

**RATE AND METHOD OF APPORTIONMENT FOR  
IMPROVEMENT AREA A OF  
COMMUNITY FACILITIES DISTRICT NO. 16  
OF POWAY UNIFIED SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes ("Rate and Method of Apportionment") of Improvement Area A ("IA A") of Community Facilities District No. 16 ("CFD No. 16") of the Poway Unified School District ("School District"). A Special Tax shall be levied on and collected from Taxable Property (defined below) located within the boundaries of IA A of CFD No. 16 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in IA A of CFD No. 16, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

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

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

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

**"Actual Costs"** shall have the meaning given such term in the Mitigation Agreement.

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

**"Approved Property"** means all Assessor's Parcels of Taxable Property that (i) are associated with a Lot in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied and (ii) have not been issued a Building Permit prior to the May 1 preceding the Fiscal Year in which the Special Tax is being levied.

**"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 IA A of CFD No. 16.

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

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

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

**"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 E.

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

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

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

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

**"Building Permit"** means a permit for the construction of 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 IA A of CFD No. 16. 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 structures, other structures not used as living space, or any other square footage excluded under Government Code Section 65995 as determined by reference to the Building Permit for such Unit.

**"City"** means the City of San Diego.

**"City Improvements"** shall have the meaning given such term in the Mitigation Agreement.

**"County"** means the County of San Diego.

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

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

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

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

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

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

**"Lot"** means an individual legal lot created by a Final Map for which a Building Permit for residential construction has been or could be issued. Notwithstanding the foregoing, in the case of an individual legal lot created by such a Final 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 Annual Special Tax applicable to such Final Map shall equal the number of condominium units which are permitted to be constructed on such legal lot as shown on such Final Map.

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

**" 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 IA A of CFD No. 16, (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 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 4 set forth in Section K.

**"Mitigation Agreement"** shall mean that Third Supplement to Subarea I Black Mountain Ranch Phase II School Impact Mitigation Agreement made and entered into as of \_\_\_\_\_, 2014 by and between the School District and Standard Pacific Corporation.

**"Net Taxable Acreage"** means the total Acreage of all Taxable Property expected to exist in IA A of CFD No. 16 after all Final Maps are recorded.

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

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

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

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

**"Proportionately"** means that the ratio of the actual Special Tax levy to the applicable Assigned Annual Special Tax is equal for all applicable Assessor's Parcels. In the case of Developed Property subject to apportionment of the Special Tax under Step Four of Section F, "Proportionately" shall mean that the quotient of (i) the Special Tax less the Assigned Annual Special Tax divided by (ii) the Backup Annual Special Tax less the Assigned Annual Special Tax is equal for all applicable Assessor's Parcels.

**"Provisional Undeveloped Property"** means all Assessor's Parcels of Taxable Property that would otherwise be classified as Exempt Property pursuant to Section K, but cannot be classified as Exempt Property because to do so would reduce the Net Taxable Acreage below the required minimum Acreage set forth in Section K, as applicable.

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

**"Special Tax"** means any of the special taxes authorized to be levied by IA A of CFD No. 16 pursuant to the Act.

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

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

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

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

For each Fiscal Year, beginning with Fiscal Year 2014/2015, each Assessor's Parcel within IA A of CFD No. 16 shall be classified as Taxable Property or Exempt Property taking into consideration the Minimum Taxable Acreage as set forth in Section K. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property and Developed Property shall be assigned to a special tax classification according to Table 1 below.

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

<b>Tax Classification</b>	<b>Unit Type</b>	<b>Building Square Footage</b>
1	Detached Unit	< 2,500
2	Detached Unit	2,500 – 2,750
3	Detached Unit	2,751 – 3,000
4	Detached Unit	3,001 – 3,250
5	Detached Unit	3,251 – 3,500

**TABLE 1 (CONTINUED)**

**SPECIAL TAX CLASSIFICATION FOR  
DEVELOPED PROPERTY**

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

**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 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 Map.

**2. Approved Property, Undeveloped Property, and Provisional Undeveloped Property**

The Maximum Special Tax for each Assessor's Parcel classified as Approved Property, Undeveloped Property, or Provisional Undeveloped Property shall be derived by the application of the Assigned Annual Special Tax.

**SECTION D  
ASSIGNED ANNUAL SPECIAL TAXES**

**1. Developed Property**

The Assigned Annual Special Tax in Fiscal Year 2014/2015 for each Assessor's Parcel of Developed Property shall be the amount determined by reference to Table 2 subject to increases as described below.

**TABLE 2**  
**ASSIGNED ANNUAL SPECIAL TAX FOR**  
**DEVELOPED PROPERTY**  
**FISCAL YEAR 2014/2015**

<b>Tax Classification</b>	<b>Unit Type</b>	<b>Building Square Footage</b>	<b>Assigned Annual Special Tax</b>
1	Detached Unit	< 2,500	\$3,057.29 per Unit
2	Detached Unit	2,500 – 2,750	\$3,224.00 per Unit
3	Detached Unit	2,751 – 3,000	\$3,390.70 per Unit
4	Detached Unit	3,001 – 3,250	\$3,514.85 per Unit
5	Detached Unit	3,251 – 3,500	\$3,587.40 per Unit
6	Detached Unit	3,501 – 3,750	\$3,801.50 per Unit
7	Detached Unit	3,751 – 4,000	\$3,874.06 per Unit
8	Detached Unit	> 4,000	\$3,946.61 per Unit
9	Attached Unit	< 1,250	\$1,398.45 per Unit
10	Attached Unit	1,250 – 1,450	\$1,579.51 per Unit
11	Attached Unit	1,451 – 1,650	\$1,760.56 per Unit
12	Attached Unit	1,651 – 1,850	\$1,941.62 per Unit
13	Attached Unit	1,851 – 2,050	\$2,120.58 per Unit
14	Attached Unit	> 2,050	\$2,191.19 per Unit

Each July 1, commencing July 1, 2015, the Assigned Annual Special Tax Assessor's Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**2. Approved Property, Undeveloped Property, and Provisional Undeveloped Property**

The Assigned Annual Special Tax rate in Fiscal Year 2014/2015 for an Assessor's Parcel classified as Approved Property, Undeveloped Property, or Provisional Undeveloped Property shall be \$35,447.34 per acre of Acreage.

Each July 1, commencing July 1, 2015, 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 E  
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 Map in Fiscal Year 2015/2016 or such later Fiscal Year in which such Final 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 Map at time of calculation, as determined by the Board pursuant to Section K
- L = Lots in the Final 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 Map, the Backup Annual Special Tax for each Lot within such Final 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 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 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 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 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 Map. Each July 1, commencing the July 1 first following the change or modification to be Final 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 F METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Commencing Fiscal Year 2014/2015, and for each subsequent Fiscal Year, the Board shall levy Special Taxes as follows:

- Step One:** The Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to each such Assessor's Parcel.
- Step Two:** If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Approved Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Three:** If additional moneys are needed to satisfy the Special Tax Requirement after the second step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Four:** If additional moneys are needed to satisfy the Special Tax Requirement after the third step has been completed, the Special Tax on each Assessor's Parcel of Developed Property, whose Maximum Special Tax is the Backup Annual Special Tax, shall be increased Proportionately from the Assigned Annual Special Tax up to 100% of the Backup Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Five:** If additional moneys are needed to satisfy the Special Tax Requirement after the fourth step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

## **SECTION G PREPAYMENT OF SPECIAL TAXES**

The 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 Special Tax obligation would be prepaid.

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

**1. Prior to the Issuance of Bonds**

Prior to the issuance of Bonds, the Prepayment Amount shall be determined by reference to Table 3, subject to increase as described below.

**TABLE 3**  
**PREPAYMENT AMOUNT**  
**PRIOR TO THE ISSUANCE OF BONDS**  
**FISCAL YEAR 2014/2015**

<b>Tax Classification</b>	<b>Unit Type</b>	<b>Building Square Footage</b>	<b>Prepayment Amount</b>
1	Detached Unit	< 2,500	\$38,200.61 per Unit
2	Detached Unit	2,500 – 2,750	\$40,283.64 per Unit
3	Detached Unit	2,751 – 3,000	\$42,366.54 per Unit
4	Detached Unit	3,001 – 3,250	\$43,917.79 per Unit
5	Detached Unit	3,251 – 3,500	\$44,824.30 per Unit
6	Detached Unit	3,501 – 3,750	\$47,499.46 per Unit
7	Detached Unit	3,751 – 4,000	\$48,406.09 per Unit
8	Detached Unit	> 4,000	\$49,312.60 per Unit
9	Attached Unit	< 1,250	\$17,472.90 per Unit
10	Attached Unit	1,250 – 1,450	\$19,735.86 per Unit
11	Attached Unit	1,451 – 1,650	\$21,998.07 per Unit
12	Attached Unit	1,651 – 1,850	\$24,260.40 per Unit
13	Attached Unit	1,851 – 2,050	\$26,496.49 per Unit
14	Attached Unit	> 2,050	\$27,378.76 per Unit

Each July 1, commencing July 1, 2015, the Prepayment Amount for each Assessor's Parcel of Developed Property prior to the issuance of Bonds shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**2. Subsequent to the Issuance of Bonds**

Subsequent to the issuance of Bonds 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 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 IA A of CFD No. 16 that there has been a prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax obligation and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Tax shall cease.

**SECTION H  
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 Map to a Homeowner, the owner of no less than all the Taxable Property within such Final 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 Map, as calculated in Section H.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 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<sub>G</sub> = the Prepayment Amount calculated according to Section G
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the 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 A of CFD No. 16 that there has been a partial prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Special Tax obligation and the partial release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax shall cease. Additionally, the notice shall indicate that the 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 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 I  
ANNUAL SPECIAL TAX REMAINDER**

In any Fiscal Year prior to the issuance of Bonds which the Special Taxes collected from Developed Property, pursuant to Step 1 of Section F, exceeds the Special Tax Requirement such amount shall be used to pay Actual Costs of City Improvements. After the issuance of Bonds, the School District may use such amounts for acquisition, construction or financing of school facilities in accordance with the Act, IA A of CFD No. 16 proceedings and other applicable laws as determined by the Board.

**SECTION J**

A-12

## TERMINATION OF SPECIAL TAX

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

### SECTION K EXEMPTIONS

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels owned by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (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 listed in Table 4 below. 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 be classified as Provisioning Undeveloped Property, and will continue to be subject to Special Taxes accordingly.

**TABLE 4**

#### MINIMUM TAXABLE ACREAGE

Taxable Acres
31.03 Acres

## **SECTION L APPEALS**

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

## **SECTION M MANNER OF COLLECTION**

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