



# COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

## POWAY UNIFIED SCHOOL DISTRICT

CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDING JUNE 30, 2016:

GENERAL OBLIGATION BONDS FOR SCHOOL FACILITIES  
IMPROVEMENT DISTRICT NO. 2002-1, 2002 ELECTION SERIES B AND C

2011 GENERAL OBLIGATION REFUNDING BONDS AND

2014 GENERAL OBLIGATION REFUNDING BONDS

*BASE CUSIP: 738850*

**FEBRUARY 1, 2017**

**PREPARED FOR:**

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School District**

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

<u><i>Maturity Date (August 1)</i></u>	<u><i>CUSIP*</i></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
	738850NK8

Capital Appreciation Bonds

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

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

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

*Maturity Date (August 1)*

*CUSIP\**

2015

738850QS8

2015

738850QT6

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

**Poway 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

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

**Poway 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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## I. INTRODUCTION

This Annual Report ("Report") has been prepared pursuant to the Continuing Disclosure Agreements ("Disclosure Agreements") executed and delivered by Poway Unified School District ("School District") in connection with the issuance of General Obligation Bonds for School Facilities Improvement District ("SFID") No. 2002-1, 2002 Election (i) Series B in the amount of \$119,300,766 ("Series B Bonds"), (ii) Series C in the amount of \$3,698,553.90 ("Series C Bonds"), (iii) 2011 General Obligations Refunding Bonds in the amount of \$53,285,000 ("2011 Refunding Bonds"), and the (iv) 2014 General Obligation Refunding Bonds in the amount of \$100,325,000 ("2014 Refunding Bonds") (collectively, "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 (a) the construction of new facilities and (b) 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 \$102,980,000 of the Series B Bonds maturing August 1, 2017 through August 1, 2030. All capitalized terms not defined herein shall have the meaning ascribed to them in the Disclosure Agreements.

### A. Audited Financial Statements and Approved Annual Budget

Cooperative Strategies, LLC, has reviewed the School District's (i) annual audited financial statements for Fiscal Year 2015/2016 ("Statements"), and (ii) annual adopted budget report for Fiscal Year 2016/2017 ("Budget"), and confirmed that they include the following information required by Section 4 of the Disclosure Agreements: (a) audited financial statements for the preceding fiscal year and (b) the approved annual budget for the then-current fiscal year. Copies of the Statements and Budget are available online at <http://emma.msrb.org/>.

The following information is not included within the Statements or Budget but is required pursuant to Section 4 of the Disclosure Agreements:

**B. Assessed Value of Taxable Property**

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 2016/2017 is shown in the table below:

**Assessed Valuation of Taxable Property  
Fiscal Year 2016/2017**

<b>Local Secured</b>	<b>Utility</b>	<b>Unsecured</b>	<b>Total</b>
\$23,437,053,553	\$183,500	\$1,152,363,805	\$24,589,600,858

*Source: California Municipal Statistics, Inc.*

**C. 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 as of February 1, 2017 are shown in the table below.

**Serial Bonds  
As of February 1, 2017**

<b>Bond</b>	<b>Outstanding Principal</b>
Series B Bonds	\$0.00
Series C Bonds	\$0.00
2011 Refunding Bonds	\$42,675,000.00
2014 Refunding Bonds	\$99,345,000.00
<b>Total</b>	<b>\$142,020,000.00</b>

**Capital Appreciation Bonds  
As of February 1, 2017**

<b>Bond</b>	<b>Outstanding Principal</b>	<b>Accreted Interest</b>	<b>Total</b>
Series B Bonds	\$3,080,766.00	\$3,469,957.50	\$6,550,723.50
Series C Bonds	\$0.00	\$0.00	\$0.00
2011 Refunding Bonds	\$0.00	\$0.00	\$0.00
2014 Refunding Bonds	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$3,080,766.00</b>	<b>\$3,469,957.50</b>	<b>\$6,550,723.50</b>



**D. Balance in the Debt Service Fund**

The taxes collected by the County are pooled in a Debt Service Fund with the 2008 Election General Obligation Bonds of SFID No. 2007-1 of the School District along with the Series B Bonds and Series C Bonds. The balance in the Debt Service Fund as of December 31, 2016 is \$9,536,489.37. As of the date of this Report, there is no other fund, account or subaccount thereunder related to the Series B and Series C Bonds.

**E. Balance in the Improvement Fund**

Proceeds of the Bonds are pooled in an "Improvement Fund" with the proceeds of the 2008 Election General Obligation Bonds of SFID No. 2007-1 of the School District. The Improvement Fund is administered by the County and as of December 31, 2016 the balance in the Improvement Fund was \$0.00. The proceeds in the Improvement Fund have all been expended. As of the date of this Report, there is no other fund, account or subaccount thereunder related to the Improvement Fund or the Bonds.

**F. Balance in Any Fund Related to the Refunding Bonds**

Proceeds of the 2011 Refunding Bonds and 2014 Refunding Bonds (collectively, "Refunding Bonds") are pooled in a debt service account administered by the County and, as of December 31, 2016, the balance in this account is \$108,186,500. The proceeds from the 2011 Refunding Bonds have been expended. As of the date of this Report, there is no other fund, account or subaccount thereunder related to the Refunding Bonds.

**G. 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.

## H. Top Ten Property Owners

The "Top Ten" property owners, as measured by their secured assessed valuation, in Fiscal Year 2016/2017 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  
Fiscal Year 2016/2017**

<b>Property Owner</b>	<b>Primary Land Use</b>	<b>Assessed Valuation</b>	<b>Percentage of Total Assessed Value <sup>[1]</sup></b>
Sorrento West Properties Inc.	Industrial	\$404,471,046	1.73%
SMBC Leasing and Finance Inc.	Office Building	\$176,028,841	0.75%
Cymer Inc.	Office Building	\$160,879,560	0.69%
Bernardo Summit LLC	Industrial	\$119,225,000	0.51%
KR Office 3-7 LP	Office Building	\$111,056,738	0.47%
HCPLS Poway I LLC	Office Building	\$96,589,988	0.41%
Drawbridge Discovery Corporate A, B & D	Office Building	\$90,419,139	0.39%
Point Office Partners LLC	Office Building	\$88,185,441	0.38%
Hewlett-Packard Co.	Industrial	\$87,082,617	0.37%
Ventas Inc.	Medical Buildings	\$79,108,239	0.34%
<b>Total</b>	<b>NA</b>	<b>\$1,413,046,609</b>	<b>6.04%</b>

[1] 2016-17 Local Secured Assessed Valuation: \$23,437,053,553

Source: California Municipal Statistics, Inc.

## II. REPORTS AND ADDITIONAL INFORMATION

### A. Material 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:

- (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, the issuance by the Internal Revenue Service of proposed or final determination 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 the rights of security holders;
- (viii) Bond calls;
- (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 the School District or obligated person or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into 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.

None of these events occurred during fiscal year 2015/2016.

**B. Additional Information**

In addition to any of the information expressly required to be provided by the Disclosure Agreements, the School District 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.

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