



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 2014C

BASE CUSIP: 73885Q

JANUARY 31, 2018

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School District

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Poway Unified School District
Public Financing Authority
Special Tax Revenue Refunding Bonds, Series 2014C

<u>Maturity Date (September 15)</u>	<u>CUSIP*</u>
2015	73885QEL9
2016	73885QEM7
2017	73885QEN5
2018	73885QEP0
2019	73885QEQ8
2020	73885QER6
2021	73885QES4
2022	73885QET2
2023	73885QEU9
2024	73885QEV7
2025	73885QEW5
2026	73885QEX3
2027	73885QEY1
2028	73885QEZ8
2029	73885QFA2
2030	73885QFB0
2031	73885QFC8
2032	73885QFD6
2033	73885QFE4
2034	73885QFF1
2035	73885QFG9

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

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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 2014C ("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 Authority 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 are required to be used to pay debt service on the Bonds, and neither Authority nor the School District, other than Net Special Taxes, 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 2014C. The Bonds were issued in the amount of \$19,550,000 on July 30, 2014. The Bonds were issued to purchase (i) the Improvement Area ("IA") B 2014 Special Tax Refunding Bonds of Community Facilities District ("CFD") No. 11 of School District ("IA B of CFD No. 11 Bonds") and the IA C 2014 Special Tax Refunding Bonds of CFD No. 11 of the School District ("IA C of CFD No. 11 Bonds"), (collectively, "CFD Bonds" attached as 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 CFD 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. The outstanding principal amount of the Bonds, as of January 1, 2018, is \$18,060,000.00. The outstanding principal amount of the Special Tax Bonds is shown in the table below.

CFD No.	Principal Amount Outstanding
IA B of CFD No. 11	\$7,245,000.00
IA C of CFD No. 11	\$10,815,000.00
Total	\$18,060,000.00

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 \$1,785,000.00; the balance of the Reserve Fund as of January 1, 2018 was \$1,788,013.17, therefore the Reserve Requirement was satisfied as of this date.

D. Status of Projects

Special Tax Revenue Refunding Bonds, Series 2014C. There were no construction proceeds generated from the issuance of the Bonds. Proceeds generated from the issuance of the Bonds were used to fully refund previous 2005 Special Tax Bonds of IA B of CFD No. 11 and the 2005 Special Tax Bonds of IA C of CFD No. 11 issued on June 16, 2005.

E. Bond Authorization

The information required under Section 4 (b) (ix) of the Disclosure Agreement is listed in the table below.

**IA B of CFD No. 11
Bond Authorization and Use of Bond Proceeds**

Bond Issuance	Issuance Date	Use of Proceeds	Amount
Original Bond Authorization			\$10,900,000.00
IA B of CFD No. 11, 2005 Special Tax Bonds	June 16, 2005	Finance the acquisition and construction of certain road, water, sewer, park and other public improvements to be owned and operated by the City of San Diego	\$9,035,000.00
IA B of CFD No. 11, Special Tax Refunding Bonds, Series 2014	July 30, 2014	Refund the outstanding Series 2005 Special Tax Bonds of IA B of CFD No. 11	\$0.00
Remaining Bond Authorization			\$1,865,000.00

**IA C of CFD No. 11
Bond Authorization and Use of Bond Proceeds**

Bond Issuance	Issuance Date	Use of Proceeds	Amount
Original Bond Authorization			\$17,400,000.00
IA C of CFD No. 11, 2005 Special Tax Bonds	June 16, 2005	Finance the acquisition and construction of certain road, water, sewer, park and other public improvements to be owned and operated by the City of San Diego	\$13,475,000.00
IA C of CFD No. 11, Special Tax Refunding Bonds, Series 2014	July 30, 2014	Refund the outstanding Series 2005 Special Tax Bonds of IA C of CFD No. 11	\$0.00
Remaining Bond Authorization			\$3,925,000.00

IV. SPECIAL TAXES

CFD No. 11 has covenanted to annually levy the respective Special Tax in accordance with the applicable Rate and Method of Apportionment ("RMA") 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 RMA has been included as Exhibit D.

B. Prepayments

A listing of all prepayments in Fiscal Year 2016/2017 is outlined below.

Assessor's Parcel Number	CFD	Fiscal Year Prepaid	Amount of Special Tax Bond Principal Redeemed	Special Tax Bond Principal Redemption Date
IA B of CFD No. 11				
325-081-05-00	IA B of CFD No. 11	2017/2018	\$40,000.00	September 1, 2017
325-091-15-00	IA B of CFD No. 11	2017/2018	\$40,000.00	September 1, 2017
IA C of CFD No. 11				
325-150-08-00	IA C of CFD No. 11	2015/2016	\$50,000.00	March 1, 2017
325-121-11-00	IA C of CFD No. 11	2016/2017	\$50,000.00	March 1, 2017
325-170-27-00	IA C of CFD No. 11	2017/2018	\$35,000.00	September 1, 2017
325-121-12-00	IA C of CFD No. 11	2017/2018	\$35,000.00	September 1, 2017
325-140-03-00	IA C of CFD No. 11	2017/2018	\$25,000.00	September 1, 2017

C. Special Tax Budget

A summary of the Fiscal Year 2017/2018 Special Tax budget for Improvement Area B and Improvement Area C of CFD No. 11 is outlined in Exhibit E.

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% coverage of the annual debt

service on the Bonds. CFD No. 11 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% 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 F.

E. Special Tax Levy

A summary of the Fiscal Year 2016/2017 Special Tax levy, collections and delinquencies as well as the Fiscal Year 2017/2018 Special Tax levy for IA B and IA C of CFD No. 11 are listed in Exhibit G.

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.

G. Special Tax Delinquencies

The Special Tax delinquencies for Fiscal Year 2016/2017 and prior Fiscal Years within IA B and IA C of CFD No. 11 are shown in Exhibit H. There is no delinquent tax payer obligated for greater than 5% of the Fiscal Year 2016/2017 Special Tax levy as of August 15, 2017.

H. Special Tax Foreclosures

CFD No. 11 has covenanted that it will commence judicial foreclosure proceedings against a parcel with delinquent Special Taxes in the event (i) any single parcel has aggregate delinquent Special Taxes in excess of \$7,500 or (ii) a property owner of multiple parcels has delinquent Special Taxes in excess of \$15,000 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 IA C of CFD No. 11, as of June 1, 2017, it was determined IA C of CFD No. 11 was required to initiate foreclosure proceedings on a single parcel exceeding the individual foreclosure threshold in IA C of CFD No. 11. Information regarding that parcel and previously approved parcels is summarized in the table below.

IA B of CFD No. 11 Special Tax Foreclosure

APN	Fiscal Year	Amount ^[1]	Status
3251031400	2009/2010	\$3,306.56	Unresolved
3251031400	2012/2013	\$3,508.94	Unresolved
3251031400	2013/2014	\$1,789.56	Unresolved
3251031400	2015/2016	\$3,723.72	Unresolved
3251031400	2016/2017	\$3,798.18	Unresolved

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

IA C of CFD No. 11 Special Tax Foreclosure

APN	Fiscal Year	Amount ^[1]	Status
3251501500	2014/2015	\$1,556.37	Unresolved
3251031400	2015/2016	\$3,193.36	Unresolved
3251031400	2016/2017	\$3,257.24	Unresolved

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

I. Teeter Plan

The County of San Diego ("County") and IA B or IA C of CFD No. 11 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 IA B and IA C of CFD No. 11. 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. 11 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 IA B and IA C of CFD No. 11, distinguishing between the assessed value of improved parcels and unimproved parcels, is included in Exhibit I.

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 IA B and IA C of CFD No. 11. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting the property in IA B and IA C of CFD No. 11 as of the date of this Report is outlined in Exhibit J. Exhibit J 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 IA B and IA C of CFD No. 11 are shown in Exhibit K.

VI. REPORTS AND ADDITIONAL INFORMATION

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

A. Reports to the California Debt and Investment Advisory Commission

A copy 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 is included as Exhibit L.

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

EXHIBIT E

Special Tax Budgets

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Annual Debt Service Coverage Summary Tables

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Special Tax Levy Summary Tables

EXHIBIT H

Historical Special Tax Delinquency Summary Tables

EXHIBIT I

Assessed Value Summary Tables

EXHIBIT J

Detailed Direct and Overlapping Debt Reports

EXHIBIT K

Assessed Value-to-Lien Ratio Summary Tables

EXHIBIT L

Reports to the California Debt and Investment Advisory Commission