

In the opinion of Best Best & Krieger LLP, San Diego, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain taxable income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “CONCLUDING INFORMATION - Tax Exemption” herein.

\$19,550,000

**POWAY UNIFIED SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS, SERIES 2014C**

Dated: Date of Delivery

Due: September 15, as shown on inside cover

The Poway Unified School District Public Financing Authority Special Tax Revenue Refunding Bonds (the “Bonds”) are being issued pursuant to an Indenture of Trust (the “Authority Indenture”), dated as of July 1, 2014, by and between Poway Unified School District Public Financing Authority (the “Authority”) and Zions First National Bank, as trustee (the “Trustee”) (i) to purchase two separate series of CFD Bonds (each a “Series of CFD Bonds” or “CFD Bonds,” as more specifically defined herein), (ii) to fund the Reserve Fund for the Bonds in an amount equal to the Reserve Requirement and (iii) to pay costs of issuance of the Bonds and the CFD Bonds. Proceeds of the CFD Bonds will be used to refund the outstanding Series 2005 Bonds for Improvement Areas B and C of CFD No. 11 (Stone Bridge Estates).

The Bonds will be issued in the denominations of \$5,000 or any integral multiple thereof. Interest is payable semiannually on March 15 and September 15 each year, commencing March 15, 2015. The Bonds will be initially issued only in book-entry form and registered to Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Trustee, as registrar, paying agent and trustee for the Bonds to DTC, which remits such payments to its Participants for subsequent distribution to the registered owners as shown on the Trustee’s books as of the fifteenth day of the calendar month immediately preceding each interest payment date. See “THE BONDS” herein and in APPENDIX F – “BOOK-ENTRY-ONLY PROVISIONS.”

The Bonds are subject to optional redemption and special mandatory redemption from proceeds of redemption of CFD Bonds as a result of repayment of Special Taxes (as defined herein) as described herein.

The Bonds are limited obligations of the Authority. The Bonds are payable solely from Revenues (as defined herein) of the Authority and from certain other amounts on deposit in the funds and accounts under the Authority Indenture, other than the Program Fund, the Authority Administrative Expense Fund or the Rebate Fund. Revenues consist generally of the amounts received by the Trustee as the payment of each Series of CFD Bonds, which payments are to be derived from Special Taxes received with respect to Improvement Areas B and C of Community Facilities District No. 11 (StoneBridge Estates) (collectively, the “Improvement Areas” and the “District,” respectively), as more fully described herein. The payments on the CFD Bonds are calculated to be sufficient to permit the Authority to pay the principal of, and interest on, the Bonds when due, assuming that the payments on the CFD Bonds are made when due. A default in the payment of one Series of CFD Bonds does not constitute a default under the others, and each Series of CFD Bonds is secured by a separate source of revenues. An event of default under one Series of CFD Bonds or insufficient payments from Special Taxes from one Series of CFD Bonds may result in insufficient Revenues with which to pay the principal of and interest on the Bonds. See “SOURCES OF PAYMENT FOR THE BONDS” herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, POWAY UNIFIED SCHOOL DISTRICT (THE “SCHOOL DISTRICT”), THE COUNTY OF SAN DIEGO (THE “COUNTY”), THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE SCHOOL DISTRICT NOR GENERAL OBLIGATIONS OF THE AUTHORITY, BUT ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM CERTAIN REVENUES AND CERTAIN AMOUNTS DEPOSITED BY THE AUTHORITY IN THE REVENUE FUND, BOND FUND, AUTHORITY SURPLUS FUND AND RESERVE FUND AS MORE FULLY DESCRIBED HEREIN.

This cover page contains certain information for general reference only. It is not a summary of this issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the Bonds involves risks which may not be appropriate for some investors. See “**BOND OWNERS’ RISKS**” herein for a discussion of the risk factors that should be considered in evaluating the investment quality of the Bonds.

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Best Best & Krieger LLP, San Diego, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the Authority, the District and the School District by Best Best & Krieger LLP, San Diego, California, as the general counsel for said entities. Certain matters will be passed upon for the Authority and the District by McFarlin & Anderson LLP, Laguna Hills, California, Disclosure Counsel. Additionally, Nossaman LLP, Irvine, California, has reviewed certain matters as counsel for the Underwriter. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about July 30, 2014.

STIFEL

Dated: July 16, 2014

\$19,550,000
POWAY UNIFIED SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS, SERIES 2014C

MATURITY SCHEDULE
\$19,550,000 SERIAL BONDS
Base CUSIP® No. 73885Q[†]

<u>Maturity (September 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP® No. [†]</u>	<u>Maturity (September 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP® No. [†]</u>
2015	\$280,000	3.00%	0.65%	EL9	2026	\$935,000	5.00%	3.75% C	EX3
2016	395,000	3.00	1.02	EM7	2027	1,010,000	5.00	3.84 C	EY1
2017	420,000	3.50	1.37	EN5	2028	1,095,000	5.00	3.92 C	EZ8
2018	470,000	3.50	1.80	EP0	2029	1,170,000	5.00	4.00 C	FA2
2019	510,000	4.00	2.15	EQ8	2030	1,270,000	5.00	4.07 C	FB0
2020	560,000	4.00	2.55	ER6	2031	1,355,000	5.00	4.14 C	FC8
2021	610,000	4.00	2.90	ES4	2032	1,450,000	5.00	4.20 C	FD6
2022	665,000	4.00	3.20	ET2	2033	1,560,000	5.00	4.26 C	FE4
2023	725,000	5.00	3.40	EU9	2034	1,660,000	5.00	4.31 C	FF1
2024	785,000	5.00	3.55	EV7	2035	1,760,000	5.00	4.36 C	FG9
2025	865,000	5.00	3.65 C	EW5					

C = Yield to optional call on September 15, 2024.

[†]CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data is provided by CUSIP Global Services (CGS) which is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data is not intended to create a database and does not serve in any way as a substitute for the CUSIP® Service Bureau. CUSIP® numbers are provided for convenience of reference only. The Authority, the District and the Underwriter take no responsibility for the accuracy of such numbers.

**POWAY UNIFIED SCHOOL DISTRICT AND
POWAY UNIFIED SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY**

**BOARD OF EDUCATION
AND AUTHORITY BOARD OF DIRECTORS**

Todd Gutschow, *President*
Penny Ranftle, *Vice President*
Andy Patapow, *Clerk of the Board*
Kimberley Beatty, *Member*
Marc Davis, *Member*

SCHOOL DISTRICT ADMINISTRATION

John P. Collins, Ed.D., *Superintendent*
Malliga Tholandi, *Associate Superintendent, Business Support Services*

SPECIAL SERVICES

**BOND COUNSEL AND GENERAL COUNSEL TO THE
AUTHORITY, THE DISTRICT AND THE SCHOOL DISTRICT**

Best Best & Krieger LLP
San Diego, California

DISCLOSURE COUNSEL

McFarlin & Anderson LLP
Laguna Hills, California

FINANCIAL ADVISOR, SPECIAL TAX CONSULTANT & CFD ADMINISTRATOR

Dolinka Group, LLC
Irvine, California

VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

TRUSTEE, FISCAL AGENT AND ESCROW AGENT

Zions First National Bank
Los Angeles, California

GENERAL INFORMATION ABOUT THE OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. All information for investors regarding the Authority, the District, the Improvement Areas and the Bonds is contained in this Official Statement. While the School District maintains an internet website for various purposes, none of the information on this website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the School District.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Authority or the District is in any press release and in any oral statement made with the approval of an authorized officer of the Authority or the District or any other entity described or referenced herein, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend,” and similar expressions identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Authority or the District or any other entity described or referenced herein since the date hereof. The Authority or the District do not plan to issue any updates or revision to the forward-looking statements set forth in this Official Statement.

Authorized Information. No dealer, broker, salesperson or other person has been authorized by the Authority to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Involvement of Underwriter. The Underwriter has submitted the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the School District or the District or any other entity described or referenced herein since the date hereof. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

TABLE OF CONTENTS

<p>INTRODUCTION 1</p> <p style="padding-left: 20px;">General 1</p> <p style="padding-left: 20px;">The Authority 1</p> <p style="padding-left: 20px;">Purpose of Issue..... 1</p> <p style="padding-left: 20px;">The District and the Improvement Areas 2</p> <p style="padding-left: 20px;">The School District..... 3</p> <p style="padding-left: 20px;">Authority for Issuance and Additional Bonds 3</p> <p style="padding-left: 20px;">Security for the Bonds 3</p> <p style="padding-left: 20px;">Reserve Fund 5</p> <p style="padding-left: 20px;">Authority Surplus Fund 6</p> <p style="padding-left: 20px;">Sources of Payment for the CFD Bonds..... 6</p> <p style="padding-left: 20px;">Value-to-Lien Ratios 7</p> <p style="padding-left: 20px;">Additional Bonds; Additional CFD Bonds 7</p> <p style="padding-left: 20px;">Description of the Bonds 7</p> <p style="padding-left: 20px;">Tax Exemption 8</p> <p style="padding-left: 20px;">Risk Factors Associated with Purchasing the Bonds 8</p> <p style="padding-left: 20px;">Forward Looking Statements..... 8</p> <p style="padding-left: 20px;">Professionals Involved in the Offering 9</p> <p style="padding-left: 20px;">Continuing Disclosure 9</p> <p style="padding-left: 20px;">Other Information 10</p> <p>THE AUTHORITY 11</p> <p>THE FINANCING PLAN 11</p> <p>APPLICATION OF BOND PROCEEDS; ESTIMATED SOURCES AND USES OF FUNDS 14</p> <p>THE BONDS 16</p> <p style="padding-left: 20px;">Authority for Issuance 16</p> <p style="padding-left: 20px;">General Provisions..... 16</p> <p style="padding-left: 20px;">Redemption..... 16</p> <p style="padding-left: 20px;">Transfer and Exchange of Bonds..... 18</p> <p style="padding-left: 20px;">The Trustee..... 19</p> <p style="padding-left: 20px;">Book-Entry and DTC 19</p> <p style="padding-left: 20px;">Estimated Debt Service Schedule..... 19</p> <p>SOURCES OF PAYMENT FOR THE BONDS 20</p> <p style="padding-left: 20px;">General 20</p> <p style="padding-left: 20px;">Revenue Fund..... 20</p> <p style="padding-left: 20px;">Reserve Fund..... 22</p> <p style="padding-left: 20px;">Authority Surplus Fund 23</p> <p style="padding-left: 20px;">Ownership of CFD Bonds 23</p> <p style="padding-left: 20px;">The CFD Bonds 24</p> <p style="padding-left: 20px;">Covenant for Superior Court Foreclosure ... 30</p> <p style="padding-left: 20px;">Transfer of Excess Net Special Tax Revenues to Authority Surplus Fund..... 31</p> <p style="padding-left: 20px;">Authorized Investments..... 31</p>	<p style="padding-left: 20px;">Additional CFD Bonds..... 31</p> <p style="padding-left: 20px;">No Acceleration 32</p> <p style="padding-left: 20px;">Sale of CFD Bonds..... 32</p> <p style="padding-left: 20px;">Estimated Schedule of CFD Bonds Debt Service..... 32</p> <p style="padding-left: 20px;">Levy of Special Taxes to Applicable Maximum Rates 37</p> <p>THE DISTRICT 38</p> <p style="padding-left: 20px;">General 38</p> <p style="padding-left: 20px;">Location and Description 39</p> <p style="padding-left: 20px;">Property Ownership 39</p> <p style="padding-left: 20px;">Assessed Values 40</p> <p style="padding-left: 20px;">Estimated Property Values and Estimated Value-to-Lien Ratios 41</p> <p style="padding-left: 20px;">Direct and Overlapping Debt 45</p> <p style="padding-left: 20px;">Overlapping Assessment and Maintenance Districts..... 50</p> <p style="padding-left: 20px;">Rates and Methods of Apportionment of Special Tax..... 50</p> <p style="padding-left: 20px;">Special Tax Delinquency 51</p> <p style="padding-left: 20px;">Special Taxes Are Not Within Teeter Plan..... 53</p> <p>BOND OWNERS' RISKS 53</p> <p style="padding-left: 20px;">The Bonds 53</p> <p style="padding-left: 20px;">The CFD Bonds..... 55</p> <p>CONCLUDING INFORMATION 66</p> <p style="padding-left: 20px;">Tax Exemption 66</p> <p style="padding-left: 20px;">Absence of Litigation 67</p> <p style="padding-left: 20px;">No General Obligation of Authority, School District or District 67</p> <p style="padding-left: 20px;">Legal Opinion..... 68</p> <p style="padding-left: 20px;">Underwriting 68</p> <p style="padding-left: 20px;">Professional Fees..... 68</p> <p style="padding-left: 20px;">Additional Information..... 69</p>
---	---

APPENDIX A – GENERAL INFORMATION ABOUT THE POWAY UNIFIED SCHOOL DISTRICT..... A-1
APPENDIX B – RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX..... B-1
APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS C-1
APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT D-1
APPENDIX E – PROPOSED FORM OF OPINION OF BOND COUNSEL..... E-1
APPENDIX F – BOOK-ENTRY-ONLY PROVISIONS.....F-1
APPENDIX G – ASSESSED VALUE INFORMATION BY PARCEL..... G-1



Poway Unified School District
 CF No. 11 Improvement Area B



PRIV

BEELER CANYON RD

STOCKMOUND CN

GREEN VALLEY CT

ELK GROVE LN

STONEBRIDGE PY

DEPRISE CV

CA ROWND LN

WHISPERING RIDGE RD

OLD CREEK RD

EDGEWOOD PL

EDEN MILLS PL

ALMOND RCHARD LN

PRIVATE RD

MAPLE LEAF CT

VIA SANTA BRISA

SWEET WILLOW WY

MAPLE GROVE LN

SYCAMORE TRAIL RD



BIG CANYON LN

PUNTA DULCINA

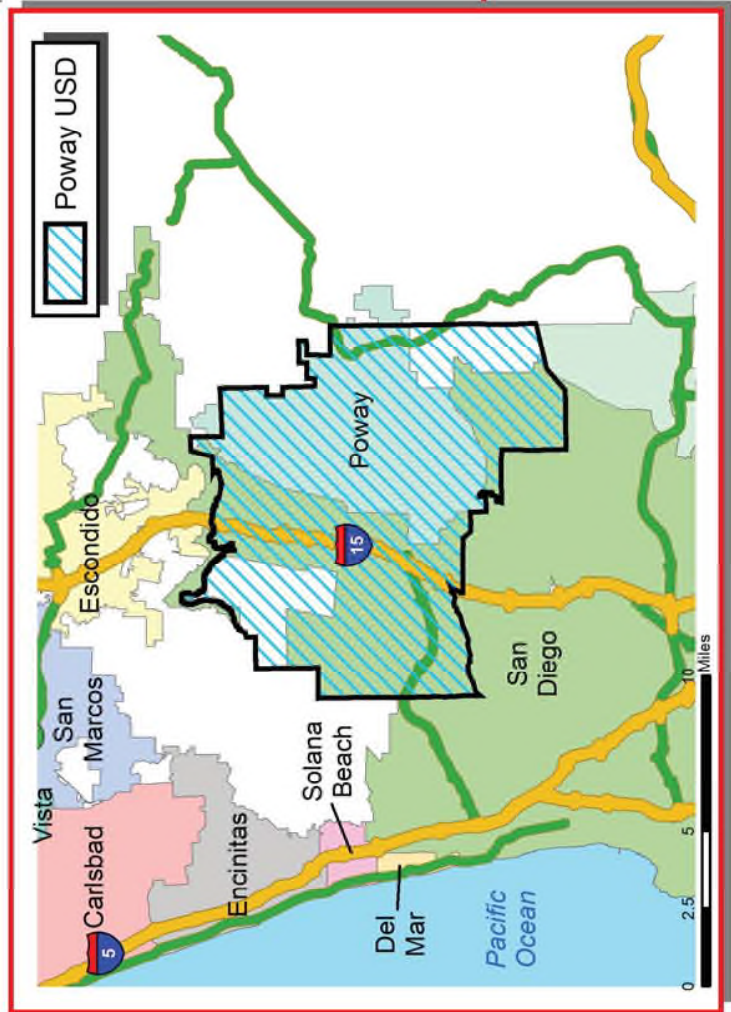
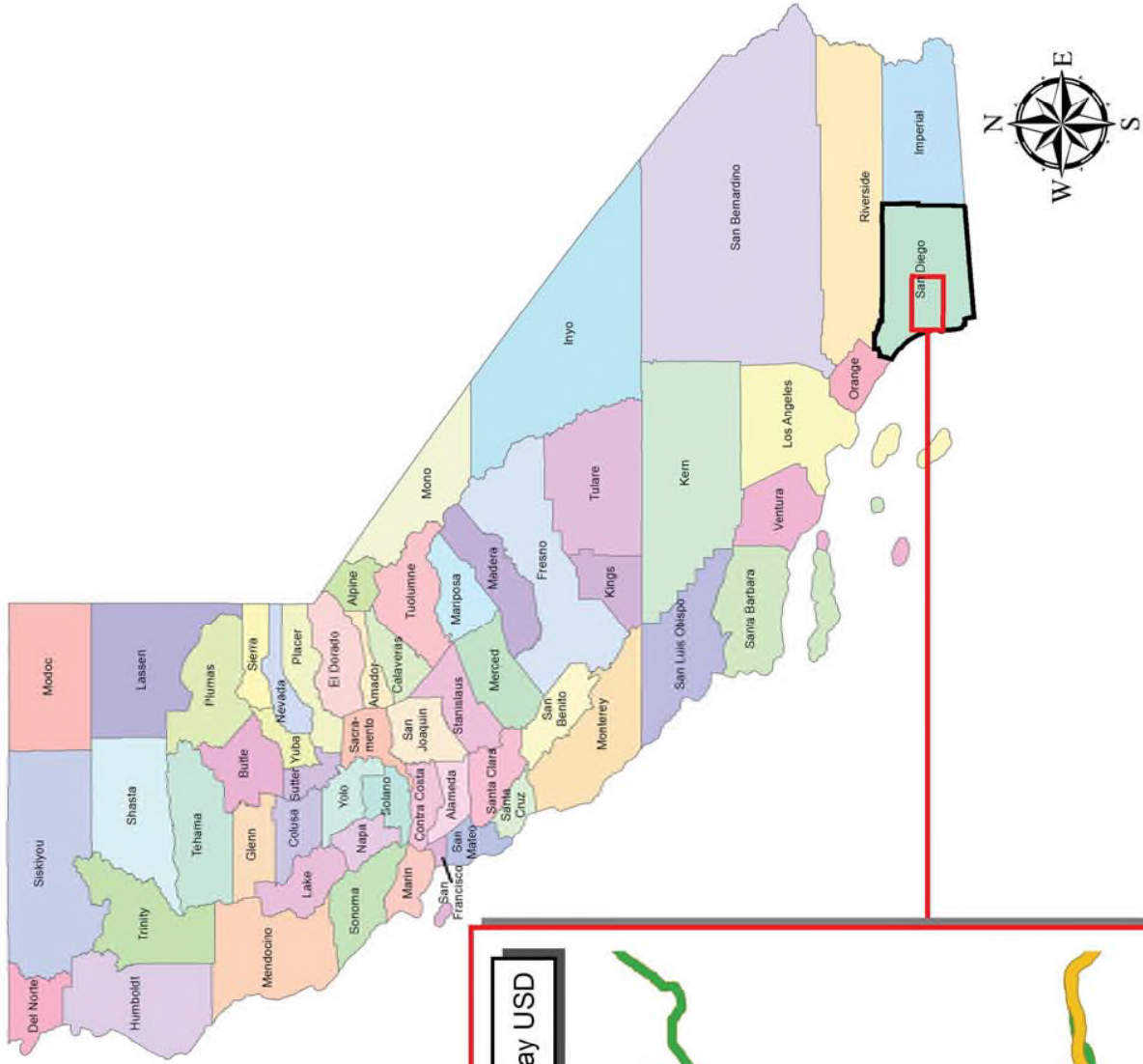
VIA SANTA VIENTA

STONEMONT PT

Legend:

-  Poway Unified School District
-  CFD No. 11 Improvement Area C





[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

\$19,550,000

POWAY UNIFIED SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY SPECIAL TAX REVENUE REFUNDING BONDS, SERIES 2014C

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover pages and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

General

The purpose of this Official Statement, which includes the cover pages and Appendices hereto (the “Official Statement”), is to provide certain information concerning the sale and issuance of the Poway Unified School District Public Financing Authority Special Tax Revenue Refunding Bonds, Series 2014C (the “Authority” and the “Bonds,” respectively).

The Bonds are being issued pursuant to an Indenture of Trust (the “Authority Indenture”), dated as of July 1, 2014, by and between the Authority and Zions First National Bank, as the trustee (the “Trustee”). See “THE BONDS – Authority for Issuance” herein.

The Authority

The Authority is a joint exercise of powers agency organized under the joint exercise of powers act, constituting Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “Joint Powers Act”). It is composed of the Poway Unified School District (the “School District”) and Community Facilities District No. 1 of the Poway Unified School District (“CFD No. 1”). Pursuant to the Joint Powers Act, the Authority is authorized to issue revenue bonds to be repaid from the proceeds of public obligations and to provide financing and refinancing for public capital improvements, including for the District (defined below).

Purpose of Issue

Proceeds of the CFD Bonds (as defined below) will be used to refund and defease bonds previously issued with respect to Improvement Area B and Improvement Area C, all as further described under “THE FINANCING PLAN” and “APPLICATION OF BOND PROCEEDS; ESTIMATED SOURCES AND USES OF FUNDS.” Proceeds of the Bonds will be used as follows: (i) to finance the acquisition by the Authority of two Series of CFD Bonds; (ii) to fund the Reserve Fund for the Bonds in an amount equal to the Reserve Requirement and (iii) to pay costs of issuance of the Bonds and the CFD Bonds. The Bonds shall constitute special obligations of the Authority.

The two series of Special Tax Bonds (each a “Series of CFD Bonds” or “CFD Bonds,” as applicable), consist of the following: (i) CFD No. 11 Improvement Area B Special Tax Refunding Bonds, Series 2014 (“CFD No. 11” and the “CFD No. 11 Improvement Area B Bonds”); and (ii) CFD No. 11 Improvement Area C Special Tax Refunding Bonds, Series 2014 (the “CFD No. 11 Improvement Area C Bonds”) (collectively, the “District” and the “Improvement Areas”).

The District and the Improvement Areas

The District and the Improvement Areas were created by the School District pursuant to proceedings taken under the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the California Government Code) (the “Act”). Once duly established, a community facilities district is a legally constituted governmental entity established for the purpose of financing specific facilities and services within defined boundaries. The Improvement Areas are specified areas in which a separate special tax (the “Special Taxes” or the “Special Tax”) may be levied in accordance with the applicable Rate and Method of Apportionment of Special Tax (each a “Rate and Method” with respect to the applicable Improvement Area). Subject to approval by a two-thirds vote of the qualified voters within a community facilities district or improvement area therein, as applicable, and compliance with the provisions of the Act, a community facilities district may issue bonds and may levy and collect special taxes to repay such bonded indebtedness.

The District was established, the Improvement Areas designated therein, as applicable, and the levy of Special Taxes on the real property within the boundaries of the respective Improvement Areas and the incurrence by the District of bonded indebtedness with respect to the Improvement Areas were authorized pursuant to the Act. The Improvement Areas were established to finance the acquisition and construction of certain non-school facilities. The District has previously issued special tax bonds with respect to the Improvement Areas.

On June 16, 2005, CFD No. 11 issued an aggregate of \$9,035,000 of bonds with respect to Improvement Area B for non-school facilities and an aggregate of \$13,475,000 of bonds with respect to Improvement Area C for non-school facilities. Such bonds are not payable from the Special Taxes of any of the other Improvement Areas and are payable from special taxes levied under the District Rate and Method of Apportionment of Special Taxes relating thereto. No cross-collateralization exists among any of the Improvement Areas or Zones of the District.

On February 14, 2013, CFD No. 11 issued CFD No. 11 Zone 2 Special Tax Refunding Bonds, Series 2013 (the “CFD No. 11 Zone 2 2013 Refunding Bonds”) and the CFD No. 11 Zone 3 Special Tax Refunding Bonds, Series 2013 (the CFD No. 11 Zone 3 2013 Refunding Bonds”) which were used to refund a portion of the Authority’s \$8,995,000 2009 Revenue Bonds (the “2009 Authority Revenue Bonds”) and thereby discharge a corresponding portion of the bonds previously issued with respect to each applicable Zone.

Principal of and interest on the special tax bonds is not payable from the general fund of the School District. The annual payments for the special tax bonds are secured solely by the annual special tax levied under the applicable rate and method of apportionment of special tax on taxable property in the District, respective Improvement Areas or Zones, as applicable, and are not debts of the School District. See Table 1 under the section entitled “THE FINANCING PLAN.”

Improvement Areas and Zones of CFD No. 11. CFD No. 11 is contiguous and is generally located south of Beeler Canyon Road and east of Pomerado Road in the southernmost portion of the School District and in the northeast part of the City of San Diego. CFD No. 11 is located about four miles east of the I-15 Freeway, easterly of Pomerado Road and approximately one mile south of Scripps Poway Parkway. CFD No. 11, which encompasses all of the property in the Rancho Encantada Precise Planned Community, consists of approximately 2,658 gross acres. StoneBridge Estates is the current name of the entire project being developed in CFD No. 11, which is comprised of two sub-project areas, known as Montecito and Sycamore Estates. The Montecito sub-project area encompasses approximately 62.4 net acres in Zone 1/Improvement Area A and the Sycamore Estates sub-project area encompasses approximately 99.9 net acres in Improvement Area B/Zone 2 and approximately 166 net acres in Improvement Area C/Zone 3. CFD No. 11 also includes approximately 248 acres of open space owned

by the City of San Diego which is located within Zone 4. The residential portion of the StoneBridge Estates project has been developed by various merchant builder entities, including some related to the respective members of Sycamore Estates LLC, a Delaware limited liability company, the master developer of the property in CFD No. 11. All 210 homes in Improvement Area B have been completed and sold to individual homeowners, and 4 of such homes prepaid their Special Tax, resulting in 206 homes being subject to the levy of Special Taxes. Of 341 estimated homes to be built in Improvement Area C, 292 homes in Improvement Area C have been completed and sold to individual homeowners and 6 of such homes prepaid their Special Tax, resulting in 286 homes subject to the levy of Special Taxes. In addition, Standard Pacific Corp. has obtained 13 building permits for its remaining lots within Improvement Area C and Toll Brothers, Inc. has obtained 21 building permits for lots within Improvement Area C and owns 15 vacant lots for which building permits have not yet been issued. The specific information for Improvement Area B and C regarding the number of single-family detached homes and single-family attached units is described in “THE DISTRICT.”

The School District

The School District is a school district organized under the laws of the State of California (the “State”). The School District was established in 1962. The School District provides education instruction for grades TK-12 within an approximately 100 square mile area in the central portion of the County of San Diego (the “County”) and includes the City of Poway and portions of the City of San Diego and the County, including the communities of 4S Ranch, Black Mountain Ranch, Carmel Mountain Ranch, Del Sur, Rancho Bernardo, Rancho Peñasquitos, Sabre Springs, Santa Fe Valley, Santaluz, StoneBridge Estates and Torrey Highlands. The School District currently operates 25 elementary schools (K-5), six middle schools (6-8), five high schools (9-12) and one continuation high school. The School District’s second period report (P-2, the period from July 1 to April 15) of average daily attendance (“ADA”) computed in accordance with State law for the 2013-14 academic year was 34,450.65. The estimated population within the School District’s boundaries was approximately 193,237 as of January 1, 2013. The School District reported 35,498 students enrolled at the California Basic Educational Data System (“CBEDS”) for Fiscal Year 2013-14. See APPENDIX A – “General Information About the Poway Unified School District” herein.

Authority for Issuance and Additional Bonds

The Bonds are authorized to be issued in accordance with the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 (commencing with Section 6584), of Chapter 5, Division 7, Title 1 of the California Government Code and the Authority Indenture. The Authority Indenture permits the issuance of additional debt on a parity with the Bonds for refunding purposes only. The District with respect to Improvement Area B and Improvement Area C may issue bonds on a parity with the CFD Bonds for refunding purposes only. See “SOURCES OF PAYMENT FOR THE BONDS – Additional CFD Bonds” and “SOURCES OF PAYMENT FOR THE BONDS – Estimated Schedule of CFD Bond Debt Service.”

Security for the Bonds

The Bonds. The Bonds are secured by the Revenues of the Authority and by any other amounts held in any fund or account established by the Trustee pursuant to the Authority Indenture, other than the Program Fund (including the Costs of Issuance Account therein), the Authority Administrative Expense Fund and the Rebate Fund. The Trustee will also establish a Reserve Fund and an Authority Surplus Fund for the Bonds pursuant to the Authority Indenture. See “– Reserve Fund” and “–Authority Surplus Fund” below.

Generally, “Revenues” are (i) all amounts derived by the Authority from the CFD Bonds; (ii) all Residual Special Tax Revenues (as defined below in “ – *Authority Surplus Fund*”) transferred to the Trustee pursuant to the CFD Bond Indentures, each dated as of July 1, 2014, each by and between the District and Zions First National Bank, as Fiscal Agent with respect to the CFD Bonds for Improvement Area B and the CFD Bonds for Improvement Area C, respectively, (iii) all moneys originally deposited with the Trustee for application for payment of principal of or interest on the Bonds and all moneys held by the Trustee in the funds and accounts established in the Authority Indenture for payment of the Bonds, excluding for the Program Fund, the Authority Administrative Expense Fund and the Rebate Fund, and (iv) investment income with respect to the funds and accounts established under the Authority Indenture except for investment earnings on moneys held in the Program Fund, the Authority Administrative Expense Fund and the Rebate Fund. The Authority Indenture permits the issuance of additional Bonds secured by Revenues only to effect a refunding of Bonds in whole or in part under certain circumstances described in the Authority Indenture. The District may issue special tax bonds with respect to the Improvement Area B and Improvement Area C on a parity with the applicable CFD Bonds for refunding purposes only. The issuance of such CFD Bonds is subject to compliance with the provisions of the applicable CFD Bond Indenture. See “SOURCES OF PAYMENT FOR THE BONDS – General,” “SOURCES OF PAYMENT FOR THE BONDS – Additional CFD Bonds,” “SOURCES OF PAYMENT FOR THE BONDS – Estimated Schedule of CFD Bonds Debt Service” and APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS.”

See the section of this Official Statement entitled “BOND OWNERS’ RISKS” for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

Neither the faith and credit nor the taxing power of the School District, the District, the State or any political subdivision thereof is pledged to the payment of the Bonds. The Authority has no taxing power. Except for the Revenues, no other revenues or taxes are pledged to the payment of the Bonds. The Bonds are not general or special obligations of the School District, general obligations of the District or general obligations of the Authority but are limited obligations of the Authority payable solely from Revenues and, certain amounts held under the Authority Indenture as more fully described herein.

The CFD Bonds. The CFD Bonds are being issued by the District to refund and defease the 2005 Special Tax Revenue Bonds with respect to Improvement Area B and with respect to Improvement Area C (as defined in “THE FINANCING PLAN” below) previously issued pursuant to the Act and the CFD Bonds are being issued under separate Bond Indentures (each a “CFD Bond Indenture”), each dated as of July 1, 2014, each by and between the District and Zions First National Bank, as Fiscal Agent. The 2005 Special Tax Revenue Bonds issued with respect to Improvement Area B and Improvement Area C were issued by the District pursuant to separate Bond Indentures (each a “2005 CFD Bond Indenture”), each dated as of June 1, 2005, each by and between the District and Zions First National Bank, as Fiscal Agent (the “Fiscal Agent”).

The CFD Bonds are limited obligations of the District, payable from the net amount of Special Tax levied on real property within the respective boundaries of each of the Improvement Areas, minus amounts applied to pay the Administrative Expense Requirement. The Special Taxes are collected on the regular property tax bills sent to the owners of real property within the applicable Improvement Area. See “SOURCES OF PAYMENT FOR THE BONDS – The CFD Bonds.” See “THE DISTRICT – General” below.

The amount of the Special Taxes to be levied annually on a parcel will depend on the parcel's classification in accordance with the applicable Rate and Method of Apportionment of Special Tax for each Improvement Area (each a "Rate and Method"). See "SOURCES OF PAYMENT FOR THE BONDS – Estimated Schedule of CFD Bonds Debt Service," "THE DISTRICT – Rates and Methods of Apportionment of Special Tax" and APPENDIX B – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX." The District has covenanted for the benefit of the Authority that, under certain circumstances described herein, it will commence judicial foreclosure proceedings with respect to delinquent Special Taxes on property within the applicable Improvement Area and will diligently pursue such proceedings to completion. See "SOURCES OF PAYMENT FOR THE BONDS – Covenant for Superior Court Foreclosure."

The District has covenanted in the applicable CFD Bond Indenture to levy in each Fiscal Year the Special Taxes on parcels of land within the applicable Improvement Area pledged to the repayment of the respective CFD Bonds in an amount sufficient to pay annual debt service on the respective CFD Bonds and to pay the administrative expenses related to the applicable Improvement Area, subject to the limitation of the Maximum Annual Special Tax that may be levied on such land within such Improvement Area. The District has also agreed to pay a portion of the administrative expenses of the Authority, subject to the limitation of the Maximum Annual Special Tax that may be levied on such land within the applicable Improvement Area. See "THE DISTRICT" for a description of the District and a description of the Special Tax within the applicable Improvement Area. See also "SOURCES OF PAYMENT FOR THE BONDS" and "BOND OWNERS' RISKS" herein.

The CFD Bonds are special obligations of the District with respect to the applicable Improvement Area. The CFD Bonds do not constitute a debt or liability of the School District, the State or of any political subdivision thereof, other than the District with respect to the applicable Improvement Area. The District shall only be obligated to pay the principal of the applicable CFD Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the School District, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the CFD Bonds. The District has no *ad valorem* taxing power. See "SOURCES OF PAYMENT FOR THE BONDS" and "BOND OWNERS' RISKS" herein.

Reserve Fund

Pursuant to the Authority Indenture, the Authority has established with the Trustee, the Reserve Fund. If the amounts in the Interest Account or the Principal Account of the Bond Fund (as such terms are defined herein), are insufficient to pay the principal of or interest on the Bonds when due, the Trustee will withdraw from the Reserve Fund moneys for deposit in the Interest Account and/or the Principal Account, as applicable, necessary for such purposes. Initially the Reserve Fund will be funded, and the Reserve Requirement satisfied, from proceeds of the Bonds. The Reserve Requirement required by the Authority Indenture results in an amount, as of any date of calculation, equal to the least of (i) Maximum Annual Debt Service for the Bonds, (ii) one hundred twenty-five percent (125%) of Average Annual Debt Service for the Bonds, or (iii) ten percent (10%) of the issue price (as defined in the Regulations) of the Bonds; *provided, however*, the Reserve Requirement shall not exceed the maximum amount then permitted to be funded from the proceeds of tax-exempt obligations under the Tax Code. A separate "Reserve Fund Credit Amount" is established with respect to each series of CFD Bonds, such amount being, as of the date of calculation, an amount equal to the cash deposited in the Reserve Fund on the Date of Delivery multiplied by a fraction with the numerator equal to the total outstanding principal of the applicable series of CFD Bonds and the denominator equal to the total outstanding principal of all of CFD Bonds. The Trustee shall, pursuant to a Written Certificate of the Authority, disburse or transfer from the cash amount then on deposit in the Reserve Fund on the final maturity date of each series of CFD Bonds, an amount equal to the CFD Bonds Reserve Fund Credit Amount applicable to such series of CFD Bonds,

minus the amount, if any, of any transfer previously necessitated as a result of a deficiency in the scheduled payment of principal of or interest on such series of CFD Bonds which has not previously been reimbursed, and such amount shall be transferred to the Interest Account and the Principal Account as a credit against the payments due on such series of CFD Bonds on such date with the amount transferred being deposited first to the Interest Account as a credit on the interest due on such CFD Bonds on such date and the balance being deposited to the Principal Account as a credit on the principal due of such CFD Bonds on such date. See “SOURCES OF PAYMENT FOR THE BONDS – Reserve Fund” and APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – Indenture of Trust.”

Authority Surplus Fund

It is currently anticipated that annual Net Special Tax Revenues (as defined below) available for debt service on the CFD Bonds will exceed the debt service on the CFD Bonds and such excess is defined as “Residual Special Tax Revenues” and will be transferred to the Authority on September 2 of each year (or after September 2 if funds become available after September 2) for deposit to the Authority Surplus Fund and available on or before September 15 for, among other things transfer by the Trustee (i) to pay principal and interest on the Bonds in the event that moneys in the Revenue Fund are insufficient to make any deposits required for such purposes pursuant to the Authority Indenture, (ii) to the Reserve Fund in order to replenish the Reserve Fund to the Reserve Requirement in the event that moneys in the Revenue Fund are insufficient to make any deposits required for such purposes pursuant to the Authority Indenture, (iii) to the Rebate Fund to increase the amount on deposit therein to the Rebate Requirement in the event that moneys in the Revenue Fund are insufficient to make any deposits required for such purposes pursuant to the Authority Indenture and (iv) to the Authority Administrative Expense Fund in the event moneys in the Revenue Fund are insufficient to make any deposit required for such purposes pursuant to the Authority Indenture. See “THE BONDS” – Estimated Debt Service Schedule” and “SOURCES OF PAYMENT FOR THE BONDS –Authority Surplus Fund.”

Moneys remaining on deposit in the Surplus Fund on March 16th of any Bond Year shall no longer be designated as Revenues, shall no longer be pledged to the payment of the Bonds, and shall be transferred from the Surplus Fund as provide in the Authority Indenture. See APPENDIX C hereto.

Sources of Payment for the CFD Bonds

The CFD Bonds will be secured by the applicable Net Special Tax Revenues received with respect to the applicable Improvement Area and pledged to repay such CFD Bonds and by moneys in the applicable Bond Service Fund and Redemption Fund as established under the applicable CFD Bond Indenture. “Net Special Tax Revenues” are comprised of Special Taxes levied and received on parcels of real property in the applicable Improvement Area, including net amounts collected from the redemption of delinquent Special Taxes, less the Administrative Expense Requirement as defined in the applicable CFD Bond Indenture. The Special Taxes are included on the *ad valorem* property tax bills sent by the County each year to the owner of record for each property within each Improvement Area.

The District has covenanted for the benefit of the Authority, as the owner of the CFD Bonds, that the District will take action with respect to delinquencies in the payment of Special Taxes, including commencing foreclosure action, all as set forth in the applicable CFD Bond Indenture. See “SOURCES OF PAYMENT FOR THE BONDS – Covenant for Superior Court Foreclosure.”

Neither the faith and credit nor the taxing power of the School District, the County, the State or any political subdivision thereof is pledged to the payment of the CFD Bonds. Except for the Net Special Tax Revenues, no other taxes are pledged to the payment of the CFD Bonds. The CFD Bonds are not general or special obligations of the School District nor general obligations of the District but are limited obligations of the District payable solely from certain amounts deposited

by such District in the applicable Bond Service Fund and applicable Redemption Fund as more fully described herein.

No Direct Cross-Collateralization Among CFD Bonds. The Special Taxes levied to pay debt service on one series of CFD Bonds are not available to pay debt service on any other series of CFD Bonds. An event of default under one Series of CFD Bonds does not constitute a default under the others, and each Series of CFD Bonds is secured by a separate source of revenues. An event of default under one Series of CFD Bonds or insufficient payments from Special Taxes from one Series of CFD Bonds may result in insufficient Revenues with which to pay the principal of and interest on the Bonds. See “SOURCES OF PAYMENT FOR THE BONDS – The CFD Bonds” and “BOND OWNERS’ RISKS.” However, it is currently anticipated that annual Net Special Tax Revenues available for debt service on the CFD Bonds will exceed the debt service on the CFD Bonds. Any such excess will be transferred to the Trustee first in relation to amounts attributable to the applicable CFD Bonds and then for deposit in the Authority Surplus Fund be applied as described above in “ – Authority Surplus Fund.” See also “SOURCES OF PAYMENT FOR THE BONDS – Authority Surplus Fund” and “ – The CFD Bonds – Special Tax Fund.” An increase in Special Taxes up to the maximum Special Tax with respect to a Improvement Area to cure delinquencies with respect to such Improvement Area is not available to cure delinquencies with respect to the other Improvement Area.

Value-to-Lien Ratios

The aggregate assessed values of the property within each Improvement Area (excluding Exempt Property (as defined in each Rate and Method) and parcels for which Special Taxes have been prepaid) are set out in Table 9A in “THE DISTRICT – Estimated Property Values and Estimated Value-to-Lien Ratios.”

The Fiscal Year 2013-14 assessed values result in estimated value-to-lien ratios with respect to Improvement Area B of 13.45:1 and with respect to Improvement Area C of 10.79:1, calculated in each case with respect to all direct and overlapping tax and assessment debt as of the estimated closing date. The value-to-lien ratios of individual parcels will differ from the foregoing aggregate values. See “THE DISTRICT – Estimated Property Values and Estimated Value-to-Lien Ratios,” and “ – Direct and Overlapping Debt,” and “BOND OWNERS’ RISKS – The CFD Bonds – *Value-to-Lien Ratios*” herein for further information on the assessed values. The assessed value of a property does not necessarily represent the market value for such property.

Additional Bonds; Additional CFD Bonds

The Authority Indenture permits the issuance of additional debt on a parity with the Bonds for refunding purposes only. Subject to compliance with the provisions of the applicable CFD Bond Indenture, the District may issue special tax bonds on a parity with the Improvement Area B CFD Bonds and the Improvement Area C CFD Bonds for refunding purposes only.

Description of the Bonds

The Bonds. The net proceeds of the Bonds will be used to acquire the CFD Bonds, to fund the Reserve Fund in the amount equal to the Reserve Requirement and to pay costs of issuance of the Bonds and the CFD Bonds. See “SOURCES OF PAYMENT FOR THE BONDS” and “THE DISTRICT” herein.

Payments. Interest is payable on March 15, 2015, and semiannually thereafter on September 15 and March 15 each year. Principal of and premium, if any, on the Bonds shall be payable by the Trustee, as registrar, transfer agent and trustee. See “THE BONDS” and APPENDIX F – “BOOK-ENTRY-ONLY PROVISIONS” herein.

Redemption. The Bonds are subject to optional redemption and special mandatory redemption from proceeds of redemption of CFD Bonds as a result of prepayment of Special Taxes (as defined herein) as described herein. See “THE BONDS – Redemption” herein.

Registration, Transfers and Exchanges. The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) under the book-entry system maintained by DTC. See “THE BONDS” and APPENDIX F – “BOOK-ENTRY-ONLY PROVISIONS.”

Tax Exemption

Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Also in the opinion of Bond Counsel, interest on the Bonds will be exempt from State personal income taxes. See “CONCLUDING INFORMATION – Tax Exemption” herein.

Risk Factors Associated with Purchasing the Bonds

Investment in the Bonds involves risks that may not be appropriate for some investors. See the section of this Official Statement entitled “BOND OWNERS’ RISKS” for a discussion of certain risk factors which should be considered, in addition to the other materials set forth herein, in considering the investment quality of the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a “plan,” “expect,” “estimate,” “project,” “budget,” “anticipate” or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the caption “THE DISTRICT” therein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY, THE DISTRICT AND THE SCHOOL DISTRICT DO NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Professionals Involved in the Offering

Zions First National Bank, Los Angeles, California, will serve as the Trustee for the Bonds and as the Fiscal Agent for the CFD Bonds and will perform the functions required of it under the Authority Indenture and each CFD Bond Indenture for the payment of the principal of and interest and any premium on the Bonds and the CFD Bonds and all activities related to the redemption of the Bonds. Best Best & Krieger LLP, San Diego, California, is serving as Bond Counsel to the Authority and the District and general counsel to the School District. McFarlin & Anderson LLP, Laguna Hills, California, is acting as Disclosure Counsel. Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), Los Angeles, California, is acting as Underwriter in connection with the issuance and delivery of the Bonds. Nossaman LLP, Irvine, California, is acting as Underwriter’s Counsel. Causey Demgen & Moore P.C., Denver, Colorado, is acting as Verification Agent.

Dolinka Group, LLC, Irvine, California, is acting as Financial Advisor, Special Tax Consultant, CFD Administrator and Dissemination Agent to the Authority and the District.

Continuing Disclosure

The Authority and the District have covenanted in the Continuing Disclosure Agreement, the form of which is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT” (the “Continuing Disclosure Agreement”), for the benefit of Owners and Beneficial Owners of the Bonds, to provide certain financial and operating data relating to the Bonds, the CFD Bonds, the Authority, the School District and the District. The Annual Report will be delivered by not later than January 31, in each year, commencing with January 31, 2015 (the “Annual Report”), and to provide notices of the occurrence of certain listed events.

The Annual Report will be filed by the Authority or the District, or Dolinka Group, LLC, as Dissemination Agent on behalf of the Authority and the District, with the Municipal Securities Rulemaking Board (“MSRB”) through the Electronic Municipal Market Access System (“EMMA System”) in an electronic format and accompanied by identifying information as prescribed by the MSRB, with a copy to the Trustee, the Fiscal Agent and the Underwriter. Any notice of a listed event will be filed by the Authority or the District, or the Dissemination Agent on behalf of the Authority and the District, with the MSRB through the EMMA System. The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in the Continuing Disclosure Agreement. The covenants of the Authority and the District in the Continuing Disclosure Agreement have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the “Rule”); *provided, however*, a default under the Continuing Disclosure Agreement will not, in itself, constitute an Event of Default under the Authority Indenture or the applicable CFD Bond Indenture, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the Authority, the District or the Dissemination Agent to comply with the Continuing Disclosure Agreement will be an action to compel performance.

A review of previous disclosure filings during the last five years with respect to financings by the School District, the Authority, and community facilities districts formed by the School District indicates that annual reports, audited financial statements filed with respect to various financings by the School District, the Authority or by community facilities district formed by the School District were filed after the filing due date by a range of a few days to approximately two months primarily relating to filings made with respect to Fiscal Year 2008-09 and Fiscal Year 2011-12, and in some cases specific information to be included in an annual report was not included in the annual report filed.

With respect to financings by the Authority, the Authority failed to file its Fiscal Year 2008-09 annual reports in a timely manner as required by its undertakings in connection with its 2007 Lease

Revenue Bonds and its 2008 Lease Revenue Bonds. The Authority filed such annual reports in March 2011 when the omission was detected. The Authority has since filed all such annual reports and notices in a timely manner as required by its undertakings. Finally, the audit report for Fiscal Year 2009-10 was originally incorporated by reference to <http://msrb.emma.org> in the Annual Reports filed by the Authority for Fiscal Year 2009-10. The Authority has since filed the audit report specifically with respect to the 2007 Lease Revenue Bonds and the 2008 Lease Revenue Bonds.

Additionally, notices of rating changes were not always filed with respect to financings by the School District, Community Facilities District No. 1, Community Facilities District No. 6 and the Authority. Notices listing all rating changes have since been filed by the applicable entities and such applicable entities are currently in compliance with all of their respective undertakings.

In order to remain in compliance with its undertakings in the future, the School District, the community facilities districts and the Authority have implemented procedures to file their annual reports on a timely basis, and consolidated the personnel or firm responsible for preparing and/or monitoring compliance with the respective disclosure undertakings. The Dissemination Agent has revised its computerized scheduling system to facilitate timely filing of annual reports and audit reports with respect to each issue and has implemented procedures to monitor rating changes of insurers or credit providers on a weekly basis.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Bonds, certain sections of the Authority Indenture, the CFD Bond Indentures, security for the Bonds, special risk factors, the Authority, the District, the School District, the development in each Improvement Area and other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions herein of the Bonds, the Authority Indenture, the CFD Bond Indentures and other resolutions and documents are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Bonds, the Authority Indenture, the CFD Bond Indentures, such resolutions and other documents. All such descriptions are further qualified in their entirety by reference to laws and to principles of equity relating to or affecting generally the enforcement of creditors' rights. Copies of such documents may be obtained from the Planning Director of the Poway Unified School District, 13626 Twin Peaks Road, Poway, California 92064-3034. There may be a charge for copying, mailing and handling of any documents.

THE AUTHORITY

The Authority is a joint powers authority established by the School District and CFD No. 1 and constitutes a public instrumentality of the State. The Authority was formed for the public purpose of assisting in financing public capital improvements of the School District. The debts of the Authority are not an obligation of either the School District or CFD No. 1. The Authority was formed pursuant to a joint powers agreement approved and executed by the School District and CFD No. 1, dated as of October 21, 2002. The Authority is governed by a five-member Board of Directors which consists of all members of the Board. The President of the Board has been appointed the Chairperson of the Authority. The School District Superintendent acts as the Secretary of the Authority.

The Joint Powers Act provides for the issuance of revenue bonds of joint powers authorities, such as the Authority, to be repaid solely from the revenues of certain public obligations, such as the CFD Bonds. The Authority has no taxing power. Pursuant the Joint Powers Act, the Authority is authorized to issue its revenue bonds for the purpose of financing, among other things, public capital improvement projects or to refund outstanding obligations of local entities.

The Bonds are being sold to provide money to enable the Authority to purchase the CFD Bonds. On June 23, 2014, by the adoption of a resolution, the Authority authorized the execution of the Authority Indenture and the purchase of the CFD Bonds.

THE AUTHORITY IS NOT OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS, EXCEPT FROM REVENUES RECEIVED BY THE AUTHORITY. THE SCHOOL DISTRICT HAS NO LIABILITY WITH RESPECT TO THE PAYMENT OF THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR THE SCHOOL DISTRICT IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

The Authority may issue obligations other than the Bonds, which other obligations are and will be secured by instruments and revenues separate and apart from the Authority Indenture and the Bonds. The holders of such obligations of the Authority have no claim on the security of the Bonds and the owners of the Bonds will have no claim on the security of such other obligations issued by the Authority.

THE FINANCING PLAN

Refunding Plan. The Bonds are being issued for the purpose of providing funds to the Authority to purchase the CFD Bonds. The proceeds to the District of the sale of the Improvement Area B CFD Bonds will be used to refund and defease all of the outstanding Improvement Area B 2005 Special Tax Bonds (the “2005 Improvement Area B Bonds”) issued on June 16, 2005, of which \$8,405,000 aggregate principal amount of 2005 Improvement Area B Bonds are currently outstanding. The proceeds to the District of the sale of the Improvement Area C CFD Tax Bonds will be used to refund and defease all of the outstanding Improvement Area C 2005 Special Tax Bonds (the “2005 Improvement Area C Bonds” and together with the 2005 Improvement Area B Bonds, the “2005 Special Tax Bonds”) issued on June 16, 2005, of which \$12,590,000 aggregate principal amount of 2005 Improvement Area C Bonds are currently outstanding.

Proceeds from the sale of each series of CFD Bonds, together with certain available moneys on hand, including moneys held in certain funds relating to the 2005 Improvement Area B Bonds and 2005 Improvement Area C Bonds, respectively, will be deposited into a separate escrow fund established under separate escrow agreements, each dated as of July 1, 2014 (each an “Escrow Agreement,” and together the “Escrow Agreement”), each by and between the District and Zions First National Bank, as escrow

agent (the “Escrow Agent”), and used to refund and defease the 2005 Improvement Area B Bonds and 2005 Improvement Area C Bonds, respectively, as of the date of issuance of the CFD Bonds.

Amounts deposited under each Escrow Agreement will be held in an escrow account and may be held in State and Local Government Series and/or in cash. Causey Demgen & Moore P.C., Denver, Colorado (the “Verification Agent”), will verify that the amounts deposited, together with investment earnings thereon, if any, will be sufficient to pay the principal of and interest on the 2005 Improvement Area B Bonds or 2005 Improvement Area C Bonds, as applicable, to and including September 1, 2014.

Upon issuance of the CFD Bonds, the Verification Agent will verify the arithmetical accuracy of certain computations included in the schedules provided by the Underwriter and the Fiscal Agent for the 2005 Special Tax Bonds relating to: (i) the adequacy of forecasted receipts of principal and interest on the cash to be held pursuant to each Escrow Agreement; (ii) forecasted payments of principal and interest with respect to the 2005 Special Tax Bonds on September 1, 2014; and (iii) yields with respect to the 2005 Special Tax Bonds. Such verification will be based solely upon information and assumptions supplied to the Verification Agent by the Underwriter and the Fiscal Agent for the 2005 Special Tax Bonds.

Outstanding CFD Bonds. The amount of prior CFD bonds issued with respect to each Improvement Area and Zone and the amount of prior CFD bonds outstanding therefore is set forth below:

Table 1
Poway Unified School District Public Financing Authority
Special Tax Revenue Refunding Bonds, Series 2014C
Prior CFD Bonds Issued and Outstanding and Proposed 2014 CFD Bonds
as of July 1, 2014

CFD Zone or Improvement Area	Authorized Aggregate Principal Amount of Bonds	Aggregate Prior CFD Bonds Issued	Prior CFD Bonds Outstanding for Each Zone/ Improvement Area	2014 CFD Bonds⁽⁵⁾
<u>CFD No. 11</u>				
Zone 1	(1)	\$11,390,000 ⁽²⁾	\$10,170,000	
Zone 2	(1)	5,150,000 ⁽³⁾	4,865,000	(4)
Zone 3	(1)	3,845,000 ⁽³⁾	3,585,000	(4)
Zone 4	(1)	-0-	0	
Improvement Area A	\$13,500,000	11,000,000	9,550,000	
Improvement Area B	10,900,000	9,035,000	8,405,000⁽⁵⁾	7,810,000
Improvement Area C	17,400,000	13,475,000	12,590,000⁽⁵⁾	11,740,000

- (1) CFD No. 11 is authorized to issue \$60,000,000 aggregate principal amount of bonds, including bonds with respect to Zones 1 through 4 of which \$39,615,000 is authorized but unissued. With respect to CFD No. 11, taxable property within Zone 1 and Improvement Area A is coterminous, taxable property within Zone 2 and Improvement Area B is coterminous and taxable property within Zone 3 and Improvement Area C is coterminous.
- (2) Proceeds of bonds issued in 2013 were used to (i) finance school facilities and (ii) to refund all of the prior CFD bonds with respect to Zone 1.
- (3) Proceeds of bonds issued in 2013 were used to refund (i) all but \$3,030,000 of the prior CFD bonds issued in 2009 with respect to Zone 2 (the “2009 Zone 2 CFD Bonds”) and (ii) all but \$2,275,000 of the prior CFD bonds issued in 2009 with respect to Zone 3 (the “2009 Zone 3 CFD Bonds”).
- (4) CFD No. 11 proposes to issue \$2,565,000 of special tax bonds with respect to Zone 2 and \$7,500,000 of special tax bonds with respect to Zone 3. Such special tax bonds are anticipated to be issued on or about the same date as the Improvement Area B CFD Bonds and the Improvement Area C CFD Bonds are issued.
- (5) Proceeds of the Improvement Area B CFD Bonds and the Improvement Area C CFD Bonds will be used to refund and discharge all of the outstanding 2005 Improvement Area B Bonds and 2005 Improvement Area C Bonds, respectively.

Source: Dolinka Group, LLC.

**APPLICATION OF BOND PROCEEDS;
ESTIMATED SOURCES AND USES OF FUNDS**

The Bonds. The estimated sources and uses of Bond proceeds and other amounts received by the Authority are as follows:

Sources:

Authority Bond Principal Amount	\$ 19,550,000.00
Underwriter's Discount	(283,475.00)
Net Original Issue Premium	<u>1,494,678.95</u>
Total	\$20,761,203.95

Uses:

Acquisition of CFD Bonds	\$18,678,706.83
Reserve Fund ⁽¹⁾	1,848,000.00
Capitalized Interest	36,057.78
Costs of Issuance ⁽²⁾	<u>198,439.34</u>
Total	\$20,761,203.95

⁽¹⁾ Initially, the Reserve Fund will be funded through proceeds of the Bonds. See the description of the sources and uses of each Series of CFD Bonds below for the contribution with respect to each Improvement Area.

⁽²⁾ A portion of the proceeds of the Bonds will be deposited in the Costs of Issuance Account within the Authority Program Fund. See the description of the sources and uses of the District's CFD Bonds below. Costs of Issuance includes, among other things, the fees and expense of Bond Counsel, Disclosure Counsel, the Financial Advisor, the cost of printing the preliminary and final Official Statements, fees and expenses of the Trustee, the Fiscal Agent, the Escrow Agent and the fees of the Special Tax Consultant.

Costs of issuance will be paid by the Authority and include legal fees, Bond Counsel fees, Underwriter's discount, the cost of the Special Tax Consultant fees, Trustee fees, Fiscal Agent fees, printing costs and other costs associated with issuance of the Bonds and the CFD Bonds. See the applicable description of the uses of CFD Bonds below. See "SOURCES OF PAYMENT FOR THE BONDS – Reserve Fund."

CFD Bonds. The proceeds received from the Authority for the sale of the CFD Bonds, together with certain Special Taxes previously collected, will be used to refund and discharge outstanding special tax bonds with respect to each Improvement Area as provided below:

	CFD No. 11 Improvement Area B	CFD No. 11 Improvement Area C	Total
	<hr/>	<hr/>	<hr/>
<i>Sources:</i>			
CFD Bonds			
Principal Amount	\$7,810,000.00	\$11,740,000.00	\$19,550,000.00
Auth. Discount ⁽¹⁾	(348,134.96)	(523,158.21)	(871,293.17)
Funds Relating to Prior CFD Bonds	1,151,761.71	1,686,669.27	2,838,430.98
Total	<hr/> \$8,613,626.75	<hr/> \$12,903,511.00	<hr/> \$21,517,137.81
 <i>Uses:</i>			
Escrow Fund ⁽²⁾	\$8,613,626.75	\$12,903,511.00	\$21,517,137.81

(1) Represents each Improvement Area's proportionate share of a portion of (i) the Cost of Issuance, (ii) the Reserve Fund Requirement, (iii) the Underwriter's discount with respect to the Authority Bonds, (iv) the original issue premium with respect to the Authority Bonds, and (v) capitalized interest.

(2) \$18,678,706.83 of the proceeds will be used, together with \$2,838,430.98 of funds relating to the Prior CFD Bonds, to redeem the Series 2005 Improvement Area B Bonds and 2005 Improvement Area C Bonds, respectively, on September 1, 2014.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the Joint Powers Act, a Resolution of Issuance and the Authority Indenture. The Bonds are issued upon and primarily secured by certain Revenues derived from debt service payments on the CFD Bonds. The CFD Bonds are issued upon and primarily secured by certain Special Taxes levied against parcels of land within each applicable Improvement Area.

General Provisions

The Bonds will be dated the date of delivery thereof, and will be issued in the aggregate principal amount set forth on the inside cover hereof. The Bonds will bear interest from their dated date at the rates per annum set forth on the inside cover page hereof, calculated on the basis of a 360-day year of twelve 30-day months, payable semiannually on each March 15 and September 15, commencing March 15, 2015 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside cover page hereof. The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof. When issued, the Bonds will be registered in the name of Cede & Co., as nominee of DTC. See APPENDIX F – “BOOK-ENTRY-ONLY PROVISIONS.” So long as the Bonds are in book-entry only form, “Bond Owners” or “Owners” means DTC and not the Beneficial Owners of the Bonds.

Principal and premium, if any, on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the principal corporate trust office of the Trustee. Interest on the Bonds (including the final interest payment upon maturity or early redemption) is payable by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the registered Owners as shown on the Trustee’s books as of the first day of the calendar month of each interest payment date (whether or not such day is a business day) (the “Record Date”) or by wire transfer to an account within the United States of America made on such Interest Payment Date to any Owner of \$1,000,000 or more in an aggregate principal amount of Bonds who shall have requested such transfer pursuant to written notice filed with the Trustee on or before the preceding Record Date. Interest on the Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless: (1) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date; (2) a Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Dated Date provided in the form of the Bonds; or (3) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date shall be payable to the Person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of which shall be given to such Owner not less than fifteen (15) days prior to such Special Record Date.

Redemption

Optional Redemption. The Bonds maturing on or prior to September 15, 2024, are not subject to optional redemption before maturity. The Bonds maturing on or after September 15, 2025 are subject to redemption in whole or in part, pro rata among maturities and by lot within a maturity, at the option of the Authority from any source of funds deposited into the Redemption Account, and not otherwise allocated, on any Interest Payment Date on or after September 15, 2024, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date, without premium.

Special Mandatory Redemption. All Bonds are subject to special mandatory redemption prior to maturity from proceeds received by the Authority as a result of mandatory redemption of CFD Bonds from prepayment of Special Taxes. The Bonds are subject to redemption in whole or in part, on any March 15 or September 15, upon payment of the redemption price thereof (computed upon the principal amount of the Bonds to be redeemed), plus accrued interest to the date of redemption as specified below:

<u>Redemption Date</u>	<u>Redemption Price</u>
Any Interest Payment Date through and including March 15, 2022	103%
September 15, 2022 and March 15, 2023	102
September 15, 2023 and March 15, 2024	101
September 15, 2024 and any Interest Payment Date thereafter	100

The amounts in the foregoing tables will be reduced in the manner specified in the Authority Indenture as a result of any partial optional or special mandatory redemption of the Bonds.

Selection of Bonds for Redemption. If less than all of the Outstanding Bonds of a maturity are to be redeemed, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate. Upon surrender of Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the registered Owner, at the expense of the Authority, a new Bond or Bonds, of authorized denominations equal in aggregate principal amount and maturity to the unredeemed portion of the Bond or Bonds.

Purchase of Bonds In Lieu of Redemption. In lieu of any redemption of the Bonds, Revenues on deposit in the Revenue Fund, which are to be transferred to the Redemption Account or moneys on deposit in the Redemption Account may also be used and withdrawn by the Trustee at any time, upon the written request of the Authority, for the purchase of the Bonds at public or private sale as and when and at such prices (which including brokerage and other charges shall not be in excess of the principal amount thereof of the Bonds being purchased) as the Authority may in its discretion determine. The principal amount of the Bonds so purchased by the Authority in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the principal amount of the Bonds required to be paid or redeemed.

Notice of Redemption. So long as the Bonds are held in book-entry form, notice of redemption will be mailed by the Trustee only to DTC and not to the Beneficial Owners (as defined in APPENDIX F) of Bonds under the DTC book-entry-only system. Neither the Authority nor the Trustee is responsible for notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. Notice of redemption, containing the information required by the Authority Indenture will be mailed by first-class mail, postage prepaid, by the Trustee at least 30 days but not more than 60 days prior to the redemption date. The Trustee must also give notice of redemption to each of certain Securities Depositories and Information Services specified in the Authority Indenture. The notice of redemption shall state the redemption date, the place or places of redemption, the CUSIP[®] numbers and bond numbers of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective denominations of the principal amount thereof to be redeemed. Neither the failure of any Bond Owner to receive such notice so mailed nor any defect in the notice so mailed will affect the sufficiency or the validity of the proceedings for redemption of such Bonds or the cessation of accrual of interest on the redemption date.

Conditional Notice. Any notice of optional redemption of the Bonds delivered in accordance with the Authority Indenture may be conditional; and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds and the redemption shall not be made and

the Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

Right to Rescind. The Authority may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Redemption Account or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Effect of Notice of Redemption. If on the date of redemption, moneys for the redemption of the Bonds to be redeemed, together with interest to said date of redemption, shall be held by the Trustee so as to be available therefor on such date of redemption, and, if notice of redemption has been given and not canceled, then, from and after the date of redemption, interest represented by such Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds to be redeemed without liability for interest thereon. All liability of the Authority with respect to such Bonds will cease, terminate and be completely discharged, and the Owners thereof will thereafter be entitled only to payment out of such money or securities deposited with the Trustee for their payment.

Circumstances Leading to Redemption of Bonds Prior to Maturity. Bond purchasers should be aware of the following circumstances, among others, that may lead to redemption of Bonds prior to maturity:

- (i) Prepayment of all or part of any Special Taxes within the District;
- (ii) Redemption of CFD Bonds which cause a special mandatory redemption of the Bonds;
- (iii) Issuance of refunding bonds – pursuant to the Joint Powers Act, the Authority may issue refunding bonds for the purpose of redeeming the Bonds; and
- (iv) Accumulation of investment income in the Bond Fund or the Bond Service Fund.

Transfer and Exchange of Bonds

Any Bond may be transferred upon the registration books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. The Authority may charge a reasonable sum for each new bond issued upon any exchange and the Trustee will require the Bond Owner requesting a transfer or exchange to pay any tax or other governmental charge required to be paid with respect to a transfer. A new Bond or Bonds of like aggregate principal amount and maturity shall be delivered in exchange for any Bond or Bonds thus surrendered. The Trustee may decline to make such transfers or exchanges (i) during the period selected by the Trustee for the selection of Bonds for redemption or (ii) with respect to any Bond which has been selected for redemption.

The Trustee

Zions First National Bank, Los Angeles, California, has been appointed as the Trustee for the Bonds under the Authority Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – Indenture of Trust” hereto for a further description of the rights and obligations of the Trustee under the Authority Indenture.

Book-Entry and DTC

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX F – “BOOK-ENTRY-ONLY PROVISIONS.”

Estimated Debt Service Schedule

The following table presents the debt service schedule for the Bonds, assuming no redemptions are made:

Table 2
Poway Unified School District Public Financing Authority
Special Tax Revenue Refunding Bonds, Series 2014C
Annual Debt Service Schedule

Year Ending (September 15)	Principal	Interest	Total
2015	\$280,000	\$1,043,100	\$1,323,100
2016	395,000	918,800	1,313,800
2017	420,000	906,950	1,326,950
2018	470,000	892,250	1,362,250
2019	510,000	875,800	1,385,800
2020	560,000	855,400	1,415,400
2021	610,000	833,000	1,443,000
2022	665,000	808,600	1,473,600
2023	725,000	782,000	1,507,000
2024	785,000	745,750	1,530,750
2025	865,000	706,500	1,571,500
2026	935,000	663,250	1,598,250
2027	1,010,000	616,500	1,626,500
2028	1,095,000	566,000	1,661,000
2029	1,170,000	511,250	1,681,250
2030	1,270,000	452,750	1,722,750
2031	1,355,000	389,250	1,744,250
2032	1,450,000	321,500	1,771,500
2033	1,560,000	249,000	1,809,000
2034	1,660,000	171,000	1,831,000
2035	<u>1,760,000</u>	<u>88,000</u>	<u>1,848,000</u>
Total	\$19,550,000	\$13,396,650	\$32,946,650

SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are secured by the Revenues of the Authority and by any other amounts held in any fund or account established pursuant to the Authority Indenture, other than the Program Fund, the Authority Administrative Expense Fund or the Rebate Fund. Revenues will be obtained primarily from all payments received by the Authority pursuant to the CFD Bonds and all investment income with respect to moneys held by the Trustee in the funds and accounts established under the Authority Indenture with respect to the Bonds, other than the Program Fund, the Authority Administrative Expense Fund and the Rebate Fund.

The CFD Bonds are secured by a pledge of and lien on the Special Taxes with respect to the applicable Improvement Area, all as further described herein.

Each series of CFD Bonds are independent obligations and the security for one obligation does not constitute security for the other. The Special Taxes levied to pay debt service on one series of CFD Bonds are not available to pay debt service on any other series of CFD Bonds with the exception of Residual Special Tax Revenues. The aggregate payments due on each of the CFD Bonds are scheduled to be sufficient, in the aggregate, to pay the principal of, premium, if any, and interest on, the Bonds, as they become due. A default in the payment of any Series of CFD Bonds or insufficient payments from Special Taxes from one Series of CFD Bonds may result in insufficient Revenues with which to pay the principal of and interest on the Bonds when due.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES PLEDGED THEREFOR IN THE AUTHORITY INDENTURE, FROM AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS UNDER THE AUTHORITY INDENTURE OTHER THAN THE PROGRAM FUND, THE AUTHORITY ADMINISTRATIVE EXPENSE FUND AND THE REBATE FUND. THE BONDS ARE NOT A DEBT OF THE DISTRICT, THE SCHOOL DISTRICT, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AUTHORITY. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE SCHOOL DISTRICT, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER. NEITHER THE DISTRICT, THE SCHOOL DISTRICT, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE FOR THE PAYMENT OF THE BONDS.

OWNERSHIP OF THE BONDS IS SUBJECT TO RISK. POTENTIAL INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "BOND OWNERS' RISKS."

Revenue Fund

Flow of Funds. Subject only to the provisions of the Authority Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues, and any other amounts held in any fund or account established pursuant to the Authority Indenture (excluding the Program Fund (including the Costs of Issuance Account therein), the Authority Administrative Expense Fund and the Rebate Fund), have been pledged by the Authority to secure the full and timely payment of the principal of and interest and premium, if any, of the Bonds in accordance with their terms and the provisions of the Authority Indenture. The Authority is to collect and receive, or cause to be collected and received by the Trustee, all such Revenues, and Revenues collected or received by the Authority, or collected and received by the Trustee on behalf of the Authority, shall be deemed to be held, and to have been collected or received, by the Authority, in trust, and shall be paid to the Trustee

as set forth in the Authority Indenture. All Revenues, other than Principal Repayment (which shall be directly deposited to the Redemption Account) and Residual Special Tax Revenues (which shall be directly deposited in the Surplus Fund), shall be promptly transferred to the Trustee by the Authority and deposited by the Trustee upon receipt thereof in the Revenue Fund established under the Authority Indenture which the Trustee shall maintain and hold in trust. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Authority Indenture.

The Authority shall establish with the Trustee a special fund designated the "Bond Fund" which the Trustee shall maintain and hold in trust. Within the Bond Fund, the Trustee shall establish special accounts designated as the "Principal Account," the "Interest Account" and the "Redemption Account." Such fund and accounts shall be held and maintained as separate and distinct funds and accounts. The Trustee shall transfer Revenues then in the Revenue Fund into the following funds and accounts on the following dates and in the following amounts, and the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required transfer) at the time of deposit to be satisfied before any deposit is made to any account subsequent in priority:

- (a) On each Interest Payment Date, the Trustee shall transfer to the Interest Account, if necessary, an amount which, together with the amounts then on deposit therein, is sufficient to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest coming due and payable on the Bonds on such Interest Payment Date and any amounts of interest previously due and unpaid. On any Interest Payment Date on which the amount on deposit in the Revenue Fund is inadequate to make the transfers described in this paragraph (a) as a result of a default in the scheduled payment of principal of and/or interest on a CFD Bond, the Trustee shall immediately notify the Superintendent of the amount of such payment default.
- (b) On each September 15, the Trustee shall transfer to the Principal Account, if necessary, an amount which together with the amounts then on deposit therein, is sufficient to cause the aggregate amount on deposit in the Principal Account to equal the amount of principal payment coming due and payable on the Bonds on such September 15 and any amount of principal previously due and unpaid. On any September 15 on which the amount on deposit in the Revenue Fund is inadequate to make the transfers described in this paragraph (b) as a result of a default in the scheduled payment of principal of and/or interest on a CFD Bond, the Trustee shall immediately notify the Superintendent of the amount of such payment default.
- (c) On each Interest Payment Date on which the balance in the Reserve Fund is less than the Reserve Requirement, the Trustee shall transfer to the Reserve Fund an amount sufficient to increase the balance in the Reserve Fund to the Reserve Requirement.
- (d) In the event that the Trustee receives all or any portion of the principal of and/or interest on the CFD Bond the payment of which is in default, the Trustee shall immediately disburse or transfer such funds in the following order of priority: (i) for deposit in the Reserve Fund such amount as shall be necessary to replenish the amount of any transfers of cash from the Reserve Fund to the Interest Account or the Principal Account resulting from such payment default and (ii) for deposit in the Revenue Fund any amount remaining following the transfer required pursuant to (i).
- (e) On any September 15 after making the transfers and deposits in paragraph (a) through (d) above, the Trustee shall transfer to the Rebate Fund an amount, if any, to increase the

amount on deposit in the Rebate Fund to the Rebate Requirement as the Authority may direct by Written Certificate.

- (f) On any September 15 after making the transfers and deposits in paragraph (a) through (e) above, the Trustee shall transfer to the Authority Administrative Expense Fund such amount as the Authority may direct by Written Certificate as necessary to pay Authority Administrative Costs.
- (g) On the business day following each September 15 after making the transfers and deposits in paragraphs (a) through (f) above, the Trustee shall transfer all amounts remaining on deposit in the Revenue Fund to the Authority Surplus Fund.

Costs of Issuance. Moneys in the Costs of Issuance Account in the Program Fund will be disbursed to pay costs of issuance of the Bonds and the CFD Bonds. Any amounts remaining in the Costs of Issuance Account upon the earlier of (i) payment in full of costs of issuance or (ii) six months after issuance of the Bonds will be transferred to the Authority Revenue Fund.

Authority Rebate Fund. The Authority is required to calculate “Excess Investment Earnings” in accordance with the requirements set forth in the Authority Indenture. The Authority shall calculate and deposit the same into the Authority Rebate Fund to the extent funds are available from any revenues which are legally available for such purpose. The Trustee is then required to use such amounts to make any required rebate payments to the United States Treasury which are necessary for the Authority to comply with the requirements of Section 148(f) of the Code. Moneys in the Authority Rebate Fund are not pledged to the payment of the Bonds.

Reserve Fund

The Authority Indenture provides that a Reserve Fund must be maintained in an amount equal to the Reserve Requirement. The Authority Indenture provides that the Reserve Requirement means, as of the date of calculation, an amount equal to the least of (i) Maximum Annual Debt Service for the Bonds; (ii) 125% of Average Annual Debt Service for the Bonds, or (iii) 10% of the “issue price” (as defined in the Treasury Regulations) of the Bonds; *provided, however*, that the Reserve Requirement shall not exceed the maximum amount then permitted to be funded from the proceeds of tax-exempt obligations under the Code. Initially, the Reserve Requirement is equal to \$1,848,000.

On the Closing Date there shall be deposited in the Reserve Fund proceeds of the Bonds representing the Reserve Requirement as of such date. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – Indenture of Trust – Reserve Fund.”

Moneys in the Reserve Fund shall be used solely for the purpose of (i) making transfers to the Bond Fund to pay the principal of and interest on the Bonds when due, in the event that moneys in the Bond Fund are insufficient therefor or (ii) in connection with an optional redemption or a special mandatory redemption or a defeasance of the Bonds in whole or in part, or when the balance therein equals the principal and interest due on the Bonds to and including maturity, or to pay the principal of and interest due on the Bonds to maturity.

The Trustee shall, pursuant to a Written Certificate of the Authority, disburse or transfer from the amount then on deposit in the Reserve Fund on the final maturity date of each series of CFD Bonds, an amount equal to the CFD Bonds Reserve Fund Credit Amount applicable to such series of CFD Bonds, minus the amount, if any, of any transfer previously made necessitated as a result of a deficiency in the scheduled payment of principal of or interest on such series of CFD Bonds which has not previously been reimbursed, and such amount shall be transferred to the Interest Account and the Principal Account as a credit against the payments due on such series of CFD Bonds on such date with the amount transferred

being deposited first to the Interest Account as a credit on the interest due on such CFD Bonds on such date and the balance being deposited to the Principal Account as a credit on the principal due of such CFD Bonds on such date.

Authority Surplus Fund

Following the deposits pursuant to the Authority Indenture described above, moneys remaining in the Revenue Fund on each September 16 shall be deposited by the Trustee into the Authority Surplus Fund in accordance with the Authority Indenture. Additionally, any Residual Special Tax Revenues transferred by the Fiscal Agent pursuant to any CFD Bond Indenture to the Trustee shall be deposited in the Authority Surplus Fund immediately upon receipt thereof.

Moneys deposited in the Authority Surplus Fund may be used at any time for one or more of the following purposes and shall be transferred by the Trustee as follows:

- (a) to the Interest Account or the Principal Account of the Bond Fund, to pay the principal of, premium, if any, and interest on the Bonds when due in the event that moneys in the Revenue Fund are insufficient to make any deposits to such Accounts required pursuant to the Authority Indenture;
- (b) to the Reserve Fund in order to replenish the Reserve Fund to the Reserve Requirement in the event that the moneys in the Revenue Fund are insufficient to make any deposit required to the Reserve Fund pursuant to the Authority Indenture;
- (c) to the Rebate Fund as the Authority may direct by Written Certificate to increase the amount on deposit therein to the Rebate Requirement if the moneys in the Revenue Fund are insufficient to make any deposit required pursuant to the Authority Indenture; and
- (d) on September 15 of any Bond Year following the scheduled payment of principal of and interest on the Bonds due and payable during such Bond Year, to the Authority Administrative Expense Fund as the Authority may direct by Written Certificate if the moneys in the Revenue Fund are insufficient to make any deposit required pursuant to the Authority Indenture.

Moneys transferred to the Surplus Fund on September 16 of any Bond Year pursuant to the Authority Indenture (the "Annual Retained Surplus") shall be retained in the Surplus Fund until March 16 of such Bond Year (the "Annual Retention Period") and shall be used for the purposes described in the preceding paragraph. Annual Retained Surplus remaining on deposit in the Authority Surplus Fund on March 16th of such Bond Year shall no longer be designated as Annual Retained Surplus or Revenues, shall no longer be pledged to the payment of the Bonds and shall be transferred for or on behalf of the District in accordance with the Authority Indenture and used only for authorized purposes of the District.

Ownership of CFD Bonds

Notwithstanding anything in the Authority Indenture to the contrary, the Authority may cause the Trustee to sell, from time to time, all or a portion of the CFD Bonds (as shall be designated by the Authority at the time) and use the proceeds of such sale to purchase or redeem Outstanding Bonds, *provided* that the Authority shall deliver to the Trustee:

- (1) a certificate from an Independent Accountant or Independent Financial Consultant to the effect that, following the disposition of such CFD Bond(s), the Revenues to be paid to the Trustee (assuming the timely payment of the amounts due thereon with regard to any CFD Bonds not then in default), together with interest and principal due on any Permitted

Investments identified in Paragraph 1 of the term “Permitted Investments” pledged to the repayment of the Bonds or the Revenues then on deposit in the Funds and Accounts established thereunder (valuing any Permitted Investments held thereunder at the fair market value thereof), will be sufficient to pay the principal of and interest on the Bonds when due; and

- (2) an opinion of Bond Counsel to the effect that such sale of the CFD Bond(s) is authorized under the provisions of the Authority Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of State or federal income taxation.

Upon compliance with the foregoing conditions, the Trustee shall sell such designated CFD Bonds in accordance with the written request of the Authority and disburse the proceeds of such sale at the direction of the Authority to be applied to the redemption, purchase or defeasance of Bonds or upon the request of the Authority shall deposit such proceeds in the Revenue Fund or Redemption Account to be applied to the redemption, purchase or defeasance of Bonds, as appropriate.

The CFD Bonds

General. The CFD Bonds and the interest thereon are secured and payable primarily from the Special Taxes to be levied and collected on all the real property within each Improvement Area subject to the Special Taxes, including certain net proceeds, if any, of any foreclosure actions brought following a delinquency in the payment of the Special Tax, less the Administrative Expense Requirement (“Net Special Tax Revenues”), and amounts held in certain funds pursuant to the applicable CFD Bond Indenture.

The amount of Special Taxes that the District may levy in the boundaries of each Improvement Area in any year is strictly limited by the maximum rates approved by the qualified electors within the District at the time of formation of the Improvement Area, including the limitation imposed by Section 53321 of the Act as applied to the District. The District is legally authorized under the Act, and has covenanted in the applicable CFD Bond Indenture, to annually cause the levy of the Special Taxes in an amount determined according to the applicable Rate and Method. See “*Special Taxes*” below. Each Rate and Method apportions the total amount of Special Taxes to be collected among the taxable parcels in the applicable Improvement Area as more particularly described therein. See “THE DISTRICT – Rates and Methods of Apportionment of Special Tax” and APPENDIX B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” hereto.

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, the Special Taxes of each applicable Improvement Area are exempt from the tax rate limitations of California Constitution Article XIII A pursuant to Section 4 thereof as “special tax” authorized by a two-thirds vote of the qualified electors with respect to the District. Consequently, the District has the power and is obligated to cause the levy and collection of the Special Taxes in an amount determined according to a methodology which the Board of Education (the “Board”) and the qualified electors in the District have approved. See “*Special Taxes*” below. However, Article XIII C of the California Constitution may allow the voters in the District (or perhaps in the School District) under certain conditions, to adopt an ordinance by initiative which would reduce or appeal the Special Taxes. See “BOND OWNERS’ RISKS – The CFD Bonds – *Right to Vote on Taxes Act*” and “BOND OWNERS’ RISKS – The CFD Bonds – *Ballot Initiatives and Legislative Measures.*” See “THE DISTRICT – Rates and Methods of Apportionment of Special Tax.”

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS

PLEGDED TO THE PAYMENT OF THE CFD BONDS. EXCEPT FOR THE NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE CFD BONDS. THE CFD BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE DISTRICT BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE NET SPECIAL TAX REVENUES AND OTHER AMOUNTS PLEDGED UNDER THE APPLICABLE CFD BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Special Taxes. The levy of the Special Taxes was authorized by the landowners within the territory included in each applicable Improvement Area, as the then qualified electors of the District, at a special election held on the respective dates specified in “THE DISTRICT – General” below. A notice of Special Taxes with respect to the District Rate and Method, in the case of the Improvement Areas, has been recorded in the Official Records of the County.

The CFD Bonds are secured by, among other things, a pledge of Net Special Tax Revenues. Net Special Tax Revenues include the Special Taxes levied by the District and any prepayments of Special Taxes received by the District with respect to the applicable Improvement Area and net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of Special Taxes, less the Administrative Expense Requirement of the District as established pursuant to the applicable CFD Bond Indenture. Administrative Expenses include the cost of calculation and collection of the Special Taxes in each Fiscal Year and any other costs relating to the CFD Bonds and the Bonds, including the fees and costs of the Fiscal Agent and the Trustee.

The District has covenanted in the applicable CFD Bond Indenture to levy the Special Taxes in each Fiscal Year that the applicable Series of CFD Bonds are outstanding. The Special Taxes are to be apportioned, levied and collected each year according to the applicable Rate and Method approved by the qualified electors of the applicable Improvement Area, including amounts sufficient to cover debt service on the CFD Bonds and to pay Administrative Expenses. See “THE DISTRICT – Rates and Methods of Apportionment of Special Tax.”

The following tables provide information regarding the Fiscal Year 2014-15 Special Tax Levy with respect to each Improvement Area.

Table 3
Poway Unified School District Public Financing Authority
Special Tax Revenue Refunding Bonds, Series 2014C
Combined Fiscal Year 2014-15 Special Tax Levy

<u>CFD No./Improvement Area</u>	<u>Units Levied</u>	<u>Special Taxes Levied</u>	<u>FY 2014-15 Levy as Percent of Improvement Area Total</u>	<u>FY 2014-15 Levy as Percent of Total</u>
<i>CFD No. 11, Improvement Area B</i>				
Individual Homeowners	206	\$702,106.70	100.00%	41.22%
<i>CFD No. 11, Improvement Area C</i>				
Individual Homeowners	286	\$892,588.48	89.17%	52.41%
Standard Pacific Corp.	13	42,360.96	4.23	2.48
Toll Brothers, Inc.	<u>21</u>	<u>66,101.88</u>	<u>6.60</u>	<u>3.88</u>
Total Improvement Area C	320	\$1,001,051.32	100.00%	58.79%
Total Imp. Area B and Impr. Area C⁽¹⁾	526	\$1,703,158.02		100.00%

⁽¹⁾Totals may not sum due to rounding.

Source: Dolinka Group, LLC.

Table 4A
Community Facilities District No. 11, Improvement Area B
of the Poway Unified School District
Fiscal Year 2014-15 Special Tax Levy

<u>Property Owner/Tax Class</u>	<u>Building Square Feet</u>	<u>Per Unit Levy</u>	<u>Units Levied</u>	<u>Special Taxes Levied</u>	<u>FY 2014-15 Levy as Percent of Total</u>
Individual Homeowner					
Tax Class 1	≤ 2,650		0	\$0.00	0.00%
Tax Class 2	2,651-3,000		0	0.00	0.00
Tax Class 3	3,001-3,250		0	0.00	0.00
Tax Class 4	3,251-3,500		0	0.00	0.00
Tax Class 5	3,501-3,750		0	0.00	0.00
Tax Class 6	3,751-4,000	\$2,653.16	13	34,491.08	4.91
Tax Class 7	4,001-4,250	2,917.82	26	75,863.32	10.81
Tax Class 8	4,251-4,500	3,202.84	30	96,085.20	13.69
Tax Class 9	4,501-4,750	3,426.76	20	68,535.20	9.76
Tax Class 10	> 4,750	3,650.70	117	427,131.90	60.84
Individual Homeowners Total⁽¹⁾			206	\$702,106.70	100.00%

⁽¹⁾Totals may not sum due to rounding.

Source: Dolinka Group, LLC.

Table 4B
Community Facilities District No. 11, Improvement Area C
of the Poway Unified School District
Fiscal Year 2014-15 Special Tax Levy

<u>Tax Class/Property Owner</u>	<u>Building Square Feet</u>	<u>Per Unit Levy</u>	<u>Units Levied</u>	<u>Special Taxes Levied</u>	<u>FY 2014-15 Levy as Percent of Total</u>
Individual Homeowner					
Tax Class 1	≤ 2,650		0	\$0.00	0.00%
Tax Class 2	2,651-3,000		0	0.00	0.00
Tax Class 3	3,001-3,250		0	0.00	0.00
Tax Class 4	3,251-3,500		0	0.00	0.00
Tax Class 5	3,501-3,750	\$2,339.74	27	63,172.98	6.31
Tax Class 6	3,751-4,000	2,596.82	8	20,774.56	2.08
Tax Class 7	4,001-4,250	2,853.90	43	122,717.70	12.26
Tax Class 8	4,251-4,500	3,051.66	56	170,892.96	17.07
Tax Class 9	4,501-4,750	3,130.74	42	131,491.08	13.14
Tax Class 10	> 4,750	3,486.72	110	383,539.20	38.31
Individual Homeowners Total⁽¹⁾			286	\$892,588.48	89.17%
Builder					
Tax Class 1	≤ 2,650		0	\$0.00	0.00%
Tax Class 2	2,651-3,000		0	0.00	0.00
Tax Class 3	3,001-3,250		0	0.00	0.00
Tax Class 4	3,251-3,500		0	0.00	0.00
Tax Class 5	3,501-3,750		0	0.00	0.00
Tax Class 6	3,751-4,000		0	0.00	0.00
Tax Class 7	4,001-4,250	\$2,853.90	5	14,269.50	1.43
Tax Class 8	4,251-4,500	3,051.66	11	33,568.26	3.35
Tax Class 9	4,501-4,750	3,130.74	6	18,784.44	1.88
Tax Class 10	> 4,750	3,486.72	12	41,840.64	4.18
Builder Total⁽¹⁾			34	\$108,462.84	10.83%
Homeowner and Builder Total⁽¹⁾			320	\$1,001,051.32	100.00%

⁽¹⁾Totals may not sum due to rounding.

Source: Dolinka Group, LLC.

The levies of Special Taxes are subject to certain limitations. For example, certain properties are exempt from the Special Tax pursuant to law or the applicable Rate and Method for each Improvement Area. See “BOND OWNERS’ RISKS – The CFD Bonds – *Exempt Properties*.” The annual levy of Special Taxes on each parcel within the District is constrained by the maximum Special Tax rate applicable to such parcel. See “THE DISTRICT – Rates and Methods of Apportionment of Special Tax” and “BOND OWNERS’ RISKS – The CFD Bonds – *Maximum Rates*” herein.

The amount of the Special Taxes that can be levied and collected in future years will be dependent upon, among other factors, then existing development, the Special Tax rates imposed and the level of delinquent Special Tax installments. Generally, the District levies on Developed Property at the applicable Special Tax under the applicable Rate and Method. In any case where the maximum Special Tax for an Assessor’s Parcel of Developed Property of residential property is greater than the Assigned Special Tax, the District would not expect delinquencies to be such as to require a levy at the maximum Special Tax. A portion of the Special Tax Requirement is utilized for acquisition and/or construction of

School Facilities. In the event the District was to levy Special Taxes on Developed Property at less than the Assigned Annual Special Tax, pursuant to Section 53321 of the Act and a resolution adopted by the District, under no circumstances will the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within a Improvement Area by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For such purposes, a parcel will be considered used for private residential purposes not later than the date on which an occupancy permit for private residential use is issued. See “BOND OWNERS’ RISKS” herein.

The Special Taxes imposed by the District with respect to each applicable Improvement Area are customarily billed with *ad valorem* property taxes and collected by the County. When received, such Special Taxes will be transferred by the District to the applicable Fiscal Agent and deposited by such Fiscal Agent in the applicable Special Tax Fund with respect to the applicable Series of CFD Bonds to be held as specified in “*Special Tax Fund*” below.

Although the Special Tax, when levied, will constitute a lien on parcels subject to taxation within each Improvement Area, it does not constitute a personal indebtedness of the owners of property within such Improvement Area. There is no assurance that the owners of real property in the applicable Improvement Area will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. See “BOND OWNERS’ RISKS” herein.

Special Tax Fund. Net Special Tax Revenues include all scheduled payments and prepaid Special Taxes received by the District with respect to the applicable Improvement Area and the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of Special Taxes. As received, the Special Tax Revenues will be deposited in the applicable Special Tax Fund held by the Fiscal Agent.

No later than 10 business days after the District’s receipt of Special Taxes and in any event not later than February 15 and August 15 of each year, the District shall transfer them to the Fiscal Agent for deposit into the Special Tax Fund under the applicable CFD Bond Indenture and (except Special Tax Revenues representing prepayments of Special Taxes) from the applicable Special Tax Fund the Fiscal Agent shall transfer the amounts equal to the applicable Administrative Expense Requirement received first to the Administrative Expense Fund; next to the Interest Account of the Bond Service Fund an amount such that the aggregate amount on deposit in the Interest Account on each Interest Payment Date and date for redemption of the applicable CFD Bonds equals the amount of interest due or becoming due on such Interest Payment Date or to be paid on the applicable CFD Bonds being redeemed on such date; next, to the Principal Account of the Bond Service Fund, an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of, and premium (if any) on, the CFD Bonds coming payable on such Interest Payment Date.

After making the foregoing transfers, the Fiscal Agent for each Series of CFD Bond shall transfer to the Trustee the amount, if any, necessary to restore the Reserve Fund to the Reserve Requirement but only to the extent that any draw on the Reserve Fund was attributable to a deficiency in the amount of debt service received by the Authority on the CFD Bonds.

On September 2 of each year after making the deposits and transfers required above or after September 2, if funds become available after September 2, upon receipt of written instructions from an Authorized Representative, the Fiscal Agent shall transfer from the Special Tax Fund to the Trustee the District’s proportionate share with respect to the Improvement Area of any Excess Authority Rebate Obligation that is or will be due and payable during the Bond Year commencing on such September 2. On or after September 2 of each year after making the deposits and transfers required under the foregoing, the Fiscal Agent will transfer from the Special Tax Fund to the Administrative Expense Fund and to the

Authority Administrative Expense Fund in the priority set forth in the applicable CFD Bond Indenture the amounts specified in such request to pay Administrative Expenses which the District and the Authority reasonably determine will become due and payable during such Bond Year or the costs of which Administrative Expense have previously been incurred and paid by the District from funds other than the Administrative Expense Fund.

If on September 2 of each year, or after September 2 if funds become available after September 2, after making the deposits and transfers required above, moneys remain on deposit in the Special Tax Fund (“Residual Special Tax Revenues”), the Fiscal Agent shall transfer such Residual Special Tax Revenues to the Trustee for deposit in the Authority Surplus Fund.

To the extent that there are prepaid Special Taxes with respect to a Improvement Area, the District shall determine the portion attributable to the applicable CFD Bonds and such amounts shall be used to redeem the applicable CFD Bonds.

Administrative Expense Fund. The Fiscal Agent will receive the transfer of Special Taxes with respect to a Improvement Area from the applicable Special Tax Fund and deposit in the Administrative Expense Fund an amount equal to the Administrative Expense Requirement (i.e. that amount specified by the District as necessary to meet Administrative Expenses until collection of Special Taxes in the next Fiscal Year). Such amounts include a proportionate share of the Authority’s administrative expenses relating to the Bonds.

Pursuant to each CFD Bond Indenture, moneys in an Administrative Expense Fund will not be construed as a trust fund held for the benefit of the Authority as the Owners of the applicable CFD Bonds and will not be available for the payment of debt service on the applicable CFD Bonds.

The initial annual Administrative Expense Requirement for Fiscal Year 2014-15 under the CFD Bond Indentures is \$24,867.49 with respect to the Improvement Area B CFD Bonds and \$24,867.49 with respect to the Improvement Area C CFD Bonds.

Under each CFD Bond Indenture, the Administrative Expense Requirement may increase by 2% of the Administrative Expense Requirement in effect for the preceding fiscal year.

Bond Service Fund. The principal of and interest due on the CFD Bonds until maturity, but excluding redemptions of CFD Bonds, shall be paid by the Fiscal Agent from the Principal Account and the Interest Account of the applicable Bond Service Fund, respectively. For the purpose of assuring that the payment of principal and interest on the applicable CFD Bonds will be made when due, after making the transfer to the applicable Administrative Expense Fund, on each March 1 and September 1, the Fiscal Agent will transfer amounts to pay interest and principal of the applicable CFD Bonds from the applicable Special Tax Fund first to the Interest Account and then to the Principal Account as described above in “*Special Tax Fund.*”

Redemption Fund. The Fiscal Agent shall upon receipt of Special Tax Revenues representing Prepayments together with written instructions of the District executed by an Authorized Representative, immediately transfer such Prepayment in the Interest Account of the applicable Bond Service Fund and the Redemption Fund, as applicable, and utilize such funds to pay the interest and premium, if any, on and principal of CFD Bonds to be redeemed pursuant to the applicable Bond Indenture. Following the redemption of any CFD Bonds, if any funds remain in the Redemption Fund, such funds shall be transferred to the Special Tax Fund. Proceeds from the redemption of CFD Bonds will be used by the Authority to redeem the Bonds. See “THE BONDS – Redemption.”

District Payment to Authority Rebate Fund. On or after September 2 of each year, the Fiscal Agent will transfer from the applicable Special Tax Fund to the Trustee the District’s proportionate share

of the Excess Authority Rebate Obligations that is or will be due and payable during the Bond Year commencing on such September 2.

Covenant for Superior Court Foreclosure

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of the Special Tax, the District may order the institution of a superior court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory.

Under each Bond Indenture, on or before June 1 of each Fiscal Year, the District will review the public records of the County, to determine the amount of Special Taxes actually collected in such Fiscal Year and proceed as follows:

Individual Delinquencies. If the District determines that (i) any single parcel subject to the Special Tax is delinquent in the payment of the Special Taxes in the aggregate amount \$7,500 or more with respect to the Improvement Areas or (ii) any single parcel or parcels under common ownership subject to the Special Taxes is delinquent in the payment of the Special Taxes in the aggregate of \$15,000 or more with respect to the Improvement Areas, the District shall, not later than 45 days of such determination, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner. The District shall cause judicial foreclosure proceedings to be commenced and filed in the superior court not later than 90 days of such determination against any parcel for which a notice of delinquency was given and for which the Special Taxes remain delinquent.

Aggregate Delinquencies. If the District determines that it has collected less than 95% of the Special Taxes levied in such Fiscal Year in the applicable Improvement Area, then such District shall, not later than 45 days of such determination, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the owner of each delinquent parcel (regardless of the amount of such delinquency) in the applicable Improvement Area. Such District will cause judicial foreclosure proceedings to be commenced and filed in the superior court not later than 90 days of such determination against any parcel for which a notice of delinquency was given and for which the Special Taxes remain delinquent.

It should be noted that any foreclosure proceedings commenced as described above could be stayed by the commencement of bankruptcy proceedings by or against the owner of the delinquent property. See “BOND OWNERS’ RISKS – The CFD Bonds – *Bankruptcy and Foreclosure Delay.*”

No assurances can be given that a judicial foreclosure action, once commenced, will be completed or that it will be completed in a timely manner. See “BOND OWNERS’ RISKS – The CFD Bonds – *Bankruptcy and Foreclosure Delay.*” If a judgment of foreclosure and order of sale is obtained, the judgment creditor (the District) must cause a Notice of Levy to be issued. Under current law, a judgment debtor (property owner) has 120 days from the date of service of the Notice of Levy and 20 days from the subsequent notice of sale in which to redeem the property to be sold. If a judgment debtor fails to so redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such action, a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made. The constitutionality of the aforementioned legislation, which repeals the former one-year redemption period, has not been tested; and there can be no assurance that, if tested, such legislation will be upheld. Any parcel subject to foreclosure sale must be sold at the minimum bid price unless a lesser minimum bid price is authorized by the Owners of 75% of the principal amount of CFD Bonds Outstanding.

No assurances can be given that the real property subject to sale or foreclosure will be sold or, if sold, that the proceeds of the sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the School District or the District to purchase or otherwise acquire any lot or parcel of property offered for sale or subject to foreclosure if there is no other purchaser at such sale. The Act does specify that the Special Tax will have the same lien priority in the case of delinquency as for *ad valorem* property taxes.

If delinquencies in the payment of Special Taxes exist, there could be a default or delay in payments to the Authority on the applicable Series of CFD Bonds, which default or delay may result in a default or delay in payments to the Bond Owners pending prosecution of foreclosure proceedings and receipt by the District of foreclosure sale proceeds, if any. However, within the limits of the Rate and Method for the applicable Improvement Area and the Act, the District may adjust the Special Taxes levied on all property within the applicable Improvement Area in future Fiscal Years to provide an amount, taking into account such delinquencies, required to pay debt service on the applicable Series of CFD Bonds. There is, however, no assurance that the maximum Special Tax rates will be at all times sufficient to pay the amounts required to be paid on the applicable Series of CFD Bonds by the applicable CFD Bond Indenture.

Transfer of Excess Net Special Tax Revenues to Authority Surplus Fund

It is currently anticipated that annual Net Special Tax Revenues available for debt service on the CFD Bonds will exceed the debt service on the CFD Bonds and such excess is defined as “Residual Special Tax Revenues” and will be transferred to the Authority on September 2 of each year for deposit to the Authority Surplus Fund and available for, among other things, payment of principal of or interest on the Bonds, if needed at that time, as follows: (i) to the Trustee in an amount, if any, necessary to restore the Reserve Fund to the Reserve Requirement, to the extent that any draw on the Reserve Fund was attributable to a deficiency in the amount of debt service received by the Authority on the applicable CFD Bonds; (ii) to the Trustee the District’s Proportionate Share of any Excess Authority Rebate Obligation; (iii) to the Trustee for District Administrative Expenses; (iv) to the Trustee for the District’s proportionate share of the Authority Administrative Expenses; and (v) to the Trustee for deposit to the Authority Surplus Fund to be applied as provided in the Authority Indenture. See “THE BONDS – Estimated Debt Service Schedule,” “SOURCES OF PAYMENT FOR THE BONDS –Estimated Schedule of CFD Bonds Debt Service” and “SOURCES OF PAYMENT FOR THE BONDS –Authority Surplus Fund.”

The Special Taxes levied to pay debt service on one series of CFD Bonds are not available to pay debt service on any other series of CFD Bonds. See “SOURCES OF PAYMENT FOR THE BONDS – The CFD Bonds” and “BOND OWNERS’ RISKS.”

Authorized Investments

Funds and accounts established under the Authority Indenture and the CFD Bond Indentures are held by the Trustee or Fiscal Agent, as applicable. Moneys in any of the funds and accounts shall be invested at the direction of the Authority or the District in Permitted Investments (as applicable) which shall be deemed at all times to be a part of such funds and accounts. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS” for a list of Permitted Investments.

Any income realized or loss resulting from such Permitted Investments shall be credited or charged to the fund from which such investment was made.

Additional CFD Bonds

Subject to the satisfaction of the specific conditions set forth in the applicable CFD Bond Indenture, the District may at any time after the issuance and delivery of the CFD Bonds issue Parity

Bonds (as defined in the applicable CFD Bond Indenture). The District with respect to Improvement Area B and Improvement Area C may issue bonds on a parity with the applicable CFD Bonds for refunding purposes only. Parity Bonds may be issued to refund Outstanding Bonds where the issuance of such Parity Bonds results in a reduction of Annual Debt Service on all outstanding CFD Bonds following the issuance of such Parity Bonds. Parity Bonds will be payable from Net Special Tax Revenues and other amounts deposited in the funds and accounts created under the applicable Supplemental Indenture (other than in the Administrative Expense Fund and any rebate fund that may be established for any Series of Parity Bonds) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the applicable CFD Bond Indenture or under any Supplemental Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – CFD Bond Indentures – Issuance of Parity Bonds.”

No Acceleration

The principal of the Bonds will not be subject to acceleration under the provisions of the Authority Indenture. The principal of the CFD Bonds will not be subject to acceleration under the provisions of the applicable CFD Bond Indenture.

Sale of CFD Bonds

Upon satisfaction of certain conditions set forth in the Authority Indenture, the Trustee, at the direction of the Authority may sell, from time to time, all or a portion of an issue of CFD Bonds and the proceeds of the sale of such CFD Bonds shall be disbursed to the Authority or, upon the request of the Authority, deposited in the Revenue Fund or Redemption Account to be applied to the redemption, purchase or defeasance of Bonds, as appropriate. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – Indenture of Trust – Covenants of the Authority – Sale of CFD Bonds.”

Estimated Schedule of CFD Bonds Debt Service

Table 5 below illustrates that scheduled CFD Bonds debt service provides coverage for the debt service on the Bonds and Table 6 below illustrates the aggregate estimated Net Special Tax Revenues on the CFD Bonds. Improvement Area B is built out. Tables 7A and 7B below illustrate the estimated coverage of CFD Bonds debt service in relation to estimated Net Special Tax Revenues of each Improvement Area. Residual Special Tax Revenues (as defined in the CFD Bond Indentures) for each year will be transferred to the Trustee for deposit in the Authority Surplus Fund and will provide coverage of scheduled debt service on the Bonds. In the event of delinquencies in Special Tax payments received with respect to any Improvement Area, the estimated coverage ratio with respect to the CFD Bonds relating to such Improvement Area will not be achieved, but Residual Special Tax Revenues with respect to the other Improvement Areas transferred to the Trustee pursuant to the applicable CFD Bond Indenture for deposit in the Authority Surplus Fund may be available to pay principal of and interest on the Bonds and the other amounts as provided for in the Authority Indenture. Tables 7A and 7B assume there are no prepayments of any CFD Bonds or Bonds or delinquencies in the payment of Special Taxes. As set forth below in Tables 7A and 7B, the expected debt service coverage from Developed Property on each series of CFD Bonds will be in excess of 130% based on (i) debt service on the CFD Bonds and (ii) Net Special Tax Revenues expected to be available in the related Improvement Area on September 2 of each year. See “THE BONDS – Estimated Debt Service Schedule” and “SOURCES OF PAYMENT FOR THE BONDS – Authority Surplus Fund.” See the tables entitled “Special Tax Delinquencies” under “THE DISTRICT – Special Tax Delinquency” herein for information of historical Special Tax delinquencies in the District.

Table 5
Poway Unified School District Public Financing Authority
Scheduled Annual Debt Service on CFD Bonds

Year Ending September 15	CFD No. 11 Imp Area B Bonds Debt Service	CFD No. 11 Imp Area C Bonds Debt Service	Aggregate CFD Bonds Debt Service	Capitalized Interest	Bonds Net Debt Service	Estimated Debt Service Coverage from CFD Bonds
2015	\$512,186.94	\$774,855.28	\$1,287,042.22	\$36,057.78	\$1,323,100.00	100.00%
2016	527,000.00	786,800.00	1,313,800.00	--	1,313,800.00	100.00
2017	532,200.00	794,750.00	1,326,950.00	--	1,326,950.00	100.00
2018	546,250.00	816,000.00	1,362,250.00	--	1,362,250.00	100.00
2019	554,600.00	831,200.00	1,385,800.00	--	1,385,800.00	100.00
2020	566,400.00	849,000.00	1,415,400.00	--	1,415,400.00	100.00
2021	577,400.00	865,600.00	1,443,000.00	--	1,443,000.00	100.00
2022	587,600.00	886,000.00	1,473,600.00	--	1,473,600.00	100.00
2023	602,000.00	905,000.00	1,507,000.00	--	1,507,000.00	100.00
2024	612,500.00	918,250.00	1,530,750.00	--	1,530,750.00	100.00
2025	631,750.00	939,750.00	1,571,500.00	--	1,571,500.00	100.00
2026	639,250.00	959,000.00	1,598,250.00	--	1,598,250.00	100.00
2027	650,500.00	976,000.00	1,626,500.00	--	1,626,500.00	100.00
2028	660,250.00	1,000,750.00	1,661,000.00	--	1,661,000.00	100.00
2029	673,500.00	1,007,750.00	1,681,250.00	--	1,681,250.00	100.00
2030	690,000.00	1,032,750.00	1,722,750.00	--	1,722,750.00	100.00
2031	694,500.00	1,049,750.00	1,744,250.00	--	1,744,250.00	100.00
2032	702,500.00	1,069,000.00	1,771,500.00	--	1,771,500.00	100.00
2033	718,750.00	1,090,250.00	1,809,000.00	--	1,809,000.00	100.00
2034	727,750.00	1,103,250.00	1,831,000.00	--	1,831,000.00	100.00
2035	729,750.00	1,118,250.00	1,848,000.00	--	1,848,000.00	100.00
Total	\$13,136,636.94	\$19,773,955.28	\$32,910,592.22	\$36,057.78	\$32,946,650.00	100.00%

Source: Dolinka Group, LLC.

Table 6
Poway Unified School District Public Financing Authority
Estimated Debt Service Coverage from Net Special Tax Revenues

Year Ending Sept. 15	Net Special Tax Revenues⁽¹⁾	Aggregate CFD Bonds Debt Service	Surplus Special Taxes	Estimated Debt Service Coverage
2015	\$1,653,423.04	\$1,287,042.22	\$366,380.82	128.47%
2016	1,686,491.50	1,313,800.00	372,691.50	128.37
2017	1,720,221.33	1,326,950.00	393,271.33	129.64
2018	1,754,625.76	1,362,250.00	392,375.76	128.80
2019	1,789,718.27	1,385,800.00	403,918.27	129.15
2020	1,825,512.64	1,415,400.00	410,112.64	128.98
2021	1,862,022.89	1,443,000.00	419,022.89	129.04
2022	1,899,263.35	1,473,600.00	425,663.35	128.89
2023	1,937,248.62	1,507,000.00	430,248.62	128.55
2024	1,975,993.59	1,530,750.00	445,243.59	129.09
2025	2,015,513.46	1,571,500.00	444,013.46	128.25
2026	2,055,823.73	1,598,250.00	457,573.73	128.63
2027	2,096,940.20	1,626,500.00	470,440.20	128.92
2028	2,138,879.01	1,661,000.00	477,879.01	128.77
2029	2,181,656.59	1,681,250.00	500,406.59	129.76
2030	2,225,289.72	1,722,750.00	502,539.72	129.17
2031	2,269,795.51	1,744,250.00	525,545.51	130.13
2032	2,315,191.42	1,771,500.00	543,691.42	130.69
2033	2,361,495.25	1,809,000.00	552,495.25	130.54
2034	2,408,725.16	1,831,000.00	577,725.16	131.55
2035	2,456,899.66	1,848,000.00	608,899.66	132.95
Total	\$42,630,730.70	\$32,910,592.22	\$9,720,138.48	

(1) Total Special Taxes levied less Administrative Expenses as provided by the Dolinka Group, LLC.

Source: Dolinka Group, LLC.

Table 7A
Poway Unified School District Public Financing Authority
Estimated Debt Service Coverage on CFD No. 11 Improvement Area B Bonds

Year Ending Sept 15	Special Tax Revenue from Individual Homeowners	Administrative Expenses	Net Special Tax Revenues from Individual Homeowners⁽¹⁾	Bonds Debt Service	Estimated Coverage From Individual Homeowners
2015	\$702,106.70	(\$24,867.49)	\$677,239.21	\$512,186.94	132.23%
2016	716,148.83	(25,364.84)	690,783.99	527,000.00	131.08
2017	730,471.81	(25,872.14)	704,599.67	532,200.00	132.39
2018	745,081.25	(26,389.58)	718,691.67	546,250.00	131.57
2019	759,982.87	(26,917.37)	733,065.50	554,600.00	132.18
2020	775,182.53	(27,455.72)	747,726.81	566,400.00	132.01
2021	790,686.18	(28,004.83)	762,681.35	577,400.00	132.09
2022	806,499.90	(28,564.93)	777,934.97	587,600.00	132.39
2023	822,629.90	(29,136.23)	793,493.67	602,000.00	131.81
2024	839,082.50	(29,718.95)	809,363.55	612,500.00	132.14
2025	855,864.15	(30,313.33)	825,550.82	631,750.00	130.68
2026	872,981.43	(30,919.60)	842,061.83	639,250.00	131.73
2027	890,441.06	(31,537.99)	858,903.07	650,500.00	132.04
2028	908,249.88	(32,168.75)	876,081.13	660,250.00	132.69
2029	926,414.88	(32,812.12)	893,602.76	673,500.00	132.68
2030	944,943.18	(33,468.37)	911,474.81	690,000.00	132.10
2031	963,842.04	(34,137.73)	929,704.31	694,500.00	133.87
2032	983,118.88	(34,820.49)	948,298.39	702,500.00	134.99
2033	1,002,781.26	(35,516.90)	967,264.36	718,750.00	134.58
2034	1,022,836.88	(36,227.24)	986,609.65	727,750.00	135.57
2035	1,043,293.62	(36,951.78)	1,006,341.84	729,750.00	137.90

(1) Total Special Taxes levied less Administrative Expenses as provided by the Dolinka Group, LLC.

Source: Dolinka Group, LLC.

Table 7B
Poway Unified School District Public Financing Authority
Estimated Debt Service Coverage on CFD No. 11 Improvement Area C Bonds

Year Ending Sept. 15	Developed Property					Estimated Debt Service Coverage		
	Special Tax Revenue from Individual Homeowners	Less Administrative Expenses	Net Special Tax Revenues from Individual Homeowners ⁽¹⁾	Special Tax Revenues from Builder Owned Units ⁽²⁾	Net Special Tax Revenues from Developed Property	Bonds Debt Service	Estimated Coverage from Individual Homeowners	Estimated Coverage from Developed Property
2015	\$892,588.48	(\$24,867.49)	\$867,720.99	\$108,462.84	\$976,183.83	\$774,855.28	111.98%	125.98%
2016	910,440.25	(25,364.84)	885,075.41	110,632.10	995,707.51	786,800.00	112.49	126.55
2017	928,649.05	(25,872.14)	902,776.92	112,844.74	1,015,621.66	794,750.00	113.59	127.79
2018	947,222.04	(26,389.58)	920,832.46	115,101.63	1,035,934.09	816,000.00	112.85	126.95
2019	966,166.48	(26,917.37)	939,249.11	117,403.67	1,056,652.77	831,200.00	113.00	127.12
2020	985,489.81	\$27,455.72)	958,034.09	119,751.74	1,077,785.83	849,000.00	112.84	126.95
2021	1,005,199.60	(28,004.83)	977,194.77	122,146.77	1,099,341.54	865,600.00	112.89	127.00
2022	1,025,303.59	(28,564.93)	996,738.66	124,589.71	1,121,328.37	886,000.00	112.50	126.56
2023	1,045,809.67	(29,136.23)	1,016,673.44	127,081.50	1,143,754.94	905,000.00	112.34	126.38
2024	1,066,725.86	(29,718.95)	1,037,006.91	129,623.13	1,166,630.04	918,250.00	112.93	127.05
2025	1,088,060.38	(30,313.33)	1,057,747.04	132,215.60	1,189,962.64	939,750.00	112.56	126.63
2026	1,109,821.58	(30,919.60)	1,078,901.99	134,859.91	1,213,761.89	959,000.00	112.50	126.57
2027	1,132,018.02	(31,537.99)	1,100,480.03	137,557.11	1,238,037.13	976,000.00	112.75	126.85
2028	1,154,658.38	(32,168.75)	1,122,489.63	140,308.25	1,262,797.88	1,000,750.00	112.16	126.19
2029	1,177,751.54	(32,812.12)	1,144,939.42	143,114.41	1,288,053.83	1,007,750.00	113.61	127.81
2030	1,201,306.57	(33,468.37)	1,167,838.21	145,976.70	1,313,814.91	1,032,750.00	113.08	127.22
2031	1,225,332.71	(34,137.73)	1,191,194.97	148,896.24	1,340,091.21	1,049,750.00	113.47	127.66
2032	1,249,839.36	(34,820.49)	1,215,018.87	151,874.16	1,366,893.03	1,069,000.00	113.66	127.87
2033	1,274,836.15	(35,516.90)	1,239,319.25	154,911.64	1,394,230.89	1,090,250.00	113.67	127.88
2034	1,300,332.87	(36,227.24)	1,264,105.63	158,009.88	1,422,115.51	1,103,250.00	114.58	128.90
2035	1,326,339.53	(36,951.78)	1,289,387.75	161,170.07	1,450,557.82	1,118,250.00	115.30	129.72

⁽¹⁾Total Special Taxes levied less Administrative Expenses as provided by the Dolinka Group, LLC.

⁽²⁾Projection assumes no further builder sales to homeowners and no further building permits issued for the 15 vacant lots owned by Toll Brothers, Inc..

Source: Dolinka Group, LLC.

Levy of Special Taxes to Applicable Maximum Rates

The ability of the District to make annual debt service payments on its CFD Bonds is strengthened by its ability to levy Special Taxes up to its maximum rates in the event of delinquencies in the Improvement Area. Generally, the District levies Special Taxes at the Assigned Special Tax rate on Developed Property. In the event that delinquencies occur in the receipt of Special Taxes within a Improvement Area, in any fiscal year, the District may increase the Special Tax levy with respect to such Improvement Area up to the maximum rates as permitted in the applicable Rate and Method in the following fiscal years if determined necessary to cure any delinquencies on the applicable CFD Bonds. There may be little or no difference between the Assigned Special Tax rate and the maximum rates where the property within a Improvement Area is all categorized as Developed Property. In the event the District was to levy Special Taxes on Developed Property at less than the Assigned Annual Special Tax, pursuant to Section 53321 of the Act and a resolution adopted by the District, under no circumstances will the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within a Improvement Area by more than 10% of such lesser amount. For such purposes, a parcel will be considered used for private residential purposes not later than the date on which an occupancy permit for private residential use is issued.

The District is only obligated to pay principal and interest on the CFD Bonds it issues with respect to the applicable Improvement Area. If Special Taxes with respect to one Improvement Area are not received in the requisite amount, the Special Tax rate may be escalated only in that Improvement Area and not in the other Improvement Areas. Purchasers of the Bonds should not assume that maximum Special Taxes may be levied in all Improvement Areas at one time. Although the Special Tax levy may be increased where there is a difference between the Assigned Special Tax and the maximum Special Tax which may be levied, any such increase would not be available to cure any delinquencies for a period of one year or more. In addition, an increase in the Special Tax rates may affect the ability or willingness of property owners to pay their Special Taxes. See “THE DISTRICT – Rates and Methods of Apportionment of Special Tax” and APPENDIX B hereto for a description of the District’s procedures for increasing the amount of Special Tax in a Improvement Area and “BOND OWNERS’ RISKS – The CFD Bonds – *Insufficiency of Special Taxes.*” In the Improvement Area, the Special Taxes are levied at the Assigned Special Tax rate, and there may be little or no increase on Special Tax rates.

Any increase in Special Taxes up to the maximum Special Tax with respect to a Improvement Area to cure delinquencies with respect to such Improvement Area is not available to cure delinquencies with respect to the other Improvement Areas.

THE DISTRICT

General

The Act provides an alternative method of financing certain public capital facilities and services within defined boundaries. A community facilities district established pursuant to the Act is a legally constituted governmental entity. Upon approval by a two-thirds vote of qualified voters and compliance with the provisions of the Act, a community facilities district may issue bonds and may levy and collect taxes to repay such bonded indebtedness.

Pursuant to the Act, the Board, acting on behalf of the District, adopted a Resolution stating its intent to establish such District, to establish the Improvement Areas therein, to authorize the levy of Special Taxes within the boundaries of the applicable Improvement Area (to pay principal of and interest on the CFD Bonds), to fund some of the facilities directly and to incur bonded indebtedness within the applicable Improvement Area.

Following public hearings conducted pursuant to the provisions of the Act, the Board adopted a resolution establishing the District and determining the necessity to incur bonded indebtedness to acquire and construct facilities, and a resolution calling a special election to submit the levy of the Special Tax and the incurring of the bonded indebtedness to the qualified voters of each Improvement Area.

Under the Act, when less than twelve registered voters reside within the proposed boundaries of a community facilities district or an improvement area therein, each landowner of lands located within the boundaries of the proposed community facilities district or improvement area, as applicable, is qualified to vote on the question of incurring such bonded indebtedness. A two-thirds favorable vote of the qualified voters voting on the question is necessary to authorize issuance of the bonds of a community facilities district for such community facilities district or the improvement area therein.

CFD No. 11. CFD No. 11, three (3) Improvement Areas and four (4) Zones designated as Improvement Area A through C inclusive and Zones 1 through 4 inclusive, were formed and designated by the School District on January 20, 2004, pursuant to the Act, following a public hearing and landowner elections at which the qualified electors of the District authorized the issuance of bonds to finance school facilities in the aggregate principal amount not to exceed \$60,000,000, such amount to be payable from special taxes levied pursuant to a separate Rate and Method of Apportionment of Special Tax levied on property within CFD No. 11 (including each of the Zones). In addition, on January 20, 2004, pursuant to the Act, following a public hearing and landowner elections, the electors of the three Improvement Areas authorized CFD No. 11 to incur bonded indebtedness and approved the levy of a separate special tax within each Improvement Area to finance the acquisition and construction of public improvements to be owned, operated and maintained by the City of San Diego, or to which the City of San Diego may contribute revenue (collectively, the "City Facilities") and the acquisition or construction of school facilities. The qualified electors of each Improvement Area authorized bonded indebtedness in the aggregate not-to-exceed amounts as described in "INTRODUCTION – The District, the Improvement Areas and the Zones," "THE FINANCING PLAN" and "APPLICATION OF BOND PROCEEDS; ESTIMATED SOURCES AND USES OF FUNDS" and "THE DISTRICT – Direct and Overlapping Debt."

Other Indebtedness. Other indebtedness exists with respect to the District, including, as indicated above, bonds which have been issued by the District. See "INTRODUCTION – The District and the Improvement Areas."

Location and Description

CFD No. 11. CFD No. 11 is contiguous and is generally located south of Beeler Canyon Road and east of Pomerado Road in the southernmost portion of the School District and in the northeast part of the City of San Diego. CFD No. 11 is located about four miles east of the I-15 Freeway, easterly of Pomerado Road and approximately one mile south of Scripps Poway Parkway. CFD No. 11, which consists of approximately 2,658 acres, is located approximately 15 miles north of downtown San Diego and approximately 10 miles inland from the Pacific Ocean and the coastal community of La Jolla. StoneBridge Estates is the current name of the entire project which is composed of two sub-project areas known as Montecito and Sycamore Estates. The Montecito sub-project area encompasses approximately 62.4 net acres in Zone 1 / Improvement Area A, and is located east of Pomerado Road, just north of Marine Corps Air Station Miramar, south of the City of Poway and adjacent to and west of the Sycamore Estates sub-project area. The Sycamore Estates sub-project area encompasses approximately 99.9 net acres in Improvement Area B / Zone 2 and approximately 166 net acres in Improvement Area C / Zone 3. The Montecito sub-project area lies within the former General Dynamics Sycamore Canyon property and is bounded by the City of San Diego (Scripps Miramar Ranch North) to the west, the City of Poway to the north, an unincorporated area of the County to the east and northeast, and the Marine Corps Air Station Miramar to the south. CFD No. 11 also includes approximately 248 acres of open space owned by the City of San Diego which is located within Zone 4.

Property Ownership

The residential portion of the StoneBridge Estates project has been and is proposed to continue to be developed by various merchant builder entities, including some related to the respective members of Sycamore Estates LLC, a Delaware limited liability company (“Sycamore Estates LLC”), the master developer of the property in the District. Sycamore Estates LLC acquired the Montecito sub-project area property from eight separate landowners pursuant to an Option Agreement entered into between Institutional Housing Partners (“IHP”) and eight landowners. Since the 1960s, the Sycamore Estates’ portion of the StoneBridge Estates property was used by General Dynamics and defense companies for defense-related manufacturing and testing services. Sycamore Estates LLC acquired the property from General Dynamics on December 18, 2001. General Dynamics and Lockheed Martin retained a lease to a six-acre portion of the property until the lease expired in March 2003.

StoneBridge Estates is a master-planned community. It includes an approximately six-acre park, including lighted multi-purpose fields for soccer and little league, a parking lot, a turf area, restrooms/storage/concessions, a playground with equipment, picnic areas and path lighting. A second park, approximately eight acres in size, has also been completed and includes a multi-purpose field, and playground and picnic areas. In addition to the two neighborhood parks, there are approximately 11 miles of hiking trails. Approximately 80 percent of the community will remain as open space and is known as “Mission Trails Regional Park North.” The regional open space park is located in the eastern portion of the District (Zone 4) and connects with the existing Goodan Ranch and Sycamore Canyon County Open Space Preserve.

277 units are in Improvement Area A/Zone 1 (of which all 277 have been completed and sold to homeowners; 2 of which prepaid their special taxes with respect to Zone 1 and Improvement Area A), 210 units plus the 106 affordable units are in Improvement Area B/Zone 2 (of which all 210 have been completed and sold to homeowners; 5 of which prepaid their Special Taxes with respect to Zone 2 and 4 of which prepaid their Special Taxes with respect to Improvement Area B) and 341 units are in Improvement Area C/Zone 3 (of which 292 have been completed and sold to homeowners (6 of which prepaid their Special Taxes with respect to Zone 3 and Improvement Area C) and 34 have building permits issued and are in various stages of construction). The remaining area, which is in Zone 4, is preserved as open space and known as “Mission Trails Regional Park North.”

As of June 1, 2014, the property in Improvement Area B has been developed with four single-family neighborhoods, totaling 210 single family detached residential units (of which 4 have prepaid their Special Taxes). In addition, there were 106 completed affordable units. The 206 individual homeowners' residences which remain subject to the levy of Special Taxes have lots sizes ranging from 0.26 acres to 1.21 acres and square footages ranging from 3,780 to 5,599. The homes were built by Brookfield Homes and Shea Homes, commencing in approximately the fourth quarter of 2004, with final home sales in the first quarter of 2013.

As of June 1, 2014, the property in Improvement Area C has been substantially developed, with six single family neighborhoods. Of a proposed total of approximately 341 single family detached residential units, 292 were owned by individual homeowners (6 of which prepaid their Special Taxes), 13 residential units were completed or under construction by Standard Pacific Corp., 21 residential units were completed or under construction by Toll Brothers, Inc. and 15 vacant residential lots were owned by Toll Brothers, Inc. The homes completed and under construction have lots sizes ranging from .024 acres to 1.24 acres and square footages ranging from 3,567 to 5,954. The homes were built by Cornerstone at StoneBridge Estates LP, a California limited partnership, Montoro at StoneBridge Estates LLC, a Delaware limited liability company, StoneBridge – San Diego, LLP, a California limited partnership, Warmington Scripps II Associates, L.P., a California limited partnership, Brookfield 10 LLC, a Delaware limited liability company, Standard Pacific Corp., a Delaware corporation and Toll Brothers, Inc., a Delaware corporation. Sales in Improvement Area C commenced in approximately the third quarter of 2005. Approximately 49 remain to be completed and sold in Improvement Area C, and the District is not aware of any estimated date for final home sales.

Assessed Values

The combined total Fiscal Year 2013-14 assessed value of each of the Improvement Areas aggregates \$450,883,419. See “THE DISTRICT – Estimated Property Values and Estimated Value-to-Lien Ratios,” “THE DISTRICT – Direct and Overlapping Debt” and “BOND OWNERS’ RISKS – The CFD Bonds – *Value-to-Lien Ratios*” herein.

The following sets forth the Fiscal Year 2013-14 assessed values for CFD No. 11 Improvement Area B and CFD No. 11, Improvement Area C. All homes in CFD No. 11, Improvement Area B and CFD No. 11, Improvement Area C are detached homes.

The aggregate assessed value of \$450,883,419 for the 492 individually-owned completed homes and 34 completed or under construction homes owned by Standard Pacific Corp. and Toll Brothers, Inc. results in an estimated aggregate value-to-lien ratio of 11.86 to 1 with respect to the Improvement Areas, calculated with respect to all direct and overlapping tax and assessment bonds as presented in Tables 8A, 8B and 9A and 9B in the section entitled “ – Estimated Property Values and Estimated Value-to-Lien Ratios” below as of the estimated date of issuance of the Bonds. The value-to-lien ratio of individual parcels will differ from the foregoing aggregate values. The foregoing value-to-lien estimate excludes the value of the Undeveloped Property in CFD No. 11, Improvement Area C. **Based on estimated debt service on the Bonds and the number of building permits issued as of January 1, 2014, the District will not levy a Special Tax in Fiscal Year 2014-15 on Undeveloped Property.** Additional debt may be issued in the future by the District with respect to Improvement Area B or Improvement Area C and such issuance will affect the lien of the applicable Improvement Area.

Estimated Property Values and Estimated Value-to-Lien Ratios

Tables 8A, 8B, 9A and 9B below set forth Value-to-Lien category ranges for the parcels subject to the levy of Special Taxes in Fiscal Year 2014-15 utilizing the respective assessed values as of January 1, 2013, which values include completed homes, plus the assessed value for the homes under construction and for the lots for which building permits had been issued as of May 1, 2014.

The Fiscal Year 2013-14 assessed values of the property within each Improvement Area (excluding Exempt Property (as defined in the applicable Rate and Method) and parcels for which Special Taxes have been prepaid) are set forth below. The assessed values, direct and overlapping debt and total tax burden on individual parcels vary between each Improvement Area and also vary among parcels within each Improvement Area. The value of individual parcels is significant because in the event of a delinquency in the payment of Special Taxes the District may foreclose only against delinquent parcels of the applicable Improvement Area. The table below sets forth the estimated assessed property values, and the estimated direct and overlapping land secured debt and estimated value-to-lien ratio for Improvement Area as a whole. All information in this section is based on the direct and overlapping debt report prepared on or about April 30, 2014, as set forth in the tables below in the Section captioned "Direct and Overlapping Debt."

Table 8A
Poway Unified School District Public Financing Authority
Estimated Average Assessed Value-to-Lien of Parcels
Subject to Special Tax

<u>CFD No.</u>	<u>Number of Parcels</u>	<u>FY 2014-15 Special Taxes⁽¹⁾</u>	<u>Total FY 2013-14 Assessed Value⁽²⁾</u>	<u>Bonds</u>	<u>Additional Land Secured Debt⁽³⁾</u>	<u>Total Lien</u>	<u>Combined Value-to-Lien</u>
Improvement Area B CFD No. 11 Individual Homeowner	206	\$702,106.70	\$204,919,574.00	\$7,810,000.00	\$7,430,000.00	\$15,240,000.00	13.45:1
Improvement Area C CFD No. 11 Individual Homeowner	286	892,588.48	231,540,640.00	10,467,983.55	9,868,777.43	20,336,760.98	11.39:1
Standard Pacific Corp.	13	42,360.96	6,527,381.00	496,795.38	451,739.81	948,535.19	6.88:1
Toll Brothers, Inc.	<u>21</u>	<u>66,101.88</u>	<u>7,895,824.00</u>	<u>775,221.07</u>	<u>729,733.54</u>	<u>1,504,954.61</u>	<u>5.25:1</u>
Subtotal Imp. Area C CFD No. 11	320	\$1,001,051.32	\$245,963,845.00	\$11,740,000.00	\$11,050,250.78	\$22,790,250.78	10.79:1
Total⁽⁴⁾	526	\$1,703,158.02	\$450,883,419.00	\$19,550,000.00	\$18,480,250.78	\$38,030,250.78	11.86:1

⁽¹⁾ The Special Taxes shown here reflect the Developed Property as of May 1, 2014, as confirmed by Dolinka Group, LLC, with the City of San Diego.

Excludes Undeveloped Property, Affordable Units, classified as Exempt Property and parcels which have prepaid their Special Tax obligation.

⁽²⁾ Source: 2013 San Diego County Assessor's Roll.

⁽³⁾ The Additional Land Secured Debt includes the proposed Zone 2 and 3 2014 Bonds.

⁽⁴⁾ Total may not sum due to rounding.

Source: Dolinka Group, LLC.

Table 8B
Poway Unified School District Public Financing Authority
Estimated Average Combined Assessed Value and
Value-to-Lien Ratio of Individually Owned Homes

Value-to-Lien Category	Number of Parcels⁽¹⁾	Direct and Combined Overlapping Liens⁽²⁾	FY 2013-14 Assessed Value⁽³⁾	Combined Value-to-Lien Ratio	Fiscal Year 2014-15 Special Tax	Percentage Share of Special Tax
20:1 and above	4	\$227,327.81	\$4,954,000.00	21.79:1	\$13,694.92	0.86%
15:1 to 20:1	58	4,208,341.83	68,868,934.00	16.36:1	188,083.12	11.79
10:1 to 15:1	363	26,370,833.68	338,312,875.00	12.83:1	1,181,602.36	74.10
7:1 to 10:1	11	749,803.20	6,759,836.00	9.02:1	34,365.00	2.15
5:1 to 7:1	3	219,499.45	1,354,220.00	6.17:1	9,827.34	0.62
3:1 to 5:1	51	3,653,563.87	15,946,791.00	4.36:1	160,420.08	10.06
3.1 and below	<u>2</u>	<u>147,391.15</u>	<u>263,558.00</u>	<u>1.79:1</u>	<u>6,702.36</u>	<u>0.42</u>
Total ⁽⁴⁾	492	\$35,576,760.98	\$436,460,214.00	12.27:1	\$1,594,695.18	100.00%

⁽¹⁾ The Special Taxes shown here reflect Developed Property owned by individual homeowners and by Standard Pacific Corp. and Toll Brothers, Inc. as of May 1, 2014, as confirmed by Dolinka Group, LLC, with the City of San Diego. Excludes Undeveloped Property owned by Toll Brothers, Inc., Affordable Units, parcels classified as Exempt Property and parcels which have prepaid their Special Tax obligation.

⁽²⁾ See "Direct and Overlapping Debt" below for a description of overlapping liens; the combined overlapping liens include the Bonds and the proposed Zone 3 2014 Bonds.

⁽³⁾ Source: 2013 County Assessor's Roll.

⁽⁴⁾ Totals may not sum due to rounding.

Source: Dolinka Group, LLC.

See "– Direct and Overlapping Debt," and "BOND OWNERS' RISKS – The CFD Bonds – Assessed Values" herein for further information on the assessed values and for assumptions and limiting conditions relating to the assessed values.

Table 9A
Poway Unified School District
CFD No. 11 Improvement Area B
Combined Assessed Value and Value-to-Lien Ratio

Value-to-Lien Category	Number of Parcels⁽¹⁾	Direct and Combined Overlapping Liens⁽²⁾	FY 2013-14 Assessed Value⁽³⁾	Combined Value-to-Lien Ratio	Fiscal Year 2014-15 Special Tax	Percentage Share of Special Tax
20:1 and above	2	\$114,971.20	\$2,432,000.00	21.15:1	\$7,077.46	1.01%
15:1 to 20:1	25	1,831,651.04	29,593,450.00	16.16:1	83,205.80	11.85
10:1 to 15:1	177	13,139,671.63	172,011,138.00	13.09:1	604,522.04	86.10
7:1 to 10:1	1	76,853.07	741,000.00	9.64:1	3,650.70	0.52
5:1 to 7:1	0	0.00	0.00	N/A	0.00	0.00
3:1 to 5:1	0	0.00	0.00	N/A	0.00	0.00
3.1 and below	<u>1</u>	<u>76,853.07</u>	<u>141,986.00</u>	<u>1.85:1</u>	<u>3,650.70</u>	<u>0.52</u>
Total ⁽⁴⁾	206	\$15,240,000.00	\$204,919,574.00	13.45:1	\$702,106.70	100.00%

⁽¹⁾ The Special Taxes shown here reflect Developed Property as of May 1, 2014, as confirmed by Dolinka Group, LLC, with the City of San Diego. Excludes Affordable Units, parcels classified as Exempt Property and parcels which have prepaid their Special Tax obligation.

⁽²⁾ See "Direct and Overlapping Debt" below for a description of overlapping liens; the combined overlapping liens include the CFD Bonds with respect to CFD No. 11 Improvement Area B. Community facilities debt has been proportionately allocated to all parcels based on the Fiscal Year 2014-15 Special Tax levy and other debt has been allocated based on the Fiscal Year 2013-14 tax roll allocations and includes land secured bond indebtedness.

⁽³⁾ Source: 2013 San Diego County Assessor's Office.

⁽⁴⁾ Totals may not sum due to rounding.

Source: Dolinka Group, LLC.

Table 9B
Poway Unified School District
CFD No. 11 Improvement Area C
Combined Assessed Value and Value-to-Lien Ratio

Value-to-Lien Category	Number of Parcels⁽¹⁾	Direct and Combined Overlapping Liens⁽²⁾	FY 2013-14 Assessed Value⁽³⁾	Combined Value-to-Lien Ratio	Fiscal Year 2014-15 Special Tax	Percentage Share of Special Tax
20:1 and above	2	\$112,356.61	\$2,522,000.00	21.45:1	\$6,617.46	0.66%
15:1 to 20:1	35	2,523,796.61	41,643,730.00	16.50:1	111,494.78	11.14
10:1 to 15:1	189	13,445,559.27	169,250,420.00	12.59:1	586,472.60	58.59
7:1 to 10:1	10	672,950.14	6,018,836.00	8.94:1	30,714.30	3.07
5:1 to 7:1	4	287,718.27	1,696,511.00	5.90:1	12,681.24	1.27
3:1 to 5:1	79	5,677,331.81	24,710,776.00	4.35:1	250,019.28	24.98
3.1 and below	<u>1</u>	<u>70,538.08</u>	<u>121,572.00</u>	<u>1.72:1</u>	<u>3,051.66</u>	<u>0.30</u>
Total ⁽⁴⁾	320	\$22,790,250.78	\$245,963,845.00	10.79:1	\$1,001,051.32	100.00%

⁽¹⁾ The Special Taxes shown here reflect Developed Property owned by Individual Homeowners, Standard Pacific Corp., and Toll Brothers, Inc. as of May 1, 2014, as confirmed by Dolinka Group, LLC, with the City of San Diego. Excludes Undeveloped Property owned by Toll Brothers, Inc., Affordable Units, parcels classified as Exempt Property and parcels which have prepaid their Special Tax obligation.

⁽²⁾ See "Direct and Overlapping Debt" below for a description of overlapping liens; the combined overlapping liens include the CFD Bonds with respect to CFD No. 11 Improvement Area C. District debt has been proportionately allocated to all parcels based on the Fiscal Year 2014-15 Special Tax levy and other debt has been allocated based on the Fiscal Year 2013-14 tax roll allocations and includes land secured bond indebtedness.

⁽³⁾ Source: 2013 San Diego County Assessor's Roll.

⁽⁴⁾ Totals may not sum due to rounding.

Source: Dolinka Group, LLC.

Direct and Overlapping Debt

Tables 10A and 10B below set forth the existing authorized indebtedness payable from taxes and assessments that may be levied within each Improvement Area and Zone prepared by National Tax Data, Inc. on or about April 30, 2014 (each a “Debt Report”). Each Debt Report is included for general information purposes only. In certain cases, the percentages of debt calculations are based on assessed values, and the percentage values may change as assessed values of properties outside each Improvement Area or Zone increase due to development. The Authority and the District believe the information is current as of its date, but make no representation as to its completeness or accuracy. Other public agencies, such as the County or the City of San Diego may issue additional indebtedness at any time, without the consent or approval of the Authority, the School District or the District.

The Debt Reports generally include long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Improvement Areas and Zones in whole or in part. Such long-term obligations generally are not payable from property taxes, assessment or special taxes on land in the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. Additional indebtedness could be authorized by the Authority, the School District, the City of San Diego or other public agencies at any time.

Property in each Improvement Area and Zone is subject to special assessments, Special Taxes, and *ad valorem* property taxes. See “ – Overlapping Assessment and Maintenance Districts” below. Of the lien amounts reflected on the following tables, only the Special Taxes, assessment levies and *ad valorem* property taxes relating to general obligation bonds are associated with any indebtedness.

The *ad valorem* tax rate for each parcel in the Improvement Areas and Zones varies. The tables below indicate average tax rates for Fiscal Year 2013-14 of 1.47% with respect to CFD No. 11, Improvement Area B and 1.62% with respect to CFD No. 11, Improvement Area C. The tax rate in excess of the standard 1% general purpose *ad valorem* levy is attributable to various public agencies, including, Metropolitan Water District and San Diego County Water Authority. The portions of these outstanding general obligation bonds allocable to each Improvement Area or Zone are shown in the tables below.

The Authority and the District have not undertaken to commission annual appraisals of the market value of property in the Improvement Areas for purposes of the Annual Reports pursuant to the Continuing Disclosure Agreement, and information regarding property values for purposes of a direct and overlapping debt analysis which may be contained in such reports will be based on assessed values as determined by the County Assessor. See APPENDIX D hereto – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

The overlapping debt report in Table 10A below includes the Fiscal Year 2013-14 assessed value of all parcels within CFD No. 11 Improvement Area B, including \$5,803,997 in assessed value for one (1) church parcel, \$14,235,000 in assessed value for one (1) affordable housing parcel and \$3,851,000 in assessed value for four (4) prepaid parcels that are not subject to the CFD No. 11 Improvement Area B Annual Special Tax.

Table 10A
Poway Unified School District
Community Facilities District No. 11, Improvement Area B
Detailed Direct and Overlapping Debt

I. Assessed Value

2013-14 Secured Roll Assessed Value **\$228,809,571**

II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic 1% Levy	PROP13	962,867	\$3,775,811,595.09	0.05529%	211	\$2,087,631.17
Voter Approved Debt	VOTER	962,763	\$461,884,715.79	0.00954%	211	\$44,047.17
County of San Diego Vector Control, Zone B	VECTOR	360,965	\$752,852.54	0.06420%	212	\$483.36
County of San Diego Vector Disease Control	VECTOR	948,993	\$5,275,209.40	0.02528%	212	\$1,333.74
Metropolitan Water District of Southern California Standby Charge	STANDBY	356,998	\$4,371,960.40	0.05999%	212	\$2,622.74
Poway Unified School District CFD No. 11, Impv Area B	CFD	208	\$695,279.06	100.00000%	208	\$695,279.06
Poway Unified School District CFD No. 11, Zone 2	CFD	265	\$526,616.28	100.00000%	207	\$526,616.28
San Diego County Water Authority Standby Charge	STANDBY	363,873	\$3,830,166.94	0.05954%	212	\$2,280.50

2013-14 TOTAL PROPERTY TAX LIABILITY **\$3,360,294.02**

TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2013-14 ASSESSED VALUATION **1.47%**

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Poway Unified School District CFD No. 11, Impv Area B	CFD	\$9,035,000	\$8,405,000	100.00000%	208	\$8,405,000
Poway Unified School District CFD No. 11, Zone 2	CFD	\$5,150,000	\$4,865,000	100.00000%	207	\$4,865,000

TOTAL LAND SECURED BOND INDEBTEDNESS (1) **\$13,270,000**

TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1) **\$13,270,000**

IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000	\$132,275,000	0.01091%	211	\$14,430
Palomar Community College District GOB 2006	GOB	\$334,998,901	\$315,828,901	0.26073%	211	\$823,461

TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1) **\$837,892**

TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1) **\$837,892**

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT **\$14,107,891.63**

⁽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.

The overlapping debt report in Table 10B below includes the assessed value of all parcels within CFD No. 11 Improvement Area C, including \$4,775,328 in assessed value for six (6) prepaid parcels and \$4,917,751 in assessed value for 15 residential parcels for which building permits were not issued as of May 1, 2014.

Table 10B
Poway Unified School District
Community Facilities District No. 11, Improvement Area C
Detailed Direct and Overlapping Debt

•	I. Assessed Value						
•	2013-14 Secured Roll Assessed Value						\$255,666,924
•	II. Secured Property Taxes						
•	Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
•	Basic 1% Levy	PROP13	962,867	\$3,775,811,595.09	0.06740%	341	\$2,544,979.24
•	Voter Approved Debt	VOTER	962,763	\$461,884,715.79	0.01163%	341	\$53,695.70
•	County of San Diego Vector Control, Zone B	VECTOR	360,965	\$752,852.54	0.10327%	341	\$777.48
•	County of San Diego Vector Disease Control	VECTOR	948,993	\$5,275,209.40	0.03040%	341	\$1,603.74
•	Metropolitan Water District of Southern California Standby Charge	STANDBY	356,998	\$4,371,960.40	0.09010%	341	\$3,939.34
•	Poway Unified School District CFD No. 11, Impv Area C	CFD	275	\$842,448.90	100.00000%	275	\$842,448.90
•	Poway Unified School District CFD No. 11, Zone 3	CFD	403	\$697,026.96	100.00000%	276	\$697,026.96
•	San Diego County Water Authority Standby Charge	STANDBY	363,873	\$3,830,166.94	0.08943%	341	\$3,425.50
•	2013-14 TOTAL PROPERTY TAX LIABILITY						\$4,147,896.86
•	TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2013-14 ASSESSED VALUATION						1.62%
•	III. Land Secured Bond Indebtedness						
•	Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
•	Poway Unified School District CFD No. 11, Impv Area C	CFD	\$13,475,000	\$12,590,000	100.00000%	275	\$12,590,000
•	Poway Unified School District CFD No. 11, Zone 3	CFD	\$3,845,000	\$3,585,000	100.00000%	276	\$3,845,000
•	TOTAL LAND SECURED BOND INDEBTEDNESS (1)						\$16,175,000
•	TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)						\$16,175,000
•	IV. General Obligation Bond Indebtedness						
•	Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
•	Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000	132,275,000	0.01171%	341	\$15,489
•	Palomar Community College District GOB 2006	GOB	\$334,998,901	315,828,901	0.28252%	341	\$892,271
•	TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$907,760
•	TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$907,760
•	TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT						\$17,082,759.79

⁽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.

The tables below set forth estimated Fiscal Year 2013-14 overall tax rates projected to be applicable to a Detached Unit of the indicated square footage. The tables also set forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt.

Table 11A
Poway Unified School District
Community Facilities District No. 11, Improvement Area B
Estimated Fiscal Year 2013-14 Tax Rates
(Single Family Detached Unit Containing 4,346 Building Square Feet)

Assessed Valuations and Property Taxes

Assessed Value ⁽¹⁾	\$940,000
Homeowner's Exemption	(7,000)
Net Assessed Value ⁽²⁾	\$933,000

<i>Ad Valorem</i> Property Taxes	Percent of Total AV	Projected Amount
General Purposes	1.00000%	\$9,330.00
<i>Ad Valorem</i> Tax Overrides		
Palomar Palomar Community College Prop M 2006A	0.00892	83.22
Palomar Palomar Community College Prop M 2006B	0.00368	34.33
San Diego Zoological Exhibits	0.00500	46.65
Metropolitan Water District Debt Service	0.00350	32.66
Total <i>Ad Valorem</i> Property Taxes	1.02210%	\$9,526.86

Assessments, Special Taxes and Parcel Charges⁽³⁾

Poway Unified School District CFD No. 11, Zone 2	\$2,544.04
Poway Unified School District CFD No. 11, IA B	3,140.04
MWD Water District of Southern CA Standby Charge	11.50
San Diego County Water Authority Standby Charge	10.00
County of San Diego Vector Disease Control	5.86
County of San Diego Mosquito Surveillance	2.28
Total Assessments, Special Taxes and Parcel Charges	\$5,713.72

Total Property Taxes **\$15,240.58**

Total Effective Tax Rate **1.62%**

⁽¹⁾ Fiscal Year 2013-14 assessed valuation based on sales price for a single family detached unit containing 4,346 building square feet, selected to represent the median effective tax rate for a residential unit within Improvement Area B of CFD No. 11.

⁽²⁾ Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption.

⁽³⁾ All charges and special assessments are based on a Lot size of less than one (1) acre.

Source: Dolinka Group, LLC.

Table 11B
Poway Unified School District
Community Facilities District No. 11, Improvement Area C
Estimated Fiscal Year 2013-14 Tax Rates
(Single Family Detached Unit Containing 4,630 Building Square Feet)

Assessed Valuations and Property Taxes

Assessed Value ⁽¹⁾	\$925,084
Homeowner's Exemption	(7,000)
Net Assessed Value ⁽²⁾	\$918,084

Ad Valorem Property Taxes

	Percent of Total AV	Projected Amount
General Purposes	1.00000%	\$9,180.84
<i>Ad Valorem</i> Tax Overrides		
Palomar Palomar Community College Prop M 2006A	0.00892	81.89
Palomar Palomar Community College Prop M 2006B	0.00368	33.79
San Diego City Zoological Exhibits	0.00500	45.90
Metropolitan Water District Debt Service	0.00350	32.13
Total <i>Ad Valorem</i> Property Taxes	1.02110%	\$9,374.56

Assessments, Special Taxes and Parcel Charges⁽³⁾

Poway Unified School District CFD No. 11, Zone 3	\$2,525.46
Poway Unified School District CFD No. 11, IA C	3,069.36
MWD Water of Southern California Standby Charge	11.50
San Diego County Water Authority Standby Charge	10.00
County of San Diego Vector Disease Control	5.86
County of San Diego Mosquito Surveillance	2.28
Total Assessments, Special Taxes and Parcel Charges	\$5,624.46

Total Property Taxes

\$14,999.02

Total Effective Tax Rate

1.62%

⁽¹⁾ Projected Fiscal Year 2013-14 assessed valuation based on sales price for a single family detached unit containing 4,630 building square feet, selected to represent the median effective tax rate for a residential unit within Improvement Area C of CFD No. 11.

⁽²⁾ Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption.

⁽³⁾ All charges and special assessments are based on a Lot size of less than one (1) acre.

Source: Dolinka Group, LLC.

Overlapping Assessment and Maintenance Districts

As indicated in the tables above, properties within each Improvement Area are subject to a variety of standby charges, direct assessments, maintenance assessments, special assessments and service charges.

The District has no control over the amount of additional debt payable from taxes or assessments levied on all or a portion of the property within a special district which may be incurred in the future by other governmental agencies, including, but not limited to, the County, the City of San Diego or any other governmental agency having jurisdiction over all or a portion of the property within the District. Furthermore, nothing prevents the owners of property within each Improvement Area from consenting to the issuance of additional debt by other governmental agencies which would be secured by taxes or assessments on a parity with the Special Taxes. To the extent such indebtedness is payable from assessments, other special taxes levied pursuant to the Act or taxes, such assessments, special taxes and taxes will be secured by liens on the property within a Improvement Area on a parity with a lien of the Special Taxes of such Improvement Area.

Accordingly, the debt on the property within each Improvement Area could increase, without any corresponding increase in the value of the property therein, and thereby severely reduce the ratio that exists at the time the Bonds are issued between the value of the property and the debt secured by the Special Taxes and other taxes and assessments which may be levied on such property. The incurring of such additional indebtedness could also affect the ability and willingness of the property owners within the District to pay the Special Taxes when due.

Moreover, in the event of a delinquency in the payment of Special Taxes, no assurance can be given that the proceeds of any foreclosure sale of the property with delinquent Special Taxes would be sufficient to pay the delinquent Special Taxes. See “BOND OWNERS’ RISKS – The CFD Bonds – Assessed Values.”

Rates and Methods of Apportionment of Special Tax

The Board and the qualified electors of each Improvement Area adopted and approved the applicable Rate and Method for determining and apportioning annual amounts of Special Taxes and maximum annual amounts of Special Taxes for each Improvement Area. Copies are included herein in APPENDIX B.

Pursuant to each Rate and Method, the annual amount of Special Tax to be levied on each lot or parcel of land within the applicable Improvement Area is generally to be levied as follows: (i) to pay annual debt service on the indebtedness of the applicable Improvement Area; (ii) for the administrative expenses with respect to the applicable Improvement Area incurred in administration of any bonded indebtedness of the applicable Improvement Area or the levy of the applicable Special Tax; (iii) to establish or replenish any reserve fund established in association with the indebtedness of the applicable Improvement Area; less (iv) any amounts on deposit in any fund or account which are available to pay for items (i), (ii) or (iii) above pursuant to any applicable fiscal agent agreement, bond indenture or trust agreement.

The foregoing Special Taxes with respect to each Improvement Area were levied on Developed Property as defined in the applicable Rate and Method with respect to each applicable Improvement Area. The homes have been sold to individual owners and, based on the assessed value, no taxpayer Special Tax levy in either Improvement Area exceeds 1%. The amount of Special Taxes estimated to be levied on parcels within each applicable Improvement Area of CFD No. 11 for Fiscal Year 2014-15 is set forth in Table 4A and 4B with the amount subject to escalation at 2% each year. Each applicable Improvement

Area Rate and Method provides that the Special Tax may be levied up to the maximum Special Tax that is applicable to each parcel.

Special Taxes within each Improvement Area may be levied for a period of 30 Fiscal Years after the last series of bonds have been issued for the applicable Improvement Area of CFD No. 11, but in any case not after Fiscal Year 2050-51.

Special Taxes with respect to each Improvement Area may be prepaid by paying an amount calculated based on a proportionate amount of the applicable bonds outstanding plus any applicable redemption premium plus administrative fees. The funds received from prepayment of Special Taxes will be transferred to the Fiscal Agent for deposit into the applicable Special Tax Fund to be applied for the purposes and in the priorities set forth in the applicable CFD Bond Indenture. Such funds may be used at any time for the call and redemption of the applicable Series of CFD Bonds under the terms and conditions set forth in the applicable CFD Bond Indenture. See “SOURCES OF PAYMENT FOR THE BONDS – The CFD Bonds – *Redemption Fund*.”

CFD No. 11 Zones 2 and 3 Rate and Method. The Board and the qualified electors of CFD No. 11 adopted and approved the Rate and Method for the District for determining and apportioning annual amounts of Special Taxes and maximum annual amounts of Special Taxes in each Zone, as applicable. The District Rate and Method authorizes a Special Tax to be levied in each Zone to finance school facilities. A copy of the Rate and Method for the District is included in APPENDIX B.

Special Tax Delinquency

Under each CFD Bond Indenture, the District has the authority and the obligation to increase the levy of Special Taxes against non-delinquent property owners in the applicable Improvement Area if other owners in the District are delinquent. However, the District’s ability to increase Special Tax levies for this purpose is limited by two factors: (a) the maximum Special Tax rates set forth in each respective Rate and Method and (b) the limitations on such increases set forth in the Mello-Roos Act, which provides that under no circumstances may the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by an owner of any other parcel or parcels within the District by more than 10%. Thus the District may not be able to increase Special Tax levies in future fiscal years by enough to make up for delinquencies for prior fiscal years. This would result in defaults in the payment of principal and interest on the CFD Bonds, which in turn could result in draws on the Reserve Fund held by the Trustee for the Bonds.

Although the District has covenanted under each CFD Bond Indenture to commence and diligently pursue foreclosure under certain circumstances (see “SOURCES OF PAYMENT FOR THE BONDS – Covenant for Superior Court Foreclosure”), foreclosure delays may occur due to bankruptcy of delinquent property owners and other circumstances (see “BOND OWNERS’ RISKS”).

Delinquencies in the payment of property taxes and the Special Taxes may result from any of a number of factors, including the state of the local economy and the local real estate market affecting individual property owners, which may or may not apply to the property owners in a given District. See “BOND OWNERS’ RISKS” generally, for discussion of certain potential causes of property tax delinquencies.

The following tables illustrate the historical delinquencies for Special Taxes levied for each Improvement Area from Fiscal Year 2007-08, or such later fiscal year as the levy of Special Taxes commenced, to and including the second installment for Fiscal Year 2013-14.

Table 12A
Poway Unified School District
Public Financing Authority
Community Facilities District No. 11, Improvement Area B
Special Tax Collections⁽¹⁾
As of May 1, 2014

Fiscal Year Ending June 30	Subject Fiscal Year						May 1, 2014		
	Aggregate Special Tax	Total Special Taxes Collected	Parcels Levied	Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2008	\$475,701.52	\$444,094.26	212	12	\$31,607.26	6.64%	0	\$0.00	0.00%
2009	489,463.62	468,491.86	212	8	20,971.76	4.28	0	0.00	0.00
2010	555,114.70	540,235.18	210	5	14,879.52	2.68	1	3,306.56	0.60
2011	611,133.34	603,218.82	193	4	7,914.52	1.30	0	0.00	0.00
2012	662,513.26	654,018.42	206	4	8,494.84	1.28	0	0.00	0.00
2013	681,645.76	678,136.82	208	1	3,508.94	0.51	1	3,508.94	0.51
2014 ⁽¹⁾	695,279.06	682,861.92	208	6	12,417.14	1.79	6	12,417.14	1.79

⁽¹⁾ Delinquency information is provided to the School District by the County of San Diego as of May 1, 2014.

Source: Dolinka Group, LLC.

Table 12B
Poway Unified School District
Public Financing Authority
Community Facilities District No. 11, Improvement Area C
Special Tax Collections⁽¹⁾
As of May 1, 2014

Fiscal Year Ending June 30	Subject Fiscal Year						May 1, 2014		
	Aggregate Special Tax	Total Special Taxes Collected	Parcels Levied	Parcels Delinquent	Fiscal Year Amount Delinquent ⁽¹⁾	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2008	\$682,003.60	\$680,485.90	345	1	\$1,517.70	0.22%	0	\$0.00	0.00%
2009	459,489.64	445,873.27	342	5	13,616.37	2.96	0	0.00	0.00
2010	1,038,033.18	1,032,039.52	341	2	5,993.66	0.58	0	0.00	0.00
2011	797,898.46	796,452.30	341	1	1,446.16	0.18	0	0.00	0.00
2012	710,215.36	705,286.93	341	2	4,928.43	0.69	0	0.00	0.00
2013	910,544.70	908,869.04	340	1	1,675.66	0.18	0	0.00	0.00
2014	842,448.90	824,013.28	275 ⁽²⁾	10	18,435.62	2.19	10	18,435.62	2.19

⁽¹⁾ Delinquency information is provided to the School District by the County of San Diego as of May 1, 2014.

⁽²⁾ Prior to the Fiscal Year ending June 30, 2014, Special Taxes were levied on Developed Property and Undeveloped Property. In the Fiscal Year ending June 30, 2014, Special Taxes were not levied on Undeveloped Property.

Source: Dolinka Group, LLC.

Special Taxes Are Not Within Teeter Plan

The Special Taxes are not encompassed within the alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the California Revenue and Taxation Code (Section 4701 et seq.), commonly referred to as the “Teeter Plan.” The County of San Diego has adopted a Teeter Plan under which a tax distribution procedure is implemented and secured roll taxes are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. However, by policy, the County does not include special taxes, assessments or reassessments in its Teeter Plan. The Special Taxes of each Improvement Area and Zone are not included in the County’s Teeter Plan.

BOND OWNERS’ RISKS

In addition to the other information contained in this Official Statement, the following risk factors should be carefully considered in evaluating the investment quality of the Bonds. The Authority and the District caution prospective investors that this discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Any such failure to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the CFD Bonds which could result in the inability of the Authority to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District.

The Bonds

The ability of the Authority to pay the principal of and interest on the Bonds depends upon the receipt by the Trustee of sufficient Revenues from repayment of the CFD Bonds, amounts on deposit in the Reserve Fund and interest earnings on amounts in the funds and accounts for the Bonds established by the Authority Indenture. A number of risks that could prevent the District from repaying the CFD Bonds are outlined below.

Limited Liability of the Authority. Except as expressly provided in the Authority Indenture, neither the Authority, nor the School District or CFD No. 1 in their respective capacities as members of the Authority, will have any obligation or liability of the Owners of the Bonds with respect to the payment when due of the debt service on the CFD Bonds by the District or with respect to the observance or performance by the District of other agreements, conditions, covenants and terms required to be observed or performed by the District under each CFD Bond Indenture, or with respect to the performance by the Trustee of any obligation required to be performed by it under the Authority Indenture.

Limited Secondary Market. There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the Authority and the District have committed to provide certain statutorily-required financial and operating information, there can be no assurance that such information will be available to Bond Owners on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend

upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Depletion of Reserve Fund. The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement (see “SOURCES OF PAYMENT FOR THE BONDS – Reserve Fund” herein). Funds in the Reserve Fund may be used to pay principal of and interest on the Bonds in the event the proceeds of the CFD Bonds debt service are insufficient due to delinquencies in Special Tax payments. If funds in the Reserve Fund for the Bonds are depleted, the funds can be replenished from the applicable CFD Bonds derived from the levy and collection of the Special Taxes that are in excess of the amount required to pay all amounts to be paid to the owners of the applicable CFD Bonds pursuant to the applicable CFD Bond Indenture. However, no replenishment from the proceeds of a Special Tax levy can occur as long as the proceeds that are collected from the levy of the Special Taxes against property within the applicable Improvement Area, at the maximum tax rates, together with other available funds, remains insufficient to pay all such amounts. Thus it is possible that the Reserve Fund will be depleted and not be replenished by the levy of the applicable CFD Bonds.

Loss of Tax Exemption. As discussed under the caption “CONCLUDING INFORMATION – Tax Exemption,” the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as a result of a failure of the Authority or the District to comply with certain provisions of the Code. In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the Authority has covenanted in the Authority Indenture and the District have covenanted in the CFD Bond Indentures not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of acts or omissions of the Authority or the District in violation of the Code. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the optional redemption provisions of the Authority Indenture.

IRS Audit of Tax-Exempt Bond Issues. The Internal Revenue Service has initiated an expanded program for the auditing or examination of tax-exempt bond issues, including both random and targeted audits and examinations. It is possible that the Bonds will be selected for audit or examination by the Internal Revenue Service. It is also possible that the market value of the Bonds might be affected as a result of such an audit or examination of the Bonds (or by an audit of similar bonds).

The School District received a letter from the IRS, dated February 6, 2012, in connection with the General Obligation Bonds of School Facilities Improvement District No. 2007-1 of the Poway Unified School District, 2008 Election, Series B (the “SFID 2007-1 Series B Bonds”). The letter indicated that the IRS had selected the SFID 2007-1 Series B Bonds for examination. The School District also received a letter from the IRS, dated March 6, 2013, in connection with the Series 2008 Lease Revenue Bonds. The IRS asked for copies of specified documents, information and responses to specific questions. In October 2013, the IRS closed the examination with no-change to the position that interest received by the beneficial owners of the SFID 2007-1 Series B Bonds and the Series 2008 Lease Revenue Bonds is excludable from gross income under Section 103 of the Code.

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption. Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest.

The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, liquidity of or marketability of, the Bonds. In recent years, including 2013 and 2014, legislative changes were proposed in Congress, which, if enacted would result in additional federal income tax being imposed on certain owners of tax-exempt state or local obligations, such as the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion. As discussed in this Official Statement under the caption “CONCLUDING INFORMATION - Tax Exemption,” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Indenture. Should such an event of taxability occur, the Bonds are not subject to special redemption or acceleration and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

Backup Withholding. Interest paid with respect to tax-exempt obligations such as the Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest with respect to the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Limitations on Remedies. Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds. See “ – No Acceleration Provisions,” and “ – The CFD Bonds – Billing of Special Taxes” below.

No Acceleration Provision. The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Authority Indenture. Pursuant to the Authority Indenture, any Owner of any of the Bonds is given the right for the equal benefit and protection of all Owners similarly situated to pursue certain remedies. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS.”

The CFD Bonds

Risks of Real Estate Secured Investments Generally. The Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of property in the event of sale or foreclosure; (ii) changes in real estate tax rate and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, landslides, fires and floods), which may result in uninsured losses. For example in May 2014, wildfires occurred in the San Diego area. The wildfires were not in the vicinity of the District and there was no damage to the District.

Economic Uncertainty. In recent years, there has been local economic uncertainty and volatility. More recently, unemployment rates have decreased to approximately 4.0% for the Poway area as of April 18, 2014 (not seasonally adjusted) as compared to 4.4% for calendar year 2013, approximately 6.9% for the City of San Diego (not seasonally adjusted) as compared to 7.5% for calendar year 2013 and approximately 6.9% (not seasonally adjusted) for San Diego County as compared to 7.5% for calendar year 2013. The District cannot predict how long these conditions will last or whether to what extent they

may affect the ability of homeowners to pay Improvement Area A Special Taxes or the marketability of the 2014 Bonds.

State Budget. In recent years, as a result of the slow State and United States of America economies, the State experienced serious budgetary shortfalls. The effect of the level of State revenues on the local or State economy or on the demand for, or value of, the property within the District cannot be predicted.

The CFD Bonds are Limited Obligations of the District. The District has no obligation to pay principal of and interest on the CFD Bonds in the event Special Tax collections are delinquent, other than from funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Taxes are delinquent, nor is the District obligated to advance funds to pay such debt service on the CFD Bonds.

Special Taxes are Not Personal Obligations. The current and future owners of land within the District are not personally liable for the payment of the Special Taxes. Rather, the Special Tax is an obligation only of the land within each Improvement Area and Zone. If the value of the land within the District is not sufficient to fully secure the Special Tax, then the District has no recourse against the owner under the laws by which the Special Tax has been levied and the CFD Bonds have been issued.

Assessed Values. Prospective purchasers of the Bonds should not assume that the land within a Improvement Area could be sold for the assessed amount described in this Official Statement at a foreclosure sale for delinquent Special Taxes.

The assessed values summarized hereto estimates the fee simple interest assessed value of the property within each Improvement Area. This value is merely the amount of the assessed value in the records maintained by the County Assessor. The assessed value relates to sale by a willing seller to a willing buyer at a point in time, as adjusted by State law. Consequently, the assessed value is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information.

No assurance can be given that if any of the Taxable Property in a Improvement Area should become delinquent in the payment of Special Taxes, and be foreclosed upon, that such property could be sold for the assessed value. See “THE DISTRICT – Estimated Property Values and Estimated Value-to-Lien Ratios.”

Value-to-Lien Ratios. Value-to-lien ratios have traditionally been used in land-secured bond issues as a measure of the “collateral” supporting the willingness of property owners to pay their special taxes and assessments (and, in effect, their general property taxes as well). The value-to-lien ratio is mathematically a fraction, the numerator of which is the value of the property (usually either the assessed value or a market value as determined by an appraiser) and the denominator of which is the “lien” of the assessments or special taxes. A value-to-lien ratio should not, however, be viewed as a guarantee of credit-worthiness. Land values are especially sensitive to economic cycles. A downturn of the economy may depress land values and hence the value-to-lien ratios. Further, the value-to-lien ratio cited for a bond issue is an average. Individual parcels in a community facilities district may fall above or below the average, sometimes even below a 1:1 ratio. (With a 1:1 ratio, the land is worth less than the debt on it.) Although judicial foreclosure proceedings can be initiated rapidly, the process can take several years to complete, and the bankruptcy courts may impede the foreclosure action. Finally, local agencies may form overlapping community facilities districts or assessment districts. They typically do not coordinate their bond issuances. Debt issuance by another entity can dilute value-to-lien ratios. See “THE DISTRICT – Direct and Overlapping Debt.”

Limited Obligation. Neither the faith and credit nor the taxing power of the School District, the State or any political subdivision thereof other than the District is pledged to the payment of the CFD Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the CFD Bonds. The CFD Bonds are not general or special obligations of the School District, the State or any political subdivision thereof nor general obligations of the District, but are special obligations of the District, payable solely from Net Special Taxes and the other assets pledged therefor under the applicable CFD Bond Indenture.

Burden of Parity Liens, Taxes and Other Special Assessments on the Taxable Property. While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The tables in the section entitled “THE DISTRICT – Direct and Overlapping Debt” state the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property and furthermore states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels of Taxable Property. The tables do not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels of Taxable Property.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Taxes securing the Bonds.

In general, as long as the Special Taxes are collected on the County tax roll, the Special Taxes and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the Bonds, the Special Taxes will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Taxes or not, this result may not apply in the case of bankruptcy.

While governmental taxes, assessments and charges are a common claim against the value of a parcel of Taxable Property, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to pay the Special Taxes is a claim with regard to a hazardous substance. See “Hazardous Substances” below.

Disclosure to Future Purchasers. The District recorded a Notice of Special Tax Lien for the territory included in each Improvement Area in the Office of the County Recorder of the County as described in “THE DISTRICT – General.” While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a home or parcel of land or the lending of money thereon. The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers, other than those covered by the above requirement, the seller must at least make a good faith effort to notify the

prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Taxes when due.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels of Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling or disposing of it. All of these possibilities could significantly affect the value of a Taxable Property that is realizable upon a delinquency.

Special Tax Delinquencies. In order to pay debt service on the CFD Bonds and the Bonds, it is necessary that the Special Taxes within each Improvement Area be paid in a timely manner. Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the CFD Bonds are derived, are customarily billed to the properties within the applicable Improvement Area on the regular *ad valorem* property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular *ad valorem* property tax installments. The unwillingness or inability of a property owner to pay *ad valorem* property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future. If a substantial number of homeowners fail to pay the Special Taxes when due there could be significant special tax delinquencies.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to owners of the CFD Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the District of the proceeds of sales. Such a delay could adversely affect the Authority's ability to pay principal of or interest on the Bonds.

The District is only obligated to pay principal and interest on the CFD Bonds it issues with respect to the applicable Improvement Area. If Special Taxes with respect to one Improvement Area are not received in the requisite amount, the Special Tax rate may be escalated only in that Improvement Area and not in the other Improvement Areas. Purchasers of the Bonds should not assume that maximum Special Taxes may be levied in all Improvement Areas at one time. Although the Special Tax levy may be increased where there is a difference between the Assigned Special Tax and the maximum Special Tax which may be levied, any such increase would not be available to cure any delinquencies for a period of one year or more. In addition, an increase in the Special Tax rates may affect the ability or willingness of property owners to pay their Special Taxes. See "THE DISTRICT – Rates and Methods of Apportionment of Special Tax" and APPENDIX B hereto for a description of the District's procedures for increasing the amount of Special Tax in a Improvement Area and "BOND OWNERS' RISKS – The CFD Bonds – *Insufficiency of Special Taxes.*" In the Improvement Area, the Special Taxes are levied at the Assigned Special Tax rate, and there may be little or no increase on Special Tax rates.

Any increase in Special Taxes up to the maximum Special Tax with respect to a Improvement Area to cure delinquencies with respect to such Improvement Area is not available to cure delinquencies with respect to the other Improvement Areas.

See "SOURCES OF PAYMENT FOR THE BONDS – Covenant for Superior Court Foreclosure," for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the applicable CFD Bond Indenture, in the event of delinquencies in the

payment of Special Taxes. See “– *Bankruptcy and Foreclosure Delay*” below, for a discussion of limitations on the District’s ability to foreclose on the lien of the Special Taxes in certain circumstances.

Bankruptcy and Foreclosure Delay. The payment of Special Taxes and the ability of the District to foreclose the lien of a delinquent Special Taxes as discussed in the section herein entitled “SOURCES OF PAYMENT FOR THE BONDS” may be limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a judicial foreclosure may be delayed due to congested local court calendars or procedural delays.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the obligation to pay the Special Tax to become extinguished, bankruptcy of a property owner or of a partner or other equity owner of a property owner, could result in a stay of enforcement of the lien for the Special Taxes, a delay in prosecuting superior court foreclosure proceedings or adversely affect the ability or willingness of a property owner to pay the Special Taxes and could result in the possibility of delinquent Special Taxes not being paid in full. In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent Special Taxes not being paid in full. Moreover, amounts received upon foreclosure sales may not be sufficient to fully discharge delinquent installments.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. The court upheld the priority of unpaid taxes imposed after the filing of the bankruptcy petition as “administrative expenses” of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was to foreclose on the property and retain all of the proceeds of the sale except the amount of the pre-petition taxes.

According to the court’s ruling, as administrative expenses, post-petition taxes would have to be paid, assuming that the debtor has sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise), it would at that time become subject to current *ad valorem* taxes.

The Act provides that the Special Taxes are secured by a continuing lien, which is subject to the same lien priority in the case of delinquency as *ad valorem* taxes. No case law exists with respect to how a bankruptcy court would treat the lien for the Special Taxes levied after the filing of a petition in bankruptcy. *Glasply* is controlling precedent for bankruptcy courts in the State. If the *Glasply* precedent was applied to the levy of the Special Tax, the amount of Special Tax received from parcels whose owners declare bankruptcy could be reduced.

It should also be noted that on October 22, 1994, Congress enacted 11 U.S. C. Section 362(b)(18), which added a new exception to the automatic stay for *ad valorem* property taxes imposed by a political subdivision after the filing of a bankruptcy petition. Pursuant to this new provision of law, in the event of a bankruptcy petition filed on or after October 22, 1994, the lien for *ad valorem* taxes in subsequent fiscal years will attach even if the property is part of the bankruptcy estate. Bond Owners should be aware that the potential effect of 11 U.S. C. Section 362(b)(18) on the Special Taxes depends upon whether a court were to determine that the Special Taxes should be treated like *ad valorem* taxes for this purpose.

In addition, potential investors should be aware that judicial foreclosure proceedings are not summary remedies and can be subject to significant procedural and other delays caused by crowded court calendars and other factors beyond control of the District or the School District. Potential investors should assume that, under current conditions, it is estimated that a judicial foreclosure of the lien of Special Taxes will take up to two or three years from initiation to the lien foreclosure sale. At a Special Tax lien foreclosure sale, each parcel will be sold for not less than the “minimum bid amount” which is equal to the sum of all delinquent Special Tax installments, penalties and interest thereon, costs of collection (including reasonable attorneys’ fees), post-judgment interest and costs of sale. Each parcel is sold at foreclosure for the amounts secured by the Special Tax lien on such parcel and multiple parcels may not be aggregated in a single “bulk” foreclosure sale. If any parcel fails to obtain a “minimum bid,” the District may, but is not obligated to, seek superior court approval to sell such parcel at an amount less than the minimum bid. Such superior court approval requires the consent of the owners of 75% of the aggregate principal amount of the Outstanding Bonds.

Other laws generally affecting creditors’ rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of such military service to redeem property sold to enforce the collection of a tax or assessment, and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

Payments by FDIC, Fannie Mae, Freddie Mac and Other Federal Agencies. The ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”), the Federal National Mortgage Association (“Fannie Mae”), the Federal Home Loan Mortgage Corporation (“Freddie Mac”), the Drug Enforcement Agency, the Internal Revenue Service or other similar federal governmental agencies has or obtains an interest.

Specifically, with respect to the FDIC, on June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Property Taxes (the “1991 Policy Statement”). The 1991 Policy Statement was revised and superseded by new Policy Statement effective January 9, 1997 (the “Policy Statement”). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution’s affairs, unless abandonment of the FDIC’s interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC

will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. With respect to property in California owned by the FDIC on January 9, 1997, and that was owned by the Resolution Trust Corporation ("RTC") on December 31, 1995, or that became the property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC's prior practice of paying special taxes imposed pursuant to the Act if the taxes were imposed prior to the RTC's acquisition of an interest in the property. All other special taxes may be challenged by the FDIC.

The Authority and the District are unable to predict what effect the application of the Policy Statement would have in the event of a delinquency on a parcel within an Improvement Area or Zone in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would reduce or eliminate the persons willing to purchase a parcel at a foreclosure sale. Owners of the Bonds should assume that the District will be unable to collect Special Taxes or to foreclose on any parcel owned by the FDIC. Such an outcome could cause a default in payment on the Bonds. Based upon the secured tax roll as of January 1, 2013, the FDIC did not own any of the property in any Improvement Area within the District. The Authority and the District express no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

Similarly, in the event a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution ("This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding."), in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments. Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. For a discussion of risks associated with taxable parcels within the District becoming owned by the federal government, federal government entities or federal government sponsored entities, see "*Exempt Properties*" and "*Insufficiency of Special Taxes*" and below.

Exempt Properties. Certain parcels (primarily park sites and open space areas) are exempt from the Special Tax in accordance with each Rate and Method and applicable provisions of the Act. The Act

provides that properties or entities of the State, federal or local government are exempt from the Special Tax; *provided, however*, that property within the District acquired by a public entity through negotiated transactions, or by gift or devise, which is not otherwise exempt from the Special Tax will continue to be subject to the Special Tax. In addition, the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested. If for any reason property subject to the Special Tax becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government, or another public agency, subject to the limitation of the maximum authorized rate of levy, the Special Tax may be reallocated to the remaining taxable properties within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax; however, the amount of Special Tax to be levied and collected from the property owner is subject to the Maximum Special Tax as set forth in each Rate and Method. If a substantial portion of land within the District became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the CFD Bonds when due and a default will occur with respect to the payment of such principal and interest.

The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax. The Act would prohibit the Board from adopting a resolution to reduce the rate of the Special Tax or terminate the levy of the Special Tax unless the Board determined that the reduction or termination of the Special Tax “would not interfere with the timely retirement” of the CFD Bonds. See “ – *Right to Vote on Taxes Act*” below.

Maximum Rates. Within the limits of the applicable Rate and Method, the District may adjust the Special Tax levied on all property within the applicable Improvement Area to provide an amount required to pay debt service on its CFD Bonds and other obligations of the District, to pay all of its annual Administrative Expenses and make its rebate payments to the United States government. However, the amount of the Special Tax that may be levied against particular categories of property within the District is subject to the maximum rates provided in the applicable Rate and Method. There is no assurance that the maximum rates will at all times be sufficient to pay the amounts required to be paid by the applicable CFD Bond Indenture. See “SOURCES OF PAYMENT FOR THE BONDS – The CFD Bonds” and “THE DISTRICT – Rates and Methods of Apportionment of Special Tax.”

Insufficiency of Special Taxes. Under the applicable Rate and Method, the annual amount of Special Tax to be levied on each taxable parcel in the applicable Improvement Area will be based primarily on whether such parcel is developed or not and, for Developed Property, on the type of structure and square footage of buildings constructed. See APPENDIX B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX.”

District Formation. California voters, on June 6, 1978, approved an amendment (“Article XIII A”) to the California Constitution. Section 4 of Article XIII A, requires a vote of two-thirds of the qualified electorate to impose “special taxes,” or any additional *ad valorem*, sales or transaction taxes on real property. At an election held pursuant to the Act, more than two-thirds of the qualified electors within the District, consisting of the landowners within the boundaries of the District, authorized the District to incur bonded indebtedness to finance the applicable project and approved the applicable Rate and Method. The Supreme Court of the State of California has not yet decided whether landowner elections (as opposed to resident elections) satisfy requirements of Section 4 of Article XIII A, nor has the

Supreme Court decided whether the special taxes of a community facilities district constitute a “special tax” for purposes of Article XIII A.

Section 53341 of the Act requires that any action or proceeding to attack, review, set aside, void or annul the levy of a special tax or an increase in a special tax pursuant to the Act shall be commenced within 30 days after the special tax is approved by the voters. No such action has been filed with respect to the Special Tax.

Billing of Special Taxes. A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts the taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by the community facilities district.

Under provisions of the Act, the Special Taxes are billed to the properties within each Improvement Area which were entered on the Assessment Roll of the County Assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See “SOURCES OF PAYMENT FOR THE BONDS – Covenant for Superior Court Foreclosure,” for a discussion of the provisions which apply, and procedures which the District is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes.

Collection of Special Tax. In order to pay debt service on the Bonds, it is necessary that the Special Tax levied against land within each Improvement Area be paid in a timely manner so that debt service on the CFD Bonds is paid in a timely manner. The District has covenanted in the applicable CFD Bond Indenture under certain conditions to institute foreclosure proceedings against property with delinquent Special Taxes in order to obtain funds to pay debt service on the CFD Bonds. If foreclosure proceedings were instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. In the event such superior court foreclosure is necessary, there could be a delay in principal and interest payments to the Authority as the owner of the CFD Bonds pending prosecution of the foreclosure proceedings and receipt of the proceeds of the foreclosure sale, if any. No assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. Although the Act authorizes the Board to cause such an action to be commenced and diligently pursued to completion, the Act does not specify the obligations of the Board with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale if there is no other purchaser at such sale. See “SOURCES OF PAYMENT FOR THE BONDS – Covenant for Superior Court Foreclosure.”

Geologic, Topographic and Climatic Conditions. The value of the Taxable Property in each Improvement Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on the parcels of Taxable Property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes and volcanic eruptions, topographic conditions such as earth movements, landslides, liquefaction, floods or fires, and climatic conditions such as tornadoes, droughts, and the possible reduction in water allocation or availability. For example in May 2014, wildfires occurred in the San Diego area. The wildfires were not

in the vicinity of the District and there was no damage to the District. It can be expected that one or more of such conditions may occur and may result in damage to improvements of varying seriousness, that the damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of the Taxable Property may well depreciate or disappear.

Seismic Conditions. The District is located in a seismically active region in Southern California. Active faults which could cause significant ground shaking over the District include, but are not limited to, the Rose Canyon fault zone (approximately 20 miles west), the Elsinore fault zone (approximately 23 miles northeast), the San Jacinto fault zone (approximately 45 miles northeast) and the San Andreas fault zone (approximately 72 miles northeast). Earthquakes of magnitude of 6 (Rose Canyon fault) to 8 (San Andreas fault) on the Richter Scale are possible.

In the event of a severe earthquake, there may be significant damage to both property and infrastructure in the District. As a result, the property owners may be unable or unwilling to pay the Special Taxes when due, and the Reserve Fund may eventually become depleted. In addition, the value of land in the District could be diminished in the aftermath of such natural events, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes. Development within the District has been built in accordance with applicable building codes, including requirements relating to seismic safety. No assurances can be given that any earthquake insurance will be obtained as to any of the improvements within the District.

Hazardous Substances. While government taxes, assessments, and charges are a common claim against the value of a taxed parcel, other less common claims can occur. One of the most serious in terms of the potential reduction in the value that may be realized to pay the Special Taxes is a claim with regard to hazardous substances. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect therefore, should any of the parcels be affected by a hazardous substance, would be to reduce the marketability and value by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Further, it is possible that liabilities may arise in the future with respect to any of the land within the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly adversely affect the value of a parcel and the willingness or ability of the owner of any parcel to pay the Special Tax installments.

Right to Vote on Taxes Act. An initiative measure commonly referred to as the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIII C ("Article XIII C") and Article XIII D to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." The provisions of the Initiative as they may relate to community facilities districts are subject to interpretation by the courts.

Among other things, Section 3 of Article XIII C states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Act provides for a procedure, which includes notice hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill signed into law by the Governor of the State enacting Government Code Section 5854, states that:

“Section 3 of Article XIII C of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.”

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the CFD Bonds.

It may be possible, however, for voters or the District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the CFD Bonds but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the CFD Bonds.

Like its antecedents, the Initiative is likely to undergo both judicial and legislative scrutiny before its impact on the District and its obligations can be determined. Certain provisions of the Initiative may be examined by the courts for their constitutionality under both State and federal constitutional law. The District is not able to predict the outcome of any such examination. The District has covenanted in each CFD Bond Indenture not to modify the maximum authorized Special Taxes in a manner which would prohibit the District from levying the Special Tax in any Fiscal Year at such a rate as could generate Special Taxes in each Fiscal Year at least equal to 110% of Annual Debt plus the Administrative Expense Requirement.

The foregoing discussion of the Initiative should not be considered an exhaustive or authoritative treatment of the issues. The District does not expect to be in a position to control the consideration or disposition of these issues and cannot predict the timing or outcome of any judicial or legislative activity in this regard. Interim rulings, final decisions, legislative proposals and legislative enactments may all affect the impact of the Initiative on the CFD Bonds as well as the market for the Bonds. Legislative and court calendar delays and other factors may prolong any uncertainty regarding the effects of the Initiative.

Ballot Initiatives and Legislative Measures. The Initiative was adopted pursuant to a measure qualified for the ballot pursuant to California’s constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the State Legislature. The adoption of any such initiative or enactment of legislation might place limitations on the ability of the State, the School District or local

districts to increase revenues or to increase appropriations or on the ability of a property owner to complete the development of the property.

CONCLUDING INFORMATION

Tax Exemption

In the opinion of Best Best & Krieger LLP, San Diego, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. Bond Counsel further notes, however, that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest on the Bonds is based upon certain representations of fact and certifications made by the Authority, the District, the Underwriter and others and is subject to the condition that the Authority and the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations adopted pursuant to the Code (the "Treasury Regulations") that must be satisfied subsequent to the issuance of the Bonds to assure that interest on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code and the Treasury Regulations might cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority and the District have covenanted to comply with all such requirements.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a purchaser's basis in a Premium Bond, and under Treasury Regulations, the amount of tax exempt interest received will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Should the interest on the Bonds become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption as a result of such occurrence and will remain outstanding until maturity or until otherwise redeemed in accordance with the Indenture.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bond Owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration announced a legislative proposal which, for tax years beginning on or after January 1, 2013, generally have limited the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Bond Counsel's opinion may be affected by action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds. Bond Counsel has not undertaken to determine, or to inform any person, whether any such action or events are taken or do occur, or whether such actions or events may adversely affect the value or tax treatment of a Bond, and Bond Counsel expresses no opinion with respect thereto.

The Internal Revenue Service (the "IRS") has initiated an expanded program for auditing tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit (or by an audit of similar bonds).

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes provided the Authority and the District continue to comply with certain requirements of the Code, the accrual or receipt of interest on the Bonds may otherwise affect the tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix E.

Absence of Litigation

No litigation is pending or threatened concerning the validity of the Bonds or the CFD Bonds. There is no action, suit or proceeding known by the Authority or the District to be pending at the present time restraining or enjoining the delivery of the Bonds or the CFD Bonds, or in any way contesting or affecting the validity of the Bonds or the CFD Bonds or any proceedings of the Authority or the District taken with respect to the execution thereof. No litigation certificates executed by the Authority and the District will be delivered to the Underwriter simultaneously with the delivery of the Bonds.

No General Obligation of Authority, School District or District

The Bonds are not general obligations of the Authority, School District or the District, but are limited obligations of the Authority payable from Revenues derived from the CFD Bonds. The CFD Bonds are not general obligations of the District, but are limited obligations of the District, payable solely from proceeds of the Special Taxes of the applicable Improvement Area and proceeds of the CFD Bonds,

including amounts in the Special Tax Fund and Bond Service Fund and investment income on funds held pursuant to the CFD Bond Indenture (other than as necessary to be rebated to the United States of America pursuant to Section 148(f) of the Code and any applicable regulations promulgated pursuant thereto). Any tax levied for the payment of the CFD Bonds shall be limited to the Special Taxes to be collected within the District.

Legal Opinion

All proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Best Best & Krieger LLP, San Diego, California, Bond Counsel for the Authority and the District in connection with the Bonds and the CFD Bonds. The unqualified opinion of Bond Counsel approving the validity of the Bonds will be attached to each Bond, and the form of such opinion is attached hereto as APPENDIX E. Bond Counsel's employment is limited to a review of legal procedures required for the approval of the Bonds and the CFD Bonds and to rendering an opinion as to the validity of the Bonds and the CFD Bonds and the exemption of interest on the Bonds from income taxation. Certain legal matters will also be passed upon by McFarlin & Anderson LLP, Laguna Hills, California, as Disclosure Counsel. Best Best & Krieger LLP will also pass upon certain legal matters for the Authority, the School District and the District as special counsel to these entities. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") at a purchase price of \$20,761,203.95 (which represents the principal amount of the Bonds of \$19,550,000.00, plus the net premium of \$1,494,678.95 and less the Underwriter's discount of \$283,475.00). The Bond Purchase Agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Bond Purchase Agreement.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

Professional Fees

Fees payable to certain professionals, including Best Best & Krieger LLP, as Bond Counsel, McFarlin & Anderson LLP, as Disclosure Counsel, the Underwriter, Nossaman LLP, as Underwriter's Counsel, and Zions First National Bank, as the Trustee and as the Fiscal Agent, are contingent upon the issuance of the Bonds. The fees of Dolinka Group, LLC, as Financial Advisor, Special Tax Consultant and CFD Administrator, are, in part, contingent upon the issuance of the Bonds.

Additional Information

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority, the District or the School District and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority and the School District and on behalf of the District.

POWAY UNIFIED SCHOOL DISTRICT PUBLIC
FINANCING AUTHORITY AND POWAY UNIFIED
SCHOOL DISTRICT ON BEHALF OF AND FOR
POWAY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 11

By: /s/ Malliga Tholandi
Malliga Tholandi, Associate Superintendent,
Business Support Services, of the Poway Unified
School District as Auditor and Treasurer of the
Poway Unified School District Public Financing
Authority and on behalf of Community Facilities
District No. 11 of the Poway Unified School
District

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

GENERAL INFORMATION ABOUT THE POWAY UNIFIED SCHOOL DISTRICT

The following information relating to the School District is included only for the purpose of supplying general information regarding the School District. Neither the faith and credit nor the taxing power of the School District has been pledged to payment of the Bonds, and the Bonds will not be payable from any of the School District's revenues or assets.

Introduction

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the School District. Additional information concerning the School District and copies of the most recent and subsequent audited financial reports of the School District may be obtained by contacting: Poway Unified School District, 13626 Twin Peaks Road, San Diego, CA 92064-3034, Attention: Planning Director. There may be a charge for copying, mailing and handling.

General Information

The Poway Unified School District (the "School District") is a school district organized under the laws of the State of California (the "State"). The School District was established in 1962. The School District provides education instruction for grades TK-12 within an approximately 100 square mile area in the central portion of the County of San Diego (the "County") and includes the City of Poway and portions of the City of San Diego and the County, including the communities of 4S Ranch, Black Mountain Ranch, Carmel Mountain Ranch, Del Sur, Rancho Bernardo, Rancho Peñasquitos, Sabre Springs, Santa Fe Valley, Santaluz, StoneBridge Estates and Torrey Highlands. The School District currently operates 25 elementary schools (K-5), six middle schools (6-8), five high schools (9-12) and one continuation high school. The School District's second period report (P-2, the period from July 1 to April 15) of average daily attendance ("ADA") computed in accordance with State law for the 2011-12 academic year was 33,553.02, for the 2012-13 academic year was 34,064.45 and for the 2013-14 academic year was 34,450.65. The estimated population within the School District's boundaries was approximately 193,237 as of January 1, 2014. The School District reported 34,569 students enrolled at the California Basic Educational Data System ("CBEDS") for Fiscal Year 2011-12 and 35,196 students enrolled at the CBEDS during Fiscal Year 2012-13. The School District reports 35,498 students enrolled at the CBEDS during Fiscal Year 2013-14.

Administration and Enrollment

The School District is governed by the Board of Education (the "Board"). The five Board members are elected to four-year terms in alternate slates of three and two in elections held every two years. If a vacancy arises during any term, the vacancy is filled by an appointment by a majority vote of the remaining Board members and, if there is no majority, by a special election.

The administrative staff of the School District includes John P. Collins, Ed.D., Superintendent, and Malliga Tholandi, Associate Superintendent, Business Support Services.

The Superintendent of the School District is responsible for administering the affairs of the School District in accordance with the policies of the Board. The School District also employs an Associate Superintendent of Learning Support Services and an Associate Superintendent of Personnel Support Services.

Commencing with Fiscal Year 2013-14, the State budget restructures the manner in which the State allocates funding for K-12 education. In Fiscal Year 2013-14, State legislation replaces the majority of revenue limit and categorical funding formulas with a new set of funding formulas. The Governor refers to the proposals as the “Local Control Funding Formula.” The State budget provides funding in Fiscal Year 2013-14 to begin implementing the new formulas. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs. The new system provides a more uniform base per-pupil rate for each of several grade levels. The base rates are augmented by several funding supplements for (1) students needing additional services, defined as English learners, students from lower income families and foster youth; (2) school districts with high concentrations of English learners and lower income families; and (3) high school students. The new funding system requires school districts to develop local plans describing how the school district intends to educate its students.

From Fiscal Year 2006-07 through Fiscal Year 2013-14 the School District’s enrollment has been stable. The demographics of the School District reflect an increasing trend in elementary school population, stable trend in middle school population and slight decrease in high school population. Experience shows that the east side of the School District is nearly built out and west and north areas are experiencing developments and new families. California voters approved Proposition 13 that not only limits the tax rate on property, but gives an incentive for owners to occupy longer resulting in slower turnover of homes to new families. This impacts the east side with declining enrollment. The School District however has offsetting growth on the west side. Information concerning enrollment for these years is set forth below:

**Poway Unified School District
Student Enrollment**

Fiscal Year	CBEDS Enrollment	District Average Daily Attendance	District Base Revenue Limit
2006-07	32,873	31,817	\$5,527
2007-08	33,283	32,075	5,780
2008-09	33,305	32,366	5,631
2009-10	33,797	32,646	5,202
2010-11	34,135	33,054	5,224
2011-12	34,569	33,553	5,170
2012-13	35,196	34,064	5,227
2013-14	35,498	34,451	N/A

Source: California Department of Education and the School District.

Labor Relations

As of May 2014, the School District employed approximately 1,837 certificated professionals and approximately 2,007 classified employees. The professionals, except management and some part-time employees, are represented by the bargaining units as noted below:

**Poway Unified School District
District Employees**

Labor Organization	Approximate Number of Employees In Organization¹	Contract Expiration Date
Poway Federation of Teachers (PFT), Local 2357	1,570	6/30/15
Service Employees International Union	465	6/30/15
Poway Schools Employees Association	1,445	6/30/16

¹Excludes management and part-time employees who are not represented by any of the labor organizations.

Source: The School District.

Retirement Programs

The School District participates in the State of California Teachers’ Retirement System (“STRS”). This plan covers certificated employees. The School District’s contribution to STRS for Fiscal Year 2008-09 was \$11,570,502, in Fiscal Year 2009-10 was \$10,272,133, in Fiscal Year 2010-11 was \$9,706,048, in Fiscal Year 2011-12 was \$9,946,792 and in Fiscal Year 2012-13 was \$10,601,369. The School District’s contribution to STRS for Fiscal Year 2013-14 is estimated to be \$10,422,028. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools.

The School District also participates in the State of California Public Employees’ Retirement System (“PERS”). This plan covers certificated employees who elect and all classified personnel who are employed 1,000 or more hours per fiscal year. The School District’s contribution to PERS for Fiscal Year 2008-09 was \$6,244,809, in Fiscal Year 2009-10 was \$5,929,446, in Fiscal Year 2010-11 was \$6,380,309, in Fiscal Year 2011-12 was \$6,432,393 and in Fiscal Year 2012-13 was \$7,272,505. The School District’s contribution to PERS for Fiscal Year 2013-14 is estimated to be \$5,745,966.

Contribution rates to these two retirement systems vary annually depending on changes in actuarial assumptions and other factors, such as changes in retirement benefits. The contribution rates are based on state-wide rates set by the STRS and PERS retirement boards. STRS has a substantial state-wide unfunded liability. Since this liability has not been broken down by each school district, it is impossible to determine the School District’s share.

The School District offers post-retirement benefits for employees up to age 65. The School District’s contribution for these benefits for the Fiscal Year ending June 30, 2011, was \$2,256,489, for the Fiscal Year ending June 30, 2012, was \$1,986,310 and for the Fiscal Year ending June 30, 2013, was \$1,763,725. The School District’s contribution for these benefits is estimated to be \$1,619,112 for Fiscal Year 2013-14. The program is operated on a pay-as-you go basis and budgets the current costs each year with an increase based on actual health and welfare increases

Insurance

The School District maintains commercial insurance or self-insurance for property damage, general liability and workers’ compensation in such amounts and with such retentions and other terms as the School District believes to be adequate based on actual risk exposure and as may be required by statute.

In 1998, the State of California authorized the School District to operate a Self-Insured Workers' Compensation Plan to finance liabilities arising from employee industrial injuries. The School District responded by implementing such a plan on July 1, 1998. Effective July 1, 2005, the School District joined a fully insured workers' compensation Joint Powers Authority ("JPA") known as the Protected Insurance Program for Schools ("PIPS"). The School District retains responsibility for all previous self-insured claims and will manage them until they close. Keenan & Associates is the claims administrator for both self-insured and PIPS claims.

The School District operates a self-insurance program to cover general liability claim losses up to a limit of \$50,000 per claim and for property losses up to \$5,000 per claim. Lower self-insured retentions apply to boiler and machinery/energy systems (\$1,000 per claim) and crime losses (\$500 per claim). Excess property and liability insurance is acquired through membership in a joint powers authority, the Southern California Regional Liability Excess Fund ("SCR"). SCR provides general liability coverage up to \$25,000,000 per occurrence (minus the \$50,000 retention) and property loss coverage up to \$250,000,000 per occurrence (minus the \$5,000 retention). The relationship between the School District and SCR is such that SCR is not a component unit of the School District.

APPENDIX B

RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX

[THIS PAGE INTENTIONALLY LEFT BLANK]

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

A Special Tax shall be levied on and collected in Improvement Area ("IA") B of 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 IA B of 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 IA B 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 F.

"Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay: (i) annual debt service on all outstanding Bonds, (ii) Administrative Expenses of IA B of CFD No. 11, (iii) any costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the 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.

"Assessor's Parcel" means a Lot or parcel of land in IA B of 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 unit classified as a Assigned Unit in accordance with the Rate and Method of Apportionment of CFD No. 11 of the School District.

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

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

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

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to the repayment of which Special Taxes of IA B of CFD No. 11 are pledged.

"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 IA B of 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.

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

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

"City" means the City of San Diego.

"County" means the County of San Diego.

"Developed Property" means all Assessor's Parcels 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.

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

"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.

"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 IA B of 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 IA A of CFD No. 11 after all Final Subdivision Maps are recorded.

"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 G.

"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.

"Special Tax" means any of the special taxes authorized to be levied in IA B of 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.

SECTION B ASSIGNMENT OF ASSESSOR'S PARCELS

For each Fiscal Year, beginning with Fiscal Year 2004-05, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property taking into consideration the minimum Net Taxable Acres 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 its Building Square Footage.

SECTION C MAXIMUM SPECIAL TAX

1. Developed Property

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

**SECTION D
ASSIGNED ANNUAL SPECIAL TAXES**

1. Developed Property

The Assigned Annual Special Tax for each Assessor's Parcel of Developed Property in Fiscal Year 2004-05 shall be the amount determined by reference to Table 1 according to the Building Square Footage of the Unit.

TABLE 1

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

Building Square Footage	Assigned Annual Special Tax
≤ 2,650	\$1,358.20
2,651 – 3,000	\$1,491.80
3,001 – 3,250	\$1,625.41
3,251 – 3,500	\$1,792.41
3,501 – 3,750	\$1,959.42
3,751 – 4,000	\$2,176.53
4,001 – 4,250	\$2,393.64
4,251 – 4,500	\$2,627.44
4,501 – 4,750	\$2,811.15
> 4,750	\$2,994.86
* Assigned Units are Exempt Property	

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

2. Undeveloped Property

The Assigned Annual Special Tax for an Assessor's Parcel of Undeveloped Property for Fiscal Year 2004-05 shall be \$5,668.59 per acre of Acreage.

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

**SECTION E
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 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 J
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 Associate Superintendent.
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 F
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX**

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in IA B 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 Annual Special Tax Requirement, then the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax applicable to such Assessor's Parcel to satisfy the Annual Special Tax Requirement.

Third: If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the 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 Annual Special Tax Requirement.

SECTION G PREPAYMENT OF ANNUAL SPECIAL TAX

The Annual Special Tax obligation of an Assessor's Parcel, may be prepaid in full at the times and under the conditions set forth in this Section G.1, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

1. Prepayment Times and Conditions

a. Undeveloped Property

Prior to the issuance of a Building Permit for the construction of a production Unit on a Lot within a Final Subdivision Map, the owner of no less than all the Taxable Property within such Final Subdivision Map may elect in writing to the Associate Superintendent to prepay the Annual Special Tax obligations for all the Assessor's Parcels within such Final Subdivision Map area in full, as calculated in Section G.2. below. The prepayment of the Annual Special Tax obligation for each such Assessor's Parcel shall be collected prior to the issuance of the Building Permit with respect to such Assessor's Parcel.

b. Developed Property

In any Fiscal Year following the first Fiscal Year in which such Assessor's Parcel was classified as Developed Property, the owner of such an Assessor's Parcel may prepay the Annual Special Tax obligation for such Assessor's Parcel, as calculated in Section G.2. below.

2. Prepayment Amount

The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

a. Prior to Issuance of Bonds

The Prepayment Amount for each applicable Assessor's Parcel prior to the issuance of Bonds shall be determined by reference to Table 2.

TABLE 2

PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05

Building Square Feet	Gross Prepayment Amount
≤ 2,650	\$13,396.28
2,651 – 3,000	\$14,714.06
3,001 - 3,250	\$16,031.84
3,251 – 3,500	\$17,679.07
3,501 – 3,750	\$19,326.29
3,751 – 4,000	\$21,467.69
4,001 – 4,250	\$23,609.07
4,251 – 4,500	\$25,915.18
4,501 – 4,750	\$27,727.13
> 4,750	\$29,539.08

Each July 1, commencing July 1, 2005, the Gross Prepayment Amount applicable to an Assessor's Parcel shall be increased by 2.00% of the amount in effect the prior Fiscal Year.

b. Subsequent to Issuance of Bonds

Subsequent to the issuance of Bonds, the Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance
plus	Administrative Fee
<u>less</u>	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel. For Assessor's Parcels of Undeveloped Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit issued or to be issued for that Assessor's Parcel.

2. For each Assessor's Parcel of Developed Property or Undeveloped Property to be prepaid, (a) divide the sum of the Assigned Annual Special Taxes computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board, and (b) divide the sum of Backup Annual Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board.
3. The amount determined pursuant to Section G.2.a. shall be (a) increased by the portion of the Bonds allocable to costs of issuance, reserve fund deposits, and capitalized interest with respect to the applicable Assessor's Parcel and (b) reduced by the amount of regularly retired principal which is allocable to the applicable Assessor's Parcel, as determined by the Board. The result is the "Outstanding Gross Prepayment Amount." In no event shall any Annual Special Taxes determined to have been used to make a regularly scheduled principal payment on the Bonds be adjusted for any increase in any cost index or other basis subsequent to the date of the applicable principal payment.
4. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the face value of all outstanding Bonds. If the product is greater than the Outstanding Gross Prepayment Amount, then the product shall be the "Bond Redemption Amount." If the product is less than the Outstanding Gross Prepayment Amount, then the Outstanding Gross Prepayment Amount shall be the "Bond Redemption Amount."
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
6. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 10) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the outstanding Bonds.
7. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the outstanding Bonds.
8. Subtract the amount computed pursuant to paragraph 7 from the amount computed pursuant to paragraph 6. This difference is the "Defeasance."
9. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."

10. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirement, if any, associated with the redemption of outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement in effect after the redemption of outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
11. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to an Annual Special Tax obligation that is prepaid pursuant to this Section G, the Board shall indicate in the records of IA B of CFD No. 11 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Taxes shall cease.

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

SECTION H PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel, as calculated in Section H.2. below, may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be partially prepaid.

1. Partial Prepayment Times and Conditions

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 the Taxable Property within such Final Subdivision Map may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Subdivision Map, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor's Parcel.

2. Partial Prepayment Amount

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

$$PP = P_G \times F$$

The terms above have the following meanings:

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

3. Partial Prepayment Procedures and Limitations

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of IA B 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 to indicate the partial prepayment of the 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 Backup Annual Special Tax 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 Taxes that may be levied on Taxable 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.

**SECTION I
TERMINATION OF SPECIAL TAX**

Annual Special Taxes of IA B of CFD No. 11 shall be levied for a period of thirty (30) Fiscal Years after the last series of Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2050-51.

**SECTION J
EXEMPTIONS**

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 for which Building Permits were issued on or before May 1 of the prior Fiscal Year for the construction of Assigned Units, (iv) Assessor's Parcels used exclusively by a homeowners' 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 (vi) 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 92.57 Net Taxable Acres. Assessor's Parcels

which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 92.57 Net Taxable Acres will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

SECTION K 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 L MANNER OF COLLECTION

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that IA B of CFD No. 11 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

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

A Special Tax shall be levied on and collected in Improvement Area ("IA") C of 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 IA C of 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 IA C 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 F.

"Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay: (i) annual debt service on all outstanding Bonds, (ii) Administrative Expenses of IA C of CFD No. 11, (iii) any costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the 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.

"Assessor's Parcel" means a Lot or parcel of land in IA C of 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 unit classified as an Assigned Unit in accordance with the Rate and Method of Apportionment of CFD No. 11 of the School District.

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

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

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

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to the repayment of which Special Taxes of IA C of CFD No. 11 are pledged.

"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 IA C of 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.

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

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

"City" means the City of San Diego.

"County" means the County of San Diego.

"Developed Property" means all Assessor's Parcels 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.

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

"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 Table 2 and adjusted as set forth in Section G.

"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 IA C of 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 IA C of CFD No. 11 after all Final Subdivision Maps are recorded.

"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 G.

"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.

"Special Tax" means any of the special taxes authorized to be levied in IA C of 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.

SECTION B ASSIGNMENT OF ASSESSOR'S PARCELS

For each Fiscal Year, beginning with Fiscal Year 2004-05, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property taking into consideration the minimum Net Taxable Acres 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 its Building Square Footage.

SECTION C MAXIMUM SPECIAL TAX

1. Developed Property

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

**SECTION D
ASSIGNED ANNUAL SPECIAL TAXES**

1. Developed Property

The Assigned Annual Special Tax for each Assessor's Parcel of Developed Property in Fiscal Year 2004-05 shall be the amount determined by reference to Table 1 according to the Building Square Footage of the Unit.

TABLE 1

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

Building Square Footage	Assigned Annual Special Tax
≤ 2,650	\$1,335.35
2,651 – 3,000	\$1,465.13
3,001 – 3,250	\$1,594.92
3,251 – 3,500	\$1,757.15
3,501 – 3,750	\$1,919.39
3,751 – 4,000	\$2,130.29
4,001 – 4,250	\$2,341.19
4,251 – 4,500	\$2,503.42
4,501 – 4,750	\$2,568.31
> 4,750	\$2,860.33
* Assigned Units are Exempt Property	

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

2. Undeveloped Property

The Assigned Annual Special Tax for an Assessor's Parcel of Undeveloped Property for Fiscal Year 2004-05 shall be \$5,370.74 per acre of Acreage.

Each July 1, commencing July 1, 2004, the Assigned Annual Special Tax applicable to an Assessor's Parcel of Undeveloped Property shall be increased by 2.00% of the amount in effect in the prior Fiscal Year.

SECTION E 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 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 J
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 Associate Superintendent.
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 F METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Associate Superintendent shall determine the Annual Special Tax to be collected in IA C 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 Annual Special Tax Requirement, then the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax applicable to such Assessor's Parcel to satisfy the Annual Special Tax Requirement.

Third: If the sum of the amounts levied on Assessor's Parcels in the first and second steps is less than the 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 Annual Special Tax Requirement.

SECTION G PREPAYMENT OF ANNUAL SPECIAL TAX

The Annual Special Tax obligation of an Assessor's Parcel, may be prepaid in full at the times and under the conditions set forth in this Section G.1, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

1. Prepayment Times and Conditions

a. Undeveloped Property

Prior to the issuance of a Building Permit for the construction of a production Unit on a Lot within a Final Subdivision Map, the owner of no less than all the Taxable Property within such Final Subdivision Map may elect in writing to the Associate Superintendent to prepay the Annual Special Tax obligations for all the Assessor's Parcels within such Final Subdivision Map area in full, as calculated in Section G.2. below. The prepayment of the Annual Special Tax obligation for each such Assessor's Parcel shall be collected prior to the issuance of the Building Permit with respect to such Assessor's Parcel.

b. Developed Property

In any Fiscal Year following the first Fiscal Year in which such Assessor's Parcel was classified as Developed Property, the owner of such an Assessor's Parcel may prepay the Annual Special Tax obligation for such Assessor's Parcel, as calculated in Section G.2. below.

2. Prepayment Amount

The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

a. Prior to Issuance of Bonds

The Prepayment Amount for each applicable Assessor's Parcel prior to the issuance of Bonds shall be determined by reference to Table 2.

TABLE 2

PREPAYMENT AMOUNT FOR FISCAL YEAR 2004-05

Building Square Feet	Gross Prepayment Amount
≤ 2,650	\$12,991.56
2,651 – 3,000	\$14,254.25
3,001 - 3,250	\$15,516.92
3,251 – 3,500	\$17,095.27
3,501 – 3,750	\$18,673.62
3,751 – 4,000	\$20,725.48
4,001 – 4,250	\$22,777.33
4,251 – 4,500	\$24,355.69
4,501 – 4,750	\$24,987.03
> 4,750	\$27,828.06

Each July 1, commencing July 1, 2005, the Gross Prepayment Amount applicable to an Assessor's Parcel shall be increased by 2.00% of the amount in effect the prior Fiscal Year.

b. Subsequent to Issuance of Bonds

Subsequent to the issuance of Bonds, the Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance
plus	Administrative Fee
<u>less</u>	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel. For Assessor's Parcels of Undeveloped Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit issued or to be issued for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property or Undeveloped Property to be prepaid, (a) divide the sum of the Assigned Annual Special Taxes computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board, and (b) divide the sum of Backup Annual Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board.
3. The amount determined pursuant to Section G.2.a. shall be (a) increased by the portion of the Bonds allocable to costs of issuance, reserve fund deposits, and capitalized interest with respect to the applicable Assessor's Parcel and (b) reduced by the amount of regularly retired principal which is allocable to the applicable Assessor's Parcel, as determined by the Board. The result is the "Outstanding Gross Prepayment Amount." In no event shall any Annual Special Taxes determined to have been used to make a regularly scheduled principal payment on the Bonds be adjusted for any increase in any cost index or other basis subsequent to the date of the applicable principal payment.
4. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the face value of all outstanding Bonds. If the product is greater than the Outstanding Gross Prepayment Amount, then the product shall be the "Bond Redemption Amount." If the product is less than the Outstanding Gross Prepayment Amount, then the Outstanding Gross Prepayment Amount shall be the "Bond Redemption Amount."
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
6. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 10) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the outstanding Bonds.
7. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the outstanding Bonds.

8. Subtract the amount computed pursuant to paragraph 7 from the amount computed pursuant to paragraph 6. This difference is the "Defeasance."
9. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
10. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirement, if any, associated with the redemption of outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement in effect after the redemption of outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
11. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to an Annual Special Tax obligation that is prepaid pursuant to this Section G, the Board shall indicate in the records of IA C of CFD No. 11 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Taxes shall cease.

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

SECTION H PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel, as calculated in Section H.2. below, may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be partially prepaid.

1. Partial Prepayment Times and Conditions

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 the Taxable Property within such Final Subdivision Map may elect in writing to the Board to prepay a portion of

the Annual Special Tax obligations for all the Assessor's Parcels within such Final Subdivision Map, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor's Parcel.

2. Partial Prepayment Amount

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

$$PP = P_G \times F$$

The terms above have the following meanings:

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

3. Partial Prepayment Procedures and Limitations

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of IA C 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 to indicate the partial prepayment of the 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 Backup Annual Special Tax 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 Taxes that may be levied on Taxable 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.

**SECTION I
TERMINATION OF SPECIAL TAX**

Annual Special Taxes of IA C of CFD No. 11 shall be levied for a period of thirty (30) Fiscal Years after the last series of Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2050-51.

**SECTION J
EXEMPTIONS**

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 for which Building Permits were issued on or before May 1 of the prior Fiscal Year for the construction of Assigned Units, (iv)

Assessor's Parcels used exclusively by a homeowners' 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 (vi) 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 152.87 Net Taxable Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 152.87 Net Taxable Acres will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

SECTION K 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 L MANNER OF COLLECTION

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that IA C of CFD No. 11 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

**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.

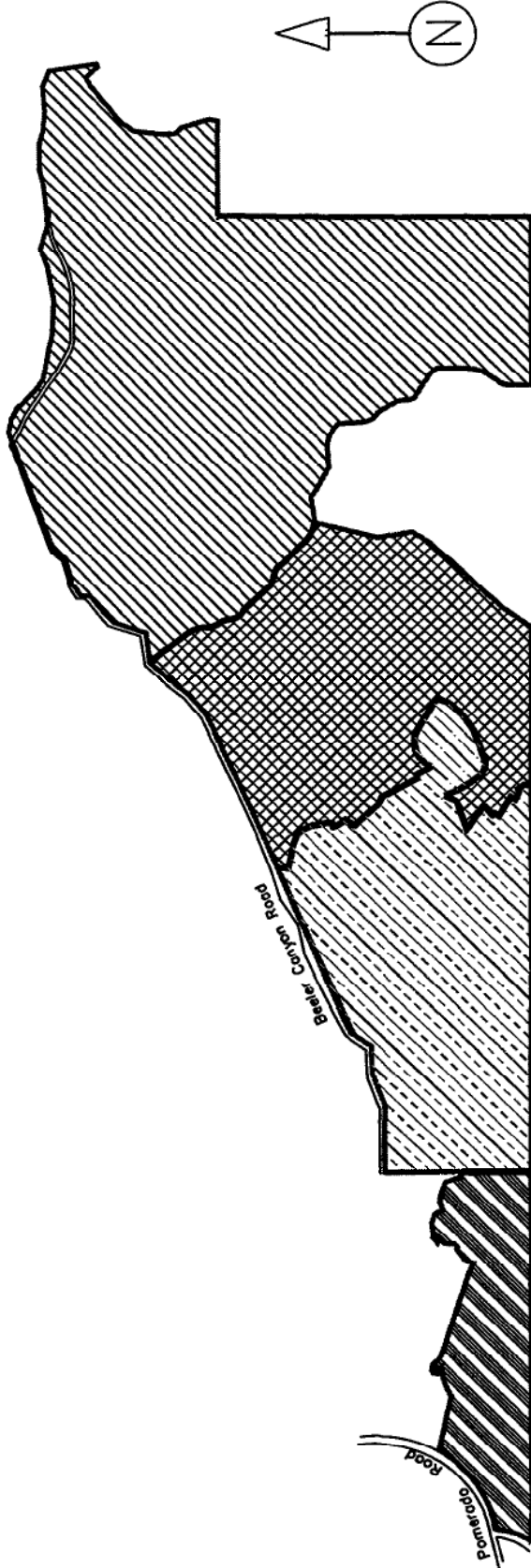
SECTION L APPEALS

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).

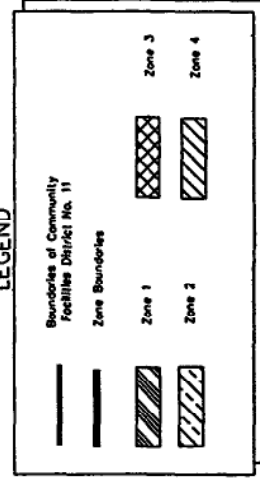
SECTION M MANNER OF COLLECTION

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.

POWAY UNIFIED SCHOOL DISTRICT
 COMMUNITY FACILITIES DISTRICT NO. 11
 MAP OF ZONES



LEGEND



Reference is hereby made to the Assessor maps of the County of San Diego for an exact description of the lines and dimensions of each lot and parcel.

PREPARED BY
 DAVID TAUSSIG & ASSOCIATES, INC.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

The following is a summary of certain provisions of the Indenture of Trust and the Improvement Area B Bond Indenture and the Improvement Area C Bond Indenture and is supplemental to the summary of other provisions of such documents described elsewhere in this Official Statement. The provisions of the Improvement Area B Bond Indenture and the Improvement Area C Bond Indenture are substantially equivalent, except where specified otherwise in this summary. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the documents summarized herein. Purchasers of the Bonds are referred to the complete text of each respective document, copies of which are available upon request from the Trustee.

Authority Indenture

Definitions.

The capitalized terms set forth in the Authority Indenture are defined as follows:

"2014C Bonds" means the \$19,550,000 Poway Unified School District Public Financing Authority Special Tax Revenue Bonds, Series 2014C.

"Act" means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California.

"Agreement" means that certain Amended and Restated Joint Exercise of Powers Agreement, dated as of May 14, 2007, by and between CFD No. 1 and the School District and as hereafter duly amended and supplemented from time to time, creating the Authority for the purposes, among other things, of assisting the School District and CFD No. 1 in the financing and refinancing of Public Capital Improvements, as such term is defined in the Bond Law.

"Annual Debt Service" means as to the Bonds, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year.

"Associate Superintendent" means the Associate Superintendent, Business Support Services of the School District.

"Authority" or "Issuer" means the Poway Unified School District Public Financing Authority, a joint exercise of powers authority organized and existing under the Agreement and under and by virtue of the laws of the State of California.

"Authority Administrative Expense Fund" means the fund by that name established with the Trustee with respect to the Bonds pursuant to the Indenture and to be administered as prescribed in the Indenture.

"Authority Administrative Expenses" means all actual costs and expenses incurred in connection with the administration of the Bonds, including but not limited to: (a) the fees and expenses payable to the Trustee, and its counsel, and other Persons for professional services rendered in connection with the administration, continuing disclosure and rebate obligations of or for the Bonds; and (b) fees and expenses of Independent Accountants for preparation of audits required by the Indenture.

"Authority Bond Counsel" means the law firm of Best Best & Krieger LLP and any successor firm or any other firm of nationally recognized bond counsel acceptable to the Board of Directors.

"Authority Costs of Issuance" means all items of expense directly or indirectly payable by, or reimbursable to, the Authority relating to the authorization, issuance, sale and delivery of any Series of the Bonds, including but not limited to, underwriters' discount, printing expenses, Authority Bond Counsel fees, bond insurance premiums or costs, surety fees and costs, rating agency fees, filing and recording fees, initial fees, expenses and charges and first annual administrative fees of the Trustee, expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of such Series of the Bonds, and any other cost, charge or fee in connection with the original issuance of such Series of the Bonds. Authority Costs of Issuance shall also include Costs of Issuance as defined in the Improvement Area B Bond Indenture for the Improvement Area B Bonds and/or the Improvement Area C Bond Indenture for the Improvement Area C Bonds.

"Authority Costs of Issuance Account" means the account by that name within the Program Fund established with the Trustee with respect to the Bonds pursuant to the Indenture and to be administered as prescribed in the Indenture.

"Authorized Denomination" means the principal amount or maturity amount, as applicable, of \$5,000 or any integral multiple thereof.

"Authorized Representative" means: (a) with respect to the Authority, its Chairperson, Treasurer or Secretary, each as designated in the Agreement, and any other Person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by its Treasurer and filed with Community Facilities District No. 11, the Authority and the Trustee; (b) with respect to the School District, its Superintendent, Associate Superintendent, or any other Person designated as an Authorized Representative of the School District by a Written Certificate signed on behalf of the School District by the Superintendent or the Associate Superintendent and filed with the Authority and the Trustee; (c) with respect to Community Facilities District No. 11, the President of the Board of Education, Vice President of the Board of Education, the Superintendent, the Associate Superintendent or any other Person acting for and on behalf of Community Facilities District No. 11 and designated as an Authorized Representative of Community Facilities District No. 11 by a Written Certificate signed on behalf of Community Facilities District No. 11 by the Superintendent or the Associate Superintendent and filed with the Authority and the Trustee; and (d) with respect to the Trustee, the President, any Vice President, any Assistant Vice President, or any Trust Officer of the Trustee, and when used with reference to any act or document also means any other Person authorized to perform such act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the bylaws of the Trustee. An Authorized Representative may by written instrument designate any Person to act on his or her behalf.

"Average Annual Debt Service" means the average over all Bond Years (from the date of the Bonds to their maturity) of Annual Debt Service.

"Board of Directors" means the Board of Directors of the Authority.

"Board of Education" means the Board of Education of the School District.

"Bond Fund" means the fund by that name established with the Trustee with respect to the Bonds pursuant to the Indenture and to be administered as prescribed in the Indenture.

"Bond Indentures" means collectively the Improvement Area B Bond Indenture and the Improvement Area C Bond Indenture and any supplemental indenture thereto and "Bond Indenture" means the Improvement Area B Bond Indenture or the Improvement Area C Bond Indenture, as applicable.

"Bond Law" means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as amended from time to time.

"Bond Purchase Agreement" means, as to any Series of the Bonds, an agreement to purchase such Bonds by and between the Authority, the School District, on behalf of Community Facilities District No. 11, and the Underwriter of the Bonds and, as to any Series of Parity Bonds, the agreement to purchase such Parity Bonds by and among the Authority, the School District, on behalf of Community Facilities District No. 11, and the underwriter of such Parity Bonds.

"Bond Year" means each twelve-month period beginning on September 16 of each year and ending on September 15 the following year; provided, however, that with respect to the 2014C Bonds, the first such Bond Year shall begin on the Date of Delivery, and end on September 15, 2014.

"Bonds" or "Authority Bonds" mean the 2014C Bonds and any Parity Bonds at any time Outstanding pursuant to the Indenture.

"Business Day" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State of California, or in any state in which the Principal Office of the Trustee is located, or the New York Stock Exchange is closed. If any payment under the Indenture is due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such previous day.

"CFD No. 11 Custodial Account" means that account established and maintained by the Custodian pursuant to the Custodial Agreement for and on behalf of and for the benefit of the District.

"CFD Prepayment Credit" means that Reserve Fund Credit as such term is defined in the Special Tax RMA, calculated pursuant to such rate and method and provided for upon the prepayment of the special tax obligation for property within Improvement Area B or Improvement Area C, as applicable, of Community Facilities District No. 11.

"Code" means the Internal Revenue Code of 1986, as amended.

"Community Facilities District Bond Counsel" or "CFD Bond Counsel" means the law firm of Best Best & Krieger LLP and any successor firm or any other firm of nationally recognized bond counsel acceptable to the Board of Education, acting in its capacity as the legislative body of Community Facilities District No. 11.

"Community Facilities District No. 11" or "CFD No. 11" means Poway Unified School District Community Facilities District No. 11 (StoneBridge Estates), a Community Facilities District formed pursuant to the Mello-Roos Community Facilities Act of 1982, as amended.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement as executed and delivered by the Authority and the School District, on behalf of Community Facilities District No. 11, Dolinka Group, LLC, as dissemination agent, and Zions First National Bank, as Trustee, and dated as of July 1, 2014 as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Custodial Agreement" means that certain Custodial Agreement made as of December 1, 2001, by and among the School District and State Street Bank and Trust Company of California, N.A., as amended by that certain Agreement of Resignation, Appointment and Acceptance, dated as of July 1, 2003, by and among the School District, U.S. Bank National Association, as successor to State Street Bank and Trust Company of California, N.A., as prior custodian, and Zions First National Bank, as successor custodian.

"Custodian" means Zions First National Bank as custodian under and pursuant to the Custodial Agreement.

"Date of Delivery" means with respect to each Series of the Bonds, the date on which such Series the Bonds are delivered to the Underwriter in exchange for the purchase price therefore.

"Defeasance Obligations" means those investments identified in paragraph 1 of the definition of Permitted Investments.

"Event of Bankruptcy" means, with respect to any Person, the filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against such Person as debtor, other than any involuntary proceeding which has been finally dismissed without entry of an order for relief or similar order as to which all appeal periods have expired.

"Event of Default" means any of the events of default specified in the Indenture.

"Excess Investment Earnings" means an amount equal to the sum of:

- (a) the excess of the aggregate amount earned from the applicable Date of Delivery on all Permitted Investments in which proceeds of a Series of the Bonds are invested (other than amounts attributable to an excess described in this paragraph (a)) over the amount which would have been earned if the yield on such investments (other than amounts attributable to an excess described in this paragraph (a)) had been equal to the yield on such Series of the Bonds; and
- (b) any income attributable to the excess described in the preceding paragraph (a).

"Fiscal Agent" means Zions First National Bank, acting in its capacity as the fiscal agent for the Improvement Area B Bonds and the Improvement Area C Bonds.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Authority and certified to the Trustee in writing by an Authorized Representative of the Authority.

"Funding Allocation Agreement" means that certain Funding Allocation Agreement, dated as of July 1, 2014, among the Authority, the School District and Community Facilities District No. 11, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Funding Requirement" means, as of any date of calculation, that all deposits required to be made to the Interest Account, the Principal Account and the Redemption Account for the Bond Year have been made.

"Improvement Area B" means that portion of the District designated as Improvement Area B thereof as shown on the map entitled "Proposed Boundaries of Community Facilities District No. 11, Poway Unified School District, County of San Diego, State of California" recorded as Document No. 2003-1395513 on November 20, 2003 in Book 37 of Maps of Assessment and Community Facilities Districts at page 77 thereof in the office of the County Recorder of the County of San Diego.

"Improvement Area B 2014 Bonds" means the \$7,810,000 Poway Unified School District Community Facilities District No. 11 Improvement Area B Special Tax Refunding Bonds, Series 2014 issued pursuant to the Special Tax Refunding Bonds Resolution of Issuance and the Improvement Area B Bond Indenture.

"Improvement Area B Bond Indenture" means the Bond Indenture, dated as of July 1, 2014, by and between Community Facilities District No. 11 and Zions First National Bank, as Fiscal Agent, pertaining to the Improvement Area B 2014 Bonds.

"Improvement Area B Bonds" means the Improvement Area B 2014 Bonds and any Improvement Area B Parity Bonds.

"Improvement Area B Bonds Reserve Fund Credit Amount" means an amount equal to the cash deposited in the Reserve Fund at the Date of Delivery of any Series of the Improvement Area B Bonds multiplied by a fraction with the numerator equal to the total debt service due on the Improvement Area B Bonds through the final maturity date of the Improvement Area B Bonds and the denominator equal to the total aggregate debt service of the Special Tax Refunding Bonds through final maturity. The Improvement Area B Bonds Reserve Fund Credit Amount shall upon the Date of Delivery of the Improvement Area B 2014 Bonds equal \$738,254.73.

"Improvement Area B Special Taxes" shall have the meaning given the term "Special Taxes" in the Improvement Area B Bond Indenture.

"Improvement Area C" means that portion of the District designated as Improvement Area C thereof as shown on the map entitled "Proposed Boundaries of Community Facilities District No. 11, Poway Unified School District, County of San Diego, State of California" recorded as Document No. 2003-1395513 on November 20, 2003 in Book 37 of Maps of Assessment and Community Facilities Districts at page 77 thereof in the office of the County Recorder of the County of San Diego.

"Improvement Area C 2014 Bonds" means the \$11,740,000 Poway Unified School District Community Facilities District No. 11 Improvement Area C Special Tax Refunding Bonds, Series 2014 issued pursuant to the Special Tax Refunding Bonds Resolution of Issuance and the Improvement Area C Bond Indenture.

"Improvement Area C Bond Indenture" means the Bond Indenture, dated as of July 1, 2014, by and between Community Facilities District No. 11 and Zions First National Bank, as Fiscal Agent, pertaining to the Improvement Area C 2014 Bonds.

"Improvement Area C Bonds" means the Improvement Area C 2014 Bonds and any Improvement Area C Parity Bonds.

"Improvement Area C Bonds Reserve Fund Credit Amount" means an amount equal to the cash deposited in the Reserve Fund at the Date of Delivery of any Series of the Improvement Area C Bonds multiplied by a fraction with the numerator equal to the total debt service due on the Improvement Area C Bonds through the final maturity date of the Improvement Area C Bonds and the denominator equal to the total aggregate debt service of the Special Tax Refunding Bonds through final maturity. The Improvement Area C Bonds Reserve Fund Credit Amount shall upon the Date of Delivery of the Improvement Area C 2014 Bonds equal \$1,109,745.27.

"Improvement Area C Special Taxes" shall have the meaning given such term "Special Taxes" in the Improvement Area C Bond Indenture.

"Indenture" means the Indenture of Trust, by and between the Authority and Zions First National Bank, as originally executed or as it may from time to time be supplemented, modified or amended pursuant to its terms.

"Independent Accountant" means any nationally recognized firm of certified public accountants or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by the Authority, and who, or each of whom:

- (a) is in fact independent and not under domination of the Authority, School District, or Community Facilities District No. 11;
- (b) does not have any substantial interest, direct or indirect, with the Authority, School District or Community Facilities District No. 11; and
- (c) is not connected with the Authority, School District or Community Facilities District No. 11 as an officer or employee of the Authority, School District, or Community Facilities District No. 11, but who may be regularly retained to make reports to the Authority, School District, or Community Facilities District No. 11.

"Independent Financial Consultant" means any financial consultant or firm of such financial consultants appointed by the Authority, and who, or each of whom:

- (a) is judged by the Authority to have experience with respect to the financing of public capital improvement projects;
- (b) is in fact independent and not under the domination of the Authority, the School District or Community Facilities District No. 11;
- (c) does not have any substantial interest, direct or indirect, with the Authority, the School District or Community Facilities District No. 11; and
- (d) is not connected with the Authority, School District or Community Facilities District No. 11 as an officer or employee of the Authority, School District or Community Facilities District No. 11, but who may be regularly retained to make reports to the Authority, School District or Community Facilities District No. 11.

"Interest Payment Date" means March 15 and September 15, commencing March 15, 2015 as to the 2014C Bonds.

"Maximum Annual Debt Service" means the Annual Debt Service for the Bond Year in which such sum shall be the largest with respect to the Bonds.

"Mello-Roos Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Sections 53311 et seq.

"Mitigation Agreement" means the School Impact Mitigation and Public Facilities Funding Agreement between the School District and Sycamore Estates, LLC, a Delaware limited liability company; Sycamore II Estates, 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, as it may be amended, superseded or supplemented by the parties thereto.

"Moody's" or "Moody's Investors Services" means Moody's Investors Service, its successors and assigns.

"Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with the Indenture, including particular Bonds (or portions of Bonds) described in the Indenture; and
- (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

"Owner" or "Bond Owner" or "Bondholder" or "Holder," whenever used in the Indenture with respect to a Bond, means the Person in whose name the ownership of such Bond is registered on the Registration Books.

"Parity Bonds" means Bonds issued under the Indenture which are secured by and payable from an irrevocable first lien on the Revenues which lien is on parity with the lien securing the 2014C Bonds.

"Permitted Investments" means any of the investments listed below that at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (provided that the Trustee shall have no duty to investigate the legality of any investments):

1.
 - A. Direct obligations (other than an obligation subject to variation in principal payment) of the United States of America ("United States Treasury Obligations");
 - B. Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America;
 - C. Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or
 - D. Evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.
2. Federal Housing Administration debentures.
3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
 - A. Federal Home Loan Mortgage Corporation (FHLMC)
 - (1) Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
 - (2) Senior Debt obligations
 - B. Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
 - (1) Consolidated system-wide bonds and notes
 - C. Federal Home Loan Banks (FHL Banks)
 - (1) Consolidated debt obligations
 - D. Federal National Mortgage Association (FNMA)
 - (1) Senior debt obligations
 - (2) Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
 - E. Student Loan Marketing Association (SLMA)
 - (1) Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
 - F. Financing Corporation (FICO)
 - (1) Debt obligations
 - G. Resolution Funding Corporation (REFCORP)
 - (1) Debt obligations
4. Unsecured certificates of deposit, time deposits, deposit accounts and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or better by S&P.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million.
6. Commercial paper having original maturities of not more than 270 days rated "A-1" by S&P and "Prime-1" by Moody's.
7. Money market funds rated "AAm-1" by Moody's or "AAm-G" by S&P, or better.
8. State Obligations, which means:
 - A. Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.
 - B. Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" by S&P and "Prime-1" by Moody's.
 - C. Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by S&P and "Aa" or better by Moody's.
9. Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:
 - A. the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;
 - B. the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;
 - C. the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");
 - D. the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;
 - E. no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and
 - F. the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.
10. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation, or (3) any other entity rated "A" or better by S&P and Moody's, provided that:

 - A. The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);
 - B. The Trustee or a third party acting solely as agent therefor or for the Authority (the "Holder of Collateral") has possession of the collateral or the collateral has been transferred to the Holder of

Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

- C. The Holder of Collateral has a perfected first priority security interest in the collateral, any substituted collateral in the name of the Trustee and all proceeds thereof (in the case of bearer securities, this means the Holder of Collateral is in possession); and
- D. The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the Authority or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Authority or Trustee.

Notwithstanding the above, collateral levels need not be as specified in "A" above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and Moody's, respectively.

- 11. Investment agreements with a domestic or foreign bank or corporation the long-term debt or financial strength of which it or its guarantor is rated at least "AA-" by S&P and "Aa3" by Moody's; provided that, by the terms of the investment agreement:
 - A. the invested funds are available for withdrawal without penalty or premium, upon not more than seven days' prior notice; the Authority and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;
 - B. the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinate to any other obligation of, the provider thereof; or, in the case of a bank, that the obligation of the bank to make payments under the agreement ranks *pari passu* with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;
 - C. the Authority and the Trustee receive the opinion of domestic counsel that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable);
 - D. the investment agreement shall provide that if during its term
 - (1) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (a) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Authority, the Trustee or a Holder of the Collateral, free and clear of any third-party liens or claims, the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (b) transfer and assign the investment agreement to a then qualifying counterparty with ratings specified above; and
 - (2) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3," respectively, the provider must, within 10 days of the date of such withdrawal, suspension or reduction of the provider's rating, repay the principal of and accrued but unpaid interest on the investment;
 - E. the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and
 - F. the investment agreement must provide that if during its term

- (1) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Authority or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate, and
- (2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("Event of Insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate.

12. The Local Agency Investment Fund (LAIF) administered by the treasurer of the State to the extent such deposits remain in the name of and control of the Trustee.

"Person" means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Account" means the account by that name established with the Trustee with respect to the Bonds pursuant to the Indenture and to be administered as provided in the Indenture.

"Principal Office" means such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Authority, initially being 550 S. Hope Street, Suite 2650, Los Angeles, California 90071, except that with respect to presentation of Bonds for payment or for registration of transfer or exchange or maintenance of the Registration Books, such term shall mean the office of the Trustee at which its corporate agency business shall be conducted, initially being the office of Zions First National Bank in Salt Lake City, Utah.

"Principal Payment Date" means September 15 of each year.

"Principal Repayment" means any amounts received by the Trustee representing a repayment of principal of any issue of Special Tax Refunding Bonds upon the prior redemption, prepayment or acceleration thereof.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural Person or in any activity carried on by a Person other than a natural Person, excluding use by a governmental unit and use by any Person as a member of the general public.

"Proceeds" when used with respect to any Series of the Bonds, means the face amounts of such Bonds, plus original issue premium, if any, less Underwriter's discount and original issue discount, if any.

"Program Fund" means the fund by that name established with the Trustee with respect to the Bonds pursuant to the Indenture and to be administered as provided in the Indenture.

"Purchase Account" means the Purchase Account of the Program Fund as established by the Trustee pursuant to the Indenture and utilized as set forth in the Indenture.

"Qualified Reserve Fund Credit Instrument" means an irrevocable standby or direct pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met by the Authority at the time of delivery thereof to the Trustee:

- (a) the long term credit rating of such bank or insurance company is Aa or better from Moody's and AA or better from S&P;
- (b) such letter of credit or surety bond has a term of at least twelve (12) months;
- (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; and
- (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture.

"Rating Agency(ies)" means any rating agency which is then rating the Bonds, at the request of the Authority.

"Rebate Fund" means the fund by that name established by the Trustee with respect to the Bonds pursuant to the Indenture and to be administered as provided in the Indenture.

"Record Date" means the fifteenth (15th) day of the month (whether or not such day is a Business Day) preceding each Interest Payment Date.

"Redemption Account" means the account by that name established with the Trustee with respect to the Bonds pursuant to the Indenture and to be administered as provided in the Indenture.

"Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to the Indenture.

"Related Documents" means the Indenture, the Agreement, and the documents relating to the issuance and delivery of each of the Special Tax Refunding Bonds and all proceedings of the School District or Community Facilities District No. 11 relating to the same.

"Requisition" means a written requisition signed in the name of the Authority by its Authorized Representative.

"Reserve Fund" means the fund of that name established, held and administered by the Trustee pursuant to the provisions of the Indenture.

"Reserve Requirement" means an amount initially equal to \$899,500 which amount shall, as of any date of calculation, be equal to the least of (i) Maximum Annual Debt Service for the Bonds, (ii) one hundred twenty-five percent (125%) of Average Annual Debt Service for the Bonds, or (iii) ten percent (10%) of the original principal amount of the Bonds; provided, however, the Reserve Requirement shall not exceed the maximum amount then permitted to be funded from the proceeds of tax-exempt obligations under the Code.

"Resolution of Formation" means Resolution No. 34-2004 of the Board of Education forming and establishing Community Facilities District No. 11.

"Revenue Fund" means the fund by that name established and held by the Trustee with respect to the Bonds pursuant to the Indenture and to be administered as provided in the Indenture.

"Revenues" means, with respect to the Bonds: (a) all amounts derived from the Special Tax Refunding Bonds; (b) all moneys originally deposited with the Trustee for application for payment of principal or interest on the Bonds and all moneys held by the Trustee in the funds and accounts established in the Indenture for payment of the Bonds (excluding the Program Fund and the Rebate Fund); and (c) investment income with respect to the funds and accounts established under the Indenture except for investment earnings on funds held in the Program Fund and the Rebate Fund.

"S&P" or "Standard & Poor's" means Standard & Poor's Corporation, its successors and assigns.

"School District" means the Poway Unified School District, a public school district organized and operating pursuant to the provisions of the California Education Code.

"Securities Depositories" means the following registered securities depositories: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax - 516/227-4039 or 4190; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the Authority may designate in a certificate of the Authority delivered to the Trustee.

"Series" means, as to the Bonds, any series of the Bonds issued pursuant to the Indenture or any Supplemental Indenture or, as to the Improvement Area B Bonds or the Improvement Area C Bonds, any series of such bonds issued pursuant to the applicable Bond Indenture.

"Special Record Date" means the date established by the Trustee pursuant to the Indenture as a record date for the payment of defaulted interest on the Bonds, if any.

"Special Tax Refunding Bonds" means the Improvement Area B 2014 Bonds and the Improvement Area C 2014 Bonds.

"Special Tax Refunding Bonds Purchase Contract" means the Special Tax Refunding Bonds Purchase Contract, dated as of July 16, 2014, by and between the Authority and Community Facilities District No. 11 setting forth the terms and conditions pursuant to which the Authority has agreed to acquire the Special Tax Refunding Bonds from Community Facilities District No. 11, and Community Facilities District No. 11 has agreed to sell the Special Tax Refunding Bonds to the Authority.

"Special Tax Refunding Bonds Resolution of Issuance" means Resolution No. 116-2014 of the Board of Trustees of the School District, acting in its capacity as the governing body of the Community Facilities District No. 11, adopted on June 23, 2014, providing for the issuance of the Improvement Area B 2014 Bonds and the Improvement Area C 2014 Bonds.

"Supplemental Indenture" means a Supplemental Indenture of Trust providing for any matter authorized, entered into by and between the Authority and the Trustee pursuant to the provisions of the Indenture.

"Surplus Fund" means the fund by that name established and held by the Trustee with respect to the Bonds pursuant to the Indenture and to be administered as provided therein.

"Supplemental School Facilities" shall have the meaning given such term in the Resolution of Formation.

"Tax Certificate" means that certificate of the same name, dated as of the Date of Delivery, delivered by the Authority, and executed by the School District on behalf of Community Facilities District No. 11, with regard to any Series of the Bonds and the applicable Series of the Special Tax Refunding Bonds.

"Tax Code" means the Internal Revenue Code of 1986, as amended from time to time. Any reference to a provision of the Tax Code shall include the applicable Tax Regulations promulgated with respect to such provision.

"Tax Regulations" means temporary and permanent regulations promulgated under Section 103 and related sections of the Tax Code.

"Trustee" means Zions First National Bank, or its successor, as Trustee under the Indenture as provided therein, or such other trustee as shall be named, provided such other trustee shall meet the requirements of thereto.

"Underwriter" means Stifel, Nicolaus & Company, Incorporated.

"Written Certificate" and "Written Request" of the Authority, the School District or Community Facilities District No. 11 mean, respectively, a written certificate or written request signed in the name of the Authority by its Authorized Representative, in the name of the School District by its Authorized Representative, or in the name of Community Facilities District No. 11 by its Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Revenues; Funds and Accounts.

Program Fund.

The Trustee shall maintain and hold in trust such fund and account as a separate and distinct account or fund.

Purchase Account

Subject to satisfaction of the requirements of the Indenture as to each issue of Special Tax Refunding Bonds, funds deposited in the Purchase Account shall immediately be expended for the purchase of each such issue of Special Tax Refunding Bonds.

Authority Costs of Issuance Account.

The Trustee shall, on the Date of Delivery of each Series of the Bonds, deposit in the Authority Costs of Issuance Account the amount set forth in the Indenture to the Authority to pay Costs of Issuance pertaining to such Series of the Bonds and shall administer and maintain such Account as set forth in the Indenture.

The Trustee shall disburse funds from the Authority Costs of Issuance Account for Costs of Issuance upon receipt of a requisition signed and approved by an Authorized Representative.

Upon the earlier of: (i) payment in full of all Costs of Issuance for a Series of the Bonds, which shall be determined by a certificate to the Trustee to that effect by an Authorized Representative; or (ii) six months following

the Date of Delivery of such Series of the Bonds, the Trustee shall transfer the funds, if any, remaining in the Authority Costs of Issuance Account to the Revenue Fund. Upon the occurrence of such transfers, the Trustee shall then close the Authority Costs of Issuance Account as to such Series of the Bonds.

Pledge and Assignment; Revenue Fund.

(a) Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues, and any other amounts held in any fund or account established pursuant to the Indenture (excluding the Program Fund and the Rebate Fund), are pledged (as set forth therein) by the Authority to secure the full and timely payment of the principal of and interest and premium, if any, of the Bonds in accordance with their terms and the provisions of the Indenture. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery of the Bonds by the Trustee and the Revenues and other items pledged thereunder shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act.

(b) Subject to the provisions of the Indenture, the Authority pledges and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues, all of the moneys and securities in the funds and accounts created under the Indenture, except the Program Fund, the Authority Administrative Expense Fund and the Rebate Fund, as their interests appear and other amounts pledged in paragraph (a) above and all of the right, title and interest of the Authority in the Special Tax Refunding Bonds. The Authority shall collect and receive, or cause to be collected and received by the Trustee, all such Revenues, and Revenues collected or received by the Authority, or collected and received by the Trustee on behalf of the Authority, shall be deemed to be held, and to have been collected or received, by the Authority, in trust, and shall be paid to the Trustee as set forth therein. The Trustee also shall be entitled to and may take all steps, actions, and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately by itself, all of the rights of the Authority and all of the obligations of Community Facilities District No. 11 with respect to the Special Tax Refunding Bonds.

(c) Subject to the provisions of the Indenture, all Revenues shall be promptly transferred to the Trustee by the Authority. All Revenues, other than Principal Repayments, shall be deposited by the Trustee upon receipt thereof in the Revenue Fund which the Trustee shall maintain and hold in trust. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. All Principal Repayments shall be deposited by the Trustee upon receipt thereof in the Redemption Account of the Bond Fund.

Bond Fund; Allocation of Revenues.

On each Interest Payment Date the Trustee shall transfer Revenues then in the Revenue Fund into the following funds and accounts, in the following amounts and in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required transfer) at the time of deposit to be satisfied before any deposit is made to any account subsequent in priority:

(a) The Trustee shall transfer to the Interest Account, if necessary, an amount which, together with the amounts then on deposit therein, is sufficient to cause the aggregate amount on deposit in the Interest Account, including the Capitalized Interest Sub-Account, to equal the amount of interest coming due and payable on the Bonds on such Interest Payment Date and any amount of interest previously due and unpaid.

(b) The Trustee shall, on September 15 of each year during the term of the Bonds, transfer to the Principal Account, if necessary, an amount which, together with the amounts then on deposit therein, is sufficient to cause the aggregate amount on deposit in the Principal Account to equal the amount of principal coming due and payable on the Bonds on such September 15 and any amount of principal previously due and unpaid.

(c) On each Interest Payment Date on which the balance in the Reserve Fund is less than the Reserve Requirement, the Trustee shall transfer to the Reserve Fund an amount sufficient to increase the balance in the Reserve Fund to the Reserve Requirement.

(d) On any Interest Payment Date on which the amount on deposit in the Revenue Fund is inadequate to make the transfers described in (a) and (b) above as a result of a default in the scheduled payment of principal of and/or interest on the Bonds, the Trustee shall immediately notify the Associate Superintendent of the amount of such payment default. In the event that the Trustee receives all or any portion of the principal of and/or interest on

the Bonds the payment of which is in default, the Trustee shall disburse or transfer such funds in the following order of priority: (i) for deposit in the Reserve Fund such amount as shall be necessary to replenish the amount of any transfers of cash from the Reserve Fund to the Interest Account or the Principal Account resulting from such payment default; and (ii) for deposit in the Revenue Fund any amount remaining following the transfer required pursuant to (i).

(e) The Trustee shall transfer to the Rebate Fund an amount, if any, to increase the amount on deposit in the Rebate Fund to the Rebate Requirement as the Authority may direct by Written Certificate.

(f) The Trustee shall transfer to the Authority Administrative Expense Fund such amount as the Authority may direct by Written Certificate as necessary to pay Authority Administrative Costs.

(g) On the Business Day following each Principal Payment Date, the Trustee shall transfer all amounts remaining on deposit in the Revenue Fund to the Surplus Fund to be applied as provided in the Indenture.

Interest Account.

Subject to the provisions of the Indenture, all amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable or, at the Written Request of the Authority filed with the Trustee, to apply to the payment of accrued interest on any Bonds purchased by the Authority pursuant to the Indenture in lieu of redemption pursuant to the Indenture. Any amounts on deposit in the Interest Account on any September 16 which are not required to pay interest then due and payable on the Bonds shall be transferred to the Surplus Fund. In the event that the deposit in the Interest Account on any Interest Payment Date or redemption date, after any transfers from the Reserve Fund pursuant to the Indenture, are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Bonds, the Trustee shall apply such amounts of the payment of interest on each of the Outstanding Bonds on a pro rata basis so that an equal percentage of the interest due on each Bond is paid.

Principal Account.

Subject to the provisions of the Indenture, all amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal of the Bonds upon the stated maturity thereof. Any amounts on deposit in the Principal Account on any September 16 which are not required to pay the principal amount then due and payable on the Bonds shall be transferred to the Surplus Fund. In the event that the amounts on deposit in the Principal Account on any Interest Payment Date or date of redemption, after any transfers from the Reserve Fund pursuant to the Indenture, are insufficient for any reason to pay the aggregate principal amount of, and premium (if any) on, the Outstanding Bonds then coming due and payable (whether at maturity or upon the redemption thereof), the Trustee shall apply such amounts in the following order of priority: (i) first, to the payment of the principal of the Outstanding Bonds which mature by their terms or are to be redeemed pursuant to the Indenture; and (ii) second, to the payment of the principal of any redemption premium (if any) on the Outstanding Bonds which mature by their terms or are to be redeemed pursuant to the Indenture, in each case on a pro rata basis so that an equal percentage of the principal maturing or being redeemed under (i) above is paid first, followed by the payment of an equal percentage under (ii).

Redemption Account.

The Trustee shall deposit in the Redemption Account any amounts required or permitted to be applied to the redemption of Bonds pursuant to the Indenture.

Subject to the provisions of the Indenture, all amounts deposited in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming the Bonds in the manner and upon the terms and conditions specified in the Indenture, at the next succeeding date of redemption for which notice has been given and at the redemption prices then applicable or alternatively to purchase bonds in lieu of redemption. At any time prior to selection of Bonds for such notice of redemption, the Trustee may, at the Written Request of the Authority apply amounts on deposit in the Redemption Account to the purchase of the Bonds, for cancellation, at public or private sale, as and when and at prices not exceeding the par amount thereof (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) and as specified in the Indenture. Any amounts on deposit in the Redemption Account after the corresponding redemption date which are not necessary, or insufficient in amount, to redeem Bonds designated for redemption shall be transferred to the Surplus Fund.

Surplus Fund.

Following the above deposits from the Revenue Fund pursuant to the Indenture, moneys remaining in the Revenue Fund on each September 16th shall be deposited by the Trustee into the Surplus Fund.

Moneys deposited in the Surplus Fund may be used at any time for one or more of the following purposes and shall be transferred by the Trustee as follows:

(a) to the Interest Account or the Principal Account of the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds when due in the event that moneys in the Revenue Fund are insufficient to make any deposits required pursuant to the Indenture;

(b) to the Reserve Fund in order to replenish the Reserve Fund to the Reserve Requirement in the event that the moneys in the Revenue Fund are insufficient to make any deposit required pursuant to the Indenture;

(c) to the Rebate Fund as the Authority may direct by Written Certificate to increase the amount on deposit therein to the Rebate Requirement if the moneys in the Revenue Fund are insufficient to make any deposit required pursuant to the Indenture; and

(d) on September 15th of any Bond Year following the scheduled payment of principal of and interest on the Bonds due and payable during such Bond Year, to the Administrative Expense Fund as the Authority may direct by Written Certificate if the moneys in the Revenue Fund are insufficient to make any deposit required pursuant to the Indenture.

Moneys transferred to the Surplus Fund on September 16 of any Bond Year pursuant to the Indenture (the "Annual Retained Surplus") shall be retained in the Surplus Fund until March 16 of such Bond Year (the "Annual Retention Period") and shall be used for the purposes described in the preceding paragraph. Annual Retained Surplus remaining on deposit in the Surplus Fund on March 16 of such Bond Year shall no longer be designated as either Annual Retained Surplus or Revenues, shall no longer be pledged to the payment of the Bonds and, upon the receipt of a Written Certificate of the Authority, shall be transferred to the Custodian, for and on behalf of Community Facilities District No. 11, for deposit in the CFD No. 11 Account or if the CFD No. 11 Custodial Account has been closed, to the School District for and on behalf of Community Facilities District No. 11, and such funds shall be used only to finance Surplus School Facilities as authorized pursuant to the Mell-Roos Act, the Resolution of Formation and the Mitigation Agreement.

Reserve Fund.

On the Date of Delivery, the Trustee shall deposit into the Reserve Fund the proceeds of the Bonds specified in the Indenture representing the Reserve Requirement as of such date.

There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement.

Moneys in the Reserve Fund shall be used solely for the purposes set forth in the Indenture. Subject to the limitations set forth in the following paragraph, amounts in the Reserve Fund shall be applied to pay the principal of, including sinking fund payments, and interest on the Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Bond Fund are insufficient therefor. In addition, cash amounts, if any, in the Reserve Fund may be applied in connection with an optional redemption pursuant to the Indenture or a defeasance pursuant to the Indenture of the Bonds in whole or in part, or when the balance therein equals the principal and interest due on the Bonds to and including maturity to pay the principal of and interest due on the Bonds to maturity. Any amounts in the Reserve Fund in excess of what the Reserve Requirement will be following such an optional redemption, mandatory redemption, or partial defeasance of the Bonds shall be applied toward such optional redemption, mandatory redemption, or defeasance of Bonds, as applicable.

If the amounts in the Interest Account and/or the Principal Account of the Bond Fund are insufficient to pay the principal of, including sinking fund payments, or interest on the Bonds when due, the Trustee shall withdraw from the Reserve Fund for deposit in the Interest Account and/or the Principal Account, as applicable, moneys necessary for such purposes. All cash and investments in the Reserve Fund, if any, shall be transferred for payment of debt service on the Bonds before any draw may be made on any Qualified Reserve Fund Credit Instrument included within the Reserve Fund.

The Trustee shall, pursuant to a Written Certificate of the Authority notifying the Trustee that a prepayment of the special tax obligation for a property in Community Facilities District No. 11 has occurred, transfer the amount of the

applicable CFD Prepayment Credit specified in such Written Certificate to the Fiscal Agent for the applicable Series of Special Tax Refunding Bonds for deposit in the Redemption Account established pursuant to the applicable Bond Indenture.

The Trustee shall, pursuant to a Written Certificate of the Authority, disburse or transfer on the following dates from the cash amount then on deposit in the Reserve Fund the following amounts:

- (i) on the final maturity date of any Series of Improvement Area B Bonds, an amount equal to the Improvement Area B Bonds Reserve Fund Credit Amount applicable to such Improvement Area B Bonds, minus the amount of any transfer previously made necessitated as a result of a deficiency in the scheduled payment of principal of or interest on such Improvement Area B Bonds which has not previously been reimbursed, shall be transferred to the Interest Account and the Principal Account as a credit against the payments due on such Improvement Area B Bonds on such date with the amount transferred being deposited first to the Interest Account as a credit on the interest due on such Improvement Area B Bonds on such date and the balance being deposited to the Principal Account as a credit on the principal due of such Improvement Area B Bonds on such date; and
- (ii) on the final maturity date of any Series of Improvement Area C Bonds, an amount equal to the Improvement Area C Bonds Reserve Fund Credit Amount applicable to such Improvement Area C Bonds, minus the amount of any transfer previously made necessitated as a result of a deficiency in the scheduled payment of principal of or interest on such Improvement Area C Bonds which has not previously been reimbursed, shall be transferred to the Interest Account and the Principal Account as a credit against the payments due on such Improvement Area C Bonds on such date with the amount transferred being deposited first to the Interest Account as a credit on the interest due on such Improvement Area C Bonds on such date and the balance being deposited to the Principal Account as a credit on the principal due of such Improvement Area C Bonds on such date.

If on the first Business Day following a Principal Payment Date, the amount of money on deposit in the Reserve Fund, together with the principal amount of any Qualified Reserve Fund Credit Instrument, exceeds the Reserve Requirement, money in an amount equal to such excess shall be withdrawn from the Reserve Fund and transferred to the Interest Account.

The Authority shall have the right at any time to direct the Trustee to release funds from the Reserve Fund, in whole or in part, by tendering to the Trustee a Qualified Reserve Fund Instrument. Upon tender of such items to the Trustee, and upon delivery by the Authority to the Trustee of a written calculation of the amount permitted to be released from the Reserve Fund (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Fund to the District to be applied in accordance with the Bond Law. The Trustee shall comply with all documentation relating to a Qualified Reserve Fund Credit Instrument as shall be reasonably required to maintain such Qualified Reserve Fund Credit Instrument in full force and effect and as shall reasonably be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture. Upon the expiration of any Qualified Reserve Fund Credit Instrument, the Authority shall be obligated either (i) to replace such Qualified Reserve Fund Credit Instrument with a new Qualified Reserve Fund Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee or to draw upon the Qualified Reserve Fund Credit Instrument prior to its maturity or renewal date an amount of funds such that amounts on deposit in the Reserve Fund shall equal the Reserve Requirement.

Authority Administrative Expense Fund.

The Authority shall establish with the Trustee a special fund designated the "Authority Administrative Expense Fund" which the Trustee shall maintain and hold in trust. The Authority shall deposit amounts transferred to the Trustee from the Fiscal Agent for Special Tax Refunding Bonds for deposit in the Authority Administrative Expense Fund to pay Authority Administrative Expenses and shall administer and maintain such Fund as set forth in the Indenture.

The Trustee shall, from time to time, disburse funds from the Authority Administrative Expense Fund for Authority Administrative Expenses upon receipt of a signed requisition substantially in the form of Exhibit D and approved by an Authorized Representative.

Rebate Fund.

(a) Covenant to Calculate Excess Investment Earnings. As required by the Tax Certificate, the Authority covenants that it shall calculate the annual Excess Investment Earnings and shall transmit to the Trustee for deposit to the Rebate Fund an amount equal to the Excess Investment Earnings for the Bonds, if any, from any legally available moneys of the Authority. Neither the Authority nor the Owners of any Bonds shall have any rights in or claim to such moneys. All such calculations described in this paragraph shall be made in the manner set forth in the Tax Regulations. The calculations of Excess Investment Earnings required under the Indenture shall be made by an Independent Financial Consultant whose calculations of rebate amounts under the Tax Code and the Tax Regulations have been accepted by other public agencies.

(b) Payment of Excess Investment Earnings. As required by the Tax Certificate, the Authority shall direct the Trustee to pay from moneys in the Rebate Fund, or from other moneys of the Authority legally available therefore if the deposit therein is insufficient, to the United States an amount that equals at least 90% of the Excess Investment Earnings as of the end of the Bond Year immediately preceding the date of each payment. No later than 60 days after the day on which the last Bond is paid or redeemed, the Authority covenants that it shall pay to the United States from the Rebate Fund or from other legally available moneys of the Authority an amount equal to 100% of the theretofore unpaid Excess Investment Earnings plus earnings on such Excess Investment Earnings received or accrued after the final payment of such earnings as required by the Tax Regulations. The Authority shall direct the Trustee in writing to remit such payments to the United States at the address and in the manner prescribed by the Tax Regulations as the same may be from time to time in effect, together with such reports and statements prepared by the Authority as may be prescribed by the Regulations.

(c) Record of Investments. The Authority covenants that it shall keep and retain for a period of six years following the retirement of the Bonds records of the determinations made pursuant to the Indenture and as required by the Tax Certificate. The Trustee shall keep a record of all investments made with moneys on deposit in any fund or account established under the Indenture. Such records shall contain a reference to the date of purchase, the date of sale, the purchase price, the sales price, the principal amount and coupon rate of each obligation purchased or sold.

(d) Deficiency of Available Moneys. Payments pursuant to the Indenture shall be made to the maximum extent possible from moneys on deposit in the Rebate Fund. In the event of any remaining deficiency in available moneys for the purposes of such transfer, such deficiency shall be paid by the Authority from any legally available funds of the Authority.

(e) Modification of Method of Computation of Excess Investment Earnings. Notwithstanding the foregoing, the method of computing Excess Investment Earnings described in the Indenture or the Tax Certificate, as applicable, may be modified, in whole, or in part, without the consent of the Bond Owners, upon receipt by the Authority of an opinion of counsel to the effect that such modification will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds theretofore issued. Notwithstanding the foregoing, if the Authority shall obtain an opinion of counsel that any specified action under the Indenture is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Authority and the Trustee may conclusively rely on such opinion in complying with the requirements under the Indenture, and the terms of this paragraph (e) shall be deemed modified to that extent.

Additional Funds and Accounts.

The Trustee may establish additional accounts or subaccounts of the above-described funds and accounts as the Trustee shall deem necessary in furtherance of its duties pursuant to the Indenture. The Authority may request the establishment of such additional accounts as it deems necessary to meet its obligations pursuant to the Indenture and the Trustee shall establish such accounts.

Investment of Moneys.

Except as otherwise provided in the Indenture, all moneys in any of the funds or accounts established pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments, as directed in writing by the Authority two (2) Business Days prior to the making of such investment. Such investment instructions shall certify that the investment is a Permitted Investment. Permitted Investments may be purchased at such prices as the Authority shall determine. All Permitted Investments shall be acquired subject to any restrictive instructions given to the Trustee in writing pursuant to the Indenture and such additional limitations or requirements consistent with the

foregoing as may be established by the Written Request of the Authority. Absent timely written direction from the Authority, the Trustee shall invest any funds held by it in Permitted Investments described in clause 7 of the definition thereof. The Trustee may commingle moneys in any of the funds and accounts held under the Indenture, other than those in the Rebate Fund, for investment purposes. Permitted Investments that are registrable securities shall be registered in the name of the Trustee.

Subject to the restrictions set forth in the Indenture and/or any written investment instructions received by the Trustee pursuant to the Indenture, moneys in all funds and accounts, except for the Reserve Fund, shall be invested in Permitted Investments maturing, or with respect to which payments of principal and interest are scheduled or otherwise payable, not later than the date on which it is estimated that such moneys will be required by the Trustee for the purposes specified in the Indenture.

Moneys in the Reserve Fund, if any, may be invested only in Permitted Investments which, taken together, have a weighted average maturity not in excess of five years; provided that such amounts may be invested in an Investment Agreement of a longer maturity so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with the Indenture.

Except for moneys held in the Rebate Fund (which shall be retained therein), all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Indenture shall be deposited in the Interest Account of the Bond Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Permitted Investments equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investments shall be credited to the fund from which such accrued interest was paid.

Permitted Investments acquired as an investment of moneys in any fund established under the Indenture shall be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued as follows:

(a) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers;

(b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon; and

(c) As to any investment not specified above: the value thereof established by prior agreement between the Authority and the Trustee.

The Trustee and its affiliates may act as principal, agent or sponsor, advisor, or depository in the making or disposing of any investment and may receive compensation in connection therewith. Upon the Written Request of the Authority, or as required for the purposes of the provisions of the Indenture, the Trustee shall sell or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to the Indenture.

Covenants.

Punctual Payment.

The Authority shall punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in the Indenture and received by the Authority or the Trustee.

Extension of Payment of Bonds.

The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal, of all of the Bonds then

Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this paragraph shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Against Encumbrances.

The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its legitimate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge Assignment.

The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues, the Special Tax Refunding Bonds and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee, subject to the provisions of the Indenture, shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under the Indenture against all claims and demands of all Persons whomsoever.

Accounting Records and Financial Statement.

The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the Bond proceeds, the Revenues, the Special Tax Refunding Bonds and all funds and accounts established with the Trustee pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority, any Independent Financial Consultant, the Underwriter, the School District, and Community Facilities District No. 11, during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee.

The Authority shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Bond proceeds, the Revenues, the Special Tax Refunding Bonds and all funds and accounts established pursuant to the Indenture (other than those records and accounts kept by the Trustee). Such books of record and account shall be available for inspection by the Trustee, any Independent Financial Consultant, the School District, and Community Facilities District No. 11, during regular business hours and upon twenty-four (24) hours prior notice and under reasonable circumstances as agreed to by the Authority.

Waiver of Laws.

The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension of law now or at any time hereafter in force that may have a material adverse effect on the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by the Authority to the extent permitted by law.

No Arbitrage.

The Authority shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Date of Delivery would have caused any of the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

Compliance with Rebate Requirement.

The Authority shall assure compliance with the requirements for a rebate of excess investment earnings to the federal government in accordance with section 148(f) of the Tax Code and applicable Tax Regulations.

Private Business Use Limitation.

The Authority shall assure that:

(a) no more than ten percent (10%) of the Proceeds of the Bonds (as defined in the Tax Code) is used for Private Business Use (as defined in the Tax Code) if, in addition, the payment of the principal of, or the interest on, more than ten percent (10%) of the Proceeds of the Bonds is (under the terms of the Bonds or any underlying arrangement) directly or indirectly, (i) secured by any interest in property, or payments in respect of property, used or to be used for a Private Business Use, or (ii) to be derived from payments (whether or not to the Authority) in respect of property, or borrowed money, used or to be used for a Private Business Use; and

(b) in the event that in excess of five percent (5%) of the Proceeds of the Bonds is used for a Private Business Use, and, in addition, the payment of the principal of, or the interest on, more than five percent (5%) of the Proceeds of the Bonds is (under the terms of the Bonds or any underlying arrangement), directly or indirectly, secured by any interest in property, or payments in respect of property, used or to be used for said Private Business Use or is to be derived from payments (whether or not to the Authority) in respect of property, or borrowed money, used or to be used for a Private Business Use, then, (A) said excess over said five percent (5%) of the Proceeds of the Bonds which is used for a Private Business Use shall be used for a Private Business Use related to a government use of such proceeds, and (B) each such Private Business Use over five percent (5%) of the Proceeds of the Bonds which is related to a government use of such Proceeds shall not exceed the amount of such Proceeds which is used for the government use of Proceeds to which such Private Business Use is related.

Limitation of Use of Proceeds for the Bonds.

In the event that loans are made, directly or indirectly, to a borrower other than a governmental unit, the Authority shall assure that not in excess of five percent (5%) of the Proceeds of the Bonds is used for such purpose. The provisions of this paragraph do not apply to loans constituting non-purpose investments or to loans which enable the borrower to finance any governmental tax or assessment of general application for specific essential governmental functions.

Federal Guarantee Prohibition.

The Authority shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code and applicable Tax Regulations.

Special Tax Refunding Bonds.

The Authority shall cause to be collected and paid to it all Revenues payable with respect to the Special Tax Refunding Bonds promptly as such Revenues become due and payable, and shall vigorously enforce and cause to be enforced all rights of the Authority and the Trustee under and with respect to the Special Tax Refunding Bonds. Upon any failure of the Authority to perform as required by the Indenture, the Trustee shall, subject to the provisions of the Indenture, take appropriate actions to collect and cause the Revenues to be paid to the Trustee. The Authority shall instruct Community Facilities District No. 11 to authenticate and deliver to the Trustee the Special Tax Refunding Bonds registered in the name of the Trustee.

Continuing Disclosure.

The Authority has covenanted and agreed that it will carry out the provisions of the Continuing Disclosure Agreement or cause such provisions to be carried out. Notwithstanding any provision in the Indenture to the contrary, failure by the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default for purposes of the Indenture; however, any Bond Owner may take such actions as may be necessary and appropriate, including seeking a mandate or specific performance by court order, to cause the Authority to comply with its obligations under the Continuing Disclosure Agreement, as specified therein.

Compliance with State Reporting Guidelines.

The Authority shall comply with the State of California (the "State") reporting guidelines as required by the provisions of the Act. Notwithstanding any provision in the Indenture to the contrary, failure by the Authority to comply with the State reporting guidelines shall not be considered an Event of Default for purposes of the Indenture; however, any Bond Owner may take such actions as may be necessary and appropriate, including seeking a mandate or specific performance by court order, to cause the Authority to comply with its obligations under this covenant.

Limitation on Additional Bonds.

Except for Parity Bonds issued pursuant to the provisions of the Indenture, the Authority shall not issue any other bonds, or other securities secured by the same Revenues as are used to secure the Bonds. However, the foregoing shall not be interpreted to prevent a refunding of the Bonds, or to prevent the Authority from consenting to a refunding of the Special Tax Refunding Bonds, provided that the security of the Owners in the Revenues pledged, or pursuant to the Indenture, is maintained.

Sale of Special Tax Refunding Bonds.

Notwithstanding anything in the Indenture to the contrary, the Authority may cause the Trustee to sell, from time to time, all or a portion of the Special Tax Refunding Bonds (as shall be designated by the Authority at the time) and use the proceeds of such sale to purchase or redeem Outstanding Bonds; provided that the Authority shall deliver to the Trustee:

(a) a certificate from an Independent Accountant or Independent Financial Consultant to the effect that, following the disposition of such Special Tax Refunding Bonds, the Revenues to be paid to the Trustee (assuming the timely payment of the amounts due thereon with regard to any Special Tax Refunding Bonds not then in default), together with interest and principal due on any Defeasance Obligations pledged to the repayment of the Bonds or the Revenues then on deposit in the Funds and Accounts established under the Indenture (valuing any Permitted Investments held thereunder at the fair market value thereof), will be sufficient to pay the principal of and interest on the Bonds when due; and

(b) an opinion of Bond Counsel to the effect that such sale of the Special Tax Refunding Bonds is authorized under the provisions of the Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of State or federal income taxation.

Upon compliance with the foregoing conditions, the Trustee shall sell such designated Special Tax Refunding Bonds in accordance with the Written Request of the Authority and disburse the proceeds of such sale at the direction of the Authority to be applied to the redemption, purchase or defeasance of Bonds or upon the request of the Authority shall deposit such proceeds in the Revenue Fund or Redemption Fund to be applied to the redemption, purchase or defeasance of Bonds, as appropriate.

Further Assurances.

The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Events of Default and Remedies of Bond Owners.

Events of Default; Notice of Event of Default.

With respect to the Bonds, the following events shall be Events of Default:

(a) if default by the Authority shall be made in the due and punctual payment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for sinking fund redemption, or otherwise;

(b) if default by the Authority shall be made in the due and punctual payment of any installment of interest on any Bonds when and as the same shall become due and payable;

(c) if default shall be made by the Authority in the observance of any of the other covenants, agreements, or conditions on its part in the Indenture, if such default shall have continued for a period of thirty (30) days after written notice thereof and specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding as determined in the Indenture; provided, however, if the failure stated in the notice can be corrected (other than a failure to pay the Trustee's fees and expenses, which may only be waived by the Trustee), but not within the applicable period, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Authority within the applicable period and diligently pursued until the default is corrected; and

(d) the occurrence of an Event of Bankruptcy with respect to the Authority.

No Acceleration.

The Bonds are not subject to acceleration in the payment of interest or principal.

Remedies of Bond Owners.

Subject to the provisions of the Indenture, any Bond Owner shall have the right, for the equal benefit and protection of all Bond Owners:

(a) by mandamus, suit, action or proceeding, to compel the Authority and its members, officers, agents or employees to perform each and every term, provision, and covenant contained in the Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Authority in respect of such Series and the fulfillment of all duties imposed upon it by the Bond Law;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful or the violation of any of the Bond Owners' rights; or

(c) upon the happening of any Event of Default, by suit, action or proceeding in any court of competent jurisdiction, to require the Authority and its members and employees to account as if it and they were the trustees of an express trust.

Application of Revenues and other Funds After Default.

If an Event of Default with respect to the Bonds, shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Authority shall immediately upon receipt by the Authority be transferred by the Authority to the Trustee and be deposited by the Trustee in the appropriate accounts of the Bond Fund and all amounts held in the Revenue Fund by the Trustee and all Revenues and any other funds (excluding the Rebate Fund) then held or thereafter received by the Authority or the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

(a) to the payment of any fees and expenses of the Trustee necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture; and

(b) to the payment of the principal of and interest then due with respect to the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

First: to the payment to the Persons entitled thereto of all payments of interest on the Bonds then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all of the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference.

Trustee to Represent Bond Owners.

Subject to the provisions of the Indenture, the Trustee is irrevocably appointed as trustee and true and lawful attorney-in-fact of the Owners of the Bonds (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owners under the provisions of the Bonds, the Indenture, the Bond Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of not less than a majority in

aggregate principal amount of the Bonds then Outstanding shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee and such Owners under the Bonds, the Indenture, the applicable Supplemental Indenture, the Bond Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture, or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds as their interests appear, subject to the provisions of the Indenture.

Bond Owners' Direction of Proceedings.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default with respect to the Bonds, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to the Indenture, shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture in respect of the Bonds; provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and if the Bonds are no longer Outstanding, that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond Owners not parties to such direction.

Limitation on Bond Owners' Right to Sue.

No Owner of any of the Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Agreement, the Bond Law, or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default with respect to the Bonds; (b) the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to the Indenture, shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name; (c) such Owner or said Owners shall have tendered to the Trustee indemnity against the costs, expenses, and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be a condition precedent to the exercise by any Owner of Bonds of any remedy under the Indenture or under law; it being understood and intended that one or more Owners of Bonds shall not have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, the Indenture, the Bond Law or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners of the Outstanding Bonds as their interests appear, subject to the provisions of the Indenture.

Absolute Obligation of Authority.

Nothing in any other provision of the Indenture or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as provided in the Indenture and subject to the restrictions set forth therein, but only out of the Revenues and other assets in the Indenture pledged therefor and received by the Authority or the Trustee, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Indenture.

Termination of Proceedings.

In case any proceedings taken by the Trustee, or any one or more Bond Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, or the Bond Owners, then in every such case the Authority, the Trustee, and the Bond Owners shall be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Bond Owners shall continue as though no such proceedings had been taken.

Remedies Not Exclusive.

No remedy in the Indenture conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise.

No Waiver of Default.

No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee, or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Issuance of Parity Bonds.

The Authority may at any time after the issuance and delivery of the Bonds issue Parity Bonds payable from Revenues and other amounts deposited in the funds and accounts created under the Supplemental Indenture (other than in the Program Fund, the Authority Administrative Expense Fund and any rebate fund that may be established for any Series of Parity Bonds) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Revenue Bonds and any other Parity Bonds theretofore issued under this Indenture or under any Supplemental Indenture. Parity Bonds may only be issued for the purpose of refunding Outstanding Bonds where the issuance of such Parity Bonds will result in a reduction of Annual Debt Service on all Bonds to be Outstanding following the issuance of such Parity Bonds.

Modification or Amendment of the Indenture.

Amendments Permitted.

(a) The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into (i) to conform to the official statement dated June 19, 2009, with respect to the Bonds, and (ii) with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to the Indenture, which shall have been filed with the Trustee. No such modification or amendment shall: (i) extend the fixed maturity of any Bonds, reduce the amount of principal thereof, reduce the rate of interest thereon, extend the time of payment, or reduce any premium payable upon redemption of the Bonds without the consent of the Owner of each Bond so affected; or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment; or (iii) permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the liens created by the Indenture or deprive the Owners of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture, the Trustee shall cause to be mailed a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) The Indenture and any Supplemental Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by an

indenture or indentures supplemental hereto, which the Authority and the Trustee may enter into, without the consent of any Bond Owners for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the Authority in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power in the Indenture reserved to or conferred upon the Authority;
- (ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture, or as to any other provisions of the Indenture as the Authority may deem necessary or desirable, in any case which do not adversely affect the security for the Bonds granted under the Indenture;
- (iii) to modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;
- (iv) to modify, amend or supplement the Indenture in such manner as to cause interest on the Bonds to remain excludable from gross income for purposes of federal income taxation by the United States of America;
- (v) to supplement the Indenture to provide for the issuance of Parity Bonds; and
- (vi) to modify or amend any provision of the Indenture with any effect and to any extent whatsoever permissible by law, provided that any such modification or amendment shall apply only to the Bonds issued and delivered subsequent to the execution and delivery of the applicable Indenture.

Effect of Supplemental Indenture.

Upon the execution of any Supplemental Indenture pursuant to the Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee, and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement of Bonds: Preparation of New Bonds.

Bonds delivered after the execution of any Supplemental Indenture pursuant to the Indenture may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

Amendment of Particular Bonds.

The provisions of the Indenture shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

Amendment of Special Tax Refunding Bonds.

Nothing in the Indenture, or in any applicable Supplemental Indenture (unless such Supplemental Indenture shall provide expressly to the contrary), shall prohibit the Authority from consenting to the amendment, supplement or other modification of any Special Tax Refunding Bonds or the proceedings providing for the issuance thereof provided that the Authority shall first deliver to the Trustee a Written Certificate describing such amendment, supplement, or other modification and stating that such amendment, supplement, or other modification will not adversely affect the security of the Owners of the Bonds under the Indenture and the applicable Supplemental

Indenture, together with (i) a certificate of an Independent Financial Consultant stating that such amendment, supplement, or other modification will not adversely impact the Authority's ability to pay principal and interest of the Bonds (used to acquire such Special Tax Refunding Bonds); and (ii) an opinion of Authority Bond Counsel that such amendment, supplement or other modification will not impair the exclusion from gross income of interest on the Bonds for purposes of federal income taxation by the United States of America. The Trustee shall take such actions as shall be directed by the Authority in writing in implementation of such amendment, supplement, or other modification, including, without limitation, the acceptance by the Trustee of revised Special Tax Refunding Bonds in exchange for the amended, supplemented, or otherwise modified Special Tax Refunding Bonds.

Defeasance of the Bonds.

Discharge of Indenture.

The Bonds, or any portion thereof, may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable under the Indenture by the Authority:

- (a) by paying or causing to be paid the principal of and interest and premium, if any, on the Bonds or any portion thereof, as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee, or other designated escrow holder, in trust (pursuant to an escrow agreement), at or before maturity, Defeasance Obligations in the necessary amount (as provided in the Indenture) to pay or redeem all or any portion of the Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all or any portion of the Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable under the Indenture by the Authority including, without limitation, any compensation or other amounts due and owing the Trustee thereunder, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture and the documentation set forth in the following sentence), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture shall cease, terminate, become void and be completely discharged and satisfied. Prior to any defeasance becoming effective, the Authority shall cause to be delivered to the Trustee: (i) an executed copy of a report, addressed to the Trustee of an Independent Accountant, verifying that the Defeasance Obligations and cash, if any, satisfy the requirements of (a), (b) or (c) above; (ii) a copy of any escrow deposit agreement entered into in connection with such defeasance; and (iii) an opinion of nationally recognized bond counsel to the effect that upon such defeasance that the Bonds shall no longer be Outstanding under the terms of the Indenture. Each verification report and defeasance opinion required under (i) and (iii) shall be acceptable in form and substance, and addressed, to the Authority and the Trustee. In such event, upon the Written Request of the Authority, and upon receipt of a Written Certificate of an Authorized Representative of the Authority, each to the effect that all conditions precedent provided for in the Indenture for relating to the discharge and satisfaction of the obligations of the Authority have been satisfied, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture and the applicable Supplemental Indenture, which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption, to the Authority.

Discharge of Liability on Bonds.

Upon the deposit with the Trustee, in trust, at or before maturity, of Defeasance Obligations in the necessary amount (as provided in the Indenture) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Indenture.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Deposit of Defeasance Obligations.

Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture and shall be:

(a) lawful money of the United States of America, in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds, premium, if any, and all unpaid interest thereon to the redemption date; or

(b) noncallable Defeasance Obligations, the principal of, premium, if any, and interest on which when due will provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal and interest become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Written Request of the Authority) to apply such funds to the payment of such principal and interest with respect to such Bonds.

Payment of Bonds After Discharge of Indenture.

Notwithstanding any provisions of the Indenture, but subject to the escheat laws of the State, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Authority free from the trusts created by the Indenture and the applicable Supplemental Indenture, and all liability of the Trustee, as applicable, with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall at the cost of the Authority, mail, by first class mail, postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee, as applicable, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

The Bond Indentures

The following is a summary of certain provisions of the Improvement Area B Bond Indenture. The provisions of the Improvement Area B Bond Indenture are substantially equivalent to the provisions of the Improvement Area C Bond Indenture except where specified otherwise below in italics. For purposes of reviewing this summary as it applies to the Improvement Area C Bond Indenture, the reader should substitute "Improvement Area C" for "Improvement Area B" as it occurs throughout this summary except as specified otherwise.

Definitions.

For purposes of this summary and except as specified below, the capitalized terms set forth in the Improvement Area B Bond Indenture are defined therein as set forth below.

"Administrative Expense Fund" means the fund by that name established pursuant to the Indenture.

"Administrative Expense Requirement" means an annual amount equal to \$24,379.89 subject to escalation by 2% in each Bond Year commencing in the Bond Year beginning on September 2, 2015.

"Administrative Expenses" means (a) the expenses directly related to the administration of the District, including, but not limited to, the following: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District or a designee thereof or both); the costs of collecting the Special Taxes (whether by the County of San Diego, the School District or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent; the costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties of the Fiscal Agent required under the Indenture; the costs of the School District, the District, or any designee thereof of complying with School District, District or obligated person disclosure requirements associated with applicable federal or state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the School District, District, or any designee thereof related to an appeal of the Special Tax; and the costs of any credit enhancement obtained by the School District or the District and (b) the District's Proportionate Share of the Authority Administrative Expenses. Administrative Expenses shall also include Delinquency Collection Expenses.

"Annual Debt Service" means as to the Improvement Area B Bonds, for each Bond Year, the sum of (a) the interest payable on the Outstanding Improvement Area B Bonds in such Bond Year, and (b) the principal amount of the Outstanding Improvement Area B Bonds scheduled to be paid in such Bond Year.

"Associate Superintendent" means the Associate Superintendent, Business Support Services of the School District, acting for and on behalf of the District.

"Authority Administrative Expense Fund" means the Administrative Expense Fund established pursuant to the Authority Indenture.

"Authority Administrative Expenses" shall have the meaning given such term in the Authority Indenture.

"Authority Bonds" shall have the meaning given such term or the term 2014C Bonds in the Authority Indenture.

"Authority Indenture" means that Indenture of Trust, dated as of July 1, 2014, by and between the Poway Unified School District Public Financing Authority and Zions First National Bank, as trustee, pertaining to the Poway Unified School District Public Financing Authority Special Tax Revenue Bond, Series 2014C.

"Authority Reserve Fund" means the Reserve Fund established pursuant to the Authority Indenture.

"Authority Reserve Requirement" shall have the meaning given to the term "Reserve Requirement" in the Authority Indenture.

"Authority Trustee" means Zions First National Bank, acting in its capacity as trustee pursuant to the Authority Indenture.

"Authorized Representative" of the District means the Superintendent or Associate Superintendent, acting on behalf of the District, or any other person designated by the Superintendent or Associate Superintendent and

authorized to act on behalf of the District under or with respect to the Indenture and all other agreements related hereto.

"Average Annual Debt Service" means the average over all Bond Years (from the date of the Improvement Area B Bonds to their maturity) of Annual Debt Service.

"Bond Counsel" means an attorney or firm of attorneys, selected by the District, of nationally recognized standing in matters pertaining to the tax treatment of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of the State.

"Bond Service Fund" means the fund created and established pursuant to the Indenture.

"Bond Year" means each twelve-month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year for each Series of the Improvement Area B Bonds which shall be the period from the Delivery Date thereof to September 1 immediately following such Delivery Date.

"Bondowner" or "Owner," or any similar term, means any person who shall be the registered owner or his duly authorized attorney, trustee, representative or assign of any Outstanding Improvement Area B Bond which shall at the time be registered.

"Bonds" or "Improvement Area B Bonds" means the Improvement Area B 2014 Bonds and any Parity Bonds at any time Outstanding pursuant to the Indenture.

"Business Day" means a day that is not a Saturday or a Sunday or a day of the year on which banks in New York, New York and Los Angeles, California, or where the Principal Corporate Trust Office is located, are not required or authorized to remain open.

"Code" means the Internal Revenue Code of 1986, as amended.

"Comptroller of the Currency" means the Comptroller of the Currency of the United States.

"Costs of Issuance" means, as to each Series of the Bonds, all of costs of issuing such Bonds, including, but not limited to, all printing and document preparation expenses in connection with the Indenture and any Supplemental Indenture, such Bonds, and any and all other agreements, instruments, certificates or other documents issued in connection therewith; any computer and other expenses incurred in connection with such Bonds; the initial fees and expenses of the Fiscal Agent (including without limitation, legal fees, acceptance fees, and first annual fees payable in advance); the fees and expenses of the appraiser, market absorption consultant, bond counsel, disclosure counsel, Independent Financial Consultant and other fees and expenses incurred in connection with the issuance of such Bonds, to the extent such fees and expenses are approved by the District.

"Delinquency Collection Expenses" means those fees and expenses of the District incurred by or on behalf of the District in or related to the collection of delinquent Special Taxes.

"Delinquency Proceeds" means the net amounts collected from the redemption of delinquent Special Taxes including the penalties and interest thereon and from the sale of property sold as a result of the foreclosure of the lien of the Special Taxes resulting from the delinquency in the payment of Special Taxes due and payable on such property and net of County of San Diego, foreclosure counsel and other fees and expenses incurred by or on behalf of the District or the School District in undertaking such foreclosure proceedings.

"Delivery Date" means the date on which such Series of the Bonds are issued and delivered to the initial purchaser thereof. The Delivery Date for the 2014 Bonds shall be July 30, 2014.

"Depository" means DTC and its successors and assigns if and when the Improvement Area B Bonds may be registered with the Depository or if the Bonds having been registered with a Depository, (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the District discontinues use of the Depository pursuant to the Indenture, any other securities depository which agrees to follow procedures required to be followed by a securities depository in connection with the B Bonds and which is selected by the Associate Superintendent.

"District" or "CFD No. 11" means Poway Unified School District Community Facilities District No. 11 (StoneBridge Estates).

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Excess Authority Rebate Obligation" means that portion of any obligation of the Authority to make a payment to the United States pursuant to the Authority Indenture that exceeds the funds then on deposit in the Rebate Fund established pursuant to the Authority Indenture.

"Escrow Agent" means Zions First National Bank, acting as escrow agent under and pursuant to the Escrow Agreement.

"Escrow Agreement" means that Escrow Deposit and Trust Agreement, dated as of July 1, 2014, between the District and the Escrow Agent related to the defeasance and refunding of the Prior Special Tax Bonds.

"Fiscal Agent" means Zions First National Bank, and any successor thereto.

"Fiscal Year" means the 12-month period beginning July 1 of each year and terminating on June 30 of the following year, or any other annual accounting period hereinafter selected and designated by the District as its fiscal year in accordance with applicable law.

"Funding Agreement" means the Funding Allocation Agreement, dated as of July 1, 2014, among the Authority, the School District and the District.

"Improvement Area" means Improvement Area B of CFD No. 11.

"Improvement Area B 2014 Bonds" means the \$11,740,000 Poway Unified School District Community Facilities District No. 11 (StoneBridge Estates) Improvement Area B Special Tax Refunding Bonds, Series 2014.

"Indenture" means the Bond Indenture, as amended or supplemented pursuant to the terms thereof.

"Independent Accountant" means any certified public accountant or firm of such certified public accountants appointed and paid by the District, and who, or each of whom:

1. is in fact independent and not under domination of the District or the School District;
2. does not have any substantial interest, direct or indirect, in the District or the School District; and
3. is not an officer or employee of the District or the School District, but who may be regularly retained to make annual or other audits of the books of or reports to the School District or the District.

"Independent Financial Consultant" means any person or firm possessing demonstrated experience and expertise in the preparation of special tax formulas, the administration of special taxes levied for community facilities districts and the provision of advice to public agencies with respect to the issuance and administration of bonds of community facilities districts secured by the levy of special taxes. Any such person or firm shall be appointed and paid by the District and who, or each of whom:

1. is in fact independent and not under domination of the District or the School District;
2. does not have any substantial interest, direct or indirect, in the District, the School District, or the Authority; and
3. is not an officer or employee of the District, the School District, or the Authority, but who may be regularly retained by the District, the School District, or other community facilities districts formed by the School District to administer the levy of special taxes within such community facilities districts.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>); provided, however, in accordance with the current guidelines of the Securities and Exchange Commission, "Information Services" shall mean such other organizations providing information with respect to called bonds as the District may designate in a Written Certificate of the District delivered to the Trustee.

"Interest Account" means the account by that name established within the Bond Service Fund pursuant to the Indenture.

"Interest Payment Date" means March 1 and September 1 of each year, commencing March 1, 2015 as to the Improvement Area B 2014 Bonds.

"Legislative Body" means the Board of Education of the School District, acting as the legislative body of the District.

"Maximum Annual Debt Service" means, as of the date of any calculation, the largest Annual Debt Service during the current or any future Bond Year.

"Mello-Roos Act" means the "Mello-Roos Community Facilities Act of 1982," as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California.

"Mitigation Agreement" means the School Impact Mitigation and Public Facilities Funding Agreement between the School District and Sycamore Estates, LLC, a Delaware limited liability company, Sycamore II Estates, 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, as it may be amended, superseded or supplemented by the parties thereto.

"Moody's" means Moody's Investors Service, its successors and assigns.

"Net Special Tax Revenues" means Special Tax Revenues minus, as to each Bond Year, an amount equal to the Administrative Expense Requirement applicable for each Series of the Bonds for such Bond Year.

"Outstanding" means as to the Bonds, all of the Bonds, except:

1. Bonds theretofore canceled or surrendered for cancellation in accordance with the Indenture;
2. Bonds for the transfer or exchange of or in lieu of or in substitution for which other Improvement Area B Bonds shall have been authenticated and delivered by the Fiscal Agent pursuant to the terms of the Indenture; and
3. Bonds for the payment or redemption of which moneys shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds); provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or any applicable Supplemental Indenture.

"Parity Bonds" means Bonds hereinafter issued which are secured by and payable from an irrevocable first lien on the Net Special Tax Revenues which lien is on a parity with the lien securing the Improvement Area B 2014 Bonds.

"Participant" means a member of or participant in the Depository.

"Prior Indenture" means the Bond Indenture, dated as of December 1, 2005, by and between CFD No. 11 and Zions First National Bank, as fiscal agent.

"Prior Special Tax Bonds" means the outstanding Poway Unified School District Community Facilities District No. 11 (StoneBridge Estates) Improvement Area B 2005 Special Tax Bonds issued in the original principal amount of \$9,035,000. *"Prior Special Tax Bonds" means the outstanding Poway Unified School District Community Facilities District No. 11 (StoneBridge Estates) Improvement Area C 2005 Special Tax Bonds issued in the original principal amount of \$13,475,000.*

"Permitted Investments" has the meaning of such term set forth in the summary of the Authority Indenture.

"Prepayments" means Special Tax Revenues identified to the Fiscal Agent by an Authorized Representative as representing a prepayment of the Special Tax for one or more parcels in the District made in accordance with the Special Tax RMA net of the amount of the cost of the computation of the prepayment, the cost of redeeming the applicable Bonds as a result of such prepayment and the cost of any notices to evidence the prepayment or the redemption of such Bonds.

"Principal Account" means the account by such name established in the Bond Service Fund pursuant to the Indenture.

"Principal Corporate Trust Office" means the office of the Fiscal Agent at 550 S. Hope Street, Suite 2875, Los Angeles, CA 90071, or such other offices as may be specified to the District by the Fiscal Agent in writing.

"Proportionate Share" shall have the meaning given such term in the Funding Agreement.

"Record Date" means the fifteenth (15th) calendar day of the month immediately preceding an Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established pursuant to the Indenture.

"Regulations" means the regulations promulgated under the Internal Revenue Code of 1986, as amended.

"Resolution of Formation" means Resolution No. 34-2004 of the Board of Education forming and establishing the District.

"School District" means the Poway Unified School District.

"Securities Depositories" means The Depository Trust Company, New York, New York, and its successors and assigns and any replacement securities depository as may be designated in writing executed by an Authorized Representative of the District.

"Series" means any series of Bonds issued pursuant to the Indenture or any Supplemental Indenture.

"Special Tax Refunding Bonds" has the meaning given such term in the Authority Bond Indenture.

"Special Tax Fund" means the fund by that name established pursuant to the Indenture.

"Special Tax Requirement" has the meaning given such term in the Special Tax RMA.

"Special Tax Revenues" means (a) the proceeds of the Special Tax levied and received by the District, (b) the Delinquency Proceeds, and (c) Prepayments.

"Special Tax RMA" means the rate and method of apportionment of the Special Tax originally approved at the special election held in the District on January 20, 2004, as may be modified from time to time in accordance with the Act.

"Standard & Poor's" or "S&P" means Standard & Poor's Rating Services, its successors and assigns.

"State" means the State of California.

"Superintendent" means the Superintendent of the School District, acting for and on behalf of the District.

"Supplemental Indenture" means any bond indenture then in full force and effect which has been duly approved by resolution of the Legislative Body under and pursuant to the Act at a meeting of the Legislative Body duly convened and held, at which a quorum was present and acted thereon, amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Tax Exempt" means, with reference to a Permitted Investment, a Permitted Investment the interest earnings on which are excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, other than one described in Section 57(a)(5)(C) of the Code.

"Taxable Property" shall have the meaning given such term in the Special Tax RMA.

"Yield" has the meaning assigned to such term for purposes of Section 148(f) of the Code.

Funds and Accounts.

Special Tax Fund.

A. The District shall, no later than the tenth (10th) Business Day after which Special Tax Revenues have been received by the District, and in any event not later than February 15 and August 15 of each year, transfer such Special Tax Revenues to the Fiscal Agent and, except as set forth in paragraph B., such amounts shall be deposited in the Special Tax Fund.

B. With the exception of Special Tax Revenues representing Prepayments which shall be transferred pursuant to the provisions of the Indenture below, the Special Tax Revenues deposited in the Special Tax Fund shall be held in trust and transferred to the following other funds and accounts on the dates and in the amounts set forth in the following paragraphs and in the following order of priority:

1. The Fiscal Agent shall each Fiscal Year transfer to the Administrative Expense Fund from the first Special Tax Revenues received by the Fiscal Agent during such Fiscal Year an amount equal to the Administrative Expense Requirement.

2. The Fiscal Agent shall deposit in the Interest Account of the Bond Service Fund, on each Interest Payment Date and date for redemption of the Bonds, an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest due or becoming due and payable on such Interest Payment Date on all Outstanding Bonds or to be paid on the Bonds being redeemed on such date.

3. The Fiscal Agent shall deposit in the Principal Account of the Bond Service Fund, on each Interest Payment Date and redemption date on which the principal of or of any Parity Bonds shall be subject to mandatory sinking fund redemption pursuant to the Supplemental Indenture providing for the issuance of such Parity Bonds, an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of, and premium (if any) on, the Bonds coming due and payable on such Interest Payment Date or are subject to mandatory sinking fund redemption.

4. After making the transfer and deposits required under 1. through 3. above, the Fiscal Agent shall transfer to the Authority Trustee the amount, if any, necessary to restore the Authority Reserve Fund to the Authority Reserve Requirement, but only to the extent that any draw on the Authority Reserve Fund was attributable, as determined by the Authority upon request of the Trustee to so determine, to a deficiency in the amount of debt service received by the Authority on the Bonds.

5. On September 2 of each year after making the deposits and transfers required under 1. through 4. above, or after September 2, if funds become available after September 2, upon receipt of written instructions from an Authorized Representative, the Fiscal Agent shall transfer from the Special Tax Fund to the Authority Trustee the District's Proportionate Share of any Excess Authority Rebate Obligation that is or will be due and payable during the Bond Year commencing on such September 2. Any such transfer shall be accompanied by written notice to the Authority Trustee that the amount transferred is to be deposited in the Rebate Fund established pursuant to the Authority Indenture.

6. On September 2 of each year after making the deposits and transfers required under 1. through 5. above, or after September 2, if funds become available after September 2, upon receipt of a written request of an Authorized Representative, the Fiscal Agent shall transfer from the Special Tax Fund to the Administrative Expense Fund the amounts specified in such request to pay:

- (i) those Administrative Expenses that the District reasonably believes will become due and payable during such Bond Year or the cost of which Administrative Expenses have previously been incurred and paid by the District from funds other than the Administrative Expense Fund;
- (ii) the District's Proportionate Share of Authority Administrative Expenses which the District reasonably determines will become due and payable during such Bond Year or the cost of which Authority Administrative Expenses have been previously paid by the Authority or the District from funds other than the Authority Administrative Expense Fund; and
- (iii) the cost of such Administrative Expenses and the District's Proportionate Share of the Authority's Administrative Expenses paid or projected to be paid from the Administrative Expense Fund during the Bond Year commencing on such September 2, that will be in excess of the Administrative Expense Requirement for such Bond Year.

7. If, on or after September 2 of each year, after making the deposits and transfers required under 1. through 6. above, moneys remain in the Special Tax Fund, such monies shall remain on deposit therein the Special Tax Fund and shall be subsequently deposited or transferred pursuant to the provisions of 1. through 6 above, provided, however, the District may, by written instructions executed by an Authorized Representative, direct the Fiscal Agent to transfer such moneys to the Custodian, for and on behalf of the District, for deposit in the CFD No. 11 Custodial Account, if any, or if the CFD No. 11 Custodial Account has been closed, to the School District, for and on behalf of the District, and such funds shall be used only to finance Surplus School Facilities as are authorized pursuant to the Act, the Resolution of Formation and the Mitigation Agreement.

C. The Fiscal Agent shall, upon receipt of Special Tax Revenues representing Prepayments together with written instructions of the District executed by an Authorized Representative, immediately transfer such Prepayments pursuant to such written instructions into the Interest Account of the Bond Service Fund and the Redemption Fund, as applicable, and utilize such funds to pay the interest and premium, if any, on and principal of Bonds to be redeemed pursuant to the Indenture. The Fiscal Agent may conclusively rely upon such instructions.

D. When there are no longer any Bonds Outstanding, any amounts then remaining on deposit in the Special Tax Fund shall be transferred to the District and used only for such lawful purposes of the District as are authorized pursuant to the Act, the Resolution of Formation and the Mitigation Agreement.

Bond Service Fund.

Interest Account.

All moneys in the Interest Account, including the proceeds of the Bonds deposited in the Capitalized Interest Subaccount to fund interest on the Bonds in part through March 1, 2015, shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity).

Principal Account.

All moneys in the Principal Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of (1) paying the principal of the Bonds at the maturity thereof or (2) paying the mandatory sinking fund redemption price of any Bonds.

Redemption Fund.

Moneys shall be deposited into the Redemption Fund by the Fiscal Agent pursuant to the terms of the Indenture and shall be set aside and used solely for the purpose of redeeming Bonds in accordance with written instructions of the District executed by an Authorized Representative given in accordance with the provisions of the Indenture. Following the redemption of any Bonds, if any funds remain in the Redemption Fund, such funds shall be transferred to the Special Tax Fund.

Administrative Expense Fund.

The Fiscal Agent shall deposit from time to time the amounts authorized for deposit therein pursuant to the Indenture. The moneys in the Administrative Expense Fund shall be used: (i) to pay Administrative Expenses from time to time upon receipt by the Fiscal Agent of a written request of the District executed by an Authorized Representative; or (ii) for transfer to the Authority Trustee from time to time for payment of the District's Proportionate Share of those Authority Administrative Expenses not paid directly by the Fiscal Agent upon receipt by the Fiscal Agent of a written request of the District executed by an Authorized Representative specifying the estimated amount necessary to fund such share of such Authority Administrative Expenses.

Investment of Funds.

Unless otherwise specified in the Indenture, moneys in the Special Tax Fund, the Bond Service Fund or the Administrative Expense Fund shall, at the written direction of the District executed by an Authorized Representative given at least two (2) days prior, be invested and reinvested in Permitted Investments (including investments with the Fiscal Agent or an affiliate of the Fiscal Agent or investments for which the Fiscal Agent or an affiliate of the Fiscal Agent acts as investment advisor or provides other services so long as the investments are Permitted Investments). Moneys in the Redemption Fund shall, at the written direction of the District executed by an Authorized Representative, be invested in Permitted Investments identified in paragraph 7 of the definition of Permitted Investments. Notwithstanding anything herein to the contrary, in the absence of written investment instructions, the Fiscal Agent shall invest solely in investments identified in paragraph 7 of the definition of Permitted Investments. Any Permitted Investments that are registerable securities shall be registered in the name of the Trustee or its nominee.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the District periodic cash transaction statements, which include detail for all investment

transactions made by the Fiscal Agent hereunder. The Fiscal Agent shall not be required to provide statements for accounts with zero balances.

Obligations purchased as investments of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Except where provided otherwise in the Indenture, any income realized on or losses resulting from investments in any fund or account shall be credited or charged to such fund or account.

Moneys in all funds and accounts may be aggregated for purposes of investing in authorized investments except when it is necessary to segregate a fund or account thereof for purposes of restricting yield on the investment of such funds.

Subject to the restrictions set forth in the Indenture and/or any written investment instructions received by the Fiscal Agent, moneys in all funds and accounts shall be invested in Permitted Investments maturing, or with respect to which payments of principal and interest are scheduled or otherwise payable, not later than the date on which it is estimated that such moneys will be required by the Fiscal Agent for the purposes specified in the Indenture. Permitted Investments purchased under a repurchase agreement may be deemed to mature on the date or dates on which the Fiscal Agent may deliver such Permitted Investments for repurchase under such agreement.

The Fiscal Agent shall sell or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer for such funds and accounts or from such funds and accounts. The Fiscal Agent shall not be liable for any loss from any investments made or sold by it in accordance with the provisions of the Indenture.

The Fiscal Agent is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Fiscal Agent or for any third person or dealing as principal for its own account.

Issuance of Bonds.

The District may at any time after the issuance and delivery of the Improvement Area B 2014 Bonds issue Parity Bonds payable from Net Special Tax Revenues and other amounts deposited in the funds and accounts created under the Supplemental Indenture (other than in the Administrative Expense Fund and any rebate fund that may be established for any Series of Parity Bonds) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be used for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then outstanding.

Amendments or Supplements.

The Legislative Body may, by adoption of a resolution from time to time, and at any time but without notice to or consent of any of the Bondholders, approve a Supplemental Indenture hereto for any of the following purposes:

- (a) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision therein, or to make any other provision with respect to matters or questions arising under the Indenture or in any Supplemental Indenture, provided that such action shall not adversely affect the interests of the Bondowners;
- (b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (c) to modify, alter, amend, or supplement the Indenture in any other respect which is not materially adverse to the interests of the Bondowners;
- (d) to amend any provision of the Indenture relating to the Code as may be necessary or appropriate to assure compliance with the Code and the exclusion from gross income of interest on the Bonds; or
- (e) to provide for the issuance of Parity Bonds pursuant to the terms of the Indenture.

Exclusive of the Supplemental Indentures hereto provided for in the first paragraph above, the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding shall have the right to consent to and

approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing therein shall permit, or be construed as permitting, (i) an extension of the maturity date of the principal of, or the payment date of interest on, any Bond; or (ii) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon without the consent of the affected Bondowner(s), or permit, or be construed as permitting: (A) a preference or priority of any Bond or Bonds over any other Bond or Bonds; (B) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplemental Indenture; or (C) creating of a pledge of or lien or charge upon the Special Tax Revenues superior to the pledge provided for in the Indenture, without the consent of the Owners of all Bonds then Outstanding.

If at any time the District shall desire to approve a Supplemental Indenture, which pursuant to the terms of the Indenture shall require the consent of the Bondowners, the District shall so notify the Fiscal Agent and shall deliver to the Fiscal Agent a copy of the proposed Supplemental Indenture. The District shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondowners at their addresses as they appear in the bond register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the principal office of the District for inspection by all Bondowners. The failure of any Bondowner to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in the Indenture. Whenever at any time within one year after the date of the first mailing of such notice, the District shall receive an instrument or instruments purporting to be executed by the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to the approval thereof by the Legislative Body substantially in the form of the copy thereof referred to in such notice as on file with the District, such proposed Supplemental Indenture, when duly approved by the Legislative Body, shall thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of 60% of the aggregate principal amount of the Bonds have consented to the approval of any Supplemental Indenture, Bonds which are known to the Fiscal Agent to be owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the approval of any Supplemental Indenture hereto and the receipt of consent to any such Supplemental Indenture from the Owners of the appropriate aggregate principal amount of Bonds in instances where such consent is required pursuant to the provisions of the Indenture, the Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modifications and amendments. Notwithstanding anything in the Indenture to the contrary, no Supplemental Indenture shall be entered into which would modify the duties of the Fiscal Agent thereunder, without the prior written consent of the Fiscal Agent.

After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond at such effective date and presentation of his Bond for the purpose at the office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds. If the District shall so determine, new Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond at such effective date such new Bonds shall be exchanged at the corporate trust office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, without cost to each Owner of Outstanding Bonds, upon surrender of such Outstanding Bonds.

Covenants.

As long as the Bonds are Outstanding and unpaid, the District shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants and agreements set forth in the Indenture; provided, however, that said covenants do not require the District to expend any funds other than the Special Tax Revenues.

A. On or before June 1 of each Fiscal Year, the District will review the public records of the County of San Diego, California, in connection with the Special Tax levied in such Fiscal Year to determine the amount of Special Tax actually collected in such Fiscal Year. If the District determines that (i) any single parcel subject to the Special Tax is delinquent in the payment of Special Taxes in the aggregate of \$7,500 or more, or (ii) any single parcel or parcels under common ownership subject to the Special Tax are delinquent in the payment of Special Taxes in the aggregate of \$15,000 or more, the District shall, not later than forty five (45) days of such determination, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner. The District shall cause judicial foreclosure proceedings to be commenced and filed in the superior court not later than ninety (90) days of such determination against any parcel for which a notice of delinquency was given pursuant to the Indenture and for which the Special Taxes remain delinquent. With respect to aggregate delinquencies throughout the District, if the District determines that it has collected less than 95% of the Special Taxes levied in the such Fiscal Year, then the District shall, not later than forty five (45) days of such determination, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the owner of each delinquent parcel (regardless of the amount of such delinquency). The District will cause judicial foreclosure proceedings to be commenced and filed in the superior court not later than ninety (90) days of such determination against any parcel for which a notice of delinquency was given pursuant to the Indenture and for which the Special Taxes remain delinquent.

B. The District shall preserve and protect the security of the Bonds and the rights of the Bondowners and defend their rights against all claims and demands of all persons. Until such time as an amount has been set aside sufficient to pay Outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the District will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or in any Bond issued thereunder.

C. Except for Parity Bonds issued pursuant to the Indenture, the District will not issue any other obligations payable, principal or interest, from the Special Taxes which have, or purport to have, any lien upon the Special Taxes superior to or on a parity with the lien of the Bonds authorized in the Indenture. Nothing in the Indenture shall prevent the District from issuing and selling, pursuant to law, refunding bonds or other refunding obligations payable from and having a first lien upon the Special Taxes on a parity with the Outstanding Bonds so long as the issuance of such refunding bonds or other refunding obligations results in a reduction in the Annual Debt Service on the Bonds and such refunding bonds or other refunding obligations taken together.

D. The District will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds issued under the Indenture on the date, at the place and in the manner provided in said Bonds, but only out of Special Tax Revenues and such other funds as may be therein provided.

E. The District shall comply with all requirements of the Act so as to assure the timely collection of the Special Taxes. The District shall annually ascertain the parcels on which the Special Taxes are to be levied in the following Fiscal Year, taking into account any subdivisions of parcels during the current Fiscal Year. The District shall effect the levy of the Special Tax in accordance with the Special Tax RMA and the Act each Fiscal Year so that the computation of such levy is complete and transmitted to the Auditor of the County of San Diego before the final date on which the Auditor of the County of San Diego will accept the transmission of the Special Tax for the parcels within the District for inclusion on the next real property tax roll. Upon completion of the computation of the amount of the Special Tax levy, the District shall prepare or cause to be prepared, and shall transmit or cause to be transmitted to the Auditor of the County of San Diego, such data as such Auditor requires to include the levy of the Special Tax on the next real property tax roll.

The District finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District has determined that, absent the certification described below, a reduction in the Maximum Special Tax (as such term is defined in the Special Tax RMA) authorized to be levied below the levels provided would interfere with the timely retirement of the Bonds. The District has determined it to be necessary in order to preserve the security for the Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District does covenant, that it shall not initiate proceedings to reduce the Maximum Special Tax, unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together,

certify that, on the basis of the parcels of land and improvements existing in the District as of the July 1 preceding the reduction, the Maximum Special Tax which may be levied on all Assessor's Parcels (as such term is defined in the Special Tax RMA) of Developed Property in each Fiscal Year will equal at least 110% of the gross debt service on all Bonds to remain Outstanding after the reduction is approved and will not reduce the Maximum Special Tax payable from Assessor's Parcels of Developed Property is located to less than 110% of Maximum Annual Debt Service; and (ii) the Board of Education, acting as the Legislative Body of the District, finds pursuant to the Indenture that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds. Any reduction in the Maximum Special Tax approved pursuant to the preceding sentence may be approved without the consent of the Owners of the Bonds.

The District covenants that, in the event that any initiative is adopted by the qualified electors which purports to reduce the Maximum Special Tax below the levels authorized pursuant to the Special Tax RMA or to limit the power or authority of the District to levy Special Taxes pursuant to the Special Tax RMA, the District shall, from funds available under the Indenture, commence and pursue legal action in order to preserve the authority and power of the District to levy Special Taxes pursuant to the Special Tax RMA.

F. The District will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Special Tax Revenues and other funds provided for in the Indenture.

G. The District will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the District or take or omit to take any action that would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code, or obligations which are "federally guaranteed" within the meaning of Section 149(b) of the Code. The District will not allow five percent (5%) or more of the proceeds of the Bonds to be used in the trade or business of any non-governmental units and will not loan five percent (5%) or more of the proceeds of the Bonds to any non-governmental units.

H. The District covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Authority Bonds under Section 103 of the Code. The District will not directly or indirectly use or permit the use of any proceeds of the Authority Bonds or any other funds of the District, or take or omit to take any action, that would cause the Authority Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code. To that end, the District will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds and the Authority Bonds. In the event that at any time the District is of the opinion that for purposes of the Indenture it is necessary to restrict or limit the yield on the investment of any moneys held under the Indenture or otherwise the District shall so instruct the Fiscal Agent in writing, and the Fiscal Agent shall take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the District agrees that there shall be paid from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed, or final Treasury Regulations as may be applicable to the Bonds and the District's Proportionate Share of the Authority Bonds from time to time. This covenant shall survive payment in full or defeasance of the Bonds. The District specifically covenants to transfer or cause to be transferred to the Authority Trustee any amount necessary to pay the District's Proportionate Share of any Excess Authority Rebate Obligation.

Notwithstanding any provision of the Indenture, if the District shall obtain an opinion of Bond Counsel to the effect that any action required under this covenant is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Authority Bonds pursuant to Section 103 of the Code, the Fiscal Agent may rely conclusively on such opinion in complying with the provisions of the Indenture, and the covenant thereunder shall be deemed to be modified to that extent.

I. The District shall not directly or indirectly extend the maturity dates of the Bonds or the time of payment of interest with respect thereto.

J. Not later than October 30th of each year, commencing October 30, 2015, and until October 30th following the final maturity of the Bonds, the District shall supply or cause to be supplied to the California Debt and Investment Advisory Commission by mail, postage prepaid, the information, if any, then required by Government Code Section 53359.5 to be submitted to such agency.

K. The District covenants that it will not adopt any policy pursuant to Section 53344.1 of the Act permitting tender of Bonds in full payment or partial payment of any Special Taxes unless it first receives a certificate of an Independent Financial Consultant that accepting such tender will not result in the District having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds when due.

L. The District shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the District under the provisions of the Indenture. The District warrants that upon the date of execution and delivery of the Bonds, the conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the execution and delivery of such Bonds do exist, have happened and have been performed and the execution and delivery of the Bonds shall comply in all respects with the applicable laws of the State.

Defeasance.

If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in the Indenture, then the Owner of such Bond shall cease to be entitled to the pledge of the Special Tax Revenues, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond under the Indenture shall thereupon cease, terminate and become void and discharged and satisfied. In the event of the defeasance of all Outstanding Bonds and after payment of any amounts then owed to the Fiscal Agent, the Fiscal Agent shall pay over or deliver to the District all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds.

Any Outstanding Bond shall be deemed to have been paid within the meaning expressed in the preceding paragraph if such Bond is paid in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable;
- (b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds established pursuant to the Indenture and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable; or
- (c) by depositing with an escrow bank appointed by the District, in trust, Defeasance Obligations, in such amount as an Independent Accountant shall determine (as set forth in a verification report from such Independent Accountant) will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the funds established under the Indenture and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable;

then, at the election of the District, and notwithstanding that any Outstanding Bonds shall not have been surrendered for payment, all obligations of the District under the Indenture with respect to such Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District to preserve the exclusion of the interest on the Bonds from gross income for federal income tax purposes. Notice of such election shall be filed with the Fiscal Agent not less than ten (10) days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Fiscal Agent. In connection with a defeasance under (b) or (c) above, there shall be provided to the Fiscal Agent a certificate of an Independent Accountant stating its opinion as to the sufficiency of the Defeasance Obligations deposited with the Fiscal Agent or the escrow bank, together with the interest to accrue thereon and moneys then on deposit in the funds established under the Indenture and available for such purpose to pay and discharge the principal of, premium, if any, and interest on all such Bonds to be defeased in accordance with the Indenture as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds being defeased have been legally defeased in accordance with the Indenture.

To accomplish such defeasance, the District shall cause to be delivered: (i) a report of the Independent Accountant verifying the determination made pursuant to paragraph (c) above (the "Verification Report"); and (ii) an opinion of Bond Counsel to the effect that the Bonds are no longer Outstanding. The Verification Report and

opinion of Bond Counsel shall be acceptable in form and substance, and addressed to the District and the Fiscal Agent.

Events of Default

Events of Default.

The following events shall be events of default under the Indenture:

A. Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise.

B. Default in the due and punctual payment of interest on any Bond when and as such interest shall become due and payable.

C. Default by the District in the observance of any of the other covenants, agreements, or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the District by the Fiscal Agent or to the District and the Fiscal Agent by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; provided that such default (other than a default arising from nonpayment of the Fiscal Agent's fees and expenses, which must be cured within such thirty-day period unless waived by the Fiscal Agent) shall not constitute an event of default under the Indenture if the District shall commence to cure such default within said thirty-day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time.

D. The filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the District, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property.

Application of Revenues and Other Funds After Default.

If a default in the payment of the Bonds shall occur and be continuing, all revenues and any other funds then held or thereafter received under any of the provisions of the Indenture shall be applied as follows and in the following order:

A. to the payment of any expenses necessary in the opinion of the District to protect the interest of the Owners of the Bonds and payment of reasonable charges and expenses of the Fiscal Agent (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

B. to the payment of the principal of and interest then due with respect to the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity of redemption, and if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without discrimination or preference.

Remedies of Owners.

Following the occurrence of an event of default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

- A. by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers, or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in the Indenture;
- B. by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or
- C. by a suit in equity to require the District and its members, officers, and employees to account as the trustee of an express trust.

Nothing in any other provision of the Indenture or the Bonds shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners thereof at the respective dates of maturity, as therein provided, out of the Net Special Tax Revenues pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Indenture. The principal of the Bonds shall not be subject to acceleration thereunder.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Act or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action, or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the District and the Owners shall be restored to their former positions, rights, and remedies as if such suit, action, or proceeding had not been brought or taken.

No remedy in the Indenture conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”) is executed and entered into as of July 1, 2014, by and among the Poway Unified School District Public Financing Authority, a joint exercise of powers authority organized and existing under and by virtue of the Constitution and of the laws of the State of California (the “Authority”), and the Poway Unified School District, acting on behalf of Community Facilities District No. 11 (StoneBridge Estates) of the Poway Unified School District (the “District”) with respect to Improvement Areas B and C, Zions First National Bank, a national banking association organized and existing under and by virtue of the laws of the United States of America (the “Bank”) in its capacity as Trustee (the “Trustee”), and Dolinka Group, LLC, a California limited liability company, in its capacity as Dissemination Agent (the “Dissemination Agent”) under this Disclosure Agreement in connection with the issuance of the Poway Unified School District Public Financing Authority Special Tax Revenue Refunding Bonds, Series 2014C (the “Bonds”);

WITNESSETH:

WHEREAS, pursuant to the Bond Indenture, dated as of July 1, 2014 (the “Authority Indenture”), by and between the Authority and the Trustee, the Authority has issued the Bonds in the aggregate principal amount of \$19,550,000; and

WHEREAS, the Bonds are being issued to acquire two series of special tax bonds (the “CFD Bonds”). The CFD Bonds are each being issued pursuant to separate Bond Indentures (each a “CFD Bond Indenture,” and together the “CFD Bond Indentures”), each dated as of July 1, 2014, each by and between the applicable Improvement Area of the District and Zions First National Bank, as Fiscal Agent (collectively, the “Fiscal Agent”);

WHEREAS, each Series of CFD Bonds is payable from and secured by special taxes levied on certain of the property within the applicable Improvement Area;

NOW, THEREFORE, for and in consideration of the mutual premises and covenants herein contained, the parties hereto agree as follows:

Section 1. Purpose of the Disclosure Agreement. The Disclosure Agreement is being executed and delivered by the Authority and the District for the benefit of the owners and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Authority Indenture and the CFD Bond Indentures which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Authority and the District pursuant to, and described in, Sections 3 and 4 of this Disclosure Agreement.

“Annual Report Date” shall mean January 31 next following the end of the Authority’s and the District’s fiscal year, which fiscal year ends, as of the date of this Disclosure Agreement, are June 30.

“Disclosure Representative” shall mean the Superintendent of the School District, acting on behalf of the Authority or the District, or his or her designee, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Dolinka Group, LLC, or any successor Dissemination Agent designated in writing by the Authority and the District and which has filed with the Authority and the District a written acceptance of such designation.

“District” means Community Facilities District No. 11 (StoneBridge Estates) of the Poway Unified School District.

“EMMA System” shall mean the Electronic Municipal Market Access System of the MSRB (as defined below) or such other electronic system designated by the MSRB or the Securities and Exchange Commission (the “S.E.C.”) for compliance with S.E.C. Rule 15c2-12(b).

“Improvement Area” or “Improvement Areas” shall mean Improvement Area B and Improvement Area C of Community Facilities District No. 11 (StoneBridge Estates), as applicable.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“School District” shall mean Poway Unified School District, Poway, California.

Section 3. Provision of Annual Reports.

(a) The Authority and the District shall, or, shall cause the Dissemination Agent to, not later than the Annual Report Date commencing January 31, 2015, provide to the MSRB through the EMMA System in an electronic format and accompanied by identifying information as prescribed by the MSRB and to the Trustee and the Fiscal Agent an Annual Report which is consistent with the requirements of Section 4 of the Disclosure Agreement. Not later than fifteen (15) Business Days prior to the Annual Report Date, the Authority and the District shall provide the Annual Report to the Dissemination Agent. An Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the audited financial statements of the School District may be submitted separately from the balance of the Annual Report provided by the Authority and later than the Annual Report Date if not available by that date. If the Authority or a District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). If the Dissemination Agent has not received a copy of the Annual Report on or before 15 business days prior to the Annual Report Date in any year, the Dissemination Agent shall notify the Authority or the applicable District, of such failure to receive the applicable Annual Report. The Authority and the District shall provide a written certification with the Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Authority and the District and shall have no duty or obligation to review such Annual Report.

(b) If the Authority or a District is unable to provide to the MSRB through the EMMA System and to the Trustee and the Fiscal Agent the Annual Report by the Annual Report Date, the Dissemination Agent shall send a notice to the MSRB through the EMMA System, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the electronic filing requirements of the MSRB for the Annual Reports;

(ii) provide any Annual Report received by it to the MSRB through the EMMA System, the Trustee and the Fiscal Agent as provided herein; and

(iii) if the Dissemination Agent is other than the Authority or the District and to the extent it can confirm such filing of an Annual Report, file a report with the Authority, the District, the Trustee, the Fiscal Agent and the Participating Underwriter certifying that an Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and confirming that it has been filed with the MSRB through the EMMA System.

Section 4. Content of Annual Reports. An Annual Report shall contain or incorporate by reference the following:

(a) With respect to the Authority, the Authority's Annual Report shall provide the following information:

(i) Audited Financial Statements of the Authority prepared in accordance with generally accepted accounting principles as promulgated to apply to government entities from time to time by the Governmental Accounting Standards Board. If audited financial statements are not available, at the time required for filing, unaudited financial statements shall be submitted with the Annual Report, and audited financial statements shall be submitted once available. For purposes of this section, the financial statements of the School District shall be deemed to be the financial statements of the Authority.

(ii) The following information regarding the Bonds and any refunding bonds:

(1) Principal amount of Bonds and any refunding bonds outstanding as of a date within 60 days preceding the date of the Annual Report;

(2) Balance in the Bond Fund as of a date within 60 days preceding the date of the Annual Report; and

(3) Balance in the Authority Surplus Fund as of a date within 60 days preceding the date of the Annual Report; and

(4) Balance in the Reserve Fund and statement of Reserve Requirement as of a date within 60 days preceding the date of the Annual Report.

(b) With respect to the District, the District's Annual Report shall provide the following information with respect to such District, the applicable Improvement Area(s) and its applicable CFD Bonds:

(i) A table summarizing assessed value-to-lien ratios for the property in each applicable Improvement Area and by applicable Rate and Method of Apportionment of Special Taxes land use categories, and will indicating the number of improved and unimproved parcels. The assessed values in such table will be determined by reference to the value of the parcels within the applicable Improvement Area on which the Special Taxes are levied, as shown on the assessment roll of the San Diego County Assessor last equalized prior to the September 30 next preceding the Annual Report Date. The lien values in such table will include all CFD Bonds and

any parity bonds with respect to the applicable Improvement Area(s), but need not include other debt secured by a tax or assessments levied on parcels within an Improvement Area and estimated debt service on any bonds or parity bonds of the District for the related bond year.

(ii) Information regarding the annual special taxes levied with respect to the applicable Improvement Area(s), whether in the case of Developed Property the amounts are the maximum available levy under the Rate and Method of Apportionment of Special Tax, the amount collected, delinquent amounts and percent delinquent for the most recent fiscal year;

(iii) Status of foreclosure proceedings of parcels within the applicable Improvement Area(s) and summary of results of foreclosure sales, if available;

(iv) A land ownership summary listing property owners, if any, responsible for more than 5% of the Special Tax levy as shown on the assessment roll of the San Diego County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, a summary of the Special Taxes levied on the property within the applicable Improvement Area(s) owned by such property owners, and the assessed value of such property, as shown on such assessment roll;

(v) Concerning delinquent parcels as of the immediately preceding August 15;

- number of parcels in the applicable Improvement Area(s) delinquent in payment of Special Tax,
- total of such delinquency and percentage of delinquency in relation to total Special Tax levy,
- status of the actions taken by the School District and/or the District related to any foreclosure proceedings upon delinquent properties within the applicable Improvement Area(s);

(vi) identity of any delinquent taxpayer obligated for greater than 5% of the annual Special Tax levy as of the immediately preceding August 15, plus:

- assessed value of applicable properties, and
- summary of results of foreclosure sales, if available,

(vii) a copy of any report for or concerning the District with respect to the applicable Improvement Area(s) as of the immediately preceding October 31 required under State law;

(viii) Any changes to the Rate and Method of Apportionment of Special Tax with respect to the applicable Improvement Area(s) approved or submitted to the qualified electors of the applicable Improvement Area(s) for approval prior to the filing of the Annual Report;

(ix) With respect to each applicable Improvement Area, the following information:

- The amount of bonds authorized for the applicable Improvement Area(s),
- The amount of bonds issued,
- The date of issuance of such bonds,

- A description of the use of the proceeds of bonds issued, and
- Balance as of a date within 60 days preceding the date of the Annual Report, of any other fund not referenced above; and

(x) At the time of issuance, the Special Taxes of each Improvement Area are not included in the County's Teeter Plan – provide a statement as to whether or not the Special Taxes of each Improvement Area continue to be excluded from the County's Teeter Plan.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the Authority or a District, as applicable, shall provide such further information, if any, as may be necessary to make the statements required under Section 4(b), in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or a District or related public entities, which have been submitted to the MSRB through the EMMA System or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Authority or District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Authority and the District, as applicable, shall give, or cause to be given in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to its Bonds or CFD Bonds, as applicable:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;⁽¹⁾

(xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within three business days of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Authority or applicable District, as applicable, promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (e). For purposes of this Disclosure Agreement, “actual knowledge” of the occurrence of the Listed Events described under clauses (ii), (iii), (vi), (x), (xi), (xii), (xiii) and (xiv) above shall mean actual knowledge by an officer at the principal office of the Dissemination Agent. The Dissemination Agent shall have no responsibility for determining the materiality of any of the Listed Events.

(c) As soon as practicable so as to satisfy the notice requirements of Section 5(a), the Authority or the District, as applicable, shall notify the Dissemination Agent in writing of the occurrence of any of the Listed Events. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e). The Authority or District shall provide the Dissemination Agent with a form of notice of such event in a format suitable for reporting to the MSRB through the EMMA System.

(d) If the Authority or a District determines that a Listed Event subject to a materiality requirement referenced in clauses (a) (ii), (vii), (viii), (x), (xiii) or (xiv) would not be material under applicable federal securities law, the Authority or District, as applicable, shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed by the Authority or a District to report the occurrence of a Listed Event and has received a notice of the occurrence in a format suitable for filing with the MSRB, the Dissemination Agent shall file a notice of such occurrence with the MSRB through the EMMA System and shall provide a copy of such notice to the Participating Underwriter.

Section 6. Termination of Reporting Obligation. All of the Authority’s obligations hereunder shall terminate upon the earliest to occur of (i) the legal defeasance of the Bonds, (ii) prior redemption of the Bonds, or (iii) payment in full of all the Bonds. All of a District’s obligations hereunder shall terminate upon the earliest to occur of (i) the legal defeasance of such District’s CFD Bonds, (ii) prior redemption of such District’s CFD Bonds, or (iii) payment in full of all such District’s CFD Bonds. If such determination occurs prior to the final maturity of the Bonds, the Authority or a District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

⁽¹⁾ For the purposes of the event identified in subparagraph (xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Section 7. Dissemination Agent. The Authority and the District may, from time to time, appoint or engage a Dissemination Agent to assist in carrying out their obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Dolinka Group, LLC. The Dissemination Agent may resign by providing thirty days' written notice to the Authority and the District, the Trustee (if the Trustee is not the Dissemination Agent) and the Fiscal Agent. The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the Authority and the District in a timely manner and in a form suitable for filing.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority, the District, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Authority and the District, so long as such amendment does not adversely affect the rights or obligations of the Trustee or the Dissemination Agent, as applicable), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, the CFD Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by owners of the Bonds in the manner provided in the Authority Indenture for amendments to the Authority Indenture with the consent of owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the owners or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Authority or the District, as applicable, to meet their obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB through the EMMA System in the same manner as for a Listed Event under Section 5(e).

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority or a District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority or a District chooses to include any

information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority or such District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Authority, a District or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of the Participating Underwriter or the owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee) or any owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, the District, the Trustee or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Authority Indenture or a CFD Bond Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority, a District, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Sections 8.02, 8.03, 8.04 and Section 8.06 of the Authority Indenture are hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Authority Indenture, and the Trustee and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded to the Trustee thereunder. The Dissemination Agent and the Trustee shall have only such duties hereunder as are specifically set forth in this Disclosure Agreement. This Disclosure Agreement does not apply to any other securities issued or to be issued by the Authority or the District. The Dissemination Agent shall have no obligation to make any disclosure concerning the Bonds, the CFD Bonds, the Authority, the District or any other matter except as expressly set out herein, provided that no provision of this Disclosure Agreement shall limit the duties or obligations of the Trustee under the Authority Indenture. The Dissemination Agent shall have no responsibility for the preparation, review, form or content of any Annual Report or any notice of a Listed Event. The fact that the Trustee has or may have any banking, fiduciary or other relationship with the Authority, a District or any other party, apart from the relationship created by the Authority Indenture and this Disclosure Agreement, shall not be construed to mean that the Trustee has knowledge or notice of any event or condition relating to the Bonds, the CFD Bonds, the Authority or a District except in its respective capacities under such agreements. No provision of this Disclosure Agreement shall require or be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder. Information disclosed hereunder by the Dissemination Agent may contain such disclaimer language concerning the Dissemination Agent's responsibilities hereunder with respect thereto as the Dissemination Agent may deem appropriate. The Dissemination Agent may conclusively rely on the determination of the Authority and the District as to the materiality of any event for purposes of Section 5 hereof. Neither the Trustee nor the Dissemination Agent make any representation as to the sufficiency of this Disclosure Agreement for purposes of the Rule. The Dissemination Agent shall be paid compensation by the Authority and the District for its services provided hereunder in accordance with its schedule of fees, as amended from time to time, and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Authority and the District's obligations under this Section shall survive the termination of this Disclosure Agreement.

Section 12. Beneficiaries. The Participating Underwriter and the owners and beneficial owners from time to time of the Bonds shall be third party beneficiaries under this Disclosure Agreement. This Disclosure Agreement shall inure solely to the benefit of the Authority, the District, the Trustee, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Notices. Any notice or communications to or among any of the parties to this Disclosure Agreement shall be given to all of the following and may be given as follows:

If to the Authority or a Community Facilities District Poway Unified School District Public Financing Authority
15250 Avenue of Science
San Diego, California 92128-3406
Telephone: 858/679-2501
Telecopier: 858/513-0967
Attention: Superintendent

If to the Dissemination Agent: Dolinka Group, LLC
20 Pacifica, Suite 900
Irvine, California 92618
Telephone: 949/250-8300
Telecopier: 949/250-8301

If to the Trustee: Zions First National Bank
550 South Hope Street, Suite 2650
Los Angeles, California 90071
Telephone: 213/593-3150
Telecopier: 213/593-3160

If to the Participating Underwriter: Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 35th Floor
San Francisco, California 94104
Attention: Municipal Research Department
Telephone: 415/445-2332
Telecopier: 415/445-2395

provided however, that all such notices, requests or other communications may be made by telephone and promptly confirmed by writing. The parties may, by notice given as aforesaid, specify a different address for any such notices, requests or other communications.

Section 14. Future Determination of Obligated Persons. In the event the S.E.C. amends, clarifies or supplements the Rule in such a manner that requires any landowner within a District to be an obligated person as defined in the Rule, nothing contained herein shall be construed to require the Authority or a District to meeting the continuing disclosure requirements of the Rule with respect to such obligated person and nothing in this Disclosure Agreement shall be deemed to obligate the Authority or a District to disclose information concerning any owner of land within a District except as required as part of the information required to be disclosed by a District pursuant to Section 4 and Section 5 hereof.

Section 15. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 16. State of California Law Governs. The validity, interpretation and performance of this Disclosure Agreement shall be governed by the laws of the State of California.

Section 17. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 18. Merger. Any person succeeding to all or substantially all of the Dissemination Agent's business shall be the successor Dissemination Agent without the filing of any paper or any further act.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

POWAY UNIFIED SCHOOL DISTRICT PUBLIC
FINANCING AUTHORITY ON BEHALF OF ITSELF
AND POWAY UNIFIED SCHOOL DISTRICT ON
BEHALF OF COMMUNITY FACILITIES DISTRICT
NO. 11 (STONEBRIDGE ESTATES)

By: _____
Authorized Officer

ZIONS FIRST NATIONAL BANK,
as Trustee

By: _____
Authorized Officer

DOLINKA GROUP, LLC,
as Dissemination Agent

By: _____
Authorized Officer

[EXECUTION PAGE OF CONTINUING DISCLOSURE AGREEMENT

EXHIBIT A

**NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF
FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Poway Unified School District Public Financing Authority

Name of Bond Issue: Poway Unified School District Public Financing Authority
Special Tax Revenue Refunding Bonds, Series 2014C

Date of Issuance: August __, 2014

NOTICE IS HEREBY GIVEN that Poway Unified School District Public Financing Authority Community Facilities District No. 11 has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of July 1, 2014, by and among the Poway Unified School District Public Financing Authority, the District, Zions First National Bank, as Trustee, and Dolinka Group, LLC, as Dissemination Agent. [_____ anticipates that the Annual Report will be filed by _____.]

Dated: _____, 20__

Dolinka Group, LLC, as Dissemination Agent,
on behalf of the Poway Unified School District
Public Financing Authority, Community
Facilities District No. 11 (StoneBridge Estates)

cc: Poway Unified School District Public Financing Authority
Community Facilities District No. 11
Stifel, Nicolaus & Company, Incorporated
Zions First National Bank

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

Board of Directors
Poway Unified School District Public Financing Authority
15250 Avenue of Science
San Diego, California 92128-3406

Re: \$19,550,000
POWAY UNIFIED SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS, SERIES 2014C

FINAL OPINION

Dear Ladies and Gentlemen:

We have acted as bond counsel to the Poway Unified School District Public Financing Authority (the "Authority") in connection with the sale and delivery of the Authority's Special Tax Revenue Refunding Bonds, Series 2014C in the aggregate principal amount of \$19,550,000 (the "2014 Bonds"). The 2014 Bonds are issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Government Code Section 6584 and following), a resolution adopted by the Board of Directors of the Authority on June 23, 2014 (the "Resolution of Issuance"), and an Indenture of Trust, dated as of July 1, 2014 (the "Indenture"), and entered into by and between the Authority and Zions First National Bank, as trustee. Capitalized terms used herein, but not defined herein, have the meanings ascribed to those terms in the Indenture.

The 2014 Bonds are special, limited obligations of the Authority. The 2014 Bonds are payable solely from and secured by a first lien upon and pledge of the Revenues of the Authority and from certain other amounts on deposit in the funds and accounts created under the Indenture.

We have examined the Indenture, the Resolution of Issuance, the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications, documents and written opinions provided to us by persons believed to be responsible without undertaking to verify such facts by independent investigation. We have also assumed the genuineness of the signatures appearing upon such records, proceedings, certifications, documents and opinions.

We call attention to the fact that the rights and obligations under the 2014 Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

We have not been engaged to take, and have not undertaken, any responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the 2014 Bonds and express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based upon our examination and subject to the foregoing, we are of the opinion, as of the date hereof, that:

1. The Authority is a joint powers authority duly organized and validly existing under the laws of the State of California and has duly and validly authorized all the acts undertaken by it in connection with the authorization, issuance, sale and delivery of the 2014 Bonds.

2. The Indenture has been duly entered into by the Authority and constitutes a legal, valid and binding limited obligation of the Authority enforceable in accordance with its terms.

3. The Indenture creates valid liens on the funds pledged by the Indenture for the security of and payment on the 2014 Bonds.

4. The 2014 Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority, payable solely from the sources provided for in the Indenture.

5. Under existing statutes, regulations, rulings and court decisions, and assuming compliance by the Authority with the aforementioned covenants, the interest on the 2014 Bonds is excluded from gross income for purposes of federal income taxation. Interest on the 2014 Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest will be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

6. Interest on the 2014 Bonds is exempt from State of California personal income tax.

The opinions expressed in paragraph (5) above as to the exclusion from gross income for federal income tax purposes of interest on the 2014 Bonds are subject to the condition that the Authority and Community Facilities District No. 11 (the "Community Facilities District") comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2014 Bonds to assure that such interest will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the 2014 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2014 Bonds. The Authority and the Community Facilities District each have covenanted to comply with all such requirements. Except as set forth in paragraph (5) above, we express no opinion as to any federal tax consequences related to the 2014 Bonds.

We are admitted to the practice of law only in the State of California and our opinions are limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Our engagement as Bond Counsel with respect to the 2014 Bonds terminates upon the issuance of the 2014 Bonds and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken (or not taken) or do occur (or do not occur).

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover matters not directly addressed by such authorities.

Respectfully submitted,

BEST BEST & KRIEGER LLP

APPENDIX F

BOOK-ENTRY-ONLY PROVISIONS

The following description of the “Procedures and Record Keeping” with respect to beneficial ownership interests in the Bonds, payment of principal of and interest on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined below) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the Authority which the Authority believes to be reliable, but the Authority, the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Procedures and Record Keeping

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information on such website is not incorporated herein by such reference or otherwise.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of

the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bonds documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its service as depository with respect to the Bonds at any time by giving reasonable notice to the School District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Bond certificates will be printed and delivered to DTC.

The information in this Section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

Discontinuance of DTC Services

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the School District determines that DTC shall no longer act and delivers a written certificate to the Trustee to that effect, then the School District will discontinue the Book-Entry System with DTC for the Bonds. If the School District determines to replace DTC with another qualified securities depository, the School District will prepare or direct the preparation of a new single separate, fully-registered Bond for each maturity of the Bonds registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the Indenture. If the School District fails to identify another qualified securities depository to replace the incumbent securities depository for the Bonds, then the Bonds shall no longer be restricted to being registered in the Bond registration books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the Bonds shall designate.

In the event that the Book-Entry System is discontinued, the following provisions would also apply: (i) the Bonds will be made available in physical form, (ii) principal of, and redemption premiums if any, on the Bonds will be payable upon surrender thereof at the trust office of the Trustee identified in the Indenture, and (iii) the Bonds will be transferable and exchangeable as provided in the Indenture.

The School District and the Trustee do not have any responsibility or obligation to DTC Participants, to the persons for whom they act as nominees, to Beneficial Owners, or to any other person who is not shown on the registration books as being an owner of the Bonds, with respect to (i) the accuracy of any records maintained by DTC or any DTC Participants; (ii) the payment by DTC or any DTC Participant of any amount in respect of the principal of, redemption price of or interest on the Bonds; (iii) the delivery of any notice which is permitted or required to be given to registered owners under the Authority Indenture; (iv) the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the Bonds; (v) any consent given or other action taken by DTC as registered owner; or (vi) any other matter arising with respect to the Bonds or the Authority Indenture. The School District and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal of or interest on the Bonds paid to DTC or its nominee, as the registered owner, or any notices to the Beneficial Owners or that they will do so on a timely basis or will serve and act in a manner described in this Official Statement. The School District and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner in respect to the Bonds or any error or delay relating thereto.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

ASSESSED VALUE INFORMATION BY PARCEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

Improvement Area B of CFD No. 11 Parcel Listing (Assessed Value and Value-to-Lien)

Owner ^[1]	APN	Site Address	Fiscal Year 2013/2014 Assessed Value ^[2]			Value-to-Lien ^[3]
			Land	Improvement	Total	
Individual Homeowner	325-080-01-00	14109 GREEN VALLEY CT	\$330,192	\$794,207	\$1,124,399	16.42:1
Individual Homeowner	325-080-02-00	14121 GREEN VALLEY CT	\$262,057	\$937,816	\$1,199,873	14.89:1
Individual Homeowner	325-080-03-00	14133 GREEN VALLEY CT	\$330,192	\$667,526	\$997,718	12.38:1
Individual Homeowner	325-080-04-00	14145 GREEN VALLEY CT	\$330,192	\$674,012	\$1,004,204	12.89:1
Individual Homeowner	325-080-05-00	14157 GREEN VALLEY CT	\$262,057	\$733,763	\$995,820	14.54:1
Individual Homeowner	325-080-06-00	14169 GREEN VALLEY CT	\$299,000	\$620,000	\$919,000	11.80:1
Individual Homeowner	325-080-07-00	14181 GREEN VALLEY CT	\$306,000	\$742,591	\$1,048,591	15.31:1
Individual Homeowner	325-080-08-00	14220 GREEN VALLEY CT	\$346,800	\$808,000	\$1,154,800	14.33:1
Individual Homeowner	325-080-09-00	14230 GREEN VALLEY CT	\$343,000	\$701,000	\$1,044,000	15.24:1
Individual Homeowner	325-080-10-00	14237 GREEN VALLEY CT	\$325,412	\$858,032	\$1,183,444	17.28:1
Individual Homeowner	325-080-11-00	14231 GREEN VALLEY CT	\$273,680	\$758,611	\$1,032,291	12.81:1
Individual Homeowner	325-080-12-00	14221 GREEN VALLEY CT	\$313,000	\$712,000	\$1,025,000	12.72:1
Individual Homeowner	325-080-13-00	14190 GREEN VALLEY CT	\$325,000	\$800,000	\$1,125,000	16.43:1
Individual Homeowner	325-081-01-00	14505 OLD CREEK RD	\$325,000	\$550,000	\$875,000	12.78:1
Individual Homeowner	325-081-02-00	14493 OLD CREEK RD	\$366,000	\$711,000	\$1,077,000	13.36:1
Individual Homeowner	325-081-03-00	14481 OLD CREEK RD	\$314,000	\$508,000	\$822,000	10.94:1
Individual Homeowner	325-081-04-00	14473 OLD CREEK RD	\$348,000	\$571,000	\$919,000	13.42:1
Individual Homeowner	325-081-05-00	14465 OLD CREEK RD	\$355,000	\$615,000	\$970,000	12.46:1
Individual Homeowner	325-081-06-00	14457 OLD CREEK RD	\$343,000	\$657,000	\$1,000,000	13.31:1
Individual Homeowner	325-081-07-00	14449 OLD CREEK RD	\$277,000	\$486,000	\$763,000	11.14:1
Individual Homeowner	325-081-08-00	14443 OLD CREEK RD	\$272,000	\$580,000	\$852,000	10.57:1
Individual Homeowner	325-081-09-00	14431 OLD CREEK RD	\$240,000	\$600,000	\$840,000	20.20:1
Individual Homeowner	325-081-10-00	14419 OLD CREEK RD	\$240,000	\$600,000	\$840,000	12.26:1
Individual Homeowner	325-081-12-00	14395 OLD CREEK RD	\$300,900	\$634,440	\$935,340	11.61:1
Individual Homeowner	325-081-13-00	14374 OLD CREEK RD	\$295,000	\$615,000	\$910,000	11.29:1
Individual Homeowner	325-081-14-00	14388 OLD CREEK RD	\$283,834	\$612,000	\$895,834	13.08:1
Individual Homeowner	325-081-15-00	14402 OLD CREEK RD	\$380,000	\$650,000	\$1,030,000	12.78:1
Individual Homeowner	325-081-16-00	14414 OLD CREEK RD	\$350,000	\$600,000	\$950,000	12.64:1
Individual Homeowner	325-081-17-00	14426 OLD CREEK RD	\$349,425	\$570,000	\$919,425	12.82:1
Individual Homeowner	325-081-18-00	14438 OLD CREEK RD	\$264,000	\$597,000	\$861,000	11.46:1
Individual Homeowner	325-081-20-00	14462 OLD CREEK RD	\$276,000	\$564,000	\$840,000	12.26:1
Individual Homeowner	325-081-21-00	14474 OLD CREEK RD	\$269,000	\$691,000	\$960,000	11.91:1
Individual Homeowner	325-081-22-00	11462 CAROWIND LN	\$168,000	\$573,000	\$741,000	9.19:1
Individual Homeowner	325-081-23-00	11474 CAROWIND LN	\$358,000	\$542,000	\$900,000	13.14:1
Individual Homeowner	325-082-01-00	11486 CAROWIND LN	\$250,000	\$750,000	\$1,000,000	12.41:1
Individual Homeowner	325-082-02-00	11498 CAROWIND LN	\$251,575	\$741,092	\$992,667	13.84:1
Individual Homeowner	325-082-03-00	14465 WHISPERING RIDGE RD	\$240,000	\$656,000	\$896,000	12.50:1
Individual Homeowner	325-082-04-00	14449 WHISPERING RIDGE RD	\$240,000	\$679,000	\$919,000	12.23:1
Individual Homeowner	325-082-05-00	14431 WHISPERING RIDGE RD	\$346,000	\$461,000	\$807,000	11.26:1
Individual Homeowner	325-082-06-00	14413 WHISPERING RIDGE RD	\$408,000	\$714,000	\$1,122,000	13.92:1
Individual Homeowner	325-082-07-00	14395 WHISPERING RIDGE RD	\$261,436	\$719,233	\$980,669	13.05:1
Individual Homeowner	325-082-09-00	14364 ELK GROVE LN	\$281,000	\$682,000	\$963,000	11.95:1
Individual Homeowner	325-082-10-00	14376 ELK GROVE LN	\$359,000	\$431,000	\$790,000	10.51:1
Individual Homeowner	325-082-11-00	14390 ELK GROVE LN	\$340,000	\$466,000	\$806,000	11.24:1
Individual Homeowner	325-082-12-00	14404 ELK GROVE LN	\$341,000	\$516,000	\$857,000	11.40:1

Improvement Area B of CFD No. 11 Parcel Listing (Assessed Value and Value-to-Lien)

Owner ^[1]	APN	Site Address	Fiscal Year 2013/2014 Assessed Value ^[2]			Value-to-Lien ^[3]
			Land	Improvement	Total	
Individual Homeowner	325-082-13-00	14416 ELK GROVE LN	\$418,298	\$636,027	\$1,054,325	13.08:1
Individual Homeowner	325-082-14-00	14384 WHISPERING RIDGE RD	\$418,298	\$658,785	\$1,077,083	13.36:1
Individual Homeowner	325-082-15-00	14392 WHISPERING RIDGE RD	\$255,000	\$574,000	\$829,000	11.03:1
Individual Homeowner	325-082-16-00	14410 WHISPERING RIDGE RD	\$312,000	\$713,000	\$1,025,000	13.64:1
Individual Homeowner	325-082-17-00	14428 WHISPERING RIDGE RD	\$439,214	\$584,720	\$1,023,934	14.28:1
Individual Homeowner	325-082-18-00	14442 WHISPERING RIDGE RD	\$476,000	\$492,000	\$968,000	12.88:1
Individual Homeowner	325-082-19-00	14458 WHISPERING RIDGE RD	\$251,575	\$712,798	\$964,373	11.97:1
Individual Homeowner	325-082-20-00	14472 WHISPERING RIDGE RD	\$251,882	\$732,357	\$984,239	12.21:1
Individual Homeowner	325-083-01-00	11534 CAROWIND LN	\$242,000	\$695,000	\$937,000	11.63:1
Individual Homeowner	325-083-02-00	11542 CAROWIND LN	\$295,000	\$616,000	\$911,000	12.71:1
Individual Homeowner	325-083-03-00	11550 CAROWIND LN	\$251,000	\$675,000	\$926,000	12.32:1
Individual Homeowner	325-083-04-00	11558 CAROWIND LN	\$208,080	\$677,300	\$885,380	12.35:1
Individual Homeowner	325-083-05-00	11566 CAROWIND LN	\$278,891	\$741,540	\$1,020,431	13.58:1
Individual Homeowner	325-083-06-00	11574 CAROWIND LN	\$208,080	\$877,057	\$1,085,137	13.46:1
Individual Homeowner	325-083-07-00	11599 CAROWIND LN	\$300,000	\$808,900	\$1,108,900	13.76:1
Individual Homeowner	325-083-08-00	11593 CAROWIND LN	\$208,080	\$752,239	\$960,319	13.39:1
Individual Homeowner	325-083-09-00	11587 CAROWIND LN	\$319,757	\$737,154	\$1,056,911	14.06:1
Individual Homeowner	325-083-10-00	11577 CAROWIND LN	\$314,840	\$749,088	\$1,063,928	14.84:1
Individual Homeowner	325-083-11-00	11567 CAROWIND LN	\$208,080	\$833,532	\$1,041,612	13.86:1
Individual Homeowner	325-083-12-00	11557 CAROWIND LN	\$314,470	\$775,222	\$1,089,692	13.52:1
Individual Homeowner	325-083-13-00	14520 BOULDER RIDGE CT	\$240,000	\$685,000	\$925,000	12.31:1
Individual Homeowner	325-083-14-00	14532 BOULDER RIDGE CT	\$245,000	\$620,000	\$865,000	10.73:1
Individual Homeowner	325-083-15-00	14544 BOULDER RIDGE CT	\$294,000	\$698,000	\$992,000	12.31:1
Individual Homeowner	325-083-16-00	14556 BOULDER RIDGE CT	\$296,000	\$602,000	\$898,000	12.52:1
Individual Homeowner	325-083-17-00	14568 BOULDER RIDGE CT	\$292,000	\$751,000	\$1,043,000	12.94:1
Individual Homeowner	325-083-18-00	14525 BOULDER RIDGE CT	\$296,000	\$672,000	\$968,000	12.01:1
Individual Homeowner	325-084-01-00	14518 WHISPERING RIDGE RD	\$78,778	\$63,208	\$141,986	1.76:1
Individual Homeowner	325-084-02-00	14530 WHISPERING RIDGE RD	\$312,120	\$654,717	\$966,837	13.48:1
Individual Homeowner	325-084-03-00	14552 WHISPERING RIDGE RD	\$255,000	\$685,000	\$940,000	12.51:1
Individual Homeowner	325-084-04-00	14574 WHISPERING RIDGE RD	\$260,100	\$758,340	\$1,018,440	14.20:1
Individual Homeowner	325-084-05-00	14596 WHISPERING RIDGE RD	\$255,000	\$683,400	\$938,400	12.49:1
Individual Homeowner	325-084-06-00	14608 WHISPERING RIDGE RD	\$255,000	\$706,860	\$961,860	13.42:1
Individual Homeowner	325-084-07-00	14622 WHISPERING RIDGE RD	\$255,000	\$685,180	\$940,180	12.51:1
Individual Homeowner	325-084-08-00	14644 WHISPERING RIDGE RD	\$255,000	\$716,040	\$971,040	12.05:1
Individual Homeowner	325-084-09-00	14657 WHISPERING RIDGE RD	\$255,000	\$610,980	\$865,980	12.08:1
Individual Homeowner	325-084-10-00	14635 WHISPERING RIDGE RD	\$438,600	\$437,580	\$876,180	12.22:1
Individual Homeowner	325-084-11-00	14619 WHISPERING RIDGE RD	\$443,700	\$438,600	\$882,300	11.74:1
Individual Homeowner	325-084-12-00	14601 WHISPERING RIDGE RD	\$255,000	\$612,000	\$867,000	12.09:1
Individual Homeowner	325-084-13-00	14587 WHISPERING RIDGE RD	\$255,000	\$790,200	\$1,045,200	12.97:1
Individual Homeowner	325-084-14-00	14565 WHISPERING RIDGE RD	\$231,968	\$662,510	\$894,478	11.90:1
Individual Homeowner	325-084-15-00	14533 WHISPERING RIDGE RD	\$246,000	\$600,000	\$846,000	11.80:1
Individual Homeowner	325-084-16-00	14521 WHISPERING RIDGE RD	\$255,000	\$697,680	\$952,680	12.68:1
Individual Homeowner	325-084-17-00	11477 CAROWIND LN	\$291,000	\$609,000	\$900,000	11.17:1
Individual Homeowner	325-084-18-00	11465 CAROWIND LN	\$270,000	\$600,000	\$870,000	11.58:1
Individual Homeowner	325-090-01-00	11376 STOCKWOOD CV	\$330,000	\$650,000	\$980,000	12.58:1

Improvement Area B of CFD No. 11 Parcel Listing (Assessed Value and Value-to-Lien)

Owner ^[1]	APN	Site Address	Fiscal Year 2013/2014 Assessed Value ^[2]			Value-to-Lien ^[3]
			Land	Improvement	Total	
Individual Homeowner	325-090-02-00	11388 STOCKWOOD CV	\$334,000	\$562,000	\$896,000	11.51:1
Individual Homeowner	325-090-03-00	11402 STOCKWOOD CV	\$250,000	\$600,000	\$850,000	11.85:1
Individual Homeowner	325-090-04-00	11414 STOCKWOOD CV	\$300,000	\$670,000	\$970,000	12.04:1
Individual Homeowner	325-090-05-00	11426 STOCKWOOD CV	\$330,000	\$480,000	\$810,000	11.30:1
Individual Homeowner	325-090-06-00	11438 STOCKWOOD CV	\$325,000	\$665,000	\$990,000	12.28:1
Individual Homeowner	325-090-07-00	11443 STOCKWOOD CV	\$334,000	\$586,000	\$920,000	11.42:1
Individual Homeowner	325-090-09-00	11419 STOCKWOOD CV	\$339,000	\$508,000	\$847,000	10.88:1
Individual Homeowner	325-090-10-00	14014 ABBY WOOD CT	\$321,000	\$551,000	\$872,000	11.60:1
Individual Homeowner	325-090-11-00	14022 ABBY WOOD CT	\$375,000	\$640,000	\$1,015,000	12.59:1
Individual Homeowner	325-090-12-00	14033 ABBY WOOD CT	\$282,351	\$808,675	\$1,091,026	14.52:1
Individual Homeowner	325-090-13-00	14025 ABBY WOOD CT	\$350,000	\$650,000	\$1,000,000	13.95:1
Individual Homeowner	325-090-14-00	14017 ABBY WOOD CT	\$250,000	\$574,000	\$824,000	10.58:1
Individual Homeowner	325-091-01-00	11256 DEPRISE CV	\$280,000	\$675,000	\$955,000	12.26:1
Individual Homeowner	325-091-02-00	11248 DEPRISE CV	\$350,000	\$750,000	\$1,100,000	13.65:1
Individual Homeowner	325-091-03-00	11240 DEPRISE CV	\$451,000	\$509,000	\$960,000	13.39:1
Individual Homeowner	325-091-04-00	11232 DEPRISE CV	\$348,000	\$529,000	\$877,000	11.26:1
Individual Homeowner	325-091-05-00	11224 DEPRISE CV	\$368,000	\$645,000	\$1,013,000	14.13:1
Individual Homeowner	325-091-06-00	11216 DEPRISE CV	\$338,130	\$894,744	\$1,232,874	15.30:1
Individual Homeowner	325-091-07-00	11208 DEPRISE CV	\$489,600	\$484,500	\$974,100	12.09:1
Individual Homeowner	325-091-08-00	11219 DEPRISE CV	\$369,000	\$591,000	\$960,000	12.33:1
Individual Homeowner	325-091-09-00	11221 DEPRISE CV	\$350,000	\$750,000	\$1,100,000	14.13:1
Individual Homeowner	325-091-10-00	11235 DEPRISE CV	\$400,000	\$600,000	\$1,000,000	12.84:1
Individual Homeowner	325-091-11-00	11243 DEPRISE CV	\$401,000	\$551,000	\$952,000	12.22:1
Individual Homeowner	325-091-12-00	11251 DEPRISE CV	\$439,110	\$438,600	\$877,710	12.24:1
Individual Homeowner	325-091-13-00	14862 EDEN MILLS PL	\$346,000	\$574,000	\$920,000	11.42:1
Individual Homeowner	325-091-14-00	14854 EDEN MILLS PL	\$325,000	\$555,000	\$880,000	12.27:1
Individual Homeowner	325-091-15-00	14836 EDEN MILLS PL	\$368,000	\$649,000	\$1,017,000	13.06:1
Individual Homeowner	325-091-16-00	14808 EDEN MILLS PL	\$325,000	\$650,000	\$975,000	12.10:1
Individual Homeowner	325-091-17-00	14821 EDEN MILLS PL	\$368,000	\$638,000	\$1,006,000	12.92:1
Individual Homeowner	325-091-18-00	14843 EDEN MILLS PL	\$415,000	\$685,000	\$1,100,000	14.13:1
Individual Homeowner	325-091-19-00	14861 EDEN MILLS PL	\$350,000	\$750,000	\$1,100,000	14.13:1
Individual Homeowner	325-091-20-00	14877 EDEN MILLS PL	\$368,208	\$562,541	\$930,749	12.98:1
Individual Homeowner	325-091-21-00	14885 EDEN MILLS PL	\$550,000	\$540,000	\$1,090,000	14.00:1
Individual Homeowner	325-091-22-00	14893 EDEN MILLS PL	\$390,000	\$606,000	\$996,000	12.79:1
Individual Homeowner	325-100-01-00	11490 EDGEWOOD PL	\$300,000	\$650,000	\$950,000	11.79:1
Individual Homeowner	325-100-02-00	11520 EDGEWOOD PL	\$328,000	\$624,000	\$952,000	11.81:1
Individual Homeowner	325-100-03-00	11540 EDGEWOOD PL	\$325,000	\$927,000	\$1,252,000	15.53:1
Individual Homeowner	325-100-04-00	11549 EDGEWOOD PL	\$342,000	\$658,000	\$1,000,000	12.41:1
Individual Homeowner	325-100-05-00	11541 EDGEWOOD PL	\$325,000	\$625,000	\$950,000	11.79:1
Individual Homeowner	325-100-06-00	11533 EDGEWOOD PL	\$317,000	\$672,000	\$989,000	12.27:1
Individual Homeowner	325-100-07-00	11525 EDGEWOOD PL	\$365,000	\$635,000	\$1,000,000	12.41:1
Individual Homeowner	325-100-08-00	14716 WHISPERING RIDGE RD	\$367,200	\$714,000	\$1,081,200	14.39:1
Individual Homeowner	325-100-09-00	14730 WHISPERING RIDGE RD	\$337,000	\$663,000	\$1,000,000	12.41:1
Individual Homeowner	325-100-10-00	14748 WHISPERING RIDGE RD	\$325,000	\$775,000	\$1,100,000	13.65:1
Individual Homeowner	325-100-11-00	14778 WHISPERING RIDGE RD	\$335,000	\$509,000	\$844,000	10.47:1

Improvement Area B of CFD No. 11 Parcel Listing (Assessed Value and Value-to-Lien)

Owner ^[1]	APN	Site Address	Fiscal Year 2013/2014 Assessed Value ^[2]			Value-to-Lien ^[3]
			Land	Improvement	Total	
Individual Homeowner	325-100-12-00	14818 WHISPERING RIDGE RD	\$351,000	\$633,000	\$984,000	12.21:1
Individual Homeowner	325-101-01-00	14844 WHISPERING RIDGE RD	\$350,000	\$700,000	\$1,050,000	13.03:1
Individual Homeowner	325-101-02-00	14872 WHISPERING RIDGE RD	\$350,000	\$750,000	\$1,100,000	13.65:1
Individual Homeowner	325-101-03-00	14896 WHISPERING RIDGE RD	\$400,000	\$650,000	\$1,050,000	13.03:1
Individual Homeowner	325-101-04-00	11628 VIA SANTA BRISA	\$350,000	\$600,000	\$950,000	11.79:1
Individual Homeowner	325-101-05-00	11646 VIA SANTA BRISA	\$354,000	\$686,000	\$1,040,000	12.90:1
Individual Homeowner	325-101-06-00	11664 VIA SANTA BRISA	\$424,000	\$576,000	\$1,000,000	12.41:1
Individual Homeowner	325-101-07-00	11682 VIA SANTA BRISA	\$475,000	\$725,000	\$1,200,000	14.89:1
Individual Homeowner	325-102-01-00	11633 VIA SANTA BRISA	\$400,000	\$700,000	\$1,100,000	13.65:1
Individual Homeowner	325-102-02-00	11615 VIA SANTA BRISA	\$370,000	\$580,000	\$950,000	11.79:1
Individual Homeowner	325-102-03-00	11597 VIA SANTA BRISA	\$550,000	\$700,000	\$1,250,000	15.51:1
Individual Homeowner	325-102-04-00	11571 VIA SANTA BRISA	\$350,000	\$750,000	\$1,100,000	13.65:1
Individual Homeowner	325-102-05-00	11553 VIA SANTA BRISA	\$560,000	\$670,000	\$1,230,000	15.26:1
Individual Homeowner	325-102-06-00	11535 VIA SANTA BRISA	\$550,000	\$640,000	\$1,190,000	14.77:1
Individual Homeowner	325-102-07-00	11517 VIA SANTA BRISA	\$450,000	\$750,000	\$1,200,000	14.89:1
Individual Homeowner	325-102-08-00	11526 VIA SANTA BRISA	\$458,000	\$527,000	\$985,000	12.22:1
Individual Homeowner	325-102-09-00	11544 VIA SANTA BRISA	\$310,000	\$690,000	\$1,000,000	12.41:1
Individual Homeowner	325-102-10-00	14883 WHISPERING RIDGE RD	\$318,000	\$728,000	\$1,046,000	12.98:1
Individual Homeowner	325-102-11-00	14865 WHISPERING RIDGE RD	\$375,000	\$600,000	\$975,000	12.97:1
Individual Homeowner	325-102-12-00	14847 WHISPERING RIDGE RD	\$300,000	\$650,000	\$950,000	11.79:1
Individual Homeowner	325-102-13-00	14825 WHISPERING RIDGE RD	\$250,326	\$651,674	\$902,000	11.19:1
Individual Homeowner	325-102-14-00	14803 WHISPERING RIDGE RD	\$494,085	\$416,160	\$910,245	11.29:1
Individual Homeowner	325-102-15-00	14777 WHISPERING RIDGE RD	\$320,000	\$880,000	\$1,200,000	14.89:1
Individual Homeowner	325-102-16-00	14757 WHISPERING RIDGE RD	\$335,000	\$665,000	\$1,000,000	12.41:1
Individual Homeowner	325-102-17-00	14735 WHISPERING RIDGE RD	\$382,000	\$618,000	\$1,000,000	12.41:1
Individual Homeowner	325-102-18-00	14719 WHISPERING RIDGE RD	\$504,390	\$502,860	\$1,007,250	12.50:1
Individual Homeowner	325-103-01-00	11499 VIA SANTA BRISA	\$457,000	\$543,000	\$1,000,000	12.41:1
Individual Homeowner	325-103-02-00	11471 VIA SANTA BRISA	\$440,000	\$527,000	\$967,000	12.00:1
Individual Homeowner	325-103-03-00	15020 APPLEWOOD CT	\$467,000	\$654,000	\$1,121,000	13.91:1
Individual Homeowner	325-103-04-00	15030 APPLEWOOD CT	\$430,000	\$657,000	\$1,087,000	13.49:1
Individual Homeowner	325-103-05-00	15035 APPLEWOOD CT	\$350,000	\$800,000	\$1,150,000	14.27:1
Individual Homeowner	325-103-06-00	15025 APPLEWOOD CT	\$459,000	\$867,000	\$1,326,000	16.45:1
Individual Homeowner	325-103-07-00	11443 VIA SANTA BRISA	\$313,723	\$770,808	\$1,084,531	13.46:1
Individual Homeowner	325-103-08-00	11421 VIA SANTA BRISA	\$522,874	\$564,490	\$1,087,364	13.49:1
Individual Homeowner	325-103-09-00	11418 VIA SANTA BRISA	\$510,000	\$724,200	\$1,234,200	15.31:1
Individual Homeowner	325-103-10-00	11436 VIA SANTA BRISA	\$334,637	\$795,750	\$1,130,387	14.03:1
Individual Homeowner	325-103-11-00	11454 VIA SANTA BRISA	\$403,000	\$651,000	\$1,054,000	13.08:1
Individual Homeowner	325-103-12-00	11472 VIA SANTA BRISA	\$313,723	\$918,572	\$1,232,295	15.29:1
Individual Homeowner	325-103-13-00	11508 VIA SANTA BRISA	\$350,000	\$650,000	\$1,000,000	12.41:1
Individual Homeowner	325-103-14-00	11422 MAPLE LEAF CT	\$353,000	\$634,000	\$987,000	12.25:1
Individual Homeowner	325-103-15-00	11434 MAPLE LEAF CT	\$300,000	\$750,000	\$1,050,000	13.03:1
Individual Homeowner	325-103-16-00	11446 MAPLE LEAF CT	\$300,000	\$900,000	\$1,200,000	14.89:1
Individual Homeowner	325-103-17-00	11447 MAPLE LEAF CT	\$250,000	\$750,000	\$1,000,000	12.41:1
Individual Homeowner	325-103-18-00	11435 MAPLE LEAF CT	\$245,000	\$806,000	\$1,051,000	13.04:1
Individual Homeowner	325-103-19-00	11423 MAPLE LEAF CT	\$262,057	\$870,902	\$1,132,959	14.06:1

Improvement Area B of CFD No. 11 Parcel Listing (Assessed Value and Value-to-Lien)

Owner ^[1]	APN	Site Address	Fiscal Year 2013/2014 Assessed Value ^[2]			Value-to-Lien ^[3]
			Land	Improvement	Total	
Individual Homeowner	325-103-20-00	14849 OLD CREEK RD	\$398,000	\$1,194,000	\$1,592,000	19.75:1
Individual Homeowner	325-103-21-00	14901 OLD CREEK RD	\$385,000	\$963,000	\$1,348,000	16.73:1
Individual Homeowner	325-103-22-00	14923 OLD CREEK RD	\$396,000	\$990,000	\$1,386,000	18.44:1
Individual Homeowner	325-103-23-00	14945 OLD CREEK RD	\$219,000	\$824,000	\$1,043,000	12.94:1
Individual Homeowner	325-104-01-00	11472 EDGEWOOD PL	\$350,000	\$625,000	\$975,000	12.10:1
Individual Homeowner	325-104-02-00	14722 OLD CREEK RD	\$325,000	\$625,000	\$950,000	11.79:1
Individual Homeowner	325-104-03-00	14744 OLD CREEK RD	\$330,000	\$645,000	\$975,000	12.10:1
Individual Homeowner	325-104-04-00	14768 OLD CREEK RD	\$348,000	\$652,000	\$1,000,000	12.41:1
Individual Homeowner	325-104-05-00	14810 OLD CREEK RD	\$325,000	\$650,000	\$975,000	12.10:1
Individual Homeowner	325-104-06-00	14832 OLD CREEK RD	\$321,282	\$573,718	\$895,000	11.11:1
Individual Homeowner	325-104-07-00	11438 OLIVE KNOLL CT	\$365,000	\$610,000	\$975,000	12.10:1
Individual Homeowner	325-104-08-00	11426 OLIVE KNOLL CT	\$325,000	\$650,000	\$975,000	12.10:1
Individual Homeowner	325-104-09-00	11423 OLIVE KNOLL CT	\$366,000	\$634,000	\$1,000,000	12.41:1
Individual Homeowner	325-104-10-00	11435 OLIVE KNOLL CT	\$500,000	\$594,634	\$1,094,634	13.58:1
Individual Homeowner	325-104-11-00	14661 OLD CREEK RD	\$459,000	\$441,150	\$900,150	11.17:1
Individual Homeowner	325-104-12-00	14673 OLD CREEK RD	\$350,000	\$745,000	\$1,095,000	13.59:1
Individual Homeowner	325-104-13-00	14715 OLD CREEK RD	\$375,000	\$650,000	\$1,025,000	13.64:1
Individual Homeowner	325-104-14-00	14737 OLD CREEK RD	\$340,000	\$635,000	\$975,000	12.10:1
Individual Homeowner	325-104-15-00	14759 OLD CREEK RD	\$340,000	\$635,000	\$975,000	12.10:1
Individual Homeowner	325-104-16-00	14781 OLD CREEK RD	\$362,000	\$638,000	\$1,000,000	12.41:1
Individual Homeowner	325-104-17-00	14813 OLD CREEK RD	\$300,000	\$750,000	\$1,050,000	13.03:1
Individual Homeowner	325-104-18-00	14534 OLD CREEK RD	\$325,000	\$675,000	\$1,000,000	12.41:1
Individual Homeowner	325-104-19-00	14568 OLD CREEK RD	\$393,000	\$607,000	\$1,000,000	13.31:1
Individual Homeowner	325-104-20-00	14602 OLD CREEK RD	\$346,000	\$575,000	\$921,000	11.43:1
Individual Homeowner	325-104-21-00	14638 OLD CREEK RD	\$231,000	\$690,000	\$921,000	11.43:1
Individual Homeowner	325-104-22-00	11454 EDGEWOOD PL	\$328,618	\$611,382	\$940,000	11.66:1
Total^[4]			\$68,909,877	\$136,009,697	\$204,919,574	12.84:1

[1] The parcels shown here reflect Developed Property owned by individual homeowners as of May 1, 2014, as confirmed by Dolinka Group, LLC, with the City of San Diego. Excludes Affordable Units, parcels classified as Exempt Property and parcels which have prepaid their Special Tax obligation.

[2] Source: 2013 County Assessor's Roll.

[3] See "Direct and Overlapping Debt" for a description of the overlapping liens used to calculate the Value-to-Lien; the overlapping liens includes the Bonds.

[4] Totals may not sum due to rounding.

Improvement Area C of CFD No. 11 Parcel Listing (Assessed Value and Value-to-Lien)

Owner ^[1]	APN	Site Address	Fiscal Year 2013/2014 Assessed Value ^[2]			Value-to-Lien ^[3]
			Land	Improvement	Total	
Individual Homeowner	325-120-01-00	15054 ALMOND ORCHARD LN	\$208,080	\$608,634	\$816,714	12.70:1
Individual Homeowner	325-120-02-00	15058 ALMOND ORCHARD LN	\$250,000	\$540,000	\$790,000	11.69:1
Individual Homeowner	325-120-03-00	15062 ALMOND ORCHARD LN	\$250,000	\$525,000	\$775,000	12.05:1
Individual Homeowner	325-120-04-00	15066 ALMOND ORCHARD LN	\$497,909	\$564,692	\$1,062,601	13.48:1
Individual Homeowner	325-120-05-00	15070 ALMOND ORCHARD LN	\$342,000	\$474,000	\$816,000	10.35:1
Individual Homeowner	325-120-06-00	15074 ALMOND ORCHARD LN	\$444,000	\$590,000	\$1,034,000	13.12:1
Individual Homeowner	325-120-07-00	15080 ALMOND ORCHARD LN	\$470,000	\$566,000	\$1,036,000	13.14:1
Individual Homeowner	325-120-08-00	11202 WHEATLAND PL	\$480,000	\$529,000	\$1,009,000	12.80:1
Individual Homeowner	325-120-09-00	11214 WHEATLAND PL	\$434,000	\$563,000	\$997,000	12.65:1
Individual Homeowner	325-120-10-00	11226 WHEATLAND PL	\$449,000	\$696,000	\$1,145,000	14.53:1
Individual Homeowner	325-120-11-00	11238 WHEATLAND PL	\$350,000	\$750,000	\$1,100,000	13.95:1
Individual Homeowner	325-120-12-00	11229 WHEATLAND PL	\$334,637	\$1,075,439	\$1,410,076	17.89:1
Individual Homeowner	325-120-13-00	11217 WHEATLAND PL	\$241,807	\$792,712	\$1,034,519	13.12:1
Individual Homeowner	325-120-14-00	11205 WHEATLAND PL	\$251,575	\$851,787	\$1,103,362	14.00:1
Individual Homeowner	325-120-15-00	11204 AMBERSTONE CT	\$245,000	\$855,000	\$1,100,000	13.95:1
Individual Homeowner	325-120-16-00	11216 AMBERSTONE CT	\$262,057	\$814,254	\$1,076,311	13.65:1
Individual Homeowner	325-120-17-00	11228 AMBERSTONE CT	\$262,057	\$1,158,468	\$1,420,525	18.02:1
Individual Homeowner	325-120-18-00	11227 AMBERSTONE CT	\$275,000	\$975,000	\$1,250,000	15.86:1
Individual Homeowner	325-120-19-00	11215 AMBERSTONE CT	\$300,000	\$800,000	\$1,100,000	13.95:1
Individual Homeowner	325-120-20-00	11203 AMBERSTONE CT	\$256,815	\$820,062	\$1,076,877	13.66:1
Individual Homeowner	325-120-21-00	15218 MAPLE GROVE LN	\$312,120	\$641,070	\$953,190	14.82:1
Individual Homeowner	325-120-22-00	15226 MAPLE GROVE LN	\$312,120	\$572,220	\$884,340	13.75:1
Individual Homeowner	325-120-23-00	15230 MAPLE GROVE LN	\$306,000	\$652,800	\$958,800	14.90:1
Individual Homeowner	325-120-24-00	15234 MAPLE GROVE LN	\$312,120	\$608,430	\$920,550	14.31:1
Individual Homeowner	325-120-25-00	15238 MAPLE GROVE LN	\$312,120	\$884,340	\$1,196,460	15.18:1
Individual Homeowner	325-120-26-00	15242 MAPLE GROVE LN	\$340,000	\$1,080,000	\$1,420,000	18.01:1
Individual Homeowner	325-120-27-00	15246 MAPLE GROVE LN	\$545,000	\$1,042,000	\$1,587,000	20.13:1
Individual Homeowner	325-120-28-00	15229 MAPLE GROVE LN	\$293,000	\$784,000	\$1,077,000	13.66:1
Individual Homeowner	325-120-29-00	15223 MAPLE GROVE LN	\$300,000	\$738,990	\$1,038,990	13.18:1
Individual Homeowner	325-120-30-00	15211 MAPLE GROVE LN	\$294,000	\$708,000	\$1,002,000	12.71:1
Individual Homeowner	325-120-31-00	15205 MAPLE GROVE LN	\$294,000	\$688,000	\$982,000	12.46:1
Individual Homeowner	325-120-32-00	15183 MAPLE GROVE LN	\$306,000	\$918,000	\$1,224,000	15.53:1
Individual Homeowner	325-120-33-00	15165 MAPLE GROVE LN	\$300,000	\$740,000	\$1,040,000	13.19:1
Individual Homeowner	325-120-34-00	15151 ALMOND ORCHARD LN	\$250,000	\$1,041,000	\$1,291,000	16.38:1
Individual Homeowner	325-120-35-00	15145 ALMOND ORCHARD LN	\$492,000	\$608,000	\$1,100,000	13.95:1
Individual Homeowner	325-120-36-00	15139 ALMOND ORCHARD LN	\$500,000	\$895,000	\$1,395,000	17.70:1
Individual Homeowner	325-120-37-00	15133 ALMOND ORCHARD LN	\$300,000	\$850,000	\$1,150,000	14.59:1
Individual Homeowner	325-120-38-00	15127 ALMOND ORCHARD LN	\$320,000	\$780,000	\$1,100,000	13.95:1
Individual Homeowner	325-120-39-00	15121 ALMOND ORCHARD LN	\$450,000	\$650,000	\$1,100,000	13.95:1
Individual Homeowner	325-120-40-00	15115 ALMOND ORCHARD LN	\$400,000	\$536,000	\$936,000	11.87:1
Individual Homeowner	325-120-41-00	15111 ALMOND ORCHARD LN	\$406,000	\$894,000	\$1,300,000	16.49:1
Individual Homeowner	325-120-42-00	14875 CORDELIA CT	\$470,000	\$605,000	\$1,075,000	13.64:1
Individual Homeowner	325-120-43-00	14865 CORDELIA CT	\$391,000	\$657,000	\$1,048,000	13.29:1
Individual Homeowner	325-120-44-00	14860 CORDELIA CT	\$300,000	\$750,000	\$1,050,000	13.32:1
Individual Homeowner	325-120-45-00	14870 CORDELIA CT	\$354,000	\$597,000	\$951,000	12.06:1

Improvement Area C of CFD No. 11 Parcel Listing (Assessed Value and Value-to-Lien)

Owner ^[1]	APN	Site Address	Fiscal Year 2013/2014 Assessed Value ^[2]			Value-to-Lien ^[3]
			Land	Improvement	Total	
Individual Homeowner	325-120-46-00	15081 ALMOND ORCHARD LN	\$572,797	\$789,548	\$1,362,345	17.28:1
Individual Homeowner	325-120-47-00	15077 ALMOND ORCHARD LN	\$445,000	\$466,000	\$911,000	11.56:1
Individual Homeowner	325-120-48-00	15073 ALMOND ORCHARD LN	\$443,700	\$510,000	\$953,700	12.10:1
Individual Homeowner	325-120-49-00	15069 ALMOND ORCHARD LN	\$306,000	\$612,000	\$918,000	11.65:1
Individual Homeowner	325-120-50-00	15065 ALMOND ORCHARD LN	\$250,000	\$550,000	\$800,000	12.44:1
Individual Homeowner	325-120-51-00	15061 ALMOND ORCHARD LN	\$208,080	\$627,300	\$835,380	12.99:1
Individual Homeowner	325-120-52-00	15057 ALMOND ORCHARD LN	\$250,000	\$590,000	\$840,000	13.06:1
Individual Homeowner	325-120-53-00	15053 ALMOND ORCHARD LN	\$250,000	\$570,000	\$820,000	12.75:1
Individual Homeowner	325-121-01-00	11397 STONEMONT PT	\$300,000	\$633,983	\$933,983	13.19:1
Individual Homeowner	325-121-02-00	11385 STONEMONT PT	\$312,120	\$213,000	\$525,120	6.66:1
Individual Homeowner	325-121-04-00	11361 STONEMONT PT	\$312,120	\$0	\$312,120	3.96:1
Individual Homeowner	325-121-05-00	11349 STONEMONT PT	\$312,120	\$0	\$312,120	4.20:1
Individual Homeowner	325-121-06-00	11327 STONEMONT PT	\$312,120	\$0	\$312,120	3.96:1
Individual Homeowner	325-121-07-00	11315 STONEMONT PT	\$321,483	\$0	\$321,483	4.54:1
Individual Homeowner	325-121-08-00	11303 STONEMONT PT	\$321,483	\$0	\$321,483	4.08:1
Individual Homeowner	325-121-09-00	11310 STONEMONT PT	\$321,483	\$0	\$321,483	4.33:1
Individual Homeowner	325-121-11-00	15279 VIA SANTA VIENTA	\$321,483	\$0	\$321,483	4.33:1
Individual Homeowner	325-121-12-00	15255 VIA SANTA VIENTA	\$321,483	\$0	\$321,483	4.33:1
Individual Homeowner	325-121-14-00	15205 VIA SANTA VIENTA	\$321,483	\$0	\$321,483	4.08:1
Individual Homeowner	325-121-15-00	15202 VIA SANTA VIENTA	\$312,120	\$0	\$312,120	4.41:1
Individual Homeowner	325-121-16-00	15252 VIA SANTA VIENTA	\$312,120	\$0	\$312,120	3.96:1
Individual Homeowner	325-121-17-00	11352 STONEMONT PT	\$312,120	\$0	\$312,120	4.41:1
Individual Homeowner	325-121-18-00	11368 STONEMONT PT	\$312,120	\$0	\$312,120	3.96:1
Individual Homeowner	325-121-19-00	11378 STONEMONT PT	\$312,120	\$0	\$312,120	3.96:1
Individual Homeowner	325-121-20-00	11392 STONEMONT PT	\$376,424	\$900,000	\$1,276,424	16.19:1
Individual Homeowner	325-121-27-00	15221 VIA SANTA VIENTA	\$321,483	\$0	\$321,483	4.08:1
Individual Homeowner	325-130-01-00	15611 VIA LA VENTANA	\$350,000	\$600,000	\$950,000	12.78:1
Individual Homeowner	325-130-02-00	15607 VIA LA VENTANA	\$597,330	\$430,136	\$1,027,466	13.82:1
Individual Homeowner	325-130-03-00	15593 VIA LA VENTANA	\$472,000	\$328,000	\$800,000	10.76:1
Individual Homeowner	325-130-04-00	15589 VIA LA VENTANA	\$415,000	\$392,000	\$807,000	10.24:1
Individual Homeowner	325-130-05-00	15585 VIA LA VENTANA	\$489,000	\$298,000	\$787,000	9.98:1
Individual Homeowner	325-130-06-00	15581 VIA LA VENTANA	\$313,723	\$542,782	\$856,505	11.52:1
Individual Homeowner	325-130-07-00	15577 VIA LA VENTANA	\$339,867	\$668,905	\$1,008,772	12.80:1
Individual Homeowner	325-130-08-00	15573 VIA LA VENTANA	\$418,298	\$744,775	\$1,163,073	15.65:1
Individual Homeowner	325-130-09-00	15569 VIA LA VENTANA	\$320,000	\$617,000	\$937,000	11.89:1
Individual Homeowner	325-130-10-00	15565 VIA LA VENTANA	\$324,180	\$600,904	\$925,084	12.45:1
Individual Homeowner	325-130-11-00	15561 VIA LA VENTANA	\$329,410	\$645,714	\$975,124	13.12:1
Individual Homeowner	325-130-12-00	15557 VIA LA VENTANA	\$313,723	\$543,838	\$857,561	11.54:1
Individual Homeowner	325-130-13-00	15553 VIA LA VENTANA	\$465,000	\$700,000	\$1,165,000	14.78:1
Individual Homeowner	325-130-14-00	15549 VIA LA VENTANA	\$324,180	\$547,971	\$872,151	11.73:1
Individual Homeowner	325-130-15-00	15545 VIA LA VENTANA	\$402,612	\$842,344	\$1,244,956	15.79:1
Individual Homeowner	325-130-16-00	15541 MISSION PRESERVE PL	\$317,912	\$283,354	\$601,266	8.09:1
Individual Homeowner	325-130-17-00	15537 MISSION PRESERVE PL	\$334,637	\$580,390	\$915,027	11.61:1
Individual Homeowner	325-130-18-00	15533 MISSION PRESERVE PL	\$214,377	\$569,933	\$784,310	10.55:1
Individual Homeowner	325-130-19-00	15529 MISSION PRESERVE PL	\$470,000	\$630,000	\$1,100,000	13.95:1

Improvement Area C of CFD No. 11 Parcel Listing (Assessed Value and Value-to-Lien)

Owner ^[1]	APN	Site Address	Fiscal Year 2013/2014 Assessed Value ^[2]			Value-to-Lien ^[3]
			Land	Improvement	Total	
Individual Homeowner	325-130-20-00	15525 MISSION PRESERVE PL	\$466,650	\$466,650	\$933,300	11.84:1
Individual Homeowner	325-130-21-00	15521 MISSION PRESERVE PL	\$411,000	\$279,000	\$690,000	8.75:1
Individual Homeowner	325-130-22-00	15517 MISSION PRESERVE PL	\$306,568	\$503,474	\$810,042	10.90:1
Individual Homeowner	325-130-23-00	15513 MISSION PRESERVE PL	\$393,000	\$484,000	\$877,000	11.13:1
Individual Homeowner	325-130-24-00	15509 MISSION PRESERVE PL	\$334,637	\$684,458	\$1,019,095	13.71:1
Individual Homeowner	325-130-25-00	15505 MISSION PRESERVE PL	\$184,000	\$716,000	\$900,000	11.42:1
Individual Homeowner	325-130-26-00	15501 MISSION PRESERVE PL	\$390,000	\$700,000	\$1,090,000	13.83:1
Individual Homeowner	325-130-27-00	15493 MISSION PRESERVE PL	\$325,000	\$525,000	\$850,000	10.78:1
Individual Homeowner	325-130-28-00	15489 MISSION PRESERVE PL	\$334,637	\$627,685	\$962,322	12.21:1
Individual Homeowner	325-130-29-00	15518 CAMDEN PL	\$313,723	\$543,683	\$857,406	10.88:1
Individual Homeowner	325-130-30-00	15526 CAMDEN PL	\$367,000	\$367,000	\$734,000	9.88:1
Individual Homeowner	325-130-31-00	15534 CAMDEN PL	\$377,000	\$392,000	\$769,000	9.76:1
Individual Homeowner	325-130-32-00	15542 CAMDEN PL	\$430,000	\$470,000	\$900,000	12.11:1
Individual Homeowner	325-130-33-00	15558 CAMDEN PL	\$384,000	\$399,000	\$783,000	9.93:1
Individual Homeowner	325-130-34-00	15566 CAMDEN PL	\$406,000	\$494,000	\$900,000	11.42:1
Individual Homeowner	325-130-35-00	15574 CAMDEN PL	\$380,000	\$428,000	\$808,000	10.25:1
Individual Homeowner	325-130-36-00	15582 CAMDEN PL	\$300,000	\$500,000	\$800,000	10.76:1
Individual Homeowner	325-130-37-00	15590 CAMDEN PL	\$338,000	\$639,000	\$977,000	12.39:1
Individual Homeowner	325-130-38-00	15587 CAMDEN PL	\$530,000	\$370,000	\$900,000	12.11:1
Individual Homeowner	325-130-39-00	15579 CAMDEN PL	\$471,000	\$299,000	\$770,000	9.77:1
Individual Homeowner	325-130-40-00	15571 CAMDEN PL	\$246,000	\$411,000	\$657,000	8.84:1
Individual Homeowner	325-130-41-00	15563 CAMDEN PL	\$441,000	\$359,000	\$800,000	10.76:1
Individual Homeowner	325-130-42-00	15555 CAMDEN PL	\$423,000	\$477,000	\$900,000	11.42:1
Individual Homeowner	325-130-43-00	11367 CASPIAN PL	\$475,000	\$325,000	\$800,000	10.76:1
Individual Homeowner	325-130-45-00	15562 VIA LA VENTANA	\$329,410	\$624,822	\$954,232	12.11:1
Individual Homeowner	325-130-46-00	15568 VIA LA VENTANA	\$313,723	\$533,226	\$846,949	11.39:1
Individual Homeowner	325-130-47-00	15572 VIA LA VENTANA	\$240,520	\$527,625	\$768,145	10.33:1
Individual Homeowner	325-130-48-00	11352 CASPIAN PL	\$512,000	\$488,000	\$1,000,000	12.69:1
Individual Homeowner	325-130-49-00	11364 CASPIAN PL	\$433,000	\$502,000	\$935,000	23.62:1
Individual Homeowner	325-130-50-00	11376 CASPIAN PL	\$390,000	\$510,000	\$900,000	11.42:1
Individual Homeowner	325-130-51-00	11384 CASPIAN PL	\$368,000	\$488,000	\$856,000	10.86:1
Individual Homeowner	325-130-52-00	15539 CAMDEN PL	\$384,000	\$389,000	\$773,000	9.81:1
Individual Homeowner	325-130-53-00	15531 CAMDEN PL	\$409,000	\$505,000	\$914,000	11.59:1
Individual Homeowner	325-130-54-00	15523 CAMDEN PL	\$422,000	\$478,000	\$900,000	11.42:1
Individual Homeowner	325-130-55-00	15515 CAMDEN PL	\$318,952	\$577,771	\$896,723	12.06:1
Individual Homeowner	325-130-56-00	15512 MISSION PRESERVE PL	\$432,000	\$468,000	\$900,000	11.42:1
Individual Homeowner	325-130-57-00	15518 MISSION PRESERVE PL	\$366,000	\$534,000	\$900,000	11.42:1
Individual Homeowner	325-130-58-00	15524 MISSION PRESERVE PL	\$290,000	\$635,000	\$925,000	12.44:1
Individual Homeowner	325-130-59-00	15530 MISSION PRESERVE PL	\$333,000	\$567,000	\$900,000	12.11:1
Individual Homeowner	325-130-60-00	15536 MISSION PRESERVE PL	\$434,520	\$589,380	\$1,023,900	12.99:1
Individual Homeowner	325-130-61-00	15542 MISSION PRESERVE PL	\$418,298	\$495,425	\$913,723	12.29:1
Individual Homeowner	325-131-01-00	15760 COBBLECREEK LN	\$312,120	\$0	\$312,120	4.41:1
Individual Homeowner	325-131-16-00	15723 BACARA CT	\$452,921	\$860,000	\$1,312,921	17.66:1
Individual Homeowner	325-131-17-00	15707 BACARA CT	\$321,483	\$716,000	\$1,037,483	13.96:1
Individual Homeowner	325-131-18-00	15708 BACARA CT	\$318,794	\$745,000	\$1,063,794	14.31:1

Improvement Area C of CFD No. 11 Parcel Listing (Assessed Value and Value-to-Lien)

Owner ^[1]	APN	Site Address	Fiscal Year 2013/2014 Assessed Value ^[2]			Value-to-Lien ^[3]
			Land	Improvement	Total	
Individual Homeowner	325-131-19-00	15716 BACARA CT	\$312,120	\$327,000	\$639,120	9.02:1
Individual Homeowner	325-131-20-00	15724 BACARA CT	\$312,120	\$0	\$312,120	3.96:1
Individual Homeowner	325-131-21-00	15732 BACARA CT	\$312,120	\$0	\$312,120	4.20:1
Individual Homeowner	325-131-22-00	15740 BACARA CT	\$312,120	\$632,000	\$944,120	11.98:1
Individual Homeowner	325-131-23-00	15748 BACARA CT	\$312,120	\$0	\$312,120	4.41:1
Individual Homeowner	325-131-24-00	15717 MONTBURY PL	\$312,120	\$0	\$312,120	4.41:1
Individual Homeowner	325-131-25-00	15712 MONTBURY PL	\$312,120	\$0	\$312,120	4.20:1
Individual Homeowner	325-131-26-00	15724 MONTBURY PL	\$312,120	\$0	\$312,120	3.96:1
Individual Homeowner	325-131-27-00	15736 MONTBURY PL	\$312,120	\$0	\$312,120	4.41:1
Individual Homeowner	325-131-34-00	15731 BACARA CT	\$437,309	\$900,000	\$1,337,309	16.97:1
Individual Homeowner	325-131-35-00	15739 BACARA CT	\$325,904	\$700,000	\$1,025,904	14.48:1
Individual Homeowner	325-131-37-00	15757 BACARA CT	\$321,483	\$0	\$321,483	4.54:1
Individual Homeowner	325-140-01-00	15503 COBBLE CREEK LN	\$222,000	\$564,000	\$786,000	11.10:1
Individual Homeowner	325-140-02-00	15523 COBBLE CREEK LN	\$222,000	\$489,000	\$711,000	11.05:1
Individual Homeowner	325-140-03-00	15543 COBBLE CREEK LN	\$221,000	\$498,000	\$719,000	11.18:1
Individual Homeowner	325-140-04-00	15563 COBBLE CREEK LN	\$221,000	\$564,000	\$785,000	11.08:1
Individual Homeowner	325-140-05-00	15583 COBBLE CREEK LN	\$221,000	\$517,000	\$738,000	11.47:1
Individual Homeowner	325-140-06-00	15588 PINEHURST PL	\$387,000	\$401,000	\$788,000	11.13:1
Individual Homeowner	325-140-07-00	15572 PINEHURST PL	\$337,000	\$438,000	\$775,000	10.94:1
Individual Homeowner	325-140-08-00	15550 PINEHURST PL	\$394,000	\$406,000	\$800,000	11.30:1
Individual Homeowner	325-140-09-00	15538 PINEHURST PL	\$329,000	\$446,000	\$775,000	10.94:1
Individual Homeowner	325-140-10-00	15524 PINEHURST PL	\$380,000	\$420,000	\$800,000	11.30:1
Individual Homeowner	325-140-11-00	15512 PINEHURST PL	\$389,000	\$386,000	\$775,000	10.57:1
Individual Homeowner	325-140-12-00	15494 PINEHURST PL	\$383,000	\$392,000	\$775,000	10.94:1
Individual Homeowner	325-140-13-00	15480 PINEHURST PL	\$378,000	\$444,500	\$822,500	11.22:1
Individual Homeowner	325-140-14-00	15449 PINEHURST PL	\$420,000	\$369,000	\$789,000	10.76:1
Individual Homeowner	325-140-15-00	15467 PINEHURST PL	\$445,000	\$355,000	\$800,000	10.91:1
Individual Homeowner	325-140-16-00	15475 PINEHURST PL	\$454,000	\$381,000	\$835,000	11.39:1
Individual Homeowner	325-140-17-00	15483 PINEHURST PL	\$137,859	\$273,950	\$411,809	5.81:1
Individual Homeowner	325-140-18-00	15491 PINEHURST PL	\$459,856	\$405,103	\$864,959	11.80:1
Individual Homeowner	325-140-19-00	15509 PINEHURST PL	\$478,000	\$422,000	\$900,000	12.27:1
Individual Homeowner	325-140-20-00	15517 PINEHURST PL	\$453,900	\$378,600	\$832,500	12.32:1
Individual Homeowner	325-140-21-00	15525 PINEHURST PL	\$432,000	\$368,000	\$800,000	11.30:1
Individual Homeowner	325-140-22-00	15533 PINEHURST PL	\$476,000	\$331,200	\$807,200	11.94:1
Individual Homeowner	325-140-23-00	15541 PINEHURST PL	\$423,000	\$377,000	\$800,000	11.30:1
Individual Homeowner	325-140-24-00	15557 PINEHURST PL	\$597,330	\$405,017	\$1,002,347	14.83:1
Individual Homeowner	325-140-25-00	15565 PINEHURST PL	\$404,000	\$371,000	\$775,000	10.94:1
Individual Homeowner	325-140-26-00	15573 PINEHURST PL	\$360,000	\$565,000	\$925,000	13.69:1
Individual Homeowner	325-140-27-00	15581 PINEHURST PL	\$425,000	\$775,000	\$1,200,000	16.94:1
Individual Homeowner	325-140-28-00	15595 PINEHURST PL	\$377,400	\$540,600	\$918,000	12.96:1
Individual Homeowner	325-140-29-00	15536 COBBLE CREEK LN	\$222,000	\$548,000	\$770,000	11.97:1
Individual Homeowner	325-140-30-00	15558 COBBLE CREEK LN	\$222,000	\$581,000	\$803,000	12.48:1
Individual Homeowner	325-140-32-00	15584 COBBLE CREEK LN	\$221,000	\$576,000	\$797,000	11.25:1
Individual Homeowner	325-140-33-00	15596 COBBLE CREEK LN	\$221,000	\$580,000	\$801,000	11.31:1
Individual Homeowner	325-140-34-00	15602 COBBLE CREEK LN	\$321,000	\$454,000	\$775,000	10.94:1

Improvement Area C of CFD No. 11 Parcel Listing (Assessed Value and Value-to-Lien)

Owner ^[1]	APN	Site Address	Fiscal Year 2013/2014 Assessed Value ^[2]			Value-to-Lien ^[3]
			Land	Improvement	Total	
Individual Homeowner	325-140-35-00	15624 COBBLE CREEK LN	\$357,800	\$458,199	\$815,999	12.08:1
Individual Homeowner	325-140-36-00	15646 COBBLE CREEK LN	\$354,000	\$446,000	\$800,000	11.30:1
Individual Homeowner	325-140-37-00	15668 COBBLE CREEK LN	\$223,000	\$571,000	\$794,000	12.34:1
Individual Homeowner	325-140-38-00	15700 BLUFF CV EAST	\$299,000	\$518,000	\$817,000	11.14:1
Individual Homeowner	325-140-39-00	15718 BLUFF CV EAST	\$357,000	\$489,000	\$846,000	12.52:1
Individual Homeowner	325-140-40-00	15736 BLUFF CV EAST	\$450,000	\$725,000	\$1,175,000	16.59:1
Individual Homeowner	325-140-41-00	15754 BLUFF CV EAST	\$223,000	\$632,000	\$855,000	12.07:1
Individual Homeowner	325-140-42-00	15772 BLUFF CV EAST	\$225,000	\$625,000	\$850,000	12.00:1
Individual Homeowner	325-140-43-00	15790 BLUFF CV EAST	\$234,090	\$710,940	\$945,030	14.69:1
Individual Homeowner	325-140-44-00	15791 BLUFF CV EAST	\$225,000	\$584,990	\$809,990	12.59:1
Individual Homeowner	325-140-45-00	15763 BLUFF CV EAST	\$225,000	\$550,347	\$775,347	12.05:1
Individual Homeowner	325-140-46-00	15745 BLUFF CV EAST	\$234,090	\$665,539	\$899,629	12.70:1
Individual Homeowner	325-140-47-00	15727 BLUFF CV EAST	\$225,000	\$551,055	\$776,055	12.06:1
Individual Homeowner	325-140-48-00	15709 BLUFF CV EAST	\$225,000	\$515,000	\$740,000	11.50:1
Individual Homeowner	325-150-05-00	11564 PUNTA DULCINA	\$313,301	\$0	\$313,301	3.97:1
Individual Homeowner	325-150-06-00	11576 PUNTA DULCINA	\$313,301	\$0	\$313,301	4.27:1
Individual Homeowner	325-150-08-00	11610 PUNTA DULCINA	\$313,301	\$0	\$313,301	4.27:1
Individual Homeowner	325-150-10-00	11646 PUNTA DULCINA	\$313,301	\$0	\$313,301	4.27:1
Individual Homeowner	325-150-12-00	11680 PUNTA DULCINA	\$313,301	\$328,000	\$641,301	8.75:1
Individual Homeowner	325-150-14-00	11728 BIG CANYON LN	\$313,301	\$328,000	\$641,301	8.75:1
Individual Homeowner	325-150-15-00	11740 BIG CANYON LN	\$313,301	\$0	\$313,301	4.22:1
Individual Homeowner	325-150-17-00	11764 BIG CANYON LN	\$313,301	\$413,000	\$726,301	9.90:1
Individual Homeowner	325-150-18-00	11776 BIG CANYON LN	\$313,301	\$400,000	\$713,301	9.73:1
Individual Homeowner	325-150-19-00	11788 BIG CANYON LN	\$313,301	\$427,000	\$740,301	10.10:1
Individual Homeowner	325-150-20-00	11796 BIG CANYON LN	\$313,301	\$637,000	\$950,301	12.06:1
Individual Homeowner	325-150-21-00	11789 BIG CANYON LN	\$313,301	\$413,000	\$726,301	9.90:1
Individual Homeowner	325-150-23-00	11753 BIG CANYON LN	\$313,301	\$0	\$313,301	4.42:1
Individual Homeowner	325-150-25-00	11717 BIG CANYON LN	\$313,301	\$691,000	\$1,004,301	13.70:1
Individual Homeowner	325-150-26-00	11736 PUNTA DULCINA	\$259,995	\$600,000	\$859,995	10.91:1
Individual Homeowner	325-150-27-00	11731 PUNTA DULCINA	\$440,442	\$850,000	\$1,290,442	17.60:1
Individual Homeowner	325-150-28-00	11719 PUNTA DULCINA LN	\$274,296	\$335,252	\$609,548	8.31:1
Individual Homeowner	325-150-29-00	11707 PUNTA DULCINA	\$321,401	\$700,000	\$1,021,401	13.93:1
Individual Homeowner	325-150-30-00	11685 BIG CANYON LN	\$315,419	\$675,000	\$990,419	13.51:1
Individual Homeowner	325-150-31-00	11673 BIG CANYON LN	\$306,298	\$680,000	\$986,298	13.45:1
Individual Homeowner	325-150-32-00	11665 BIG CANYON LN	\$347,915	\$730,000	\$1,077,915	14.70:1
Individual Homeowner	325-150-33-00	11653 BIG CANYON LN	\$307,225	\$745,000	\$1,052,225	14.35:1
Individual Homeowner	325-150-34-00	11641 BIG CANYON LN	\$307,013	\$782,000	\$1,089,013	14.85:1
Individual Homeowner	325-150-35-00	11619 BIG CANYON LN	\$306,651	\$700,000	\$1,006,651	13.54:1
Individual Homeowner	325-150-36-00	11607 BIG CANYON LN	\$307,000	\$770,000	\$1,077,000	14.69:1
Individual Homeowner	325-150-37-00	11595 BIG CANYON LN	\$310,523	\$683,000	\$993,523	13.55:1
Individual Homeowner	325-150-38-00	11583 BIG CANYON LN	\$60,396	\$61,176	\$121,572	1.66:1
Individual Homeowner	325-150-39-00	11571 BIG CANYON LN	\$310,000	\$664,327	\$974,327	13.76:1
Individual Homeowner	325-150-40-00	11569 BIG CANYON LN	\$308,266	\$779,563	\$1,087,829	14.84:1
Individual Homeowner	325-150-41-00	11557 BIG CANYON LN	\$341,080	\$689,860	\$1,030,940	14.56:1
Individual Homeowner	325-150-42-00	11545 BIG CANYON LN	\$358,985	\$714,000	\$1,072,985	14.63:1

Improvement Area C of CFD No. 11 Parcel Listing (Assessed Value and Value-to-Lien)

Owner ^[1]	APN	Site Address	Fiscal Year 2013/2014 Assessed Value ^[2]			Value-to-Lien ^[3]
			Land	Improvement	Total	
Individual Homeowner	325-150-43-00	11533 BIG CANYON LN	\$300,000	\$719,972	\$1,019,972	13.72:1
Individual Homeowner	325-150-44-00	11521 BIG CANYON LN	\$300,000	\$619,499	\$919,499	12.54:1
Individual Homeowner	325-150-45-00	11509 BIG CANYON LN	\$260,100	\$417,000	\$677,100	9.56:1
Individual Homeowner	325-150-46-00	11518 BIG CANYON LN	\$260,100	\$536,000	\$796,100	10.86:1
Individual Homeowner	325-150-47-00	11530 BIG CANYON LN	\$268,373	\$600,000	\$868,373	12.26:1
Individual Homeowner	325-150-48-00	11554 BIG CANYON LN	\$238,233	\$650,000	\$888,233	11.95:1
Individual Homeowner	325-150-49-00	11566 BIG CANYON LN	\$260,100	\$490,000	\$750,100	10.59:1
Individual Homeowner	325-150-51-00	BIG CANYON LN	\$260,100	\$0	\$260,100	3.55:1
Individual Homeowner	325-150-52-00	11602 BIG CANYON LN	\$260,100	\$342,000	\$602,100	8.21:1
Individual Homeowner	325-150-55-00	11638 BIG CANYON LN	\$260,100	\$0	\$260,100	3.55:1
Individual Homeowner	325-150-56-00	11650 BIG CANYON LN	\$260,100	\$67,000	\$327,100	4.46:1
Individual Homeowner	325-150-57-00	11662 BIG CANYON LN	\$260,100	\$68,000	\$328,100	4.47:1
Individual Homeowner	325-150-58-00	11693 PUNTA DULCINA	\$260,100	\$0	\$260,100	3.67:1
Individual Homeowner	325-150-59-00	11681 PUNTA DULCINA	\$260,100	\$0	\$260,100	3.55:1
Individual Homeowner	325-150-60-00	11669 PUNTA DULCINA	\$260,100	\$0	\$260,100	6.74:1
Individual Homeowner	325-150-61-00	11647 PUNTA DULCINA	\$260,100	\$0	\$260,100	3.55:1
Individual Homeowner	325-150-63-00	11611 PUNTA DULCINA	\$260,100	\$0	\$260,100	3.67:1
Individual Homeowner	325-150-64-00	11599 PUNTA DULCINA	\$260,100	\$0	\$260,100	3.67:1
Individual Homeowner	325-150-67-00	11563 PUNTA DULCINA	\$260,100	\$0	\$260,100	3.55:1
Individual Homeowner	325-160-01-00	11458 SWEET WILLOW WAY	\$340,208	\$519,792	\$860,000	13.37:1
Individual Homeowner	325-160-02-00	11476 SWEET WILLOW WAY	\$271,000	\$954,000	\$1,225,000	15.54:1
Individual Homeowner	325-160-03-00	11494 SWEET WILLOW WAY	\$320,000	\$552,000	\$872,000	11.06:1
Individual Homeowner	325-160-04-00	11512 SWEET WILLOW WAY	\$326,400	\$495,709	\$822,109	11.21:1
Individual Homeowner	325-160-05-00	11530 SWEET WILLOW WAY	\$326,400	\$564,049	\$890,449	11.30:1
Individual Homeowner	325-160-06-00	11548 SWEET WILLOW WAY	\$326,400	\$592,829	\$919,229	12.54:1
Individual Homeowner	325-160-07-00	11566 SWEET WILLOW WAY	\$320,000	\$677,990	\$997,990	12.66:1
Individual Homeowner	325-160-08-00	11584 SWEET WILLOW WAY	\$326,400	\$479,389	\$805,789	12.53:1
Individual Homeowner	325-160-16-00	11649 SWEET WILLOW WAY	\$314,000	\$609,000	\$923,000	11.71:1
Individual Homeowner	325-160-17-00	11631 SWEET WILLOW WAY	\$307,000	\$494,000	\$801,000	11.85:1
Individual Homeowner	325-160-18-00	11613 SWEET WILLOW WAY	\$305,958	\$703,524	\$1,009,482	12.81:1
Individual Homeowner	325-160-19-00	11595 SWEET WILLOW WAY	\$271,000	\$639,000	\$910,000	12.41:1
Individual Homeowner	325-160-20-00	11577 SWEET WILLOW WAY	\$283,022	\$799,288	\$1,082,310	13.73:1
Individual Homeowner	325-160-21-00	11559 SWEET WILLOW WAY	\$271,000	\$550,000	\$821,000	12.76:1
Individual Homeowner	325-160-22-00	11541 SWEET WILLOW WAY	\$286,108	\$670,922	\$957,030	12.14:1
Individual Homeowner	325-160-23-00	15214 TERREBONNE CT	\$240,000	\$632,000	\$872,000	11.89:1
Individual Homeowner	325-160-24-00	15236 TERREBONNE CT	\$320,000	\$546,000	\$866,000	13.46:1
Individual Homeowner	325-160-25-00	15247 TERREBONNE CT	\$320,000	\$580,000	\$900,000	11.42:1
Individual Homeowner	325-160-26-00	15225 TERREBONNE CT	\$278,858	\$588,141	\$866,999	11.82:1
Individual Homeowner	325-160-27-00	11483 SWEET WILLOW WAY	\$326,400	\$530,389	\$856,789	10.87:1
Individual Homeowner	325-160-28-00	11465 SWEET WILLOW WAY	\$326,400	\$475,309	\$801,709	10.93:1
Individual Homeowner	325-160-35-00	11602 SWEET WILLOW WAY	\$326,400	\$701,589	\$1,027,989	13.04:1
Individual Homeowner	325-160-36-00	11620 SWEET WILLOW WAY	\$332,928	\$696,159	\$1,029,087	13.05:1
Individual Homeowner	325-160-37-00	11638 SWEET WILLOW WAY	\$310,930	\$610,526	\$921,456	12.57:1
Individual Homeowner	325-160-38-00	11656 SWEET WILLOW WAY	\$320,000	\$460,000	\$780,000	12.13:1
Individual Homeowner	325-160-39-00	11678 SWEET WILLOW WAY	\$331,916	\$566,731	\$898,647	13.97:1

Improvement Area C of CFD No. 11 Parcel Listing (Assessed Value and Value-to-Lien)

Owner ^[1]	APN	Site Address	Fiscal Year 2013/2014 Assessed Value ^[2]			Value-to-Lien ^[3]
			Land	Improvement	Total	
Individual Homeowner	325-160-46-00	11686 SWEET WILLOW WAY	\$313,757	\$547,112	\$860,869	11.74:1
Individual Homeowner	325-160-47-00	11694 SWEET WILLOW WAY	\$321,515	\$666,045	\$987,560	12.53:1
Individual Homeowner	325-170-04-00	15753 VIA SANTA PRADERA	\$342,291	\$75,000	\$417,291	5.29:1
Individual Homeowner	325-170-05-00	15747 VIA SANTA PRADERA	\$342,291	\$490,000	\$832,291	11.75:1
Individual Homeowner	325-170-06-00	15735 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.34:1
Individual Homeowner	325-170-10-00	15683 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.67:1
Individual Homeowner	325-170-24-00	15674 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.67:1
Individual Homeowner	325-170-25-00	15686 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.34:1
Individual Homeowner	325-170-26-00	15708 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.34:1
Individual Homeowner	325-170-28-00	15732 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.67:1
Individual Homeowner	325-170-29-00	15744 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.34:1
Individual Homeowner	325-170-30-00	15756 VIA SANTA PRADERA	\$342,291	\$573,000	\$915,291	12.31:1
Individual Homeowner	325-170-31-00	15768 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.67:1
Individual Homeowner	325-170-38-00	15765 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.67:1
Individual Homeowner	325-170-40-00	15711 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.67:1
Individual Homeowner	325-170-41-00	15695 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.61:1
<i>Subtotal (Individual Homeowner Owned)^[4]</i>			\$95,381,484	\$136,159,156	\$231,540,640	10.95:1
Standard Pacific Corp.	325-121-03-00	11373 STONEMONT PT	\$312,120	\$0	\$312,120	4.41:1
Standard Pacific Corp.	325-121-10-00	15297 VIA SANTA VIENTA	\$312,120	\$0	\$312,120	3.96:1
Standard Pacific Corp.	325-131-02-00	15756 BACARA CT	\$312,120	\$0	\$312,120	4.20:1
Standard Pacific Corp.	325-131-03-00	15764 BACARA CT	\$312,120	\$0	\$312,120	3.96:1
Standard Pacific Corp.	325-131-04-00	15772 BACARA CT	\$312,120	\$0	\$312,120	4.20:1
Standard Pacific Corp.	325-131-05-00	15780 BACARA CT	\$312,120	\$0	\$312,120	3.96:1
Standard Pacific Corp.	325-131-06-00	15788 BACARA CT	\$321,483	\$0	\$321,483	4.54:1
Standard Pacific Corp.	325-131-07-00	15795 BACARA CT	\$321,483	\$0	\$321,483	4.08:1
Standard Pacific Corp.	325-131-08-00	15789 BACARA CT	\$321,483	\$844,000	\$1,165,483	15.68:1
Standard Pacific Corp.	325-131-36-00	15747 BACARA CT	\$321,483	\$0	\$321,483	4.08:1
Standard Pacific Corp.	325-131-38-00	15765 BACARA CT	\$321,483	\$0	\$321,483	4.08:1
Standard Pacific Corp.	325-131-39-00	15773 BACARA CT	\$321,483	\$679,000	\$1,000,483	14.13:1
Standard Pacific Corp.	325-131-40-00	15781 BACARA CT	\$321,483	\$881,280	\$1,202,763	15.26:1
Toll Brothers, Inc.	325-150-04-00	11552 PUNTA DULCINA	\$313,301	\$0	\$313,301	4.27:1
Toll Brothers, Inc.	325-150-07-00	11588 PUNTA DULCINA	\$313,301	\$0	\$313,301	4.27:1
Toll Brothers, Inc.	325-150-09-00	11622 PUNTA DULCINA	\$313,301	\$0	\$313,301	4.22:1
Toll Brothers, Inc.	325-150-13-00	11716 BIG CANYON LN	\$313,301	\$0	\$313,301	4.42:1
Toll Brothers, Inc.	325-150-24-00	11735 BIG CANYON LN	\$313,301	\$0	\$313,301	3.97:1
Toll Brothers, Inc.	325-150-50-00	11578 BIG CANYON LN	\$260,100	\$0	\$260,100	3.55:1
Toll Brothers, Inc.	325-150-53-00	11614 BIG CANYON LN	\$260,100	\$0	\$260,100	3.55:1
Toll Brothers, Inc.	325-150-54-00	11626 BIG CANYON LN	\$260,100	\$0	\$260,100	3.55:1
Toll Brothers, Inc.	325-150-62-00	11623 PUNTA DULCINA	\$260,100	\$0	\$260,100	3.55:1
Toll Brothers, Inc.	325-150-65-00	11587 PUNTA DULCINA	\$260,100	\$0	\$260,100	3.30:1
Toll Brothers, Inc.	325-150-68-00	11551 PUNTA DULCINA	\$260,100	\$714,000	\$974,100	12.36:1
Toll Brothers, Inc.	325-150-69-00	11539 PUNTA DULCINA	\$260,100	\$714,000	\$974,100	13.28:1
Toll Brothers, Inc.	325-170-11-00	15671 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.34:1
Toll Brothers, Inc.	325-170-12-00	15659 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.83:1
Toll Brothers, Inc.	325-170-21-00	15638 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.67:1

Improvement Area C of CFD No. 11 Parcel Listing (Assessed Value and Value-to-Lien)

Owner ^[1]	APN	Site Address	Fiscal Year 2013/2014 Assessed Value ^[2]			Value-to-Lien ^[3]
			Land	Improvement	Total	
Toll Brothers, Inc.	325-170-23-00	25662 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.67:1
Toll Brothers, Inc.	325-170-36-00	15795 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.67:1
Toll Brothers, Inc.	325-170-37-00	15783 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.61:1
Toll Brothers, Inc.	325-170-39-00	15723 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.67:1
Toll Brothers, Inc.	325-170-42-00	15780 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.34:1
Toll Brothers, Inc.	325-170-43-00	15792 VIA SANTA PRADERA	\$342,291	\$0	\$342,291	4.61:1
<i>Subtotal (Developer Owned)^[4]</i>			\$10,590,925	\$3,832,280	\$14,423,205	5.65:1
Total^[4]			\$201,353,893	\$276,150,592	\$477,504,485	10.38:1

[1] The parcels shown here reflect Developed Property owned by individual homeowners, Standard Pacific Corp. and Toll Brothers, Inc. as of May 1, 2014, as confirmed by Dolinka Group, LLC, with the City of San Diego. Excludes Undeveloped Property Owned by Toll Brothers, Inc., Affordable Units, parcels classified as Exempt Property and parcels which have prepaid their Special Tax obligation.

[2] Source: 2013 County Assessor's Roll.

[3] See "Direct and Overlapping Debt" for a description of the overlapping liens used to calculate the Value-to-Lien; the overlapping liens includes the Bonds.

[4] Totals may not sum due to rounding.

[THIS PAGE INTENTIONALLY LEFT BLANK]