



POWAY UNIFIED SCHOOL DISTRICT

Community Facilities Districts

Special Tax Reduction Plan

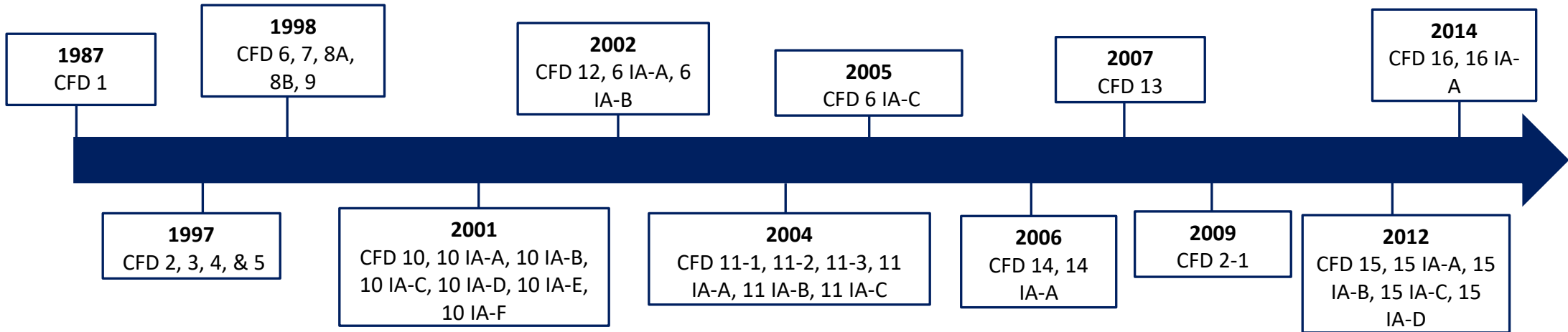
(2023 Update)

**BOARD OF EDUCATION
MARCH 7, 2024**

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Special Tax Reduction Plan – History of CFDs & IAs

- Poway Unified School District has a Community Facilities District (CFD) program that includes thirty-eight(38) CFDs and Improvement Areas (IAs).



- Within the CFDs, there are approximately 22,304 parcels, comprising 30% of all housing units within the School District and 44% of students of the School District’s total enrollment based on the 2020 Census.
- Since 1989, these CFDs have helped fund construction of 14 new schools and expansion of 4 schools, and the IAs have also funded non-school facilities.

Special Tax Reduction Plan – Background

- The CFDs and IAs accomplish this by issuing bonds and using the bond proceeds to fund construction expansion of schools and other non-school facilities.
- The proceeds from the sale of special tax bonds are generally used for new construction, expansion, or capital projects related to enrollment growth.
- Homeowners within the CFDs and IAs are assessed special taxes to service the debt related to these bonds.
- Pursuant to the CFDs' legal covenants, special taxes are assessed at what is called the Assigned Special Tax which typically is 110% of the bond repayment.
- These special tax revenues support over \$430 million in outstanding debt. Without any of the early repayments outlined in this report, the CFDs/IAs outstanding debt would not be fully retired until 2052.
- **It is estimated that this plan will *save* CFD/IA taxpayers approximately \$1.2 billion over the life of the program.**

Special Tax Reduction Plan – Approach and Assumptions

- A three-fold evaluation will occur annually: 1) CFD and IA debt service obligations, 2) future facilities needs, and 3) the ability to reduce or terminate the levy of special taxes.
- It is important to note that all assumptions are a snapshot in time and will be updated annually to reflect pertinent changes.
- For purposes of this plan, we have assumed that the facility projects include six (6) school sites totaling \$26,147,631 to be funded by the CFDs/IAs.
- The amount of project costs are allocated to the pertinent CFDs and IAs based on students within their boundaries. The timing and amounts of project expenditures will be reviewed annually and adjusted accordingly.
- Currently, based on funds available in various CFD/IA accounts and from future net special taxes, it is projected that PUSD will have sufficient funds to complete these projects.

Special Tax Reduction Plan – Outcome of 2022 Updated Plan

District	Original Final Termination	Projected Final Termination	Projected Years Prepaid
CFD No. 1	2040	2020	21 Years
CFD No. 2	2041	2025	17 Years
CFD No. 2 IA 1	2051	2038	14 Years
CFD No. 3	2041	2026	16 Years
CFD No. 4	2046	2030	17 Years
CFD No. 5	2041	2026	16 Years
CFD No. 6	2046	2031	16 Years
CFD No. 6 IA A	2036	2032	5 Years
CFD No. 6 IA B	2039	2033	7 Years
CFD No. 6 IA C	2046	2040	7 Years
CFD No. 7	2039	2026	14 Years
CFD No. 8 IA B	2038	2027	12 Years
CFD No. 9	2042	2028	15 Years
CFD No. 10	2046	2031	16 Years
CFD No. 10 IA A	2036	2031	6 Years
CFD No. 10 IA B	2036	2031	6 Years
CFD No. 10 IA C	2038	2032	7 Years
CFD No. 10 IA D	2037	2031	7 Years
CFD No. 10 IA E	2037	2031	7 Years

District	Original Final Termination	Projected Final Termination	Projected Years Prepaid
CFD No. 10 IA F	2046	2039	8 Years
CFD No. 10 IA F Supp	2051	2047	5 Years
CFD No. 11 IA A	2051	2033	19 Years
CFD No. 11 IA B	2045	2034	12 Years
CFD No. 11 IA C	2045	2032	14 Years
CFD No. 11 Zone 1	2051	2033	19 Years
CFD No. 11 Zone 2	2051	2036	16 Years
CFD No. 11 Zone 3	2051	2035	17 Years
CFD No. 12	2043	2027	17 Years
CFD No. 13	2052	2023	30 Years
CFD No. 14	2050	2032	19 Years
CFD No. 14 IA A	2050	2035	16 Years
CFD No. 15	2056	2023	34 Years
CFD No. 15 IA A	2055	2038	18 Years
CFD No. 15 IA B	2056	2049	8 Years
CFD No. 15 IA C	2049	2041	9 Years
CFD No. 15 IA D	2055	2047	9 Years
CFD No. 16	2053	2036	18 Years
CFD No. 16 IA A	2053	2048	6 Years

Special Tax Reduction Plan – 2023 Updated Plan

- Nineteen (19) Of the thirty-eight (38) CFDs/IAs have updated results; of which, ten (10) have improved results.

District	Original Final Termination	Projected Final Termination	Projected Years Prepaid
CFD No. 1	2040	2020	21 Years
CFD No. 2	2041	2025	17 Years
CFD No. 2 IA 1	2051	2038	14 Years
CFD No. 3	2041	2025	17 Years
CFD No. 4	2046	2031	16 Years
CFD No. 5	2041	2025	17 Years
CFD No. 6	2046	2030	17 Years
CFD No. 6 IA A	2036	2032	5 Years
CFD No. 6 IA B	2039	2033	7 Years
CFD No. 6 IA C	2046	2040	7 Years
CFD No. 7	2039	2026	14 Years
CFD No. 8 IA B	2038	2026	13 Years
CFD No. 9	2042	2028	15 Years
CFD No. 10	2046	2030	17 Years
CFD No. 10 IA A	2036	2030	7 Years
CFD No. 10 IA B	2036	2030	7 Years
CFD No. 10 IA C	2038	2031	8 Years
CFD No. 10 IA D	2037	2031	7 Years
CFD No. 10 IA E	2037	2031	7 Years

District	Original Final Termination	Projected Final Termination	Projected Years Prepaid
CFD No. 10 IA F	2046	2039	8 Years
CFD No. 10 IA F Supp	2051	2048	4 Years
CFD No. 11 IA A	2051	2032	20 Years
CFD No. 11 IA B	2045	2034	12 Years
CFD No. 11 IA C	2045	2032	14 Years
CFD No. 11 Zone 1	2051	2034	18 Years
CFD No. 11 Zone 2	2051	2037	15 Years
CFD No. 11 Zone 3	2051	2034	18 Years
CFD No. 12	2043	2028	16 Years
CFD No. 13	2052	2024	29 Years
CFD No. 14	2050	2032	19 Years
CFD No. 14 IA A	2050	2035	16 Years
CFD No. 15	2056	2026	31 Years
CFD No. 15 IA A	2055	2039	17 Years
CFD No. 15 IA B	2056	2049	8 Years
CFD No. 15 IA C	2049	2041	9 Years
CFD No. 15 IA D	2055	2048	8 Years
CFD No. 16	2053	2036	18 Years
CFD No. 16 IA A	2053	2048	6 Years

Special Tax Reduction Plan – Overview of CFD/IA Districts

- For many of the CFDs/IAs, there are two layers of debt:
 1. Senior bonds on a stand-alone basis, and
 2. As part of a Financing Authority issuance.

- For the purpose of this plan, CFD/IA Districts fall into one of three categories:
 1. Joint Acquisition Agreement Community Facilities Districts - JAA Districts
 - » In order to fund the construction of D39C, the PUSD entered into a JAA in 2014 in the amount of \$40,000,000.
 2. Certificates of Participation IAs - COP Districts
 - » PUSD issued its 2012 COPs to fund school facilities and repay previously issued debt.
 3. Available Surplus Districts - Surplus Districts
 - » PUSD has issued special tax bonds on behalf of some of these CFD/IA Districts to fund the needed facilities.

Special Tax Reduction Plan – Overview of CFD/IA Districts (cont.)

No.	District	Category
01.	CFD No. 1	Surplus District
02.	CFD No. 2	JAA District
03.	CFD No. 2 IA 1	Surplus District
04.	CFD No. 3	Surplus District
05.	CFD No. 4	JAA District
06.	CFD No. 5	Surplus District
07.	CFD No. 6	JAA District
08.	CFD No. 6 IA A	COP District
09.	CFD No. 6 IA B	COP District
10.	CFD No. 6 IA C	COP District
11.	CFD No. 7	Surplus District
12.	CFD No. 8 IA B	JAA District
13.	CFD No. 9	JAA District
14.	CFD No. 10	JAA District
15.	CFD No. 10 IA A	COP District
16.	CFD No. 10 IA B	COP District
17.	CFD No. 10 IA C	COP District
18.	CFD No. 10 IA D	COP District
19.	CFD No. 10 IA E	COP District

No.	District	Category
20.	CFD No. 10 IA F	COP District
21.	CFD No. 10 IA F Supp	Surplus District
22.	CFD No. 11 IA A	COP District
23.	CFD No. 11 IA B	COP District
24.	CFD No. 11 IA C	Surplus District
25.	CFD No. 11 Zone 1	Surplus District
26.	CFD No. 11 Zone 2	Surplus District
27.	CFD No. 11 Zone 3	Surplus District
28.	CFD No. 12	JAA District
29.	CFD No. 13	JAA District
30.	CFD No. 14	JAA District
31.	CFD No. 14 IA A	COP District
32.	CFD No. 15	JAA District
33.	CFD No. 15 IA A	Surplus District
34.	CFD No. 15 IA B	Surplus District
35.	CFD No. 15 IA C	Surplus District
36.	CFD No. 15 IA D	Surplus District
37.	CFD No. 16	Surplus District
38.	CFD No. 16 IA A	Surplus District

Special Tax Reduction Plan – Servicing JAA Districts Subordinate Debt First

- \$40,000,000 of PFA Bonds were issued in 2014 with optional redemption provisions beginning on or after October 1, 2023, at par value and a final maturity date of 2041.
- Currently, the PFA Bonds are redeemable and have principal outstanding in the amount of \$37,080,000.
- Additionally, in 2023, the School District executed the plan to convert the Special Tax Revenue Refunding Bonds, Series 2022A-1, 2022A-2 and 2022B from taxable to lower tax-exempt interest rates.
- There will be more than sufficient funds on hand to fully repay the 2014 PFA based on the table below:

Possible 2014 PFA Bond Repayment

Item	Amount
State Reimbursement ⁽¹⁾	\$6,769,684
Balance in Net Available Special Tax Funds ⁽²⁾	1,071,376
Coverage Stabilization Fund ⁽²⁾	3,851,365
Other PFA Surplus Funds & Accounts ⁽²⁾	1,059,545
Funds Reserved for Facility Projects	(20,847)
Previously Accumulated JAA Net Revenues	23,598,879
Combined JAA Districts' Net Revenue 2022	0
Combined JAA Districts' Net Revenue 2023	0
Total	\$36,330,000

Special Tax Reduction Plan – Reducing JAA Districts Special Taxes

- Below is a summary of the Special Tax Reduction Plan for each of the JAA District’s senior bonds, predicated on the full repayment of the 2014 PFA Bonds.

District	Final Maturity of Senior Bonds	Par Optional Call Date	Projected Call Date	Projected Special Tax Savings	Projected Years Prepaid
CFD No. 2	9/1/2028	9/1/2025	9/1/2025	\$47,891,643	17 Years
CFD No. 4	9/1/2031 and 9/1/2042	9/1/2023 and 9/1/2031	9/1/2031	40,973,354	16 Years
CFD No. 6	9/1/2031, 9/1/2035 and 9/1/2036	9/1/2025, 9/1/2026 and 9/1/2030	9/1/2030	240,743,556	17 Years
CFD No. 8 IA B	9/1/2028	9/1/2026	9/1/2026	17,283,330	13 Years
CFD No. 9	9/1/2028	9/1/2026	9/1/2028	3,434,699	15 Years
CFD No. 10	9/1/2032	9/1/2026	9/1/2030	68,218,517	17 Years
CFD No. 12	9/1/2032 and 9/1/2042	9/1/2023 and 9/1/2028	9/1/2028	33,124,514	16 Years
CFD No. 13	9/1/2042	9/1/2023	9/1/2024	66,577,389	29 Years
CFD No. 14	9/1/2036	9/1/2025	9/1/2032	125,669,302	19 Years
CFD No. 15	NA	NA	9/1/2026	142,450,265	31 Years
Total				\$786,366,569	

Special Tax Reduction Plan – Servicing COP Districts’ Subordinate Debt First

- The 2012 COP was originally issued in an amount of \$57,300,000 with a final maturity in 2043.
- Initially, the 2012 COP was set up to have a short-term interest rate lock. On two subsequent occasions, PUSD has entered into new short-term rate lock agreements with US Bank.
- In 2022, PUSD paid down \$17,155,000 of the then-outstanding 2012 COP with available funds on hand and extended the extended rate mode until 2033 while it retained its ability to call the 2012 COPs at any time.
- As a result, the 2012 COP currently have principal outstanding in the amount of \$35,985,000.

Special Tax Reduction Plan – Servicing COP Districts’ Subordinate Debt First

- Current projections show sufficient funds on hand by fiscal year 2029-30 to redeem the 2012 COPs.

Possible 2012 COP District Repayment

Item	Amount
Special Taxes in the LRB Custodial Accounts	\$11,809,562
2012 COPs Debt Service Reserve Fund	3,759,127
LRB Surplus Fund	458,758
Combined COP Districts' Net Revenue 2022	2,381,515
Combined COP Districts' Net Revenue 2023	2,334,314
Combined COP Districts' Net Revenue 2024	2,381,328
Combined COP Districts' Net Revenue 2025	2,398,490
Combined COP Districts' Net Revenue 2026	2,454,666
Combined COP Districts' Net Revenue 2027	1,517,241
Combined COP Districts' Net Revenue 2028	0
Combined COP Districts' Net Revenue 2029	0
Combined COP Districts' Net Revenue 2030	0
Combined COP Districts' Net Revenue 2031	0
Total	\$29,495,000

Special Tax Reduction Plan – Reducing COP Districts Special Taxes

- Below is a summary of the Special Tax Reduction Plan for each of the COP District’s senior bonds, predicated on the full repayment of the 2012 COPs.

District	Final Maturity of Senior Bonds	Par Optional Call Date	Projected Call Date	Projected Special Tax Savings	Projected Years Prepaid
CFD No. 6 IA A	9/1/2033	9/1/2026	9/1/2032	\$10,185,100	5 Years
CFD No. 6 IA B	9/1/2036	9/1/2025	9/1/2033	25,371,429	7 Years
CFD No. 6 IA C	9/1/2042	9/1/2026	9/1/2040	6,620,202	7 Years
CFD No. 10 IA A	9/1/2031	9/1/2026	9/1/2030	8,783,774	7 Years
CFD No. 10 IA B	9/1/2031	9/1/2026	9/1/2030	5,174,882	7 Years
CFD No. 10 IA C	9/15/2033	9/1/2031	9/15/2031	3,241,833	8 Years
CFD No. 10 IA D	9/15/2032	9/1/2031	9/15/2031	3,820,849	7 Years
CFD No. 10 IA E	9/15/2032	9/1/2031	9/15/2031	4,665,803	7 Years
CFD No. 10 IA F	9/1/2041	9/1/2026	9/1/2039	1,805,049	8 Years
CFD No. 11 IA A	9/15/2034	9/1/2031	9/15/2032	26,869,216	20 Years
CFD No. 11 IA B	9/15/2035	9/15/2024	9/15/2034	12,623,296	12 Years
CFD No. 14 IA A	9/1/2036	9/1/2025	9/1/2035	101,089,526	16 Years
Total				\$210,250,958	

Special Tax Reduction Plan – Servicing Surplus Districts’ Subordinate Debt First

- In addition to those CFDs/IAs that we have just reviewed, there are sixteen remaining— fourteen (14) of which that have only senior debt outstanding and two (2) others that have no outstanding debt at this time.
- It should be noted that these two (2) IAs are expected to issue bonds in the future to fund non-school facilities. For purposes of presenting the best estimates of this Special Tax Reduction Plan, the analysis assumes the senior debt are issued by these IAs in three (3) years or 2026.
- Based on the three-fold approach that we shared previously, and to be re-evaluated annually, the reduction plan for our Surplus Districts is as follows:

Special Tax Reduction Plan – Reducing Surplus Districts Special Taxes

District	Final Maturity of Senior Bonds	Par Optional Call Date	Projected Call Date	Projected Special Tax Savings	Projected Years Prepaid
CFD No. 1	10/1/2020	10/1/2018	10/1/2020	\$47,648,267	21 Years
CFD No. 2 IA 1	9/15/2042	9/1/2031	9/15/2038	4,254,634	14 Years
CFD No. 3	9/1/2028	9/1/2025	9/1/2025	10,255,924	17 Years
CFD No. 5	9/1/2028	9/1/2025	9/1/2025	3,793,676	17 Years
CFD No. 7	9/1/2028	9/1/2025	9/1/2026	2,808,617	14 Years
CFD No. 10 IA F Supp	9/1/2051	9/1/2036	9/1/2048	424,256	4 Years
CFD No. 11 IA C	9/15/2035	9/15/2024	9/15/2032	21,446,116	14 Years
CFD No. 11 Zone 1	9/15/2037	9/1/2031	9/15/2034	19,656,971	18 Years
CFD No. 11 Zone 2	9/15/2032 and 9/15/2042	9/1/2031 and 9/15/2024	9/15/2037	12,696,881	15 Years
CFD No. 11 Zone 3	9/15/2032 and 9/15/2042	9/1/2031 and 9/15/2024	9/15/2034	24,979,269	18 Years
CFD No. 15 IA A	9/1/2044	9/1/2031	9/1/2039	17,302,572	17 Years
CFD No. 15 IA B	9/1/2056	9/1/2036	9/1/2049	12,688,342	8 Years
CFD No. 15 IA C	9/1/2046	9/1/2026	9/1/2041	14,292,780	9 Years
CFD No. 15 IA D	9/1/2052	9/1/2032	9/1/2048	11,312,783	8 Years
CFD No. 16	9/1/2050	9/1/2030	9/1/2036	36,843,414	18 Years
CFD No. 16 IA A	9/1/2050	9/1/2030	9/1/2048	12,559,257	6 Years
Total				\$252,963,760	

Special Tax Reduction Plan – Concluding Remarks

- The Poway Unified School District CFD Program is a mature program, having well-served the District.
- After decades of robust growth, PUSD’s enrollment has plateaued. The balance of funding school facilities, repaying debt and reducing special taxes needs to be reviewed on an ongoing basis.
- Surplus special taxes may now be used to retire CFD and IA debt more quickly than originally planned, generating substantial savings to taxpayers.
- This Special Tax Reduction Plan is meant to be dynamic, revisited annually, and revised as needed. Examples of the annual revisions include:
 1. Conversion of the Special Tax Revenue Refunding Bonds, Series 2022A-1 & 2022A-2 from taxable to tax-exempt
 2. Conversion of the Special Tax Revenue Refunding Bonds, Series 2022B from taxable to tax-exempt
- We are still on track to **save** District CFD taxpayers approximately \$1.2 billion over the life of the program.