

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 14 OF POWAY UNIFIED SCHOOL DISTRICT

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes ("Rate and Method of Apportionment") of Community Facilities District No. 14 ("CFD No. 14") of the Poway Unified School District ("School District"). An Annual Special Tax shall be levied on and collected on Taxable Property (defined below) located within the boundaries of CFD No. 14 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. 14, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

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

"Acreage" means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

"Administrative Expenses" means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 14 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes, including the reasonable expenses of collecting delinquencies, the administration of Bonds, the proportionate payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 14, and reasonable costs otherwise incurred in order to carry out the authorized purposes of CFD No. 14.

"Affordable Unit" means an Attached Unit that is subject to affordable housing restrictions under any applicable law.

"Annual Special Tax" means the Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 14.

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

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

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

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

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

"Board" means the Board of Education of Poway Unified School District, or its designee, in certain cases acting as the Legislative Body of CFD No. 14.

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

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

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which the Special Taxes have been pledged for repayment.

"Building Permit" means a permit for the construction of one or more Units issued by the City, or another public agency in the event the City no longer issues said permits for the construction of Units within CFD No. 14. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation or commercial/industrial use.

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

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

"City" means the City of San Diego.

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

"County" means the County of San Diego.

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

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

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

"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 County Office of the Recorder.

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

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

"Homeowner" means any owner of a completed Unit constructed and sold within CFD No. 14.

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

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

"Lot" means an individual legal lot created by a Final Subdivision Map for which a Building Permit for residential construction has been or could be issued. Notwithstanding the foregoing, in the case of an individual legal lot created by such a Final Subdivision Map upon which condominium units are entitled to be developed but for which a condominium plan has not been recorded, the number of Lots allocable to such legal lot for purposes of calculating the Backup Special Tax applicable to such Final Subdivision Map shall equal the number of condominium units which are permitted to be constructed on such legal lot as shown on such Final Subdivision Map.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 14 in any Fiscal Year on any Assessor's Parcel.

"Minimum Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses of CFD No. 14, (iii) the costs associated with the release of funds from an escrow account(s) established in association with the Bonds, and (iv) any amount required to establish or replenish any reserve funds (or accounts thereof) established in association with the Bonds, less (v) any amount(s) available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, trust agreement, or equivalent agreement or document. In arriving at the Minimum Annual Special Tax requirement the Board shall take into account the reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year.

"Minimum Taxable Acreage" means the applicable Acreage listed in Table 3 set forth in Section L.

"Net Taxable Acreage" means the total Acreage of all Taxable Property expected to exist in CFD No. 14 after all Final Subdivision Maps are recorded.

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

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

"Prepayment Administrative Fees" means any fees or expenses of the School District or CFD No. 14 associated with the prepayment of the Special Tax obligation of an Assessor's Parcel. Prepayment Administrative Fees shall include among other things the cost of computing the Prepayment Amount, redeeming Bonds, and recording any notices to evidence the prepayment and redemption of Bonds.

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

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

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

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

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

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

"Senior Citizen Restriction" means (i) a restriction limiting the use of Units to senior citizen housing under a specific plan, a final map or other governmental entitlements, or a declaration of covenants, conditions and restrictions or any similar recorded instrument or (ii) licensing from appropriate agencies received for residential care facilities for the elderly or multilevel care facilities as those terms are defined in Health and Safety Code Section 1569.23 and Government Code Section 15432(d)(8), respectively.

"Special Tax(es)" means any of the special taxes authorized to be levied by CFD No. 14 pursuant to the Act.

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

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

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

SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS

For each Fiscal Year, beginning with Fiscal Year 2006-07, each Assessor's Parcel within CFD No. 14 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property and Developed Property shall be further classified as Residential Property or Commercial/Industrial Property. Residential Property shall be classified by unit type (e.g. Detached Unit, Attached Unit, Senior Citizen Unit, or Affordable Unit) and Detached Units and Attached Units shall be classified based on the Building Square Footage of the Unit. The classification of Exempt Property shall take into consideration the Minimum Taxable Acreage as determined pursuant to Section L.

**SECTION C
MAXIMUM SPECIAL TAXES**

1. Developed Property

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

2. Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

**SECTION D
ONE-TIME SPECIAL TAXES**

A One-Time Special Tax shall be collected for each Assessor's Parcel of Undeveloped Property prior to the time a Building Permit is issued for such Assessor's Parcel. The One-Time Special Tax shall be determined by reference to Table 1 below, subject to increases as described below.

TABLE 1

**ONE-TIME SPECIAL TAX FOR
FISCAL YEAR 2006-07**

Property Type	Unit Type	One-Time Special Tax
Residential Property	Detached Unit	\$0.00 per Unit
Residential Property	Attached Unit	\$0.00 per Unit
Residential Property	Affordable Unit	\$0.00 per Unit
Residential Property	Senior Citizen Unit	\$0.40 per BSF
Commercial/Industrial	NA	\$0.40 per GFA

Each July 1, commencing July 1, 2007, the One-Time Special Tax for each Assessor's Parcel of Undeveloped Property shall be increased by the Inflater.

**SECTION E
ASSIGNED ANNUAL SPECIAL TAXES**

1. Developed Property

A. Assigned Annual Special Tax For Newly Developed Property

The Assigned Annual Special Tax for an Assessor's Parcel of Developed Property in the first Fiscal Year in which such Assessor's Parcel is classified as Developed Property shall be determined by reference to Table 2 below, subject to increases as described below.

TABLE 2
**ASSIGNED ANNUAL SPECIAL TAX FOR
DEVELOPED PROPERTY
FISCAL YEAR 2006-07**

Property Type	Unit Type	Building Square Footage	Assigned Annual Special Tax
Residential Property	Detached Unit	< 1,800	\$2,043.05 per Unit
Residential Property	Detached Unit	1,800 – 2,000	\$2,275.10 per Unit
Residential Property	Detached Unit	2,001 – 2,200	\$2,565.16 per Unit
Residential Property	Detached Unit	2,201 – 2,400	\$2,642.51 per Unit
Residential Property	Detached Unit	2,401 – 2,600	\$2,661.85 per Unit
Residential Property	Detached Unit	2,601 – 2,800	\$2,758.54 per Unit
Residential Property	Detached Unit	2,801 – 3,000	\$2,932.58 per Unit
Residential Property	Detached Unit	3,001 – 3,200	\$3,258.22 per Unit
Residential Property	Detached Unit	3,201 – 3,450	\$3,613.26 per Unit
Residential Property	Detached Unit	> 3,450	\$3,709.94 per Unit
Residential Property	Attached Unit	< 1,900	\$1,830.34 per Unit
Residential Property	Attached Unit	1,900 – 2,100	\$2,130.07 per Unit
Residential Property	Attached Unit	> 2,100	\$2,360.19 per Unit
Residential Property	Affordable Unit	NA	\$1,106.59 per Unit
Residential Property	Senior Citizen Unit	NA	\$0.00 per Unit
Commercial/Industrial Property	NA	NA	\$0.00 per GFA

Each July 1, commencing July 1, 2007, the Assigned Annual Special Tax for each Assessor's Parcel of Developed Property in the first Fiscal Year in which such Assessor's Parcel is classified as Developed Property shall be increased by the Inflater.

B. Assigned Annual Special Tax for Existing Developed Property

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

2. Undeveloped Property

The Assigned Annual Special Tax rate in Fiscal Year 2006-07 for an Assessor's Parcel classified as Undeveloped Property shall be \$25,027.47 per acre of Acreage.

Each July 1, commencing July 1, 2007, the Assigned Annual Special Tax per acre of Acreage for each Assessor's Parcel of Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**SECTION F
BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax rate for an Assessor's Parcel of Developed Property within a Final Subdivision Map in Fiscal Year 2006-07 or such later Fiscal Year in which such Final Subdivision Map is created shall be the rate per Lot calculated according to the following formula:

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

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

Each July 1, commencing the July 1 first following the initial calculation of the Backup Annual Special Tax rate for an Assessor's Parcel of Developed Property with a Final Subdivision Map, the Backup Annual Special Tax for each Lot within such Final Subdivision Map shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

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 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 area in the Final Subdivision Map prior to the change or modification in the current Fiscal Year.
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 area in the Final Subdivision Map, 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 area of the Final Subdivision Map. Each July 1, commencing the July 1 first following the change or modification to be Final Subdivision Map the amount determined by this Section shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

SECTION G METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Commencing Fiscal Year 2006-07, and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

- Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts collected in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax applicable to each such Assessor's Parcel to satisfy the Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts collected in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property up to the Maximum Special Tax applicable to each such Assessor's Parcel to satisfy the Minimum Annual Special Tax Requirement.

SECTION H PREPAYMENT OF ANNUAL SPECIAL TAXES

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

An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 14 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

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

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.

With respect to any Assessor's Parcel that is prepaid, the Board shall indicate in the records of CFD No. 14 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Tax shall cease.

SECTION I PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel 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 prepaid.

1. Partial Prepayment Times and Conditions

Prior to the conveyance of the first production Unit on a Lot within a Final Subdivision Map to a Homeowner, 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 I.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected for all Assessor's Parcels prior to the conveyance of the first production Unit to a Homeowner with respect to such Final Subdivision Map.

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 H
- 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 CFD No. 14 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 the Backup Annual Special Tax if applicable for the Assessor's Parcel has been reduced by an amount equal to the percentage which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of 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 and such partial 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 J
EXCESS ASSIGNED ANNUAL SPECIAL TAXES**

In any Fiscal Year which the Annual Special Taxes collected from Developed Property, pursuant to Step 1 of Section G, exceeds the Minimum Annual Special Tax Requirement, the School District shall use such amount for acquisition, construction or financing of school facilities in accordance with the Act, CFD No. 14 proceedings and other applicable laws as determined by the Board.

**SECTION K
TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-five (35) Fiscal Years after the last series of Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2050-2051.

**SECTION L
EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels owned by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the Net Taxable Acreage to less than the Minimum Taxable Acreage. Notwithstanding the above, the Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

TABLE 3

MINIMUM TAXABLE ACREAGE

Minimum Taxable Acreage
123.76 Acres

**SECTION M
APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. In order to be considered sufficient, any notice of appeal must: (i) specifically identify the property by address and Assessor's Parcel Number; (ii) state the amount in dispute and whether it is the whole amount or only a portion of the Special Tax; (iii) state all grounds on which the property owner is disputing the amount or application of the Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect; (iv) include all documentation, if any, in support of the claim; and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. A representative(s) of CFD No. 14 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the representative's decision shall indicate.

SECTION N
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 and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that CFD No. 14 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and if so collected, a delinquent penalty of 10% of the Special Tax will attach at 5:00 p.m. on the date the Special Tax becomes delinquent and interest at 1.5% per month of the Special Tax will attach on the July 1 after the delinquency date and the first of each month thereafter until such Special Taxes are paid.

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