FACILITY FINANCING PROGRAMS

General Responsibilities

Facilities financing in the district comprises many programs including general obligation bonds, special tax bonds, bond anticipation programs, certificates of participation, lease revenue bonds, and school facility funds. It is imperative that the district have clear policies, procedures, and guidelines to ensure due diligence is performed in all areas and aspects of facilities financing.

The district shall ensure that the following best practices are adhered to prior to and after the issuances of debt of every capital financing project:

1. Presentations and documentation that address: par amount, structure of bonds, call provisions, length of amortization, average coupon rate, total debt service, and debt service to par ratio. If it is anticipated that premium will be generated, an estimate of the amount of premium, the intended use of the premium dollars, and the anticipated impact of the premium on the total net debt service ratio will also be presented.

2. Presentation and documentation of an estimated cost of issuance breakdown, showing the name of the consultant, the service provided, and the estimated cost per consultant.

3. A two-meeting rule will be followed in any capital facilities transactions except for refundings. Presentation and discussion will occur at one Board meeting. Whenever possible, a second Board meeting will be scheduled within two months for a final vote. Materials such as the Preliminary Official Statement (POS), even in draft form, shall be forwarded to the Board well in advance of the meeting so they will have time to read the materials and documents. If the time between the first meeting and the second meeting is greater than three months, it may be necessary to repeat the information and presentation that was shared at the first meeting to the extent the legal timelines allow.

4. Refundings should be initiated when economically feasible and advantageous. In order to take advantage of current market conditions, a two-meeting rule may be waived if a refunding falls within the following guidelines:

    a. $1 million total net present value savings

    b. $100,000 annual savings

    c. a minimum of 3% net present value savings on current refundings

    d. a minimum of 4% net present value savings on advance refundings

5. Completion and presentation of a final report which includes the Official Statement (OS) with the actual financial data after each issuance of capital financing debt.

6. Completion and presentation of an annual review of all outstanding capital facilities financing and any proposed new capital facilities financing.

7. Capital facilities financing study sessions for the Board and public on an annual basis regarding the various components of a capital facilities financing program, including but not limited to: General Obligation Bonds (GOs), Bond Anticipation Notes (BANs), Certificates of Participation (COPs), Lease Revenue Bonds (LRBs), Current Interest Bonds (CIBs), Capital Appreciation Bonds (CABs), Statutory Developer Mitigation Fees, Mello-Roos Community Facilities Districts (CFDs).

When dealing with complex financial issues, the Board and the Superintendent may deem it necessary to include the services of independent financial advisors. These advisors will receive fee based compensation, will not be connected with the issuance of any bonds in the district, and will not be involved with any aspect of facilities financing in the district unless approved by the Board in advance.

The services of financial advisors that are part of bond issuances will be paid on a set fee based on a per bond issuance.

The district will review and assess the performance of consultants on an annual basis, and will implement a Request for Proposal (RFP) process for capital facility financing project consultants as needed but no longer than every five years, as determined by the Board.

The district shall utilize the services of an attorney to delineate the responsibilities of the Board members in the area of facilities financing.

Continuing Disclosure

Poway Unified School District is an issuer of municipal debt securities for financing school facility projects needed to serve students in grades kindergarten through 12. Upon the issuance of each security, the district covenants, pursuant to a Continuing Disclosure Agreement or Certificate ("CDA"), to provide certain annual financial information and notices of the occurrence of certain enumerated events in order to assist the original underwriter(s) for that transaction in complying with the Securities and Exchange Commission ("SEC") Rule 15c212 ("Rule").

The district is committed to comply with its continuing disclosure obligations as described under the Rule and as covenanted in each CDA for all its current outstanding securities. The enactment of these written Policies and Procedures for post-issuance continuing disclosure compliance ("Policies and Procedures") implements the district's pledge to comply with all its continuing disclosure obligations and applicable federal and state securities laws. For the purposes of these written Policies and Procedures, the "district" shall include the Poway Unified School District, the Poway Unified School Financing Authority ("Authority") and Community Facilities Districts ("CFDs") formed by the district.

The determination by the district to implement these Policies and Procedures is to ensure compliance with the requirements of the Rule pursuant to each CDA in the dissemination of required financial and operational information and notices of certain events to the Municipal Securities Rulemaking Board ("MSRB"), through its Electronic Municipal Market Access ("EMMA") website, or any other entity designated or authorized by the SEC for this purpose.

The Policies and Procedures set forth herein by the district reflect the standards under which the district will comply with its post-issuance continuing disclosure obligation pursuant to each CDA under the Rule.

Internal Revenue Code Post-Issuance Compliance

Poway Unified School District ("district") is an issuer of municipal debt securities for financing school facility projects needed to serve students in grades kindergarten through 12.

All of the district's outstanding municipal bond debt has been issued on a tax-exempt basis. In order to maintain the tax-exempt status on this outstanding debt, the Internal Revenue Service (the "IRS") requests the district to monitor the use of proceeds of the bonds.