

**Administration Report
Fiscal Year 2016/2017**

Poway Unified School District
Community Facilities District No. 16

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Introduction

This Administration Report ("Report") provides an analysis of the financial and administrative obligations of Community Facilities District ("CFD") No. 16 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 2016/2017. In calculating the Annual Special Tax levy for Fiscal Year 2016/2017, the Report describes (i) the financial obligations of CFD No. 16 for Fiscal Year 2016/2017, and (ii) the amount of new development which has occurred within the boundaries of CFD No. 16.

The Report is organized into the following sections:

Section I

Section I provides a description of the Annual Special Tax levy for Fiscal Year 2015/2016.

Section II

Section II contains a description of (i) the initial allocation of bond proceeds, and (ii) the expenditure of Special Taxes and bond proceeds to fund the Authorized Facilities of CFD No. 16 through April 30, 2016, as directed by Senate Bill 165 ("SB 165").

Section III

Section III calculates the Special Tax Requirement based on the financial obligations of CFD No. 16 for Fiscal Year 2016/2017.

Section IV

Section IV provides (i) a description of the Special Tax classifications and (ii) an update of the development which has occurred in CFD No. 16.

Section V

Section V describes the methodology used to apportion the special tax requirement among the properties within CFD No. 16 and lists the Assigned Annual Special Tax rates for Fiscal Year 2016/2017.

I. Fiscal Year 2015/2016 Levy Summary

A. Special Tax Levy

The aggregate Annual Special Tax levy of CFD No. 6 in Fiscal Year 2015/2016 as well as a summary of the levy can be found in the table below.

Annual Special Tax Rates For Fiscal Year 2015/2016

Property Classification	Tax Class	Building Square Footage	Number of Units/Acres	Average Assigned Annual Special Tax Rate ^[1]	Total Annual Special Taxes
Detached	1	< 2,500	0 Units	NA	\$0.00
Detached	2	2,500 – 2,750	0 Units	NA	\$0.00
Detached	3	2,751 – 3,000	0 Units	NA	\$0.00
Detached	4	3,001 – 3,250	0 Units	NA	\$0.00
Detached	5	3,251 – 3,500	0 Units	NA	\$0.00
Detached	6	3,501 – 3,750	0 Units	NA	\$0.00
Detached	7	3,751 – 4,000	0 Units	NA	\$0.00
Detached	8	> 4,000	0 Units	NA	\$0.00
Attached	9	< 1,250	0 Units	NA	\$0.00
Attached	10	1,250 – 1,450	0 Units	NA	\$0.00
Attached	11	1,451 – 1,650	0 Units	NA	\$0.00
Attached	12	1,651 – 1,850	0 Units	NA	\$0.00
Attached	13	1,851 – 2,050	0 Units	NA	\$0.00
Attached	14	> 2,050	0 Units	NA	\$0.00
<i>Developed Property</i>			<i>0 Units</i>	<i>NA</i>	<i>\$0.00</i>
<i>Undeveloped Property</i>			<i>242.28 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>
Total					\$0.00

[1] The average Annual Special Tax rate is the average of all the Special Tax rates in each Special Tax Class, therefore they may not reflect the actual Assigned Annual Special Tax rate for each parcel in a given Special Tax Class.

B. Special Tax Delinquencies

There was no Special Taxes levied in Fiscal Year 2015/2016, therefore there are no delinquencies.

II. Senate Bill 165 Compliance

The Board of Education ("Board") of the School District, pursuant to the provisions of the Local Agency Special Tax and Bond Accountability Act ("Accountability Act"), has directed the filing of the Special Tax and Bond Accountability Report for CFD No. 16. 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 of CFD No. 16.

A. Authorized Facilities

Pursuant to the Mello Roos Community Facilities Act of 1982, as Amended ("Act"), CFD No. 16 can only be used to fund the "Authorized Facilities" as outlined at the time of formation. The following is an excerpt taken from the ROI to establish CFD No. 16 which describes the Authorized Facilities.

School Facilities means the acquisition, planning, construction, expansion, improvement, rehabilitation, 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 the School 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. 16, 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 School 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 School District related to the negotiation, execution, and implementation of the Third Supplement.

"School Facilities" shall also mean the acquisition, planning, construction, expansion, improvement, rehabilitation, 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 the School District to serve the student population of the School 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 Improvement Area A in excess of that required to satisfy the special tax requirements for Improvement Area A for such fiscal year provided that: (a) all of the Taxable Property in such Improvement Area is Developed Property; (b) Bonds have been issued in the maximum principal amount authorized to be issued for such Improvement Area or Owner and District have agreed that no additional Bonds shall be issued for such Improvement Area; and (c) such Improvement Area has funded the Purchase Price of City Improvements from all moneys deposited in the Improvement Fund established pursuant to the Indenture related to each series of Bonds issued for such Improvement Area.

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 School District, CFD No. 16, and bond trustee or fiscal agent related to CFD No. 16, 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 School District. The School Facilities listed are representative of the types of improvements authorized to be financed by CFD No. 16. 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, CFD No. 16, and the Act.

B. Bond Proceeds

As of April 30, 2016, no bonds have been issued for CFD No.16.

C. Construction/Acquisition Accounts

As of April 30, 2016, no bonds have been issued for CFD No. 16. Since bonds have not been issued, no construction/acquisition accounts have been established by CFD No.16.

D. Special Tax Fund

Each Fiscal Year, CFD No. 16 will levy, collect, and expend Annual Special Taxes in an amount necessary to pay interest and principal to bondholders, cover Administrative Expenses, and fund school facilities necessary to serve students generated from residential units constructed within the boundaries of CFD No. 16. No Special Taxes have been levied within CFD No. 16.

III. Special Tax Requirement

For Fiscal Year 2016/2017, the special tax requirement for CFD No. 16, as calculated pursuant to the RMA, can be found in the table below.

**Special Tax Requirement
For Fiscal Year 2016/2017**

FY 2016/2017 Obligations		\$225,089.44
Direct Construction/Additional Administrative Expense Budget	\$225,089.44	
Special Tax Requirement		\$225,089.44

IV. Development Summary

Each Fiscal Year, the School District calculates the Annual Special Taxes to be levied against Taxable Property within CFD No. 16. Taxable Property is classified based on the issuance of a Building Permit. Specifically, Developed Property means, for any Fiscal Year, all Assessor's Parcels in CFD No. 16 for which a Building Permit has been issued as of May 1 of the previous Fiscal Year, provided that the Assessor's Parcel was created prior to January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot. The table below summarizes the Special Tax classification within CFD No. 16 for the previous Fiscal Year and Fiscal Year 2016/2017.

Special Tax Classification

Property Classification	Tax Class	Building Square Footage	Previous Fiscal Year	Fiscal Year 2016/2017
Detached	1	< 2,500	0 Units	0 Units
Detached	2	2,500 – 2,750	0 Units	0 Units
Detached	3	2,751 – 3,000	0 Units	0 Units
Detached	4	3,001 – 3,250	0 Units	0 Units
Detached	5	3,251 – 3,500	0 Units	0 Units
Detached	6	3,501 – 3,750	0 Units	0 Units
Detached	7	3,751 – 4,000	0 Units	0 Units
Detached	8	> 4,000	0 Units	0 Units
Attached	9	< 1,250	0 Units	0 Units
Attached	10	1,250 – 1,450	0 Units	22 Units
Attached	11	1,451 – 1,650	0 Units	0 Units
Attached	12	1,651 – 1,850	0 Units	8 Units
Attached	13	1,851 – 2,050	0 Units	24 Units
Attached	14	> 2,050	0 Units	52 Units
<i>Developed Property</i>			<i>0 Units</i>	<i>106 Units</i>
<i>Undeveloped Property</i>			<i>242.28 Acres</i>	<i>213.80 Acres</i>
Total			0 Units	106 Units

V. Fiscal Year 2016/2017 Levy Summary

The Special Tax rates of CFD No. 16 needed to meet the Special Tax Requirement for Fiscal Year 2016/2017 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 Special Tax Requirement among Developed Property and Undeveloped Property, please see the RMA.

Annual Special Tax Rates For Fiscal Year 2016/2017

Property Classification	Tax Class	Building Square Footage	Number of Units/Acres	Average Assigned Annual Special Tax Rate ^[1]	Total Annual Special Taxes
Detached	1	< 2,500	0 Units	NA	\$0.00
Detached	2	2,500 – 2,750	0 Units	NA	\$0.00
Detached	3	2,751 – 3,000	0 Units	NA	\$0.00
Detached	4	3,001 – 3,250	0 Units	NA	\$0.00
Detached	5	3,251 – 3,500	0 Units	NA	\$0.00
Detached	6	3,501 – 3,750	0 Units	NA	\$0.00
Detached	7	3,751 – 4,000	0 Units	NA	\$0.00
Detached	8	> 4,000	0 Units	NA	\$0.00
Attached	9	< 1,250	0 Units	NA	\$0.00
Attached	10	1,250 – 1,450	22 Units	\$1,652.96 per Unit	\$36,365.12
Attached	11	1,451 – 1,650	0 Units	NA	\$0.00
Attached	12	1,651 – 1,850	8 Units	\$2,031.66 per Unit	\$16,253.28
Attached	13	1,851 – 2,050	24 Units	\$2,218.84 per Unit	\$53,252.16
Attached	14	> 2,050	52 Units	\$2,292.68 per Unit	\$119,219.36
<i>Developed Property</i>			<i>106 Units</i>	<i>NA</i>	<i>\$225,089.92</i>
<i>Undeveloped Property</i>			<i>213.80 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>
Total					\$225,089.92

[1] The average Annual Special Tax rate is the average of all the Special Tax rates in each Special Tax Class, therefore they may not reflect the actual Assigned Annual Special Tax rate for each parcel in a given Special Tax Class.

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Exhibit A

Rate and Method of Apportionment

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 16 OF POWAY UNIFIED SCHOOL DISTRICT

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes ("Rate and Method of Apportionment") of Community Facilities District No. 16 ("CFD No. 16") of the Poway Unified School District ("School District"). A Special Tax shall be levied on and collected from Taxable Property (defined below) located within the boundaries of CFD No. 16 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. 16, 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

For purposes of this Rate and Method of Apportionment the terms hereinafter set forth have the following meanings:

"Acreage" means the number of acres of 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 Board may rely on the land area shown on the applicable Final Map, parcel map, condominium plan, or other recorded County parcel map.

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

"Administrative Expenses" means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 16 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes, including, but not limited to, the reasonable expenses of collecting delinquencies, the administration of Bonds, the proportionate payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 16, and reasonable costs otherwise incurred in order to carry out the authorized purposes of CFD No. 16 including a proportionate amount of School District general administrative overhead related thereto.

"Administrator" means an official at the School District or designee thereof, responsible for determining the levy and allocation of the Special Taxes.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 16.

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

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

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

"Attached Unit" means a Unit that is located or shall be located within a building in which each of the individual Units has or shall have at least one common wall with another Unit.

"Board" means the Board of Education of Poway Unified School District, or its designee, in certain cases acting as the Legislative Body of CFD No. 16.

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

"Bond Yield" means the yield of the last series of Bonds issued, for purposes of this calculation the yield of the Bonds shall be the yield calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended for the purpose of the Non-Arbitrage Certificate or other similar bond issuance document.

"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 which the Special Taxes have been pledged for repayment.

"Building Permit" means a permit for the construction of residential or commercial/industrial square footage issued by the City, or another public agency in the event the City no longer issues permits for construction within CFD No. 16.

"Building Square Footage" or **"BSF"** means the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structures, other structures not used as living space, or any other square footage excluded under Government Code Section 65995 as determined by reference to the Building Permit.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"City" means the City of San Diego.

"Commercial/Industrial Property" means all Assessor's Parcels of Developed Property other than Residential Property.

"County" means the County of San Diego.

"Developed Property" means all Assessor's Parcels of Taxable Property for which

Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

"Detached Unit" means a Unit which is not an Attached Unit.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes in Section K each Fiscal Year as determined May 1st of the previous Fiscal Year.

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

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

"Gross Floor Area" or "GFA" means, for an Assessor's Parcel of Commercial/Industrial Property, the covered and enclosed space determined to be within the perimeter of a commercial or industrial structure, not including any storage areas incidental to the principal use of the development, garage, parking structure, unenclosed walkway, utility, or disposal area. The determination of Gross Floor Area shall be made by referencing the applicable Building Permit in accordance with the standard practice of the building department of the City.

"Homeowner" means any owner of a completed Unit constructed and sold within CFD No. 16.

"Index" means the Marshall & Swift eight (8) California Cities Class B Construction Cost Index, or if the Marshall & Swift eight (8) California Cities Class B Construction Cost Index ceases to be used by the State Allocation Board, a reasonably comparable index used by the State Allocation Board to estimate changes in school construction costs, or in the absence of such an Index, the Engineering News Record, Construction Cost Index (Los Angeles Area) published by McGraw-Hill, Inc.

"Inflator" means the greater of (i) 2.00% or (ii) the percentage change in the Index as measured between the Index published in December of the prior Calendar Year and the Index published in December of the Calendar Year immediately preceding the prior Calendar Year.

"Lot" means an individual legal lot created by a Final Map for which a Building Permit for residential construction has been or could be issued.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C, which can be levied by CFD No. 16 in any Fiscal Year on any Assessor's Parcel.

"One Time Special Tax" means the single payment Special Tax which shall be levied on each Assessor's Parcel of Undeveloped Property, determined pursuant to Section D.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Special Tax obligation for an Assessor's Parcel as described in Section H.

"Prepayment Administrative Fees" means any fees or expenses of the School District or CFD No. 16 associated with the prepayment of the Special Tax obligation of an Assessor's Parcel. Prepayment Administrative Fees shall include among other things the cost of computing the Prepayment Amount, redeeming Bonds, and recording any notices to evidence the prepayment and redemption of Bonds.

"Prepayment Amount" means the amount required to prepay the Special Tax obligation in full for an Assessor's Parcel as described in Section G.

"Present Value of Taxes" means for any Assessor's Parcel the present value of (i) the unpaid portion, if any, of the Special Tax applicable to such Assessor's Parcel in the current Fiscal Year and (ii) the Special Taxes expected to be levied on such Assessor's Parcel in each remaining Fiscal Year, as determined by the Board, until the termination date specified in Section J. The discount rate used for this calculation shall be equal to the (i) Bond Yield after Bond issuance or (ii) most recently published Bond Index prior to Bond issuance.

"Reserve Fund Credit" means an amount equal to the lesser of (i) the reduction in the applicable reserve fund requirement(s) resulting from the redemption of Bonds with the Prepayment Amount or (ii) 10% of the amount of Bonds which will be redeemed. In the event that a surety bond or other credit instrument satisfies the reserve requirement or the reserve requirement is underfunded at the time of the prepayment no Reserve Fund Credit shall be given.

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

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

"Senior Citizen Restriction" means (i) a restriction limiting the use of Units to senior citizen housing under a specific plan, a final map or other governmental entitlements, or a declaration of covenants, conditions and restrictions or any similar recorded instrument or (ii) licensing from appropriate agencies received for residential care facilities for the elderly or multilevel care facilities as those terms are defined in Health and Safety Code Section 1669.23 and Government Code Section 16432(d)(8), respectively.

"Special Tax(es)" means any of the special taxes authorized to be levied by CFD No. 16 pursuant to 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 Developed Property.

"Unit" means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units. Each Unit shall be classified as an Attached Unit, Detached Unit, or Senior Citizen Unit.

**SECTION B
CLASSIFICATION OF ASSESSOR'S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2014/2015, each Assessor's Parcel within CFD No. 16 shall be classified as Taxable Property or Exempt Property. Each Assessor's Parcel classified as Taxable Property shall be further classified as Developed Property or Undeveloped Property. Developed Property shall be assigned to a special tax classification according to Table 1 below.

**TABLE 1
SPECIAL TAX CLASSIFICATION FOR
DEVELOPED PROPERTY**

Tax Classification	Unit Type	Building Square Footage
Residential Property		
1	Detached Unit	< 2,500
2	Detached Unit	2,500 – 2,750
3	Detached Unit	2,751 – 3,000
4	Detached Unit	3,001 – 3,250
5	Detached Unit	3,251 – 3,500
6	Detached Unit	3,501 – 3,750
7	Detached Unit	3,751 – 4,000
8	Detached Unit	> 4,000
9	Attached Unit	< 1,250
10	Attached Unit	1,250 – 1,450
11	Attached Unit	1,451 – 1,650
12	Attached Unit	1,651 – 1,850
13	Attached Unit	1,851 – 2,050
14	Attached Unit	> 2,050

TABLE 1 (CONTINUED)

SPECIAL TAX CLASSIFICATION FOR DEVELOPED PROPERTY

Tax Classification	Unit Type	Building Square Footage
15	Senior Citizen Unit	NA
Commercial/Industrial Property		
16	NA	NA

**SECTION C
MAXIMUM SPECIAL TAXES**

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the sum of (i) any portion of the One-Time Special Tax not collected and (ii) the application of the Assigned Annual Special Tax.

2. Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property for any Fiscal Year shall be the One-Time Special Tax applicable to such Assessor's Parcel in such Fiscal Year.

**SECTION D
ONE-TIME SPECIAL TAXES**

A One-Time Special Tax shall be collected for an Assessor's Parcel of Undeveloped Property prior to the time a Building Permit is issued. The One-Time Special Tax shall be determined by reference to Table 2 below, subject to increases as described below.

TABLE 2

**ONE-TIME SPECIAL TAX
FISCAL YEAR 2014/2015**

Tax Classification	Unit Type	Building Square Footage	One-Time Special Tax
Residential Property			
1	Detached Unit	< 2,500	\$0.00 per Unit
2	Detached Unit	2,500 – 2,750	\$0.00 per Unit
3	Detached Unit	2,751 – 3,000	\$0.00 per Unit
4	Detached Unit	3,001 – 3,250	\$0.00 per Unit

TABLE 2 (CONTINUED)

**ONE-TIME SPECIAL TAX
FISCAL YEAR 2014/2015**

Tax Classification	Unit Type	Building Square Footage	One-Time Special Tax
5	Detached Unit	3,251 – 3,500	\$0.00 per Unit
6	Detached Unit	3,501 – 3,750	\$0.00 per Unit
7	Detached Unit	3,751 – 4,000	\$0.00 per Unit
8	Detached Unit	> 4,000	\$0.00 per Unit
9	Attached Unit	< 1,250	\$0.00 per Unit
10	Attached Unit	1,250 – 1,450	\$0.00 per Unit
11	Attached Unit	1,451 – 1,650	\$0.00 per Unit
12	Attached Unit	1,651 – 1,850	\$0.00 per Unit
13	Attached Unit	1,851 – 2,050	\$0.00 per Unit
14	Attached Unit	> 2,050	\$0.00 per Unit
15	Senior Citizen Unit	NA	\$0.56 per sq. ft.
Commercial/Industrial Property			
16	NA	NA	\$0.56 per sq. ft.

Each July 1, commencing July 1, 2015, the One-Time Special Tax for each Assessor's Parcel of Undeveloped Property shall be increased by the Inflator.

**SECTION E
ASSIGNED ANNUAL SPECIAL TAXES**

1. Newly Developed Property

The Assigned Annual Special Tax for all Assessor's Parcels in the first Fiscal Year in which such Assessor's Parcel is classified as Developed Property shall be determined by reference to Table 3 below, subject to increases as described below.

TABLE 3

**ASSIGNED ANNUAL SPECIAL TAX FOR
NEWLY DEVELOPED PROPERTY
FISCAL YEAR 2014/2015**

Tax Classification	Unit Type	Building Square Footage	Assigned Annual Special Tax
Residential Property			
1	Detached Unit	< 2,500	\$3,058.29 per Unit
2	Detached Unit	2,500 – 2,750	\$3,225.00 per Unit
3	Detached Unit	2,751 – 3,000	\$3,391.70 per Unit
4	Detached Unit	3,001 – 3,250	\$3,515.85 per Unit
5	Detached Unit	3,251 – 3,500	\$3,588.40 per Unit
6	Detached Unit	3,501 – 3,750	\$3,802.50 per Unit
7	Detached Unit	3,751 – 4,000	\$3,875.06 per Unit
8	Detached Unit	> 4,000	\$3,947.61 per Unit
9	Attached Unit	< 1,250	\$1,399.45 per Unit
10	Attached Unit	1,250 – 1,450	\$1,580.51 per Unit
11	Attached Unit	1,451 – 1,650	\$1,761.56 per Unit
12	Attached Unit	1,651 – 1,850	\$1,942.62 per Unit
13	Attached Unit	1,851 – 2,050	\$2,121.58 per Unit
14	Attached Unit	> 2,050	\$2,192.19 per Unit
15	Senior Citizen Unit	NA	\$0.00 per Unit
Commercial/Industrial Property			
16	NA	NA	\$0.00 per Unit

Each July 1, commencing July 1, 2015, the Assigned Annual Special Tax shall be increased by the Inflation until the first Fiscal Year in which such Assessor's Parcel is classified as Developed Property.

2. Existing Developed Property

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

SECTION F

METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing Fiscal Year 2014/2015, and each subsequent Fiscal Year, the Board shall levy the Special Tax on each Assessor's Parcel of Developed Property at the Maximum Special Tax rate applicable to such Assessor's Parcel.

SECTION G PREPAYMENT OF SPECIAL TAXES

1. Special Tax Prepayment Times and Conditions

The Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Special Tax shall provide the School District with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Administrator shall determine the Prepayment Amount for such Assessor's Parcel and shall notify such owner of such Prepayment Amount.

2. Special Tax Prepayment Calculation

The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

P	=	Prepayment Amount
PVT	=	Present Value of Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

3. Special Tax Prepayment Procedures and Limitations

With respect to any Assessor's Parcel that is prepaid, the Board shall indicate in the records of the School District that there has been a prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax obligation and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Tax shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Assigned Annual Special Taxes that may be levied on Taxable Property, excluding Provisional Undeveloped Property, after such prepayment net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each

future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Administrator. Such determination shall include identifying all Assessor's Parcels that are expected to be classified as Exempt Property.

Notwithstanding the above, the ability to prepay the Special Tax obligation of an Assessor's Parcel may be suspended, by the Superintendent of the School District or his or her designee, acting in his or her absolute and sole discretion for and on behalf of CFD No. 16, without notice to the owners of property within CFD No. 16 for a period of time, not to exceed sixty (60) days, prior to the scheduled issuance of Bonds by CFD No. 16 to assist in the efficient preparation of the required bond market disclosure.

SECTION H PARTIAL PREPAYMENT OF SPECIAL TAXES

1. Partial Prepayment Times and Conditions

The Special Tax obligation of Assessor's Parcels of Taxable Property may be partially prepaid in increments of ten (10) units, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcels at the time the Special Tax obligation would be partially prepaid. An owner of an Assessor's Parcel(s) intending to partially prepay the Special Tax shall provide the School District with written notice of their intent to partially prepay. Within thirty (30) days of receipt of such written notice, the Administrator shall determine the Partial Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Partial Prepayment Amount.

2. Partial Prepayment Calculation

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = PVT \times F - RFC + PAF$$

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
PVT	=	Present Value of Taxes
F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

3. Partial Prepayment Procedures and Limitations

With respect to any Assessor's Parcel that is partially prepaid, the School District shall indicate in the records of the School District that there has been a partial prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Special Tax obligation and the partial release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax for the Assessor's Parcel 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 Special Taxes that may be levied on Taxable Property, excluding Provisional Undeveloped Property, after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Administrator. Such determination shall include identifying all Assessor's Parcels that are expected to be classified as Exempt Property.

Notwithstanding the above, the ability to partially prepay the Special Tax obligation of an Assessor's Parcel may be suspended, by the Superintendent of the School District or his or her designee, acting in his or her absolute and sole discretion for and on behalf of CFD No. 16, without notice to the owners of property within CFD No. 16 for a period of time, not to exceed sixty (60) days, prior to the scheduled issuance of Bonds by CFD No. 16 to assist in the efficient preparation of the required bond market disclosure.

SECTION I ANNUAL SPECIAL TAX REMAINDER

In any Fiscal Year which the Special Taxes collected from Developed Property exceeds the amount needed to make regularly scheduled annual interest and principal payments on outstanding Bonds and pay Administrative Expenses, the School District may use such amount for acquisition, construction or financing of school facilities in accordance with the Act, CFD No. 16 proceedings and other applicable laws as determined by the Board.

SECTION J TERMINATION OF SPECIAL TAX

Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after the last series of Bonds have been issued, provided that Special Taxes shall not be levied after Fiscal Year 2057-2058.

SECTION K EXEMPTIONS

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels owned by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, and (v) any other Assessor's Parcels at the reasonable discretion of the Board.

SECTION L APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. In order to be considered sufficient, any notice of appeal must: (i) specifically identify the property by address and Assessor's Parcel Number; (ii) state the amount in dispute and whether it is the whole amount or only a portion of the Special Tax; (iii) state all grounds on which the property owner is disputing the amount or application of the Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect; (iv) include all documentation, if any, in support of the claim; and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. A representative(s) of CFD No. 16 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the representative's decision shall indicate.

SECTION M MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that CFD No. 16 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and if so collected, a delinquent penalty of 10% of the Special Tax will attach at 5:00 p.m. on the date the Special Tax becomes delinquent and interest at 1.5% per month of the Special Tax will attach on the July 1 after the delinquency date and the first of each month thereafter until such Special Taxes are paid.

Exhibit B

**Annual Special Tax Roll
Fiscal Year 2016/2017**

Poway Unified School District
CFD No. 16
Special Tax Levy For Fiscal Year 2016/2017

Book	Page	Parcel	Interest	Special Tax
312	10	15	0	\$0.00
312	141	2	0	\$0.00
312	160	2	0	\$0.00
678	700	3	0	\$0.00
678	237	1	0	\$0.00
678	700	4	0	\$0.00
678	700	2	0	\$0.00
678	700	1	0	\$2,292.68
678	700	1	0	\$1,652.96
678	700	1	0	\$1,652.96
678	700	1	0	\$2,218.82
678	700	1	0	\$2,218.82
678	700	1	0	\$2,218.82
678	700	1	0	\$2,218.82
678	700	1	0	\$1,652.96
678	700	1	0	\$1,652.96
678	700	1	0	\$2,292.68
678	700	1	0	\$2,218.82
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678	700	1	0	\$1,652.96
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678	700	1	0	\$2,218.82
678	700	1	0	\$2,218.82
678	700	1	0	\$2,218.82
678	700	1	0	\$1,652.96
678	700	1	0	\$1,652.96
678	700	1	0	\$2,292.68
678	700	1	0	\$2,292.68
678	700	1	0	\$1,652.96
678	700	1	0	\$1,652.96
678	700	1	0	\$2,218.82
678	700	1	0	\$2,218.82
678	700	1	0	\$2,218.82
678	700	1	0	\$2,218.82
678	700	1	0	\$2,218.82
678	700	1	0	\$2,218.82
678	700	1	0	\$2,218.82
678	700	1	0	\$1,652.96

