Annual Report

Poway Unified School District Series 2002 Special Tax Bonds, Series 2005 Special Tax Bonds, and Series 2007 Special Tax Bonds of Community Facilities District No. 6

January 31, 2008

Prepared For:
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Introduction

This Annual Report ("Report") has been prepared pursuant to the Continuing Disclosure Agreement ("Agreement") executed in connection with the issuance of the Series 2002 Special Tax Bonds ("2002 Bonds"), the Series 2005 Special Tax Bonds ("2005 Bonds"), and the Series 2007 Special Tax Bonds ("2007 Bonds"), collectively ("Bonds"), by Community Facilities District ("CFD") No. 6 of the Poway Unified School District ("School District") in the amount of $25,000,000, $44,305,000, and $37,910,000 respectively. The Bonds were issued under the Mello-Roos Community Facilities Act of 1982, as amended ("Act"), and pursuant to the Bond Indenture, dated August 1, 2002, by and between the School District on behalf of CFD No. 6 and Zions First National Bank ("Fiscal Agent"), successor to State Street Bank and Trust Company of California, N.A. as Fiscal Agent; the First Supplemental Bond Indenture dated November 1, 2005, by and between the School District on behalf of CFD No. 6 and the Fiscal Agent, as successor to State Street Bank and Trust Company of California, N.A. as Fiscal Agent; and the Second Supplemental Bond Indenture dated June 1, 2007 by and between the School District on behalf of CFD No. 6 and the Fiscal Agent. Dolinka Group, LLC has been retained by the School District to act as dissemination agent ("Dissemination Agent"). The Bonds were issued to (i) fund the acquisition and construction of certain school facilities ("Facilities"), (ii) fund a reserve fund for the 2002 Bonds, (iii) increase the reserve fund for the Bonds, (iv) pay the premium for the reserve fund surety bond, (v) pay interest on the 2002 Bonds through March 1, 2003, and (vi) pay the costs of issuing the Bonds.

The following information is provided pursuant to Section 3 and 4 of the Agreement:

I. Audited Financial Statements

A copy of the School District's annual audited financial statements for Fiscal Year 2006/2007 is available online at www.disclosureusa.org.

II. Principal Amount of Bonds Outstanding

As of January 1, 2008, the outstanding principal amount of (i) the 2002 Bonds was $24,720,000, (ii) the 2005 Bonds was $44,165,000 and (iii) the 2007 Bonds was $37,910,000.

III. Bond Service Fund Balance

The Bond Fund is a composite of the Principal Account and Interest Account; as of January 1, 2008, the balances within these accounts totaled $386,444.34.

IV. Reserve Fund Balance

The Reserve Requirement for the Bonds is an amount equal to the lesser of (i) ten percent (10%) of the original principal amount of the Bonds (ii) one hundred percent (100%) of the remaining maximum annual debt service on the Bonds (iii) one hundred and twenty-five percent (125%) of the average annual debt service on the Bonds. As of January 1, 2008, the Reserve Requirement of the Bonds was $9,375,750.52. Pursuant to the Second Supplemental Bond Indenture the Reserve Requirement for the Bond is funded, (i) by the purchase of a Surety Bond representing the Reserve Requirement for the 2007 Series and (ii) by the maintenance of a cash deposit for the Reserve Requirement of the 2002 Bonds and 2005 Bonds. As of January 1, 2008, the value of the Surety Bond was $2,958,469.44 and the balance of the Reserve Fund totaled $6,442,056.63; therefore, the Reserve Requirement was satisfied as of this date.

V. Fund and Account Balances

The balance of each fund, account, and subaccount of CFD No. 6 as of January 1, 2008, is listed in Table 1.

Table 1
Fund, Account, and Subaccount Balances (As of 01/01/08)

Funds, Accounts, or Subaccounts	Balances
Special Tax Fund	$5,325,343.72
Prepayment Account of the Special Tax Fund	$5,252,009.27
Bond Service Fund	$0.00
Interest Account of the Bond Service Fund	$386,444.16
Principal Account of the Bond Service Fund	$0.18
2005 Cost of Issuance Fund	$0.00
2007 Cost of Issuance Fund	$50,245.53
Series 2002 School Facilities Account of the School Facilities Fund	$0.00
Series 2005 School Facilities Account of the School Facilities Fund	$0.00
Series 2007 School Facilities Account of the School Facilities Fund	$37,143,727.48
Middle School Account of the School Facilities Fund	$1.36
Reserve Fund	$6,442,056.63
Rebate Fund	$0.00
Administrative Expense Fund	$132.15
Redemption Fund	$0.00

VI. Total Assessed Value and Value-to-Lien of all Parcels within CFD No. 6

Table 2 shows the total assessed value, total direct and overlapping debt, and total value-to-lien ratio for all parcels within CFD No. 6 as of January 1, 2008.

Table 2
Assessed Value to Lien Table

Land Use Class	Unit Type	Fiscal Year 2007/2008 Assessed Value [1]	Total Direct and Overlapping Debt [2]	Assessed Value-to-Lien
Residential Property	Detached Unit	$1,752,077,601.00	$140,472,485.49	12.47:1
Residential Property	Attached Unit	$280,313,810.00	$24,896,453.02	11.26:1
Residential Property	Affordable Unit	$9,159,295.00	$35,520.10	257.86:1
Commercial/Industrial Property	NA	$0.00	$0.00	NA
Undeveloped Property	NA	$251,253,894.00	$974,371.33	257.86:1
Exempt Property [3]	NA	$16,445,442.00	$63,776.06	257.86:1
Total [4]	**NA**	**$2,309,250,042.00**	**$166,442,606.00**	**13.87:1**

[1] Total assessed value reported on the County of San Diego Fiscal Year 2007/2008 equalized tax roll.
[2] Source: Detailed Direct and Overlapping Debt Report, National Tax Data, Inc. dated November 1, 2007 (attached as Exhibit A).
[3] This property has been exempted from the CFD No. Special Tax, however, may be subject to ad valorem taxes.
[4] Numbers may not reflect the total amounts listed on the Detailed Direct and Overlapping Debt Report provided by National Tax Data, Inc. due to rounding.

VII. Fiscal Year 2006/2007 and Prior Fiscal Year's Special Tax Levies and Delinquencies

There were ninety (90) parcels delinquent in paying their Fiscal Year 2006/2007 Special Taxes in an amount of $143,820.78. The total Special Taxes levied by CFD No. 6 for Fiscal Year 2006/2007 was $5,256,325.64. Therefore, the delinquency rate within CFD No. 6 for Fiscal Year 2006/2007 was 2.74%.

VIII. Foreclosure Proceedings

Since no parcel is delinquent in the payment of Special Taxes in an amount greater than $5,000 and the overall delinquency rate for Fiscal Year 2006/2007 did not exceed five (5.00%) percent, CFD No. 6 has not initiated any foreclosure proceedings to date.

IX. Major Taxpayer Information

"Major Taxpayers" are those property owners responsible for more than five (5.00%) percent of the Special Tax levy in a given Fiscal Year. According to the County of San Diego Assessor's 2007/2008 equalized tax roll, there were no Major Taxpayers for Fiscal Year 2007/2008.

X. Report to the California Debt and Investment Advisory Commission

A copy of the report prepared and filed with the California Debt and Investment Advisory Commission pursuant to Section 53359.5(b) of the Act is included as Exhibit B.

XI. Changes to Rate and Method of Apportionment

No changes have been made to the Rate and Method of Apportionment for CFD No. 6 since the date of the Official Statement.

XII. Status of Improvement Areas

The following section outlines the status of the Improvement Areas ("IAs") formed by the School District to finance infrastructure improvements within CFD No. 6.

IA A of CFD No. 6 has been formed and authorized to issue bonds in an aggregate amount of $18,000,000. On December 4, 2002, IA A of CFD No. 6 issued the Improvement Area A 2002 Special Tax Bond in the amount of $18,000,000 to finance infrastructure improvements as outlined in the supplement to the School Impact Mitigation Agreement by and between (i) the School District and 4S Kelwood, (ii) the School District and 4S Ranch Company, a California limited partnership, and (iii) the School District and 4S Ranch Company 600, L.P.

IA B of CFD No. 6 has been formed and authorized to issue bonds in an aggregate amount of $30,000,000. On November 22, 2005, IA B of CFD No. 6 issued the Improvement Area B 2005 Special Tax Bond in the amount of $30,000,000 to finance infrastructure improvements as outlined in the supplement to the School Impact Mitigation Agreement by and between (i) the School District and 4S Kelwood, (ii) the School District and 4S Ranch Company, a California limited partnership, and (iii) the School District and 4S Ranch Company 600, L.P.

IA C of CFD No. 6 has been formed and authorized to issue bonds in an aggregate amount of $14,000,000. As of the date of this Report, IA C of CFD No. 6 had not issued any bonds.

J:\clients\POWAY.USD\CFD No. 6 - 4S Ranch\Admin\Cont_Disc\06-07\Series 2002,2005&2007 cont_disc0607.doc

Exhibit A

Detailed Direct and Overlapping Debt Report

STATE OF CALIFORNIA | COUNTY OF SAN DIEGO

POWAY UNIFIED SCHOOL DISTRICT

Community Facilities District No. 6

Special Tax Bonds

Detailed Direct and Overlapping Debt

Report Date: 11/01/2007
Report Time: 12:00:00 PM

I. Assessed Value

2007-2008 Secured Roll Assessed Value	**$2,309,250,042**

II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic Levy	PROP13	950,118	$3,650,367,867.72	0.61791%	3,840	$22,555,880.03
County of San Diego Mosquito / Disease Control	VECTOR	936,177	$5,224,121.54	0.34224%	3,839	$17,878.78
County of San Diego Service Area No. 17 (Emergency Medical)	CSA	49,632	$1,259,682.94	7.22099%	3,016	$90,961.64
County of San Diego Service Area No. 83 (Park Maintenance)	OPENSPACE	2,481	$236,254.64	58.27196%	1,376	$137,670.22
County of San Diego Street Lighting, Zone A	LLMD	94,850	$646,705.70	3.82950%	2,918	$24,765.60
County of San Diego Vector Control, Zone B	VECTOR	349,284	$729,076.08	1.13613%	3,633	$8,283.24
Metropolitan Water District of Southern California Standby Charge	STANDBY	19,089	$311,401.86	0.00369%	1	$11.50
Metropolitan Water District of Southern California Standby Charge	STANDBY	24,389	$424,951.36	10.06887%	3,531	$42,787.82
Olivenhain Municipal Water District AD No. 96-1	1915	22,670	$1,430,697.68	15.57053%	3,835	$222,767.22
Olivenhain Municipal Water District Sewer Charge	SEWER	4,300	$2,627,295.92	62.23235%	3,353	$1,635,028.10
Olivenhain Municipal Water District Water Standby Charge	STANDBY	497	$50,100.00	98.80240%	495	$49,500.00
Palomar Pomerado Health Debt Service	GOB	187,831	$10,772,209.98	3.71665%	3,840	$400,365.84
Poway Unified School District CFD No. 6	CFD	3,952	$6,652,933.90	100.00000%	3,152	$6,652,933.90
Poway Unified School District CFD No. 6, Impv Area A	CFD	565	$1,329,756.06	100.00000%	565	$1,329,756.06
Poway Unified School District CFD No. 6, Impv Area B	CFD	1,534	$1,759,319.88	100.00000%	1,534	$1,759,319.88
Rancho Santa Fe Fire Protection District Special Tax	FIRE	11,927	$238,085.00	22.10240%	3,829	$52,622.50
San Diego County Water Authority Standby Charge	STANDBY	24,548	$368,001.26	10.95336%	3,841	$40,308.50
Voter Approved Debt	VOTER	949,909	$244,143,504.52	0.13247%	3,840	$323,412.07
2007-2008 TOTAL PROPERTY TAX LIABILITY						**$35,344,252.90**
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2007-2008 ASSESSED VALUATION						**1.53%**

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Olivenhain Municipal Water District AD No. 96-1	1915	$22,530,000	$17,965,000	15.57053%	3,835	$2,797,246
Poway Unified School District CFD No. 6	CFD	$107,215,000	$106,795,000	100.00000%	3,152	$106,795,000
Poway Unified School District CFD No. 6, Impv Area A	CFD	$18,000,000	$17,945,000	100.00000%	565	$17,945,000
Poway Unified School District CFD No. 6, Impv Area B	CFD	$30,000,000	$29,950,000	100.00000%	1,534	$29,950,000
TOTAL LAND SECURED BOND INDEBTEDNESS (1)						**$157,487,246**
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)						**$157,487,246**

IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Metropolitan Water District of Southern California Debt Service	GOB	$850,000,000	$359,115,000	0.65420%	3,952	$2,349,330
Palomar Community College District Debt Service	GOB	$160,000,000	$160,000,000	2.50304%	3,952	$4,004,864
Palomar Pomerado Health Debt Service	GOB	$80,000,000	$68,360,000	3.80510%	3,952	$2,601,166
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)						**$8,955,361**
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)						**$8,955,361**

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT	**$166,442,606**
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	**13.87:1**

(1) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.

Source: National Tax Data, Inc.

Exhibit B

Reports to the California Debt and Investment Advisory Commission

STATE OF CALIFORNIA
MELLO ROOS/MARKS ROOS
YEARLY STATUS FISCAL REPORT
FOR LOCAL OBLIGATORS

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-001
(916) 653-3269 FAX (916) 654-7440

For Office Use Only
CDIAC # ____
Fiscal Year ____

I. General Information

This issue is subject to the Mello-Roos Fiscal Status Reporting Requirements only — *Yes* ☑ *No* ☐
This issue is subject to the Marks-Roos Yearly Fiscal Status Reporting Requirements for local obligation/loan issues only — *Yes* ☐ *No* ☑
This issue is subject to both Marks/Mello-Roos Yearly Fiscal Status Reporting Requirements — *Yes* ☐

A. Issuer: Poway Unified School District
B. Community Facilities District Number *(Mello-Roos only)*: Community Facilities District No. 6
C. Name/Title/Series of Bond Issue: Special Tax Bonds, Series 2002
D. Indicate Credit Rating — Rating Agency ____ Rating ____ Not Rated X
E. Date of Bond Issue: October 10, 2002
F. Original Principal Amount of Bonds: $ 25,000,000
G. Reserve Fund Minimum Balance Required — Yes ☑ Amount $ 2,363,117.13 No ☐
Percent of Authority Reserve Fund *(Marks-Roos only)* — Yes ☐ % of Reserve Fund ____
H. Name of Authority that purchased debt *(Marks-Roos only)* ____
Was this a Senior/Subordinate Authority Bond? Yes ☐ No ☐ (If yes, list Senior and Subordinate below)

____
(Senior Authority bond issue)

____
(Subordinate Authority bond issue)

I. Date of Authority Bond(s) Issuance ____ *(Marks-Roos only)*

II. FUND BALANCE FISCAL STATUS

Balances Reported as of fiscal year ending June 30, 2007 (Year)
A. Principal Amount of bonds Outstanding $ 24,835,000.00
B. Bond Reserve Fund $ 6,640,611.30 [1]
C. Capitalized Interest Fund $ 0.00
D. Construction Fund(s) *(Mello-Roos only)* $ 1.33

III. ASSESSED VALUE OF ALL PARCELS IN CFD SUBJECT TO SPECIAL TAX *(Mello-Roos only)*

A. Assessed Value Reported as of: Fiscal Year 2007-2008 (Date)
(Most recent tax roll)
(Check one)
☑ From Tax Roll
☐ From Appraisal of Property
(Use only in first year or before annual tax roll billing commences)

B. Total Assessed Value of All Parcels $ 2,309,250,042.00

IV. TAX COLLECTION INFORMATION

Reported as of fiscal year ending of: June 30, 2007 (Year)
A. Total Amount of Taxes Due $ 5,256,325.64
B. Total Amount of Unpaid Taxes $ 143,820.78
C. Taxes are Paid Under the County's Teeter Plan — Yes ☐ No ☑

V. DELINQUENT REPORTING INFORMATION

Delinquent Parcel Information Reported as of the current Tax Roll of June 30, 2007 (Date)
A. Total Number of Delinquent Parcels 92
B. Total Amount of Taxes Due on Delinquent Parcels $ 168,246.68
C. Percent of Delinquency Rate 2.74% *(Percent)*

[1] Bond Reserve Fund is shared between CFD No. 6 Series 2002 and CFD No. 6 Series 2005

STATE OF CALIFORNIA
YEARLY STATUS FISCAL REPORT
(Continued)

VI. FORECLOSURE INFORMATION FOR FISCAL YEAR *(Mello-Roos only)*
(Aggregate totals, if foreclosure commenced on the same date)

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax Due on Foreclosure Parcels
N/A	N/A	$ N/A
		$
		$
		$
		$
		$
		$

(Attach additional sheets if necessary)

VII. ISSUE RETIRED
This issue is retired and no longer subject to the Yearly Fiscal Status filing requirements. *(Indicate reason for retirement.)*

A. Matured: Yes ☐ No ☑ If yes, indicate final maturity date: ________

B. Refunded Entirely: Yes ☐ No ☑ If yes, state refunding bond title: ________ and issue date: ________

C. Other: ________

VIII. NAME OF PARTY COMPLETING THIS FORM

Name: Benjamin Dolinka
Title: President
Firm/Agency: Dolinka Group, Inc.
Address: 1301 Dove Street, Suite 700
City/State/Zip: Newport Beach, CA 92660
Phone No.: (949) 250-8300 Date of Report: October 30, 2007

Completion and submittal of this form to the California Debt and Investment Advisory Commission will assure your compliance with California State law. Section 53359.5 of the California Government code requires that all agencies issuing Mello-Roos Community Facilities bonds after January 1, 1993 to report specific information to the Commission by October 30th of each year.

Section 6599.1 of the California Government Code requires that all issuers selling Mark-Roos bonds, which is part of the Mark-Roos Local Bond Pooling Act of 1985, after January 1, 1996 are required to report specific information to the Commission by October 30th of the current year and each year thereafter.

For Office Use Only	
CDIAC #	
Fiscal Year	

STATE OF CALIFORNIA
MELLO ROOS/MARKS ROOS
YEARLY STATUS FISCAL REPORT
FOR LOCAL OBLIGATORS

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-001
(916) 653-3269 FAX (916) 654-7440

I. General Information

This issue is subject to the Mello-Roos Fiscal Status Reporting Requirements only	*Yes* ☑	*No* ☐
This issue is subject to the Marks-Roos Yearly Fiscal Status Reporting Requirements for local obligation/loan issues only	*Yes* ☐	*No* ☑
This issue is subject to both Marks/Mello-Roos Yearly Fiscal Status Reporting Requirements	*Yes* ☐	

A. Issuer: Poway Unified School District

B. Community Facilities District Number *(Mello-Roos only)*: Community Facilities District No. 6

C. Name/Title/Series of Bond Issue: Special Tax Bonds, Series 2005

D. Indicate Credit Rating — Rating Agency: ______ Rating: ______ Not Rated: X

E. Date of Bond Issue: November 22, 2005

F. Original Principal Amount of Bonds: $ 44,305,000

G. Reserve Fund Minimum Balance Required: Yes ☑ Amount $ 4,054,163.97 No ☐

Percent of Authority Reserve Fund *(Marks-Roos only)*: Yes ☐ % of Reserve Fund ______

H. Name of Authority that purchased debt *(Marks-Roos only)*: ______

Was this a Senior/Subordinate Authority Bond? Yes ☐ No ☐ (If yes, list Senior and Subordinate below)

______
(Senior Authority bond issue)

______
(Subordinate Authority bond issue)

I. Date of Authority Bond(s) Issuance ______ *(Marks-Roos only)*

II. FUND BALANCE FISCAL STATUS

Balances Reported as of fiscal year ending June 30, 2007 (Year)

A.	Principal Amount of bonds Outstanding	$ 44,225,000.00
B.	Bond Reserve Fund	$ 6,640,611.30 [1]
C.	Capitalized Interest Fund	$ 0.00
D.	Construction Fund(s) *(Mello-Roos only)*	$ 2,409.46

III. ASSESSED VALUE OF ALL PARCELS IN CFD SUBJECT TO SPECIAL TAX *(Mello-Roos only)*

A. Assessed Value Reported as of: Fiscal Year 2007-2008 (Date)
(Most recent tax roll)

(Check one)
☑ From Tax Roll
☐ From Appraisal of Property
(Use only in first year or before annual tax roll billing commences)

B. Total Assessed Value of All Parcels $ 2,309,250,042.00

IV. TAX COLLECTION INFORMATION

Reported as of fiscal year ending of: June 30, 2007 (Year)

A.	Total Amount of Taxes Due	$ 5,256,325.64
B.	Total Amount of Unpaid Taxes	$ 143,820.78
C.	Taxes are Paid Under the County's Teeter Plan	Yes ☐ No ☑

V. DELINQUENT REPORTING INFORMATION

Delinquent Parcel Information Reported as of the current Tax Roll of June 30, 2007 (Date)

A.	Total Number of Delinquent Parcels	92
B.	Total Amount of Taxes Due on Delinquent Parcels	$ 168,246.68
C.	Percent of Delinquency Rate	2.74% *(Percent)*

[1] Bond Reserve Fund is shared between CFD No. 6 Series 2002 and CFD No. 6 Series 2005

STATE OF CALIFORNIA
YEARLY STATUS FISCAL REPORT
(Continued)

VI. FORECLOSURE INFORMATION FOR FISCAL YEAR *(Mello-Roos only)*
(Aggregate totals, if foreclosure commenced on the same date)

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax Due on Foreclosure Parcels
N/A	N/A	$ N/A
		$
		$
		$
		$
		$
		$

(Attach additional sheets if necessary)

VII. ISSUE RETIRED
This issue is retired and no longer subject to the Yearly Fiscal Status filing requirements. *(Indicate reason for retirement.)*

A. Matured: Yes ☐ No ☑ If yes, indicate final maturity date: ______

B. Refunded Entirely: Yes ☐ No ☑ If yes, state refunding bond title: ______ and issue date: ______

C. Other: ______

VIII. NAME OF PARTY COMPLETING THIS FORM

Name: Benjamin Dolinka
Title: President
Firm/Agency: Dolinka Group, Inc.
Address: 1301 Dove Street, Suite 700
City/State/Zip: Newport Beach, CA 92660
Phone No.: (949) 250-8300 Date of Report: October 30, 2007

Completion and submittal of this form to the California Debt and Investment Advisory Commission will assure your compliance with California State law. Section 53359.5 of the California Government code requires that all agencies issuing Mello-Roos Community Facilities bonds after January 1, 1993 to report specific information to the Commission by October 30th of each year.

Section 6599.1 of the California Government Code requires that all issuers selling Mark-Roos bonds, which is part of the Mark-Roos Local Bond Pooling Act of 1985, after January 1, 1996 are required to report specific information to the Commission by October 30th of the current year and each year thereafter.

<u>Exhibit C</u>

Notice of Material Event:
Ambac Rating Downgrade

NOTICE OF MATERIAL EVENT: RATING DOWNGRADE

Re: $37,910,000
Poway Unified School District
Community Facilities District No. 6 (4S Ranch)
Special Tax Bonds, Series 2007

Maturity (September 1)	CUSIP® No.	Maturity (September 1)	CUSIP® No.	Maturity (September 1)	CUSIP® No.
2008	738855RP2	2015	738855RW7	2022	738855SD8
2009	738855RQ0	2016	738855RX5	2023	738855SE6
2010	738855RR8	2017	738855RY3	2024	738855SF3
2011	738855RS6	2018	738855RZ0	2025	738855SG1
2012	738855RT4	2019	738855SA4	2029	738855SK2
2013	738855RU1	2020	738855SB2	2030	738855SH9
2014	738855RV9	2021	738855SC0	2035	738855SJ5

Dated: January 25, 2008

The Poway Unified School District Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2007 (the "2007 Bonds") were insured by a financial guaranty insurance policy (the "Policy") provided by Ambac Assurance Corporation. The 2007 Bonds were among bonds downgraded by Fitch Ratings ("Fitch") from an insured rating of 'AAA' to 'AA' following the January 18, 2008, Fitch downgrade of the insurer financial strength (IFS) ratings on Ambac Financial Group Inc.'s affiliated insurance entities, including Ambac Assurance Corporation (collectively, "Ambac") to 'AA' from 'AAA,' which remain on Rating Watch Negative. The IFS rating downgrades by Fitch resulted in corresponding downgrades by Fitch on Ambac-insured municipal bonds rated by Fitch.

In addition to the Policy provided by Ambac Assurance Corporation, Community Facilities District No. 6 (4S Ranch) of the Poway Unified School District (the "Community Facilities District"), as the issuer of the 2007 Bonds, obtained a Surety Bond provided by Ambac with respect to that portion of the funding of the Reserve Fund for the bonds issued by the Community Facilities District representing the incremental increase in the Reserve Requirement (as defined in the Indenture) resulting from the issuance of the 2007 Bonds. The Bond Indenture, dated as of August 1, 2002, by and between the Community Facilities District and Zions First National Bank, successor to State Street Bank and Trust Company of California, N.A., as heretofore amended and supplemented, including by the Second Supplemental Indenture, dated as of June 1, 2007 (collectively, the "Indenture"), requires the establishment of the Reserve Fund (the "Reserve Fund") and funding the Reserve Fund in an aggregate amount equal to the Reserve Requirement which was $9,702,637.84 on the date of issuance of the 2007 Bonds. The Indenture authorizes the Community Facilities District to obtain a Surety Bond in place of fully funding the Reserve Fund. Accordingly, the Community Facilities District obtained a Surety Bond from Ambac Assurance Corporation for the purpose of funding a portion of the Reserve Fund in the amount of $2,958,469.44. Approximately $6,744,168.40 of funds is currently on deposit in the Reserve Fund in addition to the Surety Bond. The criteria relating to a "Qualified Reserve Fund Credit Instrument" (as defined in the Indenture) were satisfied at the time the Surety Bond was delivered, and the Indenture does not require the Community Facilities District to substitute another credit instrument or funds for the Surety Bond as a result of a subsequent rating downgrade or downgrades of the Surety Bond, such as the Fitch downgrade.

The 2007 Bonds are obligations of the Community Facilities District, and the Community Facilities District remains current in the payment of debt service on the 2007 Bonds.

For your reference, the release by Fitch regarding its downgrade of Ambac and the Fitch comments on the impact of its Ambac downgrade on insured municipal bonds are attached hereto. Other rating agencies have indicated they are reviewing their ratings of Ambac and its related companies with the possibility of a downgrade. Such agencies may announce changes to their ratings of Ambac at any time.

Concluding Matters.

Any subsequent statements regarding the 2007 Bonds, other than a statement made by the Community Facilities District in an official release or subsequent notice and/or filed with the Municipal Securities Rulemaking Board or a Nationally Recognized Municipal Securities Information Repository, are not authorized by the Community Facilities District. The Community Facilities District shall not be responsible for the accuracy, completeness or fairness of any such unauthorized statement.

This Notice of Material Event may contain information material to bond owners and does not purport to contain all material information with respect to the 2007 Bonds or the financial condition of the Community Facilities District. The information contained in this Notice of Material Event is not guaranteed as to accuracy or completeness.

Fitch Downgrades Ambac; Ratings Remain on Watch Negative

18 Jan 2008 2:25 PM (EST)

Fitch Ratings-New York-18 January 2008: Fitch Ratings has downgraded the following ratings on Ambac Financial Group, Inc. and its affiliated entities (Ambac):

Ambac Assurance Corp.
Ambac Assurance UK Ltd.
Connie Lee Insurance Co.
--Insurer financial strength (IFS) to 'AA' from 'AAA'.

Ambac Financial Group, Inc.
--Long-term rating to 'A' from 'AA';
--$400 million 5.95% senior unsecured notes due Dec. 5, 2035 to 'A' from 'AA';
--$142.5 million 9.375% senior unsecured debentures due Aug. 1, 2011 downgraded to 'A' from 'AA';
--$75 million 7.5% senior unsecured debentures due May 1, 2023 downgraded to 'A' from 'AA';
--$400 million subordinated notes due Feb. 7, 2087 downgraded to 'A-' from 'AA-'.

The ratings also remain on Rating Watch Negative by Fitch.

The downgrades follow Ambac's announced decision to suspend efforts to raise capital at this time.

As Fitch announced on Dec. 21, 2007, when it placed Ambac on Rating Watch Negative, the company has a modeled capital shortfall of $1 billion at the 'AAA' rating threshold. The downgrade places Ambac's operating subsidiaries' IFS rating at a level consistent with their currently modeled capital adequacy threshold without the benefit of the noted capital increase. The downgrade in the holding company debt ratings reflects greater uncertainties surrounding Ambac's future earnings and fixed charge coverage ratios, together with movement to the more typical notching used at the 'AA' IFS rating level.

The decision to downgrade the IFS rating by two notches, coupled with the continuation of the Negative Rating Watch, reflects the significant uncertainty with respect to the company's franchise, business model and strategic direction; uncertain capital markets and the impact of Ambac's recent decisions on future financial flexibility; the company's future capital strategy; ultimate loss levels in its insured portfolio; and the challenges in the financial guaranty market overall. Fitch expects to resolve the Negative Rating Watch after the agency evaluates these various qualitative factors, and provide that feedback to the market upon the conclusion of this review.

Fitch will comment on the impact of the downgrade of Ambac's IFS rating on the ratings of securities insured by Ambac in a separate release.

Ambac Financial Group, Inc. is a U.S. holding company whose primary operating financial guaranty subsidiaries are Ambac and Ambac Assurance U.K Ltd. For Sept. 30, 2007, Ambac Financial reported consolidated assets under Generally Accepted Accounting Principles of $22 billion and shareholders' equity of approximately $5.6 billion. On an aggregated basis, net par outstanding for Ambac totaled $556 billion as of Sept. 30, 2007.

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Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, 'www.fitchratings.com'. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.

Fitch Comments on Impact of Ambac Downgrade on Insured Municipal Bonds

22 Jan 2008 12:49 PM (EST)

Fitch Ratings-New York-22 January 2008: On Jan. 18, 2008 Fitch Ratings downgraded the insurer financial strength (IFS) ratings on Ambac Financial Group Inc.'s affiliated insurance entities (Ambac) to 'AA' from 'AAA', and they remain on Rating Watch Negative (RWN). The IFS rating downgrades resulted in corresponding downgrades on approximately 137,000 Ambac-insured municipal bonds.

Consistent with Fitch's previously stated policy, ratings on Ambac-insured bonds with Fitch underlying ratings equal to or higher than Ambac's current IFS rating will now be rated based on the level of the underlying rating. Therefore, 261 bonds with underlying ratings of 'AAA' remained at 'AAA'; 757 bonds with underlying ratings of 'AA+' were downgraded to 'AA+' from 'AAA', and 4,234 bonds with underlying ratings of 'AA' were downgraded to 'AA' from 'AAA'. The ratings on the above noted insured bonds with underlying ratings from 'AAA' to 'AA' are not on Rating Watch Negative, unless the underlying ratings themselves are on Rating Watch Negative. Approximately 132,000 Ambac-insured bonds with Fitch underlying ratings lower than 'AA', or which do not carry underlying ratings from Fitch, were downgraded to 'AA' from 'AAA', and are on Rating Watch Negative.

Fitch notes that insured municipal bonds are in fact 'double-barreled' securities. That is, debt service is paid to the bond's paying agent by the issuer, and it is only if the issuer fails to make timely payments that the financial guarantor is required to make payments on its behalf. Fitch notes that underlying defaults on insured municipal bonds are extremely rare. Financial guarantors such as Ambac will generally not originate policies on municipal bonds with underlying credit quality that they deem to be below investment grade. Based on Fitch's municipal default studies, investment grade municipal bonds in sectors that are typically insured have cumulative default rates well under 1%, which is lower than similarly rated bonds in non-municipal sectors. Financial guarantor loss ratios on insured municipal bonds are also quite low and consistent with Fitch's findings. Fitch notes further that the capital pressures experienced by Ambac and some other financial guarantors have been due almost entirely due to their exposures to downgraded insured structured finance transactions, not municipal bonds.

Furthermore, Fitch notes that Ambac-insured municipal bonds still benefit from Ambac's insurance policies, notwithstanding Fitch's downgrade of Ambac's IFS rating and regardless of whether or not Ambac remains an active financial guarantor. Fitch notes that in terms of its universe of insurer financial strength ratings, 'AA' denotes very strong capacity to meet policyholder and contract obligations on a timely basis. Finally, a financial guarantor is obligated to pay claims on defaulted bonds as the principal and interest come due and with no forced acceleration. Therefore, ability to pay claims is expected to be exceptionally strong over the short- to medium-term time horizon.

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