

LOCAL GOALS AND POLICIES PURSUANT TO THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982

INTRODUCTION

San Dieguito Union High School District (the "District") has created these Local Goals and Policies (the "Policies") as guidelines to assist all concerned parties in determining the District's approach to financing projects pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act"). These Policies are also intended to comply with Section 53312.7 of the Mello-Roos Act.

SCHOOL FACILITIES TO BE FINANCED

It is the District's intention to support projects which address the greatest public need and provide the greatest public benefit: first, to the residents of new and existing Mello-Roos Act community facilities districts ("CFDs"); and, second, to the residents of the District at large. Therefore, it shall be the policy of the District to give priority attendance access to students residing in CFDs whose residents have paid special taxes which have, in whole or in part, financed the construction of school facilities. The degree of CFD priority shall reflect the proportion of each school's financing by CFDs under the Mello-Roos Act. The Superintendent shall develop regulations to determine the manner in which the CFD priority shall be determined for District schools. Those regulations shall incorporate this policy, other considerations allowed by law, and other applicable board policies such as the District's attendance policies (including criteria for student assignment such as goals to achieve ethnic, racial, or socioeconomic diversity, to the extent allowable by law); federal, state, or court mandates; transportation needs, safe pedestrian routes; grade levels for which facilities were designed; and ensuring students continuity of schooling within any single school year.

CREDIT QUALITY

Prior to the District considering any resolution authorizing the sale and issuance of bonds secured by special taxes collected under the Mello-Roos Act, the District shall require the following items:

1. To the extent the assessed value of real property in the District is not sufficient to enable the District to comply with Section 53345.8 of the Mello Act, a current appraisal prepared consistent with the "Criteria for Appraisals" of these Policies that demonstrates that satisfactory value-to-lien ratios exist.
2. Financial statements (preferably audited) for the current and prior two fiscal years from each property owner responsible for twenty-five percent (25%) or more of the debt service on the bonded indebtedness to be incurred. The property owner shall also provide all other financial information related to the proposed project that may be requested by the District.
3. Any credit enhancement in its sole discretion.
4. Evidence that the rate and method of apportionment of the special tax is in compliance with "Special Tax Formula" of these Policies.

Any variation from these Policies is to be noted and a recommendation made to the Board of Trustees of the District with regard thereto.

NOTICE TO FUTURE PROPERTY OWNERS

The Mello-Roos Act requires that certain disclosure certificates regarding the existence of a community facilities district and the special tax obligation be provided to those individuals purchasing property within the community facilities district. The District will require statutorily prescribed disclosure be made to the initial purchaser of property within a community facilities district, and it will make available the information necessary to complete the disclosure certificate required for secondary transfers. In its sole discretion, the District may require additional disclosure if to do so will allow subsequent purchasers to be aware of the existence of the community facilities district and the lien obligations created by the special tax.

SPECIAL TAX FORMULA

While bond proceeds provide the immediate source for financing improvements, it is the annual levy of special taxes servicing this debt which serve as the ultimate source of financing. The special tax lien must be sufficient to adequately secure the debt so that the risk of default is reasonably low. But the special tax lien must also be fair to the taxpayer. The following criteria will be applied in evaluating tax formulas:

1. The rate and method of apportionment of the special tax must be both reasonable and equitable in apportioning the costs of the public facilities to be financed to each of the parcels within the boundaries of the proposed district.
2. The rate and method of apportionment of the special tax is to provide for the administrative expenses of the proposed district, including, but not limited to, those expenses necessary for the enrollment and collection of the special tax and bond administration.
3. All property not otherwise exempted by the Mello-Roos Act from taxation shall be subject to the special tax. The rate and method of apportionment may provide for exemptions to be extended to parcels that are to be dedicated at a future date to public entities, held by a homeowner's association or designated open space.
4. A formula to provide for the prepayment of the special tax may be provided.

CRITERIA FOR APPRAISALS

An appraisal is a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.

The format and level of documentation for an appraisal depend on the complexity of the appraisal problem. A detailed appraisal shall be prepared for complex appraisal problems. A detailed appraisal shall reflect nationally recognized appraisal standards, including, to the extent appropriate, the Uniform Appraisal Standards for Federal Land Acquisition. An appraisal must contain sufficient documentation, including data and appraiser's analysis

of the data, to support his or her opinion of value. At a minimum, the appraisal shall contain the following items.

1. The purpose and/or the function of the appraisal, a definition of the estate being appraised, and a statement of the assumptions and limiting conditions affecting the appraisal.

2. An adequate description of the physical characteristics of the property being appraised, location, zoning, present use, and an analysis of highest and best use.
3. All relevant and reliable approaches to value consistent with commonly accepted professional appraisal practices.
4. A statement of the value of the real property.

The effective value of valuation, date of appraisal, signature and certification of the appraiser.

REFERENCES

Admission Requirements, Policy #5111
District Residency, Policy #5111.1 and 5111.1/AR-1
Intra-District Open Enrollment, Policy #5116.1/AR-1
Attendance Boundaries, Policy #5116.2 and 5116.2/AR-1