$2,259.04

EXHIBIT "A"
LEGAL DESCRIPTION OF
IMPROVEMENT AREA C OF
POWAY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 11
(Cont.)

East 1589.15 feet; thence North 64°37'55" East 695.08 feet; thence North 50°13'08"
East 430.16 feet; thence North 36°58'13" East 344.33 feet; thence North 40°19'05"
East 556.76 feet; thence leaving said northerly right-of-way line South 42°39'42" East
821.19 feet; thence South 39°22'14" East 168.00 feet; thence South 14°48'47" East
297.37 feet; thence South 44°03'03" East 96.69 feet; thence South 55°04'46" East
143.44 feet; thence South 37°13'44" East 48.94 feet; thence South 08°16'52" East
90.67 feet; thence South 21°58'21" East 115.02 feet; thence South 58°57'04" East
146.65 feet; thence South 62°50'33" East 125.51 feet; thence South 36°49'14" East
99.28 feet; thence South 19°40'57" East 73.41 feet; thence South 30°15'17" East
91.39 feet; thence South 62°36'37" East 89.94 feet; thence South 48°07'12" East
229.60 feet; thence South 67°32'34" East 114.56 feet; thence South 56°31'48" East
304.84 feet; thence South 36°13'56" East 140.54 feet; thence South 08°20'11" East
122.71 feet; thence South 45°22'04" East 145.70 feet; thence South 54°19'42" East
281.04 feet; thence South 73°35'55" East 158.89 feet; thence South South 14°14'39"
West 1171.33 feet; thence South 10°15'13" East 482.28 feet; thence South 20°34'50"
West 363.07 feet; thence South 43°02'56" West 1683.66 feet; thence South 35°02'11"
West 654.61 feet to the southerly line of Section 29, Township 14 South, Range 1
West, San Bernardino Meridian; thence along said southerly line North 88°09'11" West
664.80 feet; thence continuing along said southerly line North 87°53'51" West 2430.67
feet to the TRUE POINT OF BEGINNING