



COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

POWAY UNIFIED SCHOOL DISTRICT

CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDING JUNE 30, 2017

PUBLIC FINANCING AUTHORITY

SPECIAL TAX REVENUE REFUNDING BONDS, SERIES 2015 B

BASE CUSIP: 73885Q

JANUARY 31, 2018

PREPARED FOR:

Poway Unified

School District

Planning Department

13626 Twin Peaks Road

Poway, CA 92064

T 858.748.0010

PREPARED BY:

Cooperative Strategies

8955 Research Drive

Irvine, CA 92618

T 949.250.8300

Poway Unified School District
Public Financing Authority
Special Tax Revenue Refunding Bonds, Series 2015B

<u>Maturity Date (September 1)</u>	<u>CUSIP*</u>
2015	73885QGJ2
2016	73885QGK9
2017	73885QGL7
2018	73885QGM5
2019	73885QGN3
2020	73885QGP8
2021	73885QQG6
2022	73885QGR4
2023	73885QGS2
2024	73885QGT0
2025	73885QGU7
2026	73885QGV5
2027	73885QGW3
2028	73885QGX1
2029	73885QGY9
2030	73885QGZ6
2031	73885QHA0
2032	73885QHB8
2033	73885QHC6
2034	73885QHD4
2035	73885QHE2
2036	73885QHF9

* CUSIP is a registered trademark of the American Bankers Association.

List of Participants

Issuer

Poway Unified School District – Planning Department
13626 Twin Peaks Road
Poway, CA 92064
Phone: 858.748.0010
www.powayusd.com

Bond Counsel

Best Best & Krieger LLP
655 West Broadway 15th Floor
San Diego, CA 92101

Disclosure Counsel

James F Anderson Law Firm, A Professional Corporation
23282 Mill Creek Drive, Suite 240
Laguna Hills, CA 92653

**Community Facilities District Administrator
and Dissemination Agent**

Cooperative Strategies, LLC
8955 Research Drive
Irvine, CA 92618
Phone: 949.250.8300
Fax: 949.250.8301
www.coopstrategies.com

Fiscal Agent

Zions Bank, a division of ZB, National Association
550 South Hope Street, Suite 2875
Los Angeles, CA 90071
Phone: 213.593.3152
Fax: 213.593.3160
www.zionsbank.com

Underwriter

Stifel, Nicolaus & Company, Incorporated
515 South Figueroa Street, Suite 1800
Los Angeles, CA 90071
Phone: 213.443.5006
Fax: 213.443.5023

T.O.C.

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I. ISSUER'S STATEMENT

This Annual Report ("Report") has been prepared pursuant to the Continuing Disclosure Agreement ("Disclosure Agreement") executed in connection with the issuance of the Special Tax Revenue Refunding Bonds, Series 2015B ("Bonds"), by the Poway Unified School District ("School District") Public Financing Authority ("Authority").

The Authority has agreed under the Disclosure Agreement and pursuant to Rule 15c2-12 of the Securities and Exchange Commission to provide certain annual financial information, operating data, and notices of certain listed events via the Electronic Municipal Market Access ("EMMA") system, a service of the Municipal Securities Rulemaking Board. This Report has been prepared by Cooperative Strategies at the direction of the Authority, for the benefit of the owners of the Bonds and the Participating Underwriter.

Any information contained herein which involves estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information set forth herein has been furnished by the School District, or other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Report nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District or Authority since the date hereof. Capitalized terms used herein which are not otherwise defined shall have the meaning given them in the Disclosure Agreement.

For a detailed listing of information provided in this Report, please contact Cooperative Strategies at taxinfo@coopstrategies.com. Information requested, in accordance with the Disclosure Agreement, will be uploaded to the Electronic Municipal Market Access website. Please visit <https://emma.msrb.org> for any updates.

Poway Unified School District

II. FINANCIAL INFORMATION

Audited financial statements of the Community Facilities Districts ("CFDs") are not prepared, however, the School District's annual audited financial statements for Fiscal Year 2016/2017 are available online at <http://emma.msrb.org/> and are hereby incorporated by reference.

The School District's annual financial statements are provided solely to comply with the Securities Exchange Commission staff's interpretation of Rule 15c2-12. No funds or assets of the Authority or the School District, other than Net Special Taxes, are required to be used to pay debt service on the Bonds, and neither Authority nor the School District is obligated to advance available funds to cover any delinquencies. Investors should not rely on the financial condition of the Authority or the School District in evaluating whether to buy, hold, or sell the Bonds.

III. BOND INFORMATION

Special Tax Revenue Refunding Bonds, Series 2015B. The Bonds were issued in the amount of \$63,145,000 on June 4, 2015. The Bonds were issued (i) to finance the acquisition of Special Tax Bonds of Community Facilities District ("CFD") No. 6 and Improvement Area ("IA") B of Community Facilities District No. 6 (collectively, "Special Tax Bonds") listed in Exhibit A, (ii) to fund a reserve fund for the Bonds in the amount equal to the Reserve Requirement, and (iii) to pay costs of issuance of the Bonds and the Special Tax Bonds.

The Bonds are limited obligations of the Authority and are payable solely from revenues received through the collection of interest and principal on the Special Tax Bonds. The Bonds are not a debt of the School District, the State of California, or any of its political subdivisions.

The items below summarize information required by the Disclosure Agreement.

A. Principal Amount of Bonds Outstanding

Exhibit B includes the debt service schedule for the Bonds and the Special Tax Bonds. The outstanding principal amount of the Bonds as of January 1, 2018 is \$59,290,000.00. The outstanding principal amount of the Special Tax Bonds is shown in the table below.

Principal Amount of Bonds Outstanding

CFD No.	Principal Amount Outstanding
CFD No. 6	\$36,935,000.00
IA B of CFD No. 6	\$22,355,000.00
Total	\$59,290,000.00

B. Fund and Account Balances

For more information regarding the funds and account balances of the Special Tax Bonds please refer to Exhibit C.

C. Reserve Requirement

As of January 1, 2018, the Reserve Requirement of the Bonds was \$6,305,250.00. The Reserve Requirement is fully funded through a municipal bond debt service reserve insurance policy provided by Build America Mutual Assurance Company. Therefore, the Reserve Requirement was satisfied as of this date.

D. Status of Projects

Special Tax Revenue Refunding Bonds, Series 2015B. There were no construction proceeds generated from the issuance of the Bonds. Proceeds generated from the issuance of the Bonds were used to purchase the Special Tax Bonds, which were issued to fully redeem the Series 2005 and Series 2010 Special Tax Bonds of CFD No. 6 and the 2005 Special Tax Bonds of IA B of CFD No. 6.

E. Bond Authorization

The information required under Section 4 (b) (x) of the Disclosure Agreement is listed in the tables in the following page.

CFD No. 6
Bond Authorization and Use of Bond Proceeds

Bond Issuance	Issuance Date	Use of Proceeds	Amount
Original Bond Authorization			\$130,000,000.00
CFD No. 6, Series 2002 Special Tax Bonds	October 10, 2002	Finance the acquisition and Construction of additional seats at Stone Ranch Elementary School.	\$25,000,000.00
CFD No. 6, Series 2005 Special Tax Bonds	November 22, 2005	Finance the acquisition and construction of elementary school seats at Stone Ranch Elementary School and Monterey Ridge Elementary School.	\$44,305,000.00
CFD No. 6, Series 2007 Special Tax Bonds	July 26, 2007	Finance the acquisition and construction of additional school seats at Monterey Ridge Elementary School, Oak Valley Middle School and Del Norte High School.	\$37,910,000.00
CFD No. 6, Series 2010 Special Tax Bonds	October 27, 2010	Finance the acquisition and construction of additional middle school and elementary school seats for the Design 39 Campus.	\$5,775,000.00
CFD No. 6, Series 2012 Special Tax Bonds	June 7, 2012	Finance the acquisition and construction of additional middle school and elementary school seats for the Design 39 Campus and refund the Series 2002 Special Tax Bonds of CFD No. 6	\$15,865,000.00
CFD No. 6, Special Tax Refunding Bonds, Series 2015	June 4, 2015	Refund the outstanding Series 2005 and Series 2010 Special Tax Bonds of CFD No. 6.	\$0.00
CFD No. 6, Special Tax Refunding Bonds, Series 2016	November 30, 2016	Refund the outstanding Series 2007 Special Tax Bonds of CFD No. 6.	\$0.00
Remaining Bond Authorization			\$1,145,000.00

Improvement Area B of CFD No. 6
Bond Authorization and Use of Bond Proceeds

Bond Issuance	Issuance Date	Use of Proceeds	Amount
Original Bond Authorization			\$30,000,000.00
IA B of CFD No. 6, 2005 Special Tax Bonds	November 22, 2005	Finance the acquisition and construction of improvements including: (i) a pump station, water transmission pipeline, potable water storage tanks, pipelines, and a sewer treatment owned by Olivenhain Municipal Water District (ii) improvements to Camino San Bernardo, Dove Canyon Road, and Bernardo Center, community parks, and a public library owned by the County of San Diego, and (iii) a fire station and improvements to Carmel Valley Road and Bernardo Center/Camino Del Norte to be owned by the City of San Diego.	\$30,000,000.00
IA B of CFD No. 6, Special Tax Refunding Bonds, Series 2015	June 4, 2015	Refund the outstanding 2005 Special Tax Bonds of IA B of CFD No. 6.	\$0.00
Remaining Bond Authorization			\$0.00

IV. SPECIAL TAXES

CFD No. 6 and IA B of CFD No. 6 have covenanted to annually levy the respective Special Tax in accordance with the applicable Rates and Methods of Apportionment ("RMAs"), so long as the Special Tax Bonds are outstanding. The items below summarize information required by the Disclosure Agreement.

A. Changes to the Rates and Methods of Apportionment

There has been no change to the RMAs since the date of the Official Statement. A copy of the RMAs has been included as Exhibit D.

B. Prepayments

A summary of the Assessor Parcel Numbers pledged to the Special Tax Bonds that have prepaid their Special Tax Obligations in Fiscal Year 2016/2017 has been included in Exhibit E.

C. Special Tax Budget

A summary of the Fiscal Year 2017/2018 Special Tax budget for CFD No. 6 and IA B of CFD No. 6 is outlined in Exhibit F.

D. Debt Service Coverage

At the time the Bonds were sold, the Authority represented that the Debt Service of the Special Tax Bonds would yield 100.00% coverage of the annual debt service on the Bonds. CFD No. 6 and IA B of CFD No. 6 represented that, the amount of Net Taxes that may be levied on the parcels for which a building permit has been issued, if levied in accordance with the RMA, would annually yield revenue in an amount not less than 1.10 times the annual debt service on the Special Tax Bonds.

In Fiscal Year 2017/2018, the amount of debt service on the Special Tax Bonds yields 100.00% of the of the annual debt service on the Bonds. An Annual Debt Service Coverage Summary Table for the Bonds and the Special Tax Bonds has been included as Exhibit G.

E. Special Tax Levy

A summary of the Fiscal Year 2016/2017 Special Tax levy and collections/delinquencies as well as the 2017/2018 Special Tax levy for each Community Facilities District is listed in Exhibit H.

F. Major Taxpayers

"Major Taxpayers" are those property owners responsible for more than five percent (5.00%) of the Special Tax levy. There are no property owners responsible for more than five percent (5.00%) of the Special Taxes levied in Fiscal Year 2017/2018 on any of the Community Facilities Districts.

G. Special Tax Delinquencies

The Special Tax delinquencies for Fiscal Year 2016/2017 and prior Fiscal Years within CFD No. 6 and IA B of CFD No. 6 are shown in Exhibit I. As of August 15, 2017, there is no delinquent taxpayer obligated for greater than five percent (5.00%) of the annual Special Tax levy for Fiscal Year 2016/2017 on any of the Community Facilities Districts.

H. Special Tax Foreclosures

CFD No. 6 and IA B of CFD No. 6 have covenanted that it will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in the event (i) any single parcel has aggregate delinquent Special Taxes in excess of \$5,000 or (ii) a property owner of multiple parcels has delinquent Special Taxes in excess of \$10,000 by the August 30th following the close of each Fiscal Year in which such Special Taxes were due and will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the August 30th following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied.

After reviewing the level of delinquencies within CFD No. 6 and IA B of CFD No. 6 as of June 1, 2017, it was determined that neither CFD was not required to initiate foreclosure proceedings for Fiscal Year 2016/2017 on the aggregate level. The following is a table summarizing all outstanding foreclosures within CFD No. 6.

CFD No. 6 Special Tax Foreclosures

APN	Fiscal Year	Amount ^[1]	Status
678-502-08-10	2012/2013	\$2,537.76	Unresolved
678-502-08-10	2013/2014	\$2,588.52	Unresolved
678-502-08-10	2014/2015	\$2,640.28	Unresolved
678-502-08-10	2016/2017	\$2,693.10	Unresolved

[1] Amount does not include interest, penalties and attorney fees.

I. Teeter Plan

The County of San Diego ("County") and CFD No. 6 and IA B of CFD No. 6 do not participate in an alternative method for the distribution of secured property taxes, known as the "Teeter Plan", wherein a CFD receives the total annual Special Tax levy, including delinquent Special Taxes which have yet to be collected.

V. ASSESSED VALUES AND LAND SECURED BONDED INDEBTEDNESS

The assessed values and direct and overlapping land secured bonded indebtedness on individual parcels vary among parcels within CFD No. 6 and IA B of CFD No. 6. The value of and debt burden on individual parcels is significant because in the event of a delinquency in the payment of Special Taxes CFD No. 6 and IA B of CFD No. 6 may foreclose only against delinquent parcels. The items below summarize information required by the Disclosure Agreement.

A. Assessed Value Summary

A summary of the assessed value of the property within CFD No. 6 and IA B of CFD No. 6, distinguishing between the assessed value of improved parcels and unimproved parcels, is included in Exhibit J.

B. Overlapping Debt Report

Certain overlapping local agencies provide public services and assess property taxes, assessments, special taxes and other charges on the property within CFD No. 6 and IA B of CFD No. 6. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting the property in CFD No. 6 and IA B of CFD No. 6 as of the date of this Report is outlined in Exhibit K. Exhibit K was prepared by National Tax Data, Inc., and has not been reviewed for completeness or accuracy by the School District or Cooperative Strategies. Additional indebtedness could be authorized by the School District or other public agencies at any time.

C. Assessed Values and Value-to-Lien Ratios

The assessed values and value-to-lien ratios for all parcels within CFD No. 6 and IA B of CFD No. 6 are shown in Exhibit L.

VI. REPORTS AND ADDITIONAL INFORMATION

In addition to the operational data included herein, the Disclosure Agreement requires the Authority to incorporate within this Report various other reports and information, summarized below, regarding the Bonds and Special Tax Bonds.

A. Reports to the California Debt and Investment Advisory Commission

Copies of the reports prepared and filed with the California Debt and Investment Advisory Commission pursuant to Section 53359.5(b) of the Act for Fiscal Year 2016/2017 are included as Exhibit M.

B. Listed Events

Pursuant to the Disclosure Agreement, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities; if material;
- (xi) Rating changes;

- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

None of these events occurred in Fiscal Year 2016/2017.

C. Additional Information

In addition to any of the information expressly required to be provided by the Disclosure Agreement, the Authority shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

After careful review it has been determined that there is no such information for Fiscal Year 2016/2017.

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EXHIBIT A

Special Tax Bonds

EXHIBIT B

Debt Service Schedules

EXHIBIT C

Fund and Account Balances

EXHIBIT D

Rates and Methods of Apportionment

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Prepayment Table

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Special Tax Budgets

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Annual Debt Service Coverage Summary Tables

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Special Tax Levy Summary Tables

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EXHIBIT J

Assessed Value Summary Tables

EXHIBIT K

Detailed Direct and Overlapping Debt Reports

EXHIBIT L

Assessed Value-to-Lien Ratio Summary Tables

EXHIBIT M

**Reports to the California Debt
and Investment Advisory Commission**