



# Poway Unified School District

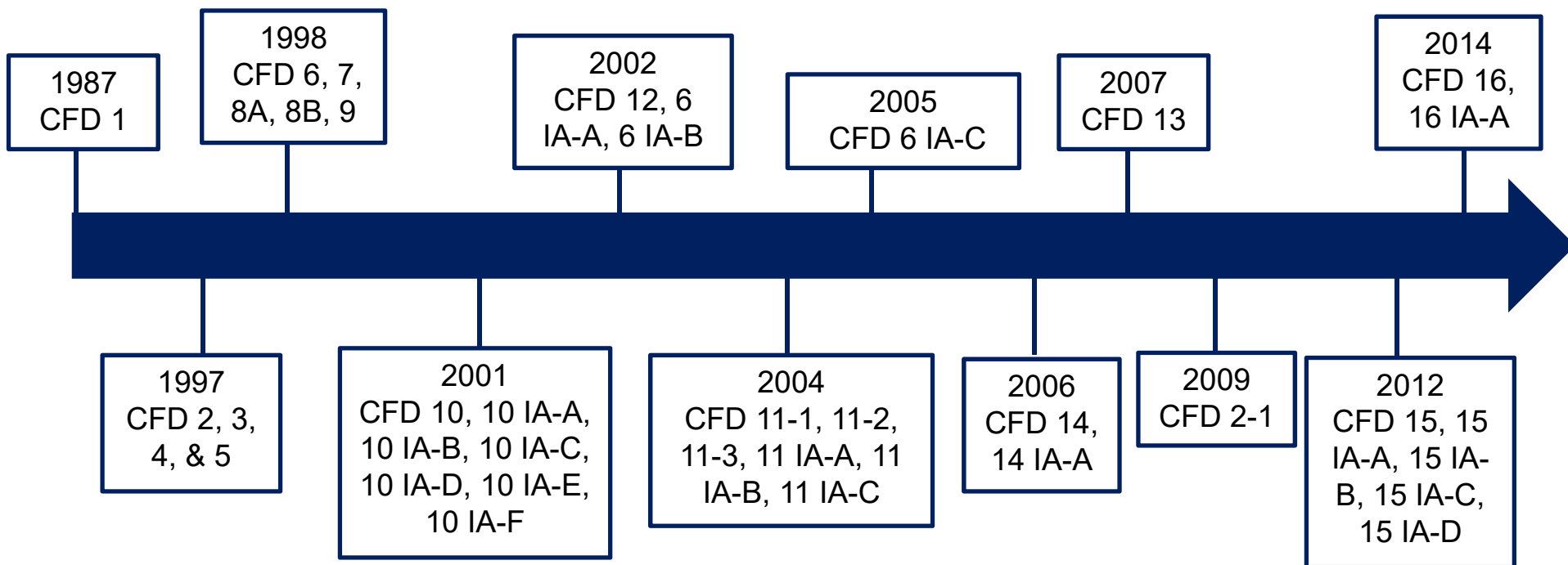
## Community Facilities Districts Special Tax Reduction Plan

Presented to the Board of Education  
June 3, 2020



## History of Community Facilities Districts and Improvement Areas

- » Poway Unified School District (“School District”) has a Community Facilities District (“CFD”) program that includes 38 CFDs and Improvement Areas (“IAs”).



- » Within the CFDs, there are approximately 16,000 homes with a population of approximately 47,000 residents, comprising 36% of residents and 45% of students of the School District’s population based on the 2016 Census.
- » Since 1989, these CFDs have helped fund construction of 14 new schools and expansion of 4 schools, and the IAs have also funded non-school facilities.



## Background

- » The CFDs and IAs accomplish this by issuing bonds and using the bond proceeds to fund construction and expansion of schools and other non-school facilities.
- » The proceeds from the sale of special tax bonds are generally used for new construction, expansion, or capital projects related to enrollment growth.
- » Homeowners within the CFDs and IAs are assessed special taxes to service the debt related to these bonds.
- » As per the CFDs' covenants, special taxes are assessed at what is called Assigned Special Tax which typically is 110% of the bond repayment.
- » These special tax revenues support over \$400 million in outstanding debt. Without any of the early repayments outlined in this report, the CFDs/IAs outstanding debt would not be fully retired until 2046.



# Outcome of Special Tax Reduction Plan

District	Original Final Termination	Projected Final Termination	Projected Years Prepaid
CFD No. 1	2040	2020	21 Years
CFD No. 2	2041	2025	17 Years
CFD No. 2 IA 1	2048	2040	9 Years
CFD No. 3	2041	2026	16 Years
CFD No. 4	2046	2031	16 Years
CFD No. 5	2041	2027	15 Years
CFD No. 6	2042	2032	11 Years
CFD No. 6 IA A	2036	2032	5 Years
CFD No. 6 IA B	2039	2034	6 Years
CFD No. 6 IA C	2046	2040	7 Years
CFD No. 7	2039	2026	14 Years
CFD No. 8 IA B	2032	2027	6 Years
CFD No. 9	2042	2028	15 Years
CFD No. 10	2046	2030	17 Years
CFD No. 10 IA A	2036	2031	6 Years
CFD No. 10 IA B	2036	2031	6 Years
CFD No. 10 IA C	2038	2032	7 Years
CFD No. 10 IA D	2037	2032	6 Years
CFD No. 10 IA E	2037	2032	6 Years

District	Original Final Termination	Projected Final Termination	Projected Years Prepaid
CFD No. 10 IA F	2046	2039	8 Years
CFD No. 10 IA F Supp	2051	2020	32 Years
CFD No. 11 IA A	2043	2033	11 Years
CFD No. 11 IA B	2045	2034	12 Years
CFD No. 11 IA C	2045	2031	15 Years
CFD No. 11 Zone 1	2043	2036	8 Years
CFD No. 11 Zone 2	2047	2038	10 Years
CFD No. 11 Zone 3	2047	2035	13 Years
CFD No. 12	2043	2029	15 Years
CFD No. 13	2048	2026	23 Years
CFD No. 14	2050	2033	18 Years
CFD No. 14 IA A	2050	2035	16 Years
CFD No. 15	2056	2023	34 Years
CFD No. 15 IA A	2048	2042	7 Years
CFD No. 15 IA B	2056	2020	37 Years
CFD No. 15 IA C	2049	2040	10 Years
CFD No. 15 IA D	2056	2020	37 Years
CFD No. 16	2053	2035	19 Years
CFD No. 16 IA A	2053	2048	6 Years



## Overview of CFD/IA Districts

- » For many of the CFDs/IAs, there are two layers of debt:
  - (1) Senior bonds on a standalone basis, and
  - (2) as part of a Financing Authority issuance.
  
- » For the purpose of this plan, CFD/IA Districts fall into one of three categories:
  1. Joint Acquisition Agreement Community Facilities Districts - JAA Districts
    - In order to fund the construction of D39C, the PUSD entered into a JAA in 2014 in the amount of \$40,000,000.
  2. Certificates of Participation IAs - COP Districts
    - PUSD issued its 2012 COPs to fund school facilities and repay previously issued debt.
  3. Available Surplus Districts - Surplus Districts
    - PUSD has issued special tax bonds on behalf of some of these CFD/IA Districts to fund the needed facilities.



## Overview of CFD/IA Districts (cont.)

No.	District	Category
01.	CFD No. 1	Surplus District
02.	CFD No. 2	JAA District
03.	CFD No. 2 IA 1	Surplus District
04.	CFD No. 3	Surplus District
05.	CFD No. 4	JAA District
06.	CFD No. 5	Surplus District
07.	CFD No. 6	JAA District
08.	CFD No. 6 IA A	COP District
09.	CFD No. 6 IA B	COP District
10.	CFD No. 6 IA C	COP District
11.	CFD No. 7	Surplus District
12.	CFD No. 8 IA B	JAA District
13.	CFD No. 9	JAA District
14.	CFD No. 10	JAA District
15.	CFD No. 10 IA A	COP District
16.	CFD No. 10 IA B	COP District
17.	CFD No. 10 IA C	COP District
18.	CFD No. 10 IA D	COP District
19.	CFD No. 10 IA E	COP District

No.	District	Category
20.	CFD No. 10 IA F	COP District
21.	CFD No. 10 IA F Supp	Surplus District
22.	CFD No. 11 IA A	COP District
23.	CFD No. 11 IA B	COP District
24.	CFD No. 11 IA C	Surplus District
25.	CFD No. 11 Zone 1	Surplus District
26.	CFD No. 11 Zone 2	Surplus District
27.	CFD No. 11 Zone 3	Surplus District
28.	CFD No. 12	JAA District
29.	CFD No. 13	JAA District
30.	CFD No. 14	JAA District
31.	CFD No. 14 IA A	COP District
32.	CFD No. 15	JAA District
33.	CFD No. 15 IA A	Surplus District
34.	CFD No. 15 IA B	Surplus District
35.	CFD No. 15 IA C	Surplus District
36.	CFD No. 15 IA D	Surplus District
37.	CFD No. 16	Surplus District
38.	CFD No. 16 IA A	Surplus District



## Approach and Assumptions of Reduction Plan

- » A three-fold evaluation should occur annually: 1) CFD and IA debt service obligations, 2) future facilities needs, and 3) the ability to reduce or terminate the levy of special taxes.
- » It is important to note that all assumptions are a snapshot in time and will be updated annually to reflect pertinent changes.
- » For purposes of this plan, we have assumed that the only facility expansion project necessary in the future is the addition of a new classroom building at Del Sur Elementary School in 2023 pursuant to the Facilities Master Plan. The estimated 2023 construction cost for this project is \$12,000,000.

District	Student Enrollment	Apportioned Facility Costs	Costs Paid by District Revenues	Difference of Costs Paid by Available Funds
CFD No. 5	1.94%	\$232,800	\$155,271	(\$77,529)
CFD No. 9	0.69%	82,800	35,205	(47,595)
CFD No. 12	3.52%	422,400	422,400	0
CFD No. 13	4.77%	572,400	572,400	0
CFD No. 14	48.17%	5,780,400	3,466,551	(2,313,849)
CFD No. 15	40.91%	4,909,200	4,909,200	0
<b>Total</b>	<b>100.00%</b>	<b>\$12,000,000</b>	<b>\$9,561,027</b>	<b>(\$2,438,973)</b>



## Servicing Subordinate Debt First

### I. JAA Districts

- » \$40,000,00 of PFA Bonds were issued in 2014 with optional redemption provisions beginning on or after October 1, 2023 at par value and a final maturity date of 2041.
- » On October 1, 2023, the PFA Bonds will be redeemable and will have principal outstanding of \$37,130,000. There will be more than sufficient funds on hand to fully repay based on the table below

**Possible 2014 PFA Bond Repayment**

<b>Item</b>	<b>Amount</b>
State Reimbursement	\$6,750,243
Balance in Net Available Special Tax Funds	6,791,004
Coverage Stabilization Fund	3,664,009
Funds Reserved for Del Sur ES Project	(2,438,973)
Combined JAA Districts' Net Revenue 2019	6,915,977
Combined JAA Districts' Net Revenue 2020	7,721,644
Combined JAA Districts' Net Revenue 2021	7,726,096
Combined JAA Districts' Net Revenue 2022	0
Combined JAA Districts' Net Revenue 2023	0
<b>Total</b>	<b>\$37,130,000</b>





## Reducing JAA Districts Special Taxes

» Below is a summary of the special tax reduction plan for each of the JAA District's senior bonds.

District	Final Maturity of Senior Bonds	Par Optional Call Date	Projected Call Date	Projected Special Tax Savings	Projected Years Prepaid
CFD No. 2	9/1/2028	9/1/2025	9/1/2025	\$40,323,968	17 Years
CFD No. 4	9/1/2031 and 9/1/2042	9/1/2023 and 9/1/2026	9/1/2031	38,041,278	16 Years
CFD No. 6 <sup>(1)</sup>	9/1/2035 and 9/1/2036	9/1/2022 and 9/1/2025	9/1/2032	155,763,856	11 Years
CFD No. 8 IA B	9/1/2028	9/1/2026	9/1/2027	3,814,777	6 Years
CFD No. 9	9/1/2028	9/1/2026	9/1/2028	3,478,379	15 Years
CFD No. 10	9/1/3032	9/1/2026	9/1/2030	69,390,443	17 Years
CFD No. 12	9/1/2032 and 9/1/2042	9/1/2023 and 9/1/2026	9/1/2029	29,170,832	15 Years
CFD No. 13	9/1/2042	9/1/2023	9/1/2026	43,012,491	23 Years
CFD No. 14	9/1/2036	9/1/2025	9/1/2033	121,578,326	18 Years
CFD No. 15	N/A	N/A	9/1/2023	133,068,643	34 Years
<b>Total</b>				<b>\$637,642,994</b>	



## Servicing Subordinate Debt First

### II. COP Districts

- » The 2012 COP was originally issued in an amount of \$57,300,000 with a final maturity in 2043.
- » The 2012 COP was initially set up to have an short-term interest rate lock. On two subsequent occasions, PUSD has entered into new short-term rate lock agreements with US Bank.
- » There will not be sufficient funds to repay the 2012 COP when the current extended rate mode ends. PUSD will need to either enter into another extended rate period, refinance or repay the 2012 COP.



## II. COP Districts (cont.)

- » Current projections show sufficient funds on hand by fiscal year 2030-31 to redeem the 2012 COP.

### Possible 2012 COP District Repayment

Item	Amount
Special Taxes in the LRB Custodial Accounts	\$15,679,735
2012 COPs Debt Service Reserve Fund	5,743,890
Combined COP Districts' Net Revenue 2019	0
Combined COP Districts' Net Revenue 2020	1,942,169
Combined COP Districts' Net Revenue 2021	1,893,830
Combined COP Districts' Net Revenue 2022	1,907,674
Combined COP Districts' Net Revenue 2023	1,894,045
Combined COP Districts' Net Revenue 2024	1,891,950
Combined COP Districts' Net Revenue 2025	1,879,978
Combined COP Districts' Net Revenue 2026	1,846,116
Combined COP Districts' Net Revenue 2027	1,833,853
Combined COP Districts' Net Revenue 2028	1,860,356
Combined COP Districts' Net Revenue 2029	1,881,771
Combined COP Districts' Net Revenue 2030	1,114,633
Combined COP Districts' Net Revenue 2031	0
<b>Total</b>	<b>\$41,370,000</b>



## Reducing COP Districts Special Taxes

- » Below is a summary of the special tax reduction plan for each IAs senior bonds, predicated on the repayment of the 2012 COP in 2031.

District	Final Maturity of Senior Bonds	Par Optional Call Date	Projected Call Date	Projected Special Tax Savings	Projected Years Prepaid
CFD No. 6 IA A	9/1/2033	9/1/2026	9/1/2032	\$9,154,948	5 Years
CFD No. 6 IA B	9/1/2036	9/1/2025	9/1/2034	22,786,798	6 Years
CFD No. 6 IA C	9/1/2042	9/1/2026	9/1/2040	6,345,983	7 Years
CFD No. 10 IA A	9/1/2031	9/1/2026	9/1/2031	7,991,965	6 Years
CFD No. 10 IA B	9/1/2031	9/1/2026	9/1/2031	4,797,155	6 Years
CFD No. 10 IA C	9/15/2033	9/15/2023	9/15/2032	2,856,147	7 Years
CFD No. 10 IA D	9/15/3032	9/15/2023	9/15/2032	3,467,791	6 Years
CFD No. 10 IA E	9/15/2032	9/15/2023	9/15/2032	4,121,197	6 Years
CFD No. 10 IA F	9/1/2041	9/1/2026	9/1/2039	1,756,311	8 Years
CFD No. 11 IA A	9/15/2034	9/15/2023	9/15/2033	13,520,905	11 Years
CFD No. 11 IA B	9/15/2035	9/15/2024	9/15/2034	12,369,786	12 Years
CFD No. 14 IA A	9/1/2036	9/1/2025	9/1/2035	99,263,241	16 Years
<b>Total</b>				<b>\$188,432,227</b>	



## Servicing Senior Debt

### III. Surplus CFD/IA Districts

- » In addition to those CFD/IAs that we have just reviewed, there are sixteen remaining— thirteen(13) of which that have *only* senior debt outstanding and three(3) others that have *no* outstanding debt at this time.
- » Based on the three-fold approach that we shared previously, and to be re-evaluated annually, the reduction plan for our Surplus Districts is as follows:



# Reducing Available Surplus Districts Special Taxes

District	Final Maturity of Senior Bonds	Par Optional Call Date	Projected Call Date	Projected Special Tax Savings	Projected Years Prepaid
CFD No. 1	10/1/2020	10/1/2018	10/1/2020	\$47,648,267	21 Years
CFD No. 2 IA 1	9/15/2042	9/15/2023	9/15/2040	2,533,918	9 Years
CFD No. 3	9/1/2028	9/1/2025	9/1/2026	9,580,606	16 Years
CFD No. 5	9/1/2028	9/1/2025	9/1/2027	3,166,756	15 Years
CFD No. 7	9/1/2028	9/1/2025	9/1/2026	2,691,108	14 Years
CFD No. 10 IA F Supp	NA	NA	9/1/2020	2,955,183	32 Years
CFD No. 11 IA C	9/15/2035	9/15/2024	9/15/2031	22,774,286	15 Years
CFD No. 11 Zone 1	9/15/2037	9/15/2023	9/15/2036	8,309,763	8 Years
CFD No. 11 Zone 2	9/15/2032 and 9/15/2042	9/15/2023 and 9/15/2024	9/15/2038	8,193,730	10 Years
CFD No. 11 Zone 3	9/15/2032 and 9/15/2042	9/15/2023 and 9/15/2024	9/15/2035	16,945,867	13 Years
CFD No. 15 IA A	9/1/2044	9/1/2024	9/1/2042	6,331,556	7 Years
CFD No. 15 IA B	NA	NA	9/1/2020	50,661,406	37 Years
CFD No. 15 IA C	9/1/2046	9/1/2026	9/1/2040	15,436,485	10 Years
CFD No. 15 IA D	NA	NA	9/1/2020	49,014,020	37 Years
CFD No. 16	9/1/2049	9/1/2030	9/1/2035	39,501,932	19 Years
CFD No. 16 IA A	9/1/2049	9/1/2030	9/1/2048	13,329,677	6 Years
<b>Total</b>				<b>\$299,074,559</b>	



## Concluding Remarks

- » The Poway Unified School District CFD Program is a mature program; it has served the District and the community well for over 30 years.
- » After decades of robust growth, PUSD's enrollment has plateaued. The balance of funding school facilities, repaying debt and reducing special taxes needs to be reviewed on an annual basis.
- » Surplus special taxes may now be used to retire CFD and IA debt more quickly than originally planned.
- » This Special Tax Reduction Plan is meant to be an evolving template, to be revisited annually and revised as needed.



*Thank you*

Q & A