



PRESS RELEASE

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Poway Unified School District Releases Findings of Independent Investigation Surrounding Capital Appreciation Bond Financing

Poway Unified School District (PUSD) Superintendent, John P. Collins, presented the outcome of an independent investigation conducted by ESI International, Inc. surrounding the District's decision to sell capital appreciation bonds (Prop C, Series B) on August 11, 2011.

The expansive investigation came at the request of PUSD as a result of school districts throughout the State of California, including Poway Unified School District, receiving criticism, as broadly reported through media outlets, for the issuance of capital appreciation bonds.

The District's sale of the capital appreciation bonds was the last in a series of bond financing transactions relating to PUSD's \$500 million school construction program. In 2003, the voters of the District approved the modernization and expansion program for the 24 oldest schools in the District, which were in need of vital upgrades in order to uphold the excellent standards of the educational environment, and to reduce the risks and liability associated with aging schools.

The investigative firm, ESI International, Inc., is a California private investigations company that conducts a wide range of investigations, but has particular expertise in fraud and accounting investigations. The principal investigator assigned to the project was Robert Price, founder and manager of the firm.

Specifically with regard to the Prop C, Series B bond sale, ESI was asked to find information that could answer specific questions concerning the bond sale. Essentially, those questions centered on whether the District acted responsibly in the transaction; if District advisors provided acceptable advice at a reasonable cost; if

the people involved in the transaction acted properly in their roles and in the interests of the District; and, whether correct processes were followed.

Poway Unified Superintendent John Collins said of the investigative findings: “Our goal was to obtain an unbiased opinion as to whether the District acted responsibly in issuing these bonds. Our board of trustees will ultimately determine the District’s position on the investigation, but from my perspective I will say that I am pleased that we have some really good information from which we can move forward.”

In order to afford a reasonable amount of time for the Board of Education and the public to review the findings released this evening, a special meeting of the Board has been scheduled for Monday, February 4, 2013, at 4:00 p.m. The meeting will be held at the District Office, 15250 Avenue of Science, in San Diego. The lead investigator, Robert Price, will address the Board and respond to questions at that time. Also at this special meeting, the Board will hear testimony from the public, preliminary recommendations from the Superintendent, and will give advance directives to District staff.

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