



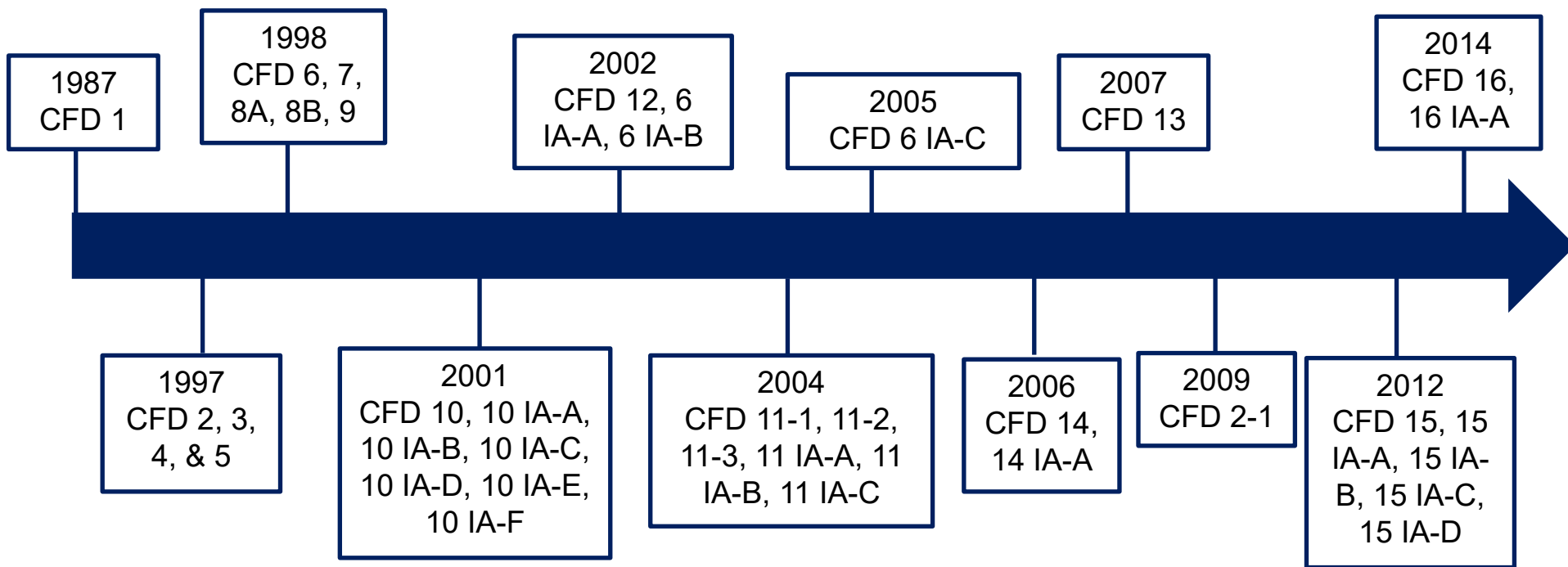
Poway Unified School District

Community Facilities Districts Special Tax Reduction Plan (2021 Update)



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 – 2020 Original 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



Outcome of Special Tax Reduction Plan – 2021 Updates

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	2029	18 Years
CFD No. 5	2041	2026	16 Years
CFD No. 6	2046	2030	17 Years
CFD No. 6 IA A	2036	2032	5 Years
CFD No. 6 IA B	2039	2033	7 Years
CFD No. 6 IA C	2046	2040	7 Years
CFD No. 7	2039	2025	15 Years
CFD No. 8 IA B	2038	2027	12 Years
CFD No. 9	2042	2028	15 Years
CFD No. 10	2046	2029	18 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	2046	6 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	2032	14 Years
CFD No. 11 Zone 1	2043	2034	10 Years
CFD No. 11 Zone 2	2047	2035	13 Years
CFD No. 11 Zone 3	2047	2035	13 Years
CFD No. 12	2043	2026	18 Years
CFD No. 13	2048	2023	26 Years
CFD No. 14	2050	2031	20 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	2049	8 Years
CFD No. 15 IA C	2049	2041	9 Years
CFD No. 15 IA D	2056	2048	9 Years
CFD No. 16	2053	2036	18 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 facility projects include the following current and potential sites totaling \$32,763,032:
 1. Del Norte High School beginning in 2021-22 (\$15,263,032)
 2. Twin Peaks Center (Transportation) in 2023-24 (\$1,500,000)
 3. Westview High School in 2023-24 (\$6,000,000)
 4. Del Sur Elementary School in 2024-25 (\$10,000,000)
- » The amount of project costs are allocated to the pertinent CFDs and IAs based on students within their boundaries. The timing and amounts of project expenditures will be reviewed annually and adjusted accordingly.
- » Currently, based on funds available in various CFD/IA accounts and from future net special taxes, it is projected that PUSD will have sufficient funds to complete these four projects.



Servicing Subordinate Debt First

I. JAA Districts

- » \$40,000,000 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 \$37,080,000. There will be more than sufficient funds on hand to fully repay based on the table below

Possible 2014 PFA Bond Repayment

Item	Amount
State Reimbursement	\$6,642,525
Balance in Net Available Special Tax Funds	2,512,885
Coverage Stabilization Fund	3,644,465
Previously Accumulated JAA Net Revenues	24,280,125
Combined JAA Districts' Net Revenue 2021	0
Combined JAA Districts' Net Revenue 2022	0
Combined JAA Districts' Net Revenue 2023	0
Total	\$37,080,000



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	\$46,053,107	17 Years
CFD No. 4	9/1/2031 and 9/1/2042	9/1/2023 and 9/1/2026	9/1/2029	42,642,128	18 Years
CFD No. 6	9/1/2031, 9/1/2035 and 9/1/2036	9/1/2025, 9/1/2026 and 9/1/2030	9/1/2030	254,744,465	17 Years
CFD No. 8 IA B	9/1/2028	9/1/2026	9/1/2027	9,220,429	12 Years
CFD No. 9	9/1/2028	9/1/2026	9/1/2028	3,478,562	15 Years
CFD No. 10	9/1/2032	9/1/2026	9/1/2029	72,759,561	18 Years
CFD No. 12	9/1/2032 and 9/1/2042	9/1/2023 and 9/1/2026	9/1/2026	36,487,008	18 Years
CFD No. 13	9/1/2042	9/1/2023	9/1/2023	60,478,134	26 Years
CFD No. 14	9/1/2036	9/1/2025	9/1/2031	132,524,092	20 Years
CFD No. 15	NA	NA	9/1/2023	153,964,266	34 Years
Total				\$812,351,750	



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.
- » Initially, the 2012 COP was set up to have a 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 in full when the current extended rate mode ends on September 1, 2022.
- » However, in 2022, PUSD has the option to pay down approximately 50% of the then-outstanding 2012 COP with funds on hand and refinance the COP at fixed interest rates. If this approach is taken, the 2012 COP will be paid off sooner than it is currently projected.



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	\$17,724,769
2012 COPs Debt Service Reserve Fund	5,744,279
LRB Surplus Fund	1,237,895
Combined COP Districts' Net Revenue 2021	1,908,477
Combined COP Districts' Net Revenue 2022	1,885,660
Combined COP Districts' Net Revenue 2023	1,875,968
Combined COP Districts' Net Revenue 2024	1,887,589
Combined COP Districts' Net Revenue 2025	1,878,511
Combined COP Districts' Net Revenue 2026	1,842,270
Combined COP Districts' Net Revenue 2027	1,842,606
Combined COP Districts' Net Revenue 2028	1,870,935
Combined COP Districts' Net Revenue 2029	1,671,041
Combined COP Districts' Net Revenue 2030	0
Combined COP Districts' Net Revenue 2031	0
Combined COP Districts' Net Revenue 2032	0
Total	\$41,370,000



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	\$9,341,132	5 Years
CFD No. 6 IA B	9/1/2036	9/1/2025	9/1/2033	23,484,147	7 Years
CFD No. 6 IA C	9/1/2042	9/1/2026	9/1/2040	6,428,819	7 Years
CFD No. 10 IA A	9/1/2031	9/1/2026	9/1/2031	8,079,712	6 Years
CFD No. 10 IA B	9/1/2031	9/1/2026	9/1/2031	4,834,341	6 Years
CFD No. 10 IA C	9/15/2033	9/15/2023	9/15/2032	2,888,735	7 Years
CFD No. 10 IA D	9/15/2032	9/15/2023	9/15/2032	3,431,610	6 Years
CFD No. 10 IA E	9/15/2032	9/15/2023	9/15/2032	4,174,400	6 Years
CFD No. 10 IA F	9/1/2041	9/1/2026	9/1/2039	1,769,038	8 Years
CFD No. 11 IA A	9/15/2034	9/15/2023	9/15/2033	13,495,537	11 Years
CFD No. 11 IA B	9/15/2035	9/15/2024	9/15/2034	12,328,472	12 Years
CFD No. 14 IA A	9/1/2036	9/1/2025	9/1/2035	99,580,620	16 Years
Total				\$189,836,564	



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.
- » It should be noted that these three(3) IAs are expected to issue bonds in the future to fund non-school facilities. For purposes of presenting the best estimates of this special tax reduction plan, we have updated the analysis to assume the senior debt are issued by these IAs in five years or 2026.
- » 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	2,648,297	9 Years
CFD No. 3	9/1/2028	9/1/2025	9/1/2026	10,018,146	16 Years
CFD No. 5	9/1/2028	9/1/2025	9/1/2026	3,417,812	16 Years
CFD No. 7	9/1/2028	9/1/2025	9/1/2025	2,988,336	15 Years
CFD No. 10 IA F Supp	9/1/2051	9/1/2036	9/1/2046	599,647	6 Years
CFD No. 11 IA C	9/15/2035	9/15/2024	9/15/2032	21,928,202	14 Years
CFD No. 11 Zone 1	9/15/2037	9/15/2023	9/15/2034	9,487,923	10 Years
CFD No. 11 Zone 2	9/15/2032 and 9/15/2042	9/15/2023 and 9/15/2024	9/15/2035	10,319,807	13 Years
CFD No. 11 Zone 3	9/15/2032 and 9/15/2042	9/15/2023 and 9/15/2024	9/15/2035	17,181,239	13 Years
CFD No. 15 IA A	9/1/2044	9/1/2024	9/1/2042	6,207,911	7 Years
CFD No. 15 IA B	9/1/2056	9/1/2036	9/1/2049	12,452,002	8 Years
CFD No. 15 IA C	9/1/2046	9/1/2026	9/1/2041	14,770,472	9 Years
CFD No. 15 IA D	9/1/2056	9/1/2036	9/1/2048	12,372,291	9 Years
CFD No. 16	9/1/2050	9/1/2030	9/1/2036	37,168,530	18 Years
CFD No. 16 IA A	9/1/2050	9/1/2030	9/1/2048	12,811,005	6 Years
Total				\$222,019,887	