



COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

POWAY UNIFIED SCHOOL DISTRICT

ADMINISTRATION REPORT

FISCAL YEAR 2017/2018

ZONE 1 OF

COMMUNITY FACILITIES DISTRICT NO. 11

June 29, 2017

PREPARED FOR:

**Poway Unified
School District – Planning
Department**

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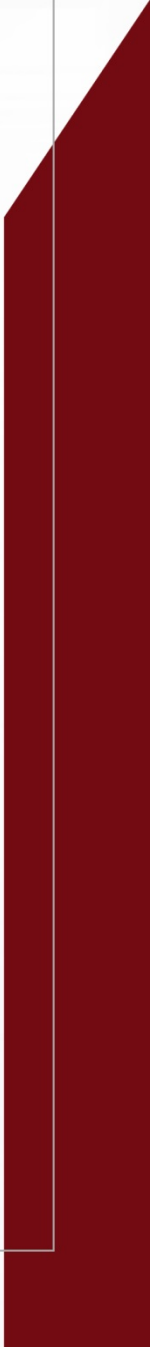
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Rate and Method of Apportionment

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Summary of Transactions for Funds and Accounts

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Annual Special Tax Roll for Fiscal Year 2017/2018



INTRODUCTION

This Administration Report ("Report") provides an analysis of the financial and administrative obligations of Zone 1 of Community Facilities District ("CFD") No. 11 of the Poway Unified School District ("School District"), pursuant to the Rate and Method of Apportionment ("RMA") attached as Exhibit A, for the purpose of calculating the Annual Special Tax levy for Fiscal Year 2017/2018. In calculating the Annual Special Tax levy for Fiscal Year 2017/2018, the Report describes (i) the remaining financial obligations of Zone 1 of CFD No. 11 for Fiscal Year 2016/2017 and (ii) the financial obligations of Zone 1 of CFD No. 11 for Fiscal Year 2017/2018.

The Report is organized into the following sections:

SECTION I

Section I provides a description of the Annual Special Tax levy for Fiscal Year 2016/2017 including any delinquent Annual Special Taxes.

SECTION II

On April 1, 2004, the Zone 1 2004 Special Tax Bonds ("2004 Bonds") were issued by CFD No. 11 in the amount of \$9,000,000. The 2004 Bonds were issued for the purpose of financing the Authorized Facilities of CFD No. 11, pursuant to the Resolution of Intention ("ROI") and are secured by and repaid from the annual levy of Special Taxes within Zone 1 of CFD No. 11. On February 14, 2013, the 2013 Special Tax Revenue Bonds ("2013 Bonds") were issued by Zone 1 of CFD No. 11 in the amount of \$10,300,000 (collectively, with the 2004 Bonds, "Bonds") for the purpose of refunding the outstanding 2004 Bonds and funding Authorized Facilities.

Section II examines the financial activity within the various funds and accounts established pursuant to the Bond Indenture dated March 1, 2004 ("2004 Indenture") by and between Zone 1 of CFD No. 11 and Zions First National Bank, NA ("Fiscal Agent") and pursuant to the Bond Indenture dated February 1, 2013 ("2013 Indenture") (collectively, with the 2004 Bond Indenture, the "Indentures") by and between Zone 1 of CFD No. 11 and the Fiscal Agent from July 1, 2016 to April 30, 2017. A summary is provided which lists all disbursements, Annual Special Tax receipts, and interest earnings.

SECTION III

Section III contains a description of (i) the initial allocation of Bond proceeds and (ii) the expenditure of Special Taxes and Bond proceeds to fund Authorized Facilities of Zone 1 of CFD No. 11 through April 30, 2017, as directed by Senate Bill 165 ("SB 165").

SECTION IV

Section IV calculates the Zone 1 Annual Special Tax Requirement based on the financial obligations of Zone 1 of CFD No. 11 for Fiscal Year 2017/2018.

SECTION V

Section V provides the development status of Zone 1 of CFD No. 11.

SECTION VI

Section VI describes the methodology used to apportion the Zone 1 Annual Special Tax Requirement among the properties within Zone 1 of CFD No. 11 and lists the Annual Special Tax rates for Fiscal Year 2017/2018.

I. FISCAL YEAR 2016/2017 LEVY SUMMARY

A. Special Tax Levy

The aggregate Annual Special Tax levy of Zone 1 of CFD No. 11 in Fiscal Year 2016/2017 as well as a summary of the levy can be found in the table below.

Annual Special Tax Rates For Fiscal Year 2016/2017

Property Classification	Tax Class	Number of Units/Acres	Assigned Annual Special Tax Rate	Total Annual Special Taxes
Developed	1	274 Units	\$2,561.02 per Unit	\$701,719.48
Assigned	2	0 Units	\$0.00 per Unit	\$0.00
<i>Developed Property</i>		<i>274 Units</i>	<i>NA</i>	<i>\$701,719.48</i>
<i>Undeveloped Property</i>		<i>0.00 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>
Total				\$701,719.48

B. Special Tax Delinquencies

Cooperative Strategies, LLC has received delinquency information for Zone 1 of CFD No. 11 for Fiscal Year 2016/2017 from the County of San Diego ("County"). For Fiscal Year 2016/2017 (as of May 2, 2017), \$10,244.08 in Annual Special Taxes were delinquent yielding a delinquency rate of 1.46%.

II. FINANCIAL ACTIVITY

This section summarizes the activity within the various funds and accounts created by the 2013 Indenture. For a more detailed description of the various funds and accounts, please see the 2013 Indenture. A detailed analysis of all transactions within these funds and accounts for this period is included as Exhibit B.

A. Sources of Funds

Sources of funds for Zone 1 of CFD No. 11 for the period of July 1, 2016 to April 30, 2017 are summarized in the table below.

Sources of Funds July 1, 2016 – April 30, 2017

Sources	Amount
Bond Proceeds	\$0.00
Special Tax Receipts ^[1]	\$488,824.47
Investment Earnings ^[2]	\$204.03
Miscellaneous Sources ^[3]	\$5,589.03
Total	\$494,617.53
<i>[1] Includes \$68,219.87 in prepaid Special Taxes.</i>	
<i>[2] Data summarized in the table below.</i>	
<i>[3] \$5,589.03 was transferred from the 2013 PFA Reserve Fund.</i>	

Investment Earnings July 1, 2016 – April 30, 2017

Funds and Accounts	Amount
2013 Administrative Expense Fund	\$41.66
2013 Interest Account	\$0.00
2013 Principal Account	\$0.00
2013 Redemption Fund	\$29.48
2013 School Facilities Fund	\$0.00
2013 Special Tax Fund	\$132.89
Total	\$204.03

B. Uses of Funds

Uses of funds for Zone 1 of CFD No. 11 for the period of July 1, 2016 to April 30, 2017 are summarized in the table below.

**Uses of Funds
July 1, 2016 – April 30, 2017**

Funds and Accounts	Amount
Interest Payments	\$433,225.00
Principal Payments	\$242,100.00
Acquisition/Construction Payments	\$0.00
Administrative Expenses	\$12,251.65
Transfer to the 2013 PFA School Facilities Surplus Account	\$65,278.00
Miscellaneous Uses	\$0.00
Total	\$752,854.65

[1] Includes the redemption of certain 2013 Bonds in the amount of \$72,100.00 due to Special Tax prepayments.

C. Fund and Account Balances

The balances as of April 30, 2017 in the funds and accounts established pursuant to the Indenture are shown in the table below.

**Fund and Account Balances
As of April 30, 2017**

Funds and Accounts	Amount
2013 Administrative Expense Fund	\$66,187.54
2013 Interest Account	\$0.00
2013 Principal Account	\$0.00
2013 Redemption Fund	\$2,855.40
2013 School Facilities Fund	\$0.00
2013 Special Tax Fund	\$178,997.55
Total	\$248,040.49

III. SENATE BILL 165 COMPLIANCE

The Board of Education ("Board") of the School District, pursuant to the provisions of the Local Agency Special Tax and Bond Accountability Act ("Accountability Act"), has directed the filing of the Special Tax and Bond Accountability Report for CFD No. 11. According to SB 165, any local special tax and/or bond measure subject to voter approval on or after January 1, 2001, must follow the requirements of the Accountability Act. All capitalized terms herein are used as defined in the RMA of CFD No. 11.

A. Authorized Facilities

Pursuant to the Mello-Roos Community Facilities Act of 1982, as Amended ("Act"), Zone 1 of CFD No. 11 can only be used to fund the "Authorized Facilities" as outlined at the time of formation. The following is an excerpt taken from the ROI to establish CFD No. 11 which describes the Authorized Facilities.

The School Facilities proposed to be financed by Poway Unified School District Community Facilities District No. 11 (StoneBridge Estates) ("CFD No. 11") under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act") are as follows.

"School Facilities" means the acquisition, planning, construction, and/or financing of those school facilities, including classrooms, multi-purpose, administration, and auxiliary space at each school, central support and administrative facilities, interim housing, transportation, and special education facilities, together with furniture, equipment, and technology, needed by Poway Unified School District (the "District") in order to serve directly or indirectly the student population to be generated as a result of the development of the property within CFD No. 11, together with all land or interests in land required for the construction of such facilities and all land or interests in land required to be provided by the District as mitigation of environmental impacts associated with the development of such school facilities as well as all that portion of the related incidental expenses and the costs to the District related to the negotiation, execution, and implementation of the Memorandum of Understanding dated as of June 17, 2002 (the "MOU") between the District and each "Owner" named therein allocable to the properties within CFD No. 11 and the School Impact

Mitigation and Public Facilities Funding Agreement, dated as of November 20, 2003, by and between the District and the Owners. "School Facilities" shall also mean the acquisition, planning, construction, and/or financing of other additional school facilities ("Supplemental School Facilities"), including classrooms, multi-purpose, administration, and auxiliary space at each school, central support and administrative facilities, interim housing, transportation, and special education facilities, together with furniture, equipment, and technology, needed by District to serve the student population of the District and which are financed in whole or in part from the revenues of special taxes levied in any fiscal year on Developed Property within any Improvement Area or Improvement Areas in excess of that required to satisfy the special tax requirements for such Improvement Area or Improvement Areas for such fiscal year.

B. Bond Proceeds

In accordance with the 2004 Indenture, the proceeds of the 2004 Bonds were deposited into the funds and accounts shown in the table below.

Initial Deposit of 2004 Bond Proceeds

Funds, Accounts and Subaccount	Initial Deposit
Capitalized Interest Subaccount of the Bond Fund ^[1]	\$702,641.26
Costs of Issuance Fund ^[2]	\$347,392.85
School Facilities Fund	\$7,098,317.40
Reserve Fund	\$811,648.49
Administrative Expense Fund	\$40,000.00
Total Bond Proceeds	\$9,000,000.00
<i>[1] Bond Proceeds were deposited into the Capitalized Interest Subaccount to cover Interest through March 2006.</i>	
<i>[2] This amount includes the Underwriter's Discount of \$157,500.00 and an Issuance Discount of \$54,392.85. The actual amount deposited in the Costs of Issuance Fund was \$135,500.00.</i>	

In accordance with the 2013 Indenture, the proceeds of the 2013 Bonds were deposited into the funds and accounts shown in the table below.

Initial Deposit of 2013 Bond Proceeds

Funds, Accounts, and Subaccounts	Initial Deposit
2013 Purchase Transfer Account ^[1]	\$9,912,238.18
Total	\$9,912,238.18
<i>[1] \$9,912,238.18 was transferred from the 2013 Purchase Transfer Account to the Escrow Account pursuant to the Authority Indenture.</i>	

C. Construction/Acquisition Accounts

All funds originally deposited into and accrued by the construction/acquisition accounts for the 2004 Bonds have been expended for Authorized Facilities. For details of these expenditures, please refer to the Administration Reports of Zone 1 of CFD No. 11 from prior years.

The table below shows the accruals and expenditures in the construction/acquisition accounts of Zone 1 of CFD No. 11 for the 2013 Bonds from the 2013 Bond inception through April 30, 2017.

Zone 1 of CFD No. 11 2013 School Facilities Fund

Balance as of February 14, 2013		\$0.00
Previously Accrued	\$2,101,579.86	
Previously Expended	(\$2,101,579.49)	
Balance as of April 30, 2016		\$0.37
Accruals		\$0.00
Expenditures		(\$0.37)
Transfer to Special Tax Fund	(\$0.37)	
Balance as of April 30, 2017		\$0.00

D. Special Tax Fund

Each Fiscal Year, Zone 1 of CFD No. 11 will levy, collect, and expend Annual Special Taxes in an amount necessary to pay interest and principal to bondholders, cover Administrative Expenses, and fund school facilities necessary to serve students generated from residential units constructed within the boundaries of Zone 1 of CFD No. 11. The table below presents a detailed listing of the Annual Special Taxes collected and expended by Zone 1 of CFD No. 11 from February 14, 2013 through April 30, 2017. For further information regarding the collection and expenditures of the Special Taxes prior to the February 14, 2013, please refer to the Administration Reports of Zone 1 of CFD No. 11 from prior years.

2013 Special Tax Fund

Balance as of February 14, 2013		\$0.00
Previously Accrued	\$2,906,188.55	
Previously Expended	(\$2,730,681.96)	
Balance as of April 30, 2016		\$175,506.59
Accruals		\$693,218.12
Special Tax Receipts	\$693,079.92	
Interest Earnings	\$137.83	
Transfer from 2013 School Facilities Fund	\$0.37	
Expenditures		(\$689,727.16)
Transfer to Interest Account	(\$433,225.00)	
Transfer to Principal Account	(\$170,000.00)	
Transfer to Administrative Expense Fund	(\$21,224.16)	
Transfer to 2013 PFA School Facilities Surplus Account	(\$65,278.00)	
Balance as of April 30, 2017		\$178,997.55

The table on the following page presents a detailed listing of the Annual Special Taxes collected and expended by Zone 1 Custodial Account of CFD No. 11 from April 30, 2014 through April 30, 2017.

Custodial Account

Balance as of April 30, 2013		\$385,379.89 ^[1]
Previously Accrued	\$941,788.21	
Previously Expended	(\$319,485.81)	
Balance as of April 30, 2016		\$1,007,682.29
Accruals		\$2,278.69
Transfer from the 2013 PFA School Facilities Surplus Account	\$1,681.93	
Interest Earnings	\$596.76	
Expenditures		(\$150,526.33)
High School Facilities	(\$150,526.33)	
Balance as of April 30, 2017		\$859,434.65

[1] Funds deposited into the Custodial Account prior to April 30, 2013 do not represent Special Taxes collected by Zone 1 of CFD No. 11 and therefore were not subject to the Accountability Act.

E. Pooled Special Tax Accounts

Pursuant to Section 3.02 of the 2013 Indenture, after all expenses have been paid all Surplus Special Taxes are to be transferred to the Schools Facilities Surplus Account of the 2013 Public Authority Financing Authority. The table on the following page presents a detailed listing of the Annual Special Taxes collected and expended by Schools Facilities Surplus Account of the Public Financing Authority from February 14, 2013 through April 30, 2017.

Public Financing Authority 2013 School Facilities Surplus Account

Balance as of February 14, 2014		\$0.00
Previously Accrued	\$2,678,927.33	
Previously Expended	(\$2,678,927.33)	
Balance as of April 30, 2016		\$0.00
Accruals		\$371,690.54
Transfer from CFD No. 2 IA No. 1 Special Tax Fund	\$18,809.05	
Transfer from CFD No. 11 Zone 1 Special Tax Fund	\$65,278.00	
Transfer from CFD No. 11 Zone 2 Special Tax Fund	\$60,160.17	
Transfer from CFD No. 11 Zone 3 Special Tax Fund	224,643.33	
Transfer from 2013 Revenue Fund	\$2,564.60	
Interest Earnings	\$235.39	
Expenditures		(\$2,720.19)
Transfer to CFD No. 2 IA No. 1 Custodial Account	(\$387.49)	
Transfer to CFD No. 11 Zone 1 Custodial Account	(\$1,681.93)	
Transfer to CFD No. 10 IA F Custodial Account	(\$285.98)	
Transfer to CFD No. 10 IA C Custodial Account	(\$209.21)	
Transfer to 2013 PFA Interest Account	(\$155.58)	
Balance as of April 30, 2017		\$368,970.35

IV. ZONE 1 ANNUAL SPECIAL TAX REQUIREMENT

For Fiscal Year 2017/2018, the Zone 1 Annual Special Tax Requirement for Zone 1 of CFD No. 11, as calculated pursuant to the RMA, can be found in the table below.

Zone 1 Annual Special Tax Requirement For Fiscal Year 2017/2018

FY 2016/2017 Current and Projected Funds		\$456,434.05
Balance of the Special Tax Fund (as of April 30, 2017)	\$178,997.55	
Projected Special Tax Receipts	\$277,436.50	
FY 2016/2017 Remaining Obligations		\$456,434.05
Interest Payment Due September 1, 2017	\$213,712.50	
Principal Payment Due September 1, 2017	\$185,000.00	
Transfer to Authority Surplus/Additional Administrative Expense Budget	\$57,721.55	
FY 2016/2017 Surplus/(Draw on Reserve)		\$0.00
FY 2017/2018 Obligations		\$713,141.52
Interest Payment Due March 1, 2018	\$210,937.50	
Interest Payment Due September 1, 2018	\$210,937.50	
Principal Payment Due September 1, 2018	\$205,000.00	
Administrative Expense Budget for Fiscal Year 2017/2018	\$22,081.62	
Anticipated Special Tax Delinquencies (1.46%)	\$10,410.83	
Transfer to Authority Surplus/Additional Administrative Expense Budget	\$53,774.07	
Zone 1 Annual Special Tax Requirement		\$713,141.52

V. DEVELOPMENT SUMMARY

Each Fiscal Year, the School District calculates the Annual Special Taxes to be levied against Taxable Property within Zone 1 of CFD No. 11. Taxable Property is classified based on the issuance of a Building Permit. Specifically, Developed Property means, for any Fiscal Year, all Assessor's Parcels in Zone 1 of CFD No. 11 for which a Building Permit has been issued as of May 1 of the previous Fiscal Year, provided that the Assessor's Parcel was created prior to January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot. The table below summarizes the Special Tax classification within Zone 1 of CFD No. 11 for the previous Fiscal Year and Fiscal Year 2017/2018.

Special Tax Classification

Property Classification	Tax Class	Previous Fiscal Year ^[1]	Fiscal Year 2017/2018 ^[2]
Developed	1	274 Units	273 Units
Assigned Unit	2	0 Units	0 Units
<i>Developed Property</i>		<i>274 Units</i>	<i>273 Units</i>
<i>Undeveloped Property</i>		<i>0.00 Acres</i>	<i>0.00 Acres</i>
Total		274 Units	273 Units
<i>Between the Approval of the Special Taxes by the Board of Education and the submittal of the Special Taxes to the County of San Diego, one (1) unit prepaid its Special Tax obligation and was removed from the Fiscal Year 2016/2017 Special Tax levy.</i>			
<i>[2] One (1) unit prepaid its Special Tax obligation during Fiscal Year 2016/2017. [1]</i>			

VI. FISCAL YEAR 2017/2018 LEVY SUMMARY

The Special Tax rates of Zone 1 of CFD No. 11 needed to meet the Zone 1 Annual Special Tax Requirement for Fiscal Year 2017/2018 are shown in the table below. The Special Tax roll, which lists the actual Special Tax levied against each Assessor's Parcel, is included as Exhibit C. For a more detailed explanation of the methodology used to apportion the Zone 1 Annual Special Tax Requirement among Developed Property and Undeveloped Property, please see the RMA.

Annual Special Tax Rates For Fiscal Year 2017/2018

Property Classification	Tax Class	Number of Units/Acres	Assigned Annual Special Tax Rate	Total Annual Special Taxes
Developed	1	273 Units	\$2,612.27 per Unit	\$713,141.52
Assigned	2	0 Units	\$0.00 per Unit	\$0.00
<i>Developed Property</i>		<i>273 Units</i>	<i>NA</i>	<i>\$713,141.52</i>
<i>Undeveloped Property</i>		<i>0.00 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>
Total				\$713,141.52

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EXHIBIT A

Rate and Method of Apportionment

EXHIBIT B

Summary of Transactions for Funds and Accounts

EXHIBIT C

**Annual Special Tax Roll
Fiscal Year 2017/2018**