



COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

POWAY UNIFIED SCHOOL DISTRICT

ADMINISTRATION REPORT

FISCAL YEAR 2017/2018

IMPROVEMENT AREA D OF

COMMUNITY FACILITIES DISTRICT NO. 15

June 29, 2017

PREPARED FOR:

**Poway Unified
School District – Planning
Department**

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INTRODUCTION

This Administration Report ("Report") provides an analysis of the financial and administrative obligations of Improvement Area ("IA") D of Community Facilities District ("CFD") No. 15 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 IA D of CFD No. 15 for Fiscal Year 2016/2017, (ii) the financial obligations of IA D of CFD No. 15 for Fiscal Year 2017/2018, and (iii) the amount of new development which has occurred within the boundaries of IA D of CFD No. 15.

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.

SECTION II

Section II contains a description of (i) the initial allocation of bond proceeds, and (ii) the expenditure of Special Taxes and bond proceeds to fund the Authorized Facilities of IA D of CFD No. 15 through April 30, 2017, as directed by Senate Bill 165 ("SB 165").

SECTION III

Section III calculates the Minimum Annual Special Tax Requirement based on the financial obligations of IA D of CFD No. 15 for Fiscal Year 2017/2018.

SECTION IV

Section IV provides the development status of IA D of CFD No. 15.

SECTION V

Section V describes the methodology used to apportion the Minimum Annual Special Tax Requirement among the properties within IA D of CFD No. 15 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 IA D of CFD No. 15 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 | Building Square Footage | Number of Units/Acres | Assigned Annual Special Tax Rate | Total Annual Special Taxes |
|-----------------------------|-----------|-------------------------|-----------------------|----------------------------------|----------------------------|
| Detached Unit | 1 | < 1,550 | 0 Units | \$2,066.76 per Unit | \$0.00 |
| Detached Unit | 2 | 1,550 - 1,750 | 0 Units | \$2,176.86 per Unit | \$0.00 |
| Detached Unit | 3 | 1,751 - 1,950 | 0 Units | \$2,261.94 per Unit | \$0.00 |
| Detached Unit | 4 | 1,951 - 2,150 | 0 Units | \$2,517.15 per Unit | \$0.00 |
| Detached Unit | 5 | 2,151 - 2,350 | 0 Units | \$2,627.25 per Unit | \$0.00 |
| Detached Unit | 6 | 2,351 - 2,550 | 0 Units | \$2,817.41 per Unit | \$0.00 |
| Detached Unit | 7 | 2,551 - 2,750 | 0 Units | \$3,047.61 per Unit | \$0.00 |
| Detached Unit | 8 | 2,751 - 2,950 | 0 Units | \$3,157.70 per Unit | \$0.00 |
| Detached Unit | 9 | 2,951 - 3,150 | 0 Units | \$3,327.85 per Unit | \$0.00 |
| Detached Unit | 10 | 3,151 - 3,350 | 0 Units | \$3,452.96 per Unit | \$0.00 |
| Detached Unit | 11 | 3,351 - 3,550 | 0 Units | \$3,518.01 per Unit | \$0.00 |
| Detached Unit | 12 | 3,551 - 3,750 | 0 Units | \$3,638.12 per Unit | \$0.00 |
| Detached Unit | 13 | 3,751 - 3,950 | 0 Units | \$3,733.20 per Unit | \$0.00 |
| Detached Unit | 14 | 3,951 - 4,150 | 0 Units | \$3,893.35 per Unit | \$0.00 |
| Detached Unit | 15 | > 4,150 | 0 Units | \$4,053.48 per Unit | \$0.00 |
| Attached Unit | 16 | < 1,200 | 0 Units | \$1,711.46 per Unit | \$0.00 |
| Attached Unit | 17 | 1,200 - 1,350 | 0 Units | \$1,841.56 per Unit | \$0.00 |
| Attached Unit | 18 | 1,351 - 1,500 | 0 Units | \$1,936.66 per Unit | \$0.00 |
| Attached Unit | 19 | 1,501 - 1,650 | 35 Units | \$2,066.76 per Unit | \$72,336.60 |
| Attached Unit | 20 | 1,651 - 1,800 | 4 Units | \$2,174.36 per Unit | \$8,697.44 |
| Attached Unit | 21 | > 1,800 | 32 Units | \$2,261.92 per Unit | \$72,381.44 |
| Affordable Unit | 22 | NA | 0 Units | \$0.00 per Unit | \$0.00 |
| Senior Citizen Unit | 23 | ≤ 1,400 | 0 Units | \$2,075.62 per Unit | \$0.00 |
| Senior Citizen Unit | 24 | 1,401 - 1,800 | 0 Units | \$2,284.47 per Unit | \$0.00 |
| Senior Citizen Unit | 25 | 1,801 - 2,200 | 0 Units | \$2,666.52 per Unit | \$0.00 |
| Senior Citizen Unit | 26 | > 2,200 | 0 Units | \$3,104.60 per Unit | \$0.00 |
| <i>Developed Property</i> | | | 71 Units | NA | \$153,415.48 |
| <i>Undeveloped Property</i> | | | 56.64 Acres | \$0.00 per Acre | \$0.00 |
| Total | | | | | \$153,415.48 |

B. Special Tax Delinquencies

Cooperative Strategies, LLC has received delinquency information for IA D of CFD No. 15 for Fiscal Year 2016/2017 from the County of San Diego ("County"). For Fiscal Year 2016/2017 (as of May 2, 2017), \$4,231.10 in Annual Special Taxes were delinquent yielding a delinquency rate of 2.76%.

II. 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 IA D of CFD No. 15. According to Senate Bill ("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 for IA D of CFD No. 15.

A. Authorized Facilities

Pursuant to the Mello-Roos Community Facilities Act of 1982, as Amended ("Act"), IA D of CFD No. 15 can only be used to fund the "Authorized Facilities" as outlined at the time of formation. The following is an excerpt taken from the Resolution of Intention ("ROI") to establish CFD No. 15 which describes the Authorized Facilities.

The purpose of CFD No. 15 is to provide for the cost of financing the acquisition, construction, expansion, improvement, or rehabilitation of the authorized facilities. Descriptions of the authorized facilities, which are defined and described in the Resolution of Intention, are provided below.

General Description

1. City Improvements

The acquisition, planning, construction, and/or financing of those improvements to be owned by the City, including the following:

- A. Transportation Improvements
- B. Park Improvements
- C. Fire Station Improvements
- D. Library Improvements
- E. Water/Sewer Improvements
- F. City Approved Construction Plans and Drawings for Camino Del Sur paid for by Owner

G. Non-Future Benefit Assessment - Streets and Arterials to Support School Facilities

The City Improvements shall also include the attributable costs of right of way acquisition, grading and site preparation, slope and erosion control, sanitary sewers, storm drainage, water distribution facilities, traffic signals, street lighting, street paving, curb, gutter, sidewalk, median, landscaping, dry utilities, engineering, design, planning, materials testing, coordination, construction staking and construction, construction management and supervision, together with the expenses related to the issuance and sale of any "debt" as defined in Section 53317(d) of the Act, including, but not limited to, underwriters' discount, appraisals, market studies, reserve fund, capitalized interest, bond counsel, special tax consultant, bond and official statement printing, administrative expenses of the School District allocated to the City Improvements, CFD No. 15, and bond trustee or fiscal agent related to the Improvement Areas in CFD No. 15, and any such debt and all other incidental expenses.

The City Improvements shall be constructed, whether or not acquired in their completed states, pursuant to plans and specifications approved by the City.

The City Improvements listed are representative of the types of improvements that are to be owned, operated, and maintained by the City and to be financed by CFD No. 15. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the City. Addition, deletion, or modification of descriptions of City Improvements may be made consistent with the requirements of the City subject to the approval by the Board of Education of the School District, CFD No. 15, and the Act.

2. Supplemental School Facilities

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 the School District to serve the student population of the School 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 in excess of that required to satisfy the special tax requirements for such Improvement Area for such fiscal year provided that (a) all of the Taxable Property in such Improvement Area is Developed Property, (b) Improvement Area bonds have been issued in the maximum principal amount authorized to be issued for such Improvement Area or BMR, LLC/SPIC, LLC and School District have agreed that no additional Improvement Area bonds shall be issued for such Improvement Area, and (c) such Improvement Area has funded the Purchase Price of City Improvements from all moneys deposited in the Improvement Fund established pursuant to the Indenture related to each Series of Improvement Area bonds issued for such Improvement Area. Capitalized terms used in this paragraph and not defined herein shall have the meanings given such terms in the Second Supplement.

The School Facilities shall also include the attributable costs of engineering, design, planning, materials testing, coordination, construction staking, and construction, together with the expenses related to the issuance and sale of any "debt" as defined in Section 53317(d) of the Act, including, but not limited to, underwriters' discount, appraisals, market studies, reserve fund, capitalized interest, bond counsel, special tax consultant, bond and official statement printing, administrative expenses of the School District, CFD No. 15, and bond trustee or fiscal agent related to CFD No. 15, and any such debt and all other incidental expenses.

The School Facilities shall be constructed, whether or not acquired in their completed states, pursuant to plans and specifications approved by School District. The School Facilities listed are representative of the types of improvements authorized to be financed by CFD No. 15. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of School District. Addition, deletion, or modification of descriptions of School Facilities may be made consistent with the requirements of the Board of Education of District, CFD No. 15, and the Act.

B. Bond Proceeds

Currently, no bonds have been issued for IA D of CFD No. 15.

C. Construction/Acquisition Accounts

As of April 30, 2017, no bonds have been issued for IA D of CFD No. 15. Since bonds have not been issued as of April 30, 2016, no construction/acquisition accounts have been established.

D. Special Tax Fund

Each Fiscal Year IA D of CFD No. 15 will levy, collect, and expend Annual Special Taxes in an amount necessary to cover Administrative Expenses, pay debt service on bonds issued to fund City Facilities and fund School Facilities necessary to serve the residential units constructed within the boundaries of IA D of CFD No. 15. The table below presents a detailed listing of the Annual Special Taxes collected and expended by IA D of CFD No. 15 from July 1, 2015 through April 30, 2017.

CFD No. 15 Improvement Area D Custodial Account

| | | |
|-------------------------------------|---------------------|----------------------|
| Balance as of July 1, 2015 | | \$0.00 |
| Previously Accrued | \$38,122.32 | |
| Previously Expended | (\$4,934.13) | |
| Balance as of April 30, 2016 | | \$33,188.19 |
| Accruals | | \$111,387.11 |
| Special Tax Receipts | \$111,320.91 | |
| Interest Earnings | \$66.20 | |
| Expenditures | | (\$13,860.43) |
| Administrative Expense | (\$13,860.43) | |
| Balance as of April 30, 2017 | | \$130,714.87 |

III. MINIMUM ANNUAL SPECIAL TAX REQUIREMENT

For Fiscal Year 2017/2018, the Minimum Annual Special Tax Requirement for IA D of CFD No. 15, as calculated pursuant to the RMA, can be found in the table below.

Minimum Annual Special Tax Requirement For Fiscal Year 2017/2018

| | | |
|--|--------------|---------------------|
| FY 2017/2018 Obligations | | \$289,100.06 |
| Direct Construction/Additional Administrative Expense Budget | \$289,100.06 | |
| Minimum Annual Special Tax Requirement | | \$289,100.06 |

IV. DEVELOPMENT SUMMARY

Each Fiscal Year, the School District calculates the Special Taxes to be levied against Taxable Property within IA D of CFD No. 15. 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 IA D of CFD No. 15 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 IA D of CFD No. 15 for the previous Fiscal Year and Fiscal Year 2017/2018.

Special Tax Classification

| Property Classification | Tax Class | Building Square Footage | Previous Fiscal Year | Fiscal Year 2017/2018 |
|-----------------------------|-----------|-------------------------|----------------------|---------------------------------|
| Detached Unit | 1 | < 1,550 | 0 Units | 0 Units |
| Detached Unit | 2 | 1,550 - 1,750 | 0 Units | 0 Units |
| Detached Unit | 3 | 1,751 - 1,950 | 0 Units | 0 Units |
| Detached Unit | 4 | 1,951 - 2,150 | 0 Units | 16 Units |
| Detached Unit | 5 | 2,151 - 2,350 | 0 Units | 17 Units |
| Detached Unit | 6 | 2,351 - 2,550 | 0 Units | 16 Units |
| Detached Unit | 7 | 2,551 - 2,750 | 0 Units | 0 Units |
| Detached Unit | 8 | 2,751 - 2,950 | 0 Units | 0 Units |
| Detached Unit | 9 | 2,951 - 3,150 | 0 Units | 0 Units |
| Detached Unit | 10 | 3,151 - 3,350 | 0 Units | 0 Units |
| Detached Unit | 11 | 3,351 - 3,550 | 0 Units | 0 Units |
| Detached Unit | 12 | 3,551 - 3,750 | 0 Units | 0 Units |
| Detached Unit | 13 | 3,751 - 3,950 | 0 Units | 0 Units |
| Detached Unit | 14 | 3,951 - 4,150 | 0 Units | 0 Units |
| Detached Unit | 15 | > 4,150 | 0 Units | 0 Units |
| Attached Unit | 16 | < 1,200 | 0 Units | 0 Units |
| Attached Unit | 17 | 1,200 - 1,350 | 0 Units | 0 Units |
| Attached Unit | 18 | 1,351 - 1,500 | 0 Units | 0 Units |
| Attached Unit | 19 | 1,501 - 1,650 | 35 Units | 35 Units |
| Attached Unit | 20 | 1,651 - 1,800 | 4 Unit | 4 Unit |
| Attached Unit | 21 | > 1,800 | 32 Units | 32 Units |
| Affordable Unit | 22 | NA | 0 Units | 0 Units |
| Senior Citizen Unit | 23 | ≤ 1,400 | 0 Units | 0 Units |
| Senior Citizen Unit | 24 | 1,401 - 1,800 | 0 Units | 0 Units |
| Senior Citizen Unit | 25 | 1,801 - 2,200 | 0 Units | 0 Units |
| Senior Citizen Unit | 26 | > 2,200 | 0 Units | 0 Units |
| <i>Developed Property</i> | | | <i>71 Units</i> | <i>120 Units</i> |
| <i>Undeveloped Property</i> | | | <i>56.64 Acres</i> | <i>0.00 Acres^[1]</i> |
| Total | | | 71 Units | 120 Units |

[1] Updated acreage from County not available as of the date of this Report.

V. FISCAL YEAR 2017/2018 LEVY SUMMARY

The Special Tax rates of IA D of CFD No. 15 needed to meet the 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 B. For a more detailed explanation of the methodology used to apportion the 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 | Building Square Footage | Number of Units/Acres | Assigned Annual Special Tax Rate | Total Annual Special Taxes |
|-----------------------------|-----------|-------------------------|---------------------------------|----------------------------------|----------------------------|
| Detached Unit | 1 | < 1,550 | 0 Units | \$2,108.10 per Unit | \$0.00 |
| Detached Unit | 2 | 1,550 - 1,750 | 0 Units | \$2,220.39 per Unit | \$0.00 |
| Detached Unit | 3 | 1,751 - 1,950 | 0 Units | \$2,307.18 per Unit | \$0.00 |
| Detached Unit | 4 | 1,951 - 2,150 | 16 Units | \$2,567.50 per Unit | \$41,080.00 |
| Detached Unit | 5 | 2,151 - 2,350 | 17 Units | \$2,679.76 per Unit | \$45,555.92 |
| Detached Unit | 6 | 2,351 - 2,550 | 16 Units | \$2,873.76 per Unit | \$45,980.16 |
| Detached Unit | 7 | 2,551 - 2,750 | 0 Units | \$3,108.56 per Unit | \$0.00 |
| Detached Unit | 8 | 2,751 - 2,950 | 0 Units | \$3,220.86 per Unit | \$0.00 |
| Detached Unit | 9 | 2,951 - 3,150 | 0 Units | \$3,394.41 per Unit | \$0.00 |
| Detached Unit | 10 | 3,151 - 3,350 | 0 Units | \$3,522.02 per Unit | \$0.00 |
| Detached Unit | 11 | 3,351 - 3,550 | 0 Units | \$3,588.37 per Unit | \$0.00 |
| Detached Unit | 12 | 3,551 - 3,750 | 0 Units | \$3,710.88 per Unit | \$0.00 |
| Detached Unit | 13 | 3,751 - 3,950 | 0 Units | \$3,807.86 per Unit | \$0.00 |
| Detached Unit | 14 | 3,951 - 4,150 | 0 Units | \$3,971.21 per Unit | \$0.00 |
| Detached Unit | 15 | > 4,150 | 0 Units | \$4,134.55 per Unit | \$0.00 |
| Attached Unit | 16 | < 1,200 | 0 Units | \$1,745.68 per Unit | \$0.00 |
| Attached Unit | 17 | 1,200 - 1,350 | 0 Units | \$1,878.39 per Unit | \$0.00 |
| Attached Unit | 18 | 1,351 - 1,500 | 0 Units | \$1,975.39 per Unit | \$0.00 |
| Attached Unit | 19 | 1,501 - 1,650 | 35 Units | \$2,108.10 per Unit | \$73,783.50 |
| Attached Unit | 20 | 1,651 - 1,800 | 4 Units | \$2,217.84 per Unit | \$8,871.36 |
| Attached Unit | 21 | > 1,800 | 32 Units | \$2,307.16 per Unit | \$73,829.12 |
| Affordable Unit | 22 | NA | 0 Units | \$0.00 per Unit | \$0.00 |
| Senior Citizen Unit | 23 | ≤ 1,400 | 0 Units | \$2,117.13 per Unit | \$0.00 |
| Senior Citizen Unit | 24 | 1,401 - 1,800 | 0 Units | \$2,330.16 per Unit | \$0.00 |
| Senior Citizen Unit | 25 | 1,801 - 2,200 | 0 Units | \$2,719.85 per Unit | \$0.00 |
| Senior Citizen Unit | 26 | > 2,200 | 0 Units | \$3,166.69 per Unit | \$0.00 |
| <i>Developed Property</i> | | | <i>120 Units</i> | <i>NA</i> | <i>\$289,100.06</i> |
| <i>Undeveloped Property</i> | | | <i>0.00 Acres^[1]</i> | <i>\$0.00 per Acre</i> | <i>\$0.00</i> |
| Total | | | | | \$289,100.06 |

[1] Updated acreage from County not available as of the date of this Report.

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EXHIBIT A

Rate and Method of Apportionment

EXHIBIT B

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