

**Continuing Disclosure
Annual Report
Fiscal Year Ending June 30, 2014**

Poway Unified School District
School Facilities Improvement
District No. 2002-1, Series B, Series C,
2011 General Obligation Refunding Bonds &
2014 General Obligation Refunding Bonds
Base CUSIP: 738850

January 31, 2015

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San Marcos Unified School District
School Facilities Improvement District No. 2002-1
General Obligation Bonds, Series B

Current Interest Bonds

<u>Maturity Date (August 1)</u>	<u>CUSIP*</u>
2007	738850NK8
2008	738850NL6
2009	738850NM4
2010	738850NN2
2011	738850NP7
2012	738850NQ5
2013	738850NR3
2014	738850NS1
2015	738850NT9
2016	738850NU6
2017	738850NV4
2018	738850NW2
2019	738850NX0
2020	738850NY8
2021	738850NZ5
2022	738850PA8
2023	738850PB6
2024	738850PC4
2027	738850PF7
2030	738850PJ9

Capital Appreciation Bonds

<u>Maturity Date (August 1)</u>	<u>CUSIP*</u>
2031	738850PK6

* CUSIP is a registered trademark of the American Bankers Association

San Marcos Unified School District
School Facilities Improvement District No. 2002-1
General Obligation Bonds, Series C

Maturity Date (August 1)

CUSIP*

2015

738850QS8

2016

738850QT6

2017

738850QU3

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San Marcos Unified School District
School Facilities Improvement District No. 2002-1
2011 General Obligation Refunding Bonds

<u><i>Maturity Date (August 1)</i></u>	<u><i>CUSIP*</i></u>
2012	738850RK4
2013	738850RL2
2014	738850RM0
2015	738850RN8
2016	738850RP3
2017	738850RQ1
2018	738850RR9
2019	738850RS7
2020	738850RT5
2021	738850RU2
2022	738850RV0
2023	738850RW8
2024	738850RX6
2025	738850RY4
2026	738850RZ1
2027	738850SA5

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San Marcos Unified School District
School Facilities Improvement District No. 2002-1
2014 General Obligation Refunding Bonds

<u><i>Maturity Date (August 1)</i></u>	<u><i>CUSIP*</i></u>
2015	738850SB3
2016	738850SC1
2017	738850SD9
2018	738850SE7
2019	738850SF4
2020	738850SG2
2021	738850SH0
2022	738850SJ6
2023	738850SK3
2024	738850SL1
2025	738850SM9
2026	738850SN7
2027	738850SP2
2028	738850SQ0
2029	738850SR8
2030	738850SS6

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Table of Contents

Section	Page
Introduction -----	1
I. Audited Financial Statements and Approved Annual Budget -----	1
II. Assessed Value -----	1
III. Principal Amount and Accredited Value of Bonds Outstanding -----	2
IV. Balance in the Debt Service Fund -----	2
V. Balance in the Improvement Fund -----	2
VI. The Teeter Plan -----	2
VII. Top Ten Property Owners -----	3
VIII. Listed Events -----	4
XI. Additional Information -----	4

Exhibits

Exhibit A: Material Event Notice

Introduction

This Annual Report ("Report") has been prepared pursuant to the Continuing Disclosure Agreements ("Disclosure Agreements") executed in connection with the issuance of the 2002 Election, Series B General Obligation Bonds of School Facilities Improvement District ("SFID") SFID No. 2002-1 ("Series B Bonds"), the 2002 Election, Series C General Obligation Bonds of SFID No. 2002-1 ("Series C Bonds"), the 2002 Election, 2011 General Obligations Refunding Bonds ("2011 Refunding Bonds"), and the 2014 General Obligation Refunding Bonds ("2014 Refunding Bonds") of the Poway Unified School District ("School District"), in the amount of \$119,300,766.00, \$3,698,553.90, \$53,285,000.00, and \$100,325,000.00 respectively (collectively, the "Bonds"). The Bonds, were authorized at a special election of the registered voters within SFID No. 2002-1 held on November 5, 2002. The Series B Bonds and Series C Bonds were originally issued to finance (i) the construction of new facilities and (ii) the renovation and improvement of existing school facilities. The 2011 Refunding Bonds were issued to refund the outstanding bonds of the 2002 Election, Series A General Obligation Bonds of SFID No. 2002-1. The 2014 Refunding Bonds were issued to refund on August 1, 2016, \$102,980,000 of the Series B Bonds maturing August 1, 2017 thru August 1, 2030. All capitalized terms not defined herein shall have the meaning ascribed to them in the Disclosure Agreements.

I. Audited Financial Statements and Approved Annual Budget

A copy of the School District's annual audited financial statements for Fiscal Year 2013/2014 and the School District's approved annual budget report for Fiscal Year 2014/2015 is available online at <http://emma.msrb.org/>.

II. Assessed Value

The assessed value of taxable property within SFID No. 2002-1 as shown on the equalized tax roll of the County of San Diego ("County") for Fiscal Year 2014/2015 is shown in the table below.

Assessed Valuation

Local Secured	Utility	Unsecured	Total
\$21,555,579,771	\$0	\$1,021,190,271	\$22,576,770,042

Source: California Municipal Statistics, Inc.

III. Principal Amount and Accreted Value of Bonds Outstanding

The outstanding principal amounts of the Bonds and the accreted interest on any outstanding Capital Appreciation Bonds of the Bonds as of February 1, 2015 are shown in the table below.

Serial Bonds

Bond	Outstanding Principal
Series B Bonds	\$4,500,000.00
Series C Bonds	\$0.00
2011 Refunding Bonds	\$47,320,000.00
2014 Refunding Bonds	\$100,325,000.00
Total	\$152,145,000.00

Capital Appreciation Bonds

Bond	Outstanding Principal	Accreted Interest	Total
Series B Bonds	\$3,080,766.00	\$2,573,083.50	\$5,653,849.50
Series C Bonds	\$3,698,553.90	\$1,185,084.30	\$4,883,638.20
2011 Refunding Bonds	\$0.00	\$0.00	\$0.00
2014 Refunding Bonds	\$0.00	\$0.00	\$0.00
Total	\$6,779,319.90	\$3,758,167.80	\$10,537,487.70

IV. Balance in the Debt Service Fund

The taxes collected by the County are pooled in a Debt Service Fund with the General Obligation Bonds of SFID No. 2007-1 of the School District. The total balance in the Debt Service Fund as of January 23, 2015 is \$12,541,863.50.

V. Balance in the Improvement Fund

Proceeds of the Bonds are pooled in a "Building Fund" with the proceeds of the General Obligation Bonds of SFID No. 2007-1 of the School District, 2008 Election Series A Bonds. The Building Fund is held at the County. As of January 1, 2015 the balance in the Building Fund was \$0.00.

VI. The Teeter Plan

The County has implemented an alternative method for the distribution of secured property taxes to local agencies known as the "Teeter Plan", with provisions set forth in Section 4701 to 4717 of the California Revenue and Taxation Code. Under the Teeter Plan, the School District will receive 100% of the ad valorem property taxes levied to pay the debt service on the Bonds irrespective of actual delinquencies in the collection of the taxes by the County.

VII. Top Ten Property Owners

The "Top Ten" property owners, as measured by their secured assessed valuation, in Fiscal Year 2014/2015 are listed in the table below, along with their respective valuation and their percentage of the total assessed value of SFID No. 2002-1.

Top Ten Property Owners

Property Owner	Primary Land Use	Assessed Valuation	Percentage of Total Assessed Value ^[1]
Sorrento West Properties Inc.	Industrial	\$283,069,933	1.31%
SMBC Leasing and Finance Inc.	Office Building	\$169,988,361	0.79%
Cymer Inc.	Office Building	\$155,770,895	0.72%
Hewlett-Packard Co.	Industrial	\$147,243,730	0.68%
Kilroy Realty LP	Office Building	\$115,194,791	0.53%
Carmel Medical Office LLC	Medical Buildings	\$112,709,388	0.52%
Drawbridge Discovery Corporate LLC	Office Building	\$87,161,873	0.40%
Point Office Partners LLC	Office Building	\$85,330,911	0.40%
BAE Systems Information Solutions Inc.	Industrial	\$78,761,279	0.37%
Ventas Inc.	Medical Buildings	\$76,393,619	0.35%
Total	NA	\$1,311,624,780	6.07%

[1] 2014-15 Local Secured Assessed Valuation: \$21,555,579,771
 Source: California Municipal Statistics, Inc.

VIII. Listed Events

Pursuant to the Disclosure Agreements, the School District 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;
- (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 or events affecting the tax-exempt status of the security;
- (vii) Modifications to the rights of security holders;
- (viii) Bond calls, if material and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event;
- (xiii) Consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee.

On June 24, 2014, Standard & Poor's Rating Service upgraded its negative 'AA+' rating outlook to stable. A copy of the Notice of Material Event is attached as Exhibit A.

For more information regarding this rating change please refer to www.moodys.com.

IX. Additional Information

In addition to any of the information expressly required to be provided by the Disclosure Agreement, SFID No. 2002-1 shall provide such further information, if any, as may be necessary to make the specifically required statements, in 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 2013/2014.

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Exhibit A

Material Event Notice



**NOTICE OF SIGNIFICANT EVENT
UNDER SEC RULE 15c2-12**

**\$119,300,766.00
Poway Unified School District
Improvement District No. 2002-1, 2002 Election, Series B
Base CUSIP No. 738850PY6
November 2, 2006**

The General Obligation Bonds, School Facilities Improvement District No. 2002-1, 2002 Election, Series B issued by Poway Unified School District ("Issuer") have had their rating outlook upgraded by the following rating agency:

Standard & Poor's Rating Service

- June 24, 2014 – upgraded its negative 'AA+' rating outlook to stable.

The rating outlook upgrade qualifies as a significant event as to which the Issuer is required to file notice to satisfy the Issuer's continuing disclosure requirements under Rule 15c2-12 of the Securities and Exchange Commission with respect to the Issuer's obligations listed above. An explanation of the significance of the new rating may be obtained from the rating agency. The new ratings reflect only the views of the rating agency and are not recommendations to buy sell, or hold the obligations. The Issuer makes no representation as to the appropriateness of the new rating.

There is no assurance that the new rating will be maintained for any given period of time or that they will not be lowered or withdrawn entirely if, in the judgment of the applicable rating agency, circumstances so warrant. The Issuer has not undertaken any responsibility to oppose any proposed revision or withdrawal of either such rating. Any change in or withdrawal of either such rating could have an adverse effect on the market price or marketability of the above referenced obligations.

The information in this Significant Event Notice is provided solely to comply with the Issuer's contractual commitment to provide notice of changes in ratings assigned to the obligations. This Significant Event Notice is not made by the Issuer in connection with a purchase or sale of the obligations and accordingly is not intended to contain all information material to a decision to purchase or sell the obligations.

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