



# TREASURER-TAX COLLECTOR COUNTY OF SAN DIEGO

COUNTY ADMINISTRATION CENTER • 1600 PACIFIC HIGHWAY, ROOM 102  
SAN DIEGO, CALIFORNIA 92101-2477 • (619) 531-5222 • FAX (619) 557-4093



Antoinette Chandler  
Chief Deputy Treasurer

March 10, 2015

Ms. Kimberley Beatty  
President, Board of Education  
Poway Unified School District  
15250 Avenue of Science  
San Diego, CA 92128-3036

Ms. Beatty,

At the request of the Board President of the Poway Unified School District (PUSD), the Treasurer-Tax Collector's office agreed to meet with the District's Financial Advisor, Fieldman, Rolapp & Associates, to discuss their proposed 2015 Special Tax Revenue Refunding Bonds (Series A, B and C).

On February 27, 2015, our Treasury team, along with two members of the County's debt management team, met with Adam Bauer (Fieldman). Although not initially invited, also in attendance was Sandra Burgoyne (PUSD Director of Planning). During the meeting, both Mr. Bauer and Ms. Burgoyne reviewed with County staff a PowerPoint presentation that had previously been presented to the PUSD Board on February 10, 2015. The presentation included an outline of the District's proposed Special Tax Revenue Refunding Bonds.

At the onset of the meeting, Ms. Burgoyne's demeanor was combative and confrontational. Ms. Burgoyne questioned the purpose of the meeting and the professional qualifications of our County staff before discussing the proposed financing. Throughout the meeting, Ms. Burgoyne continued to behave in an unprofessional manner towards our County staff.

During my tenure as Chief Deputy Treasurer, our staff has always been diligent in its efforts to be a value-added resource to each of the 42 school districts, and to provide exemplary customer service and exhibit professional courtesy to each district throughout the County. In the future, we would greatly appreciate it if your staff would act in a civil and professionally courteous manner.

Per your request, attached please find our general observations with regard to the proposed 2015 Special Tax Revenue Bond Refunding. If I can provide you with any additional assistance in this matter, please do not hesitate to contact me.

Sincerely,

Antoinette Chandler

Attachment

Cc: Dan McAllister, Treasurer-Tax Collector  
Tracy Sandoval, Deputy Chief Administrative Officer

Poway Unified School District  
Special Tax Revenue Refunding Bonds  
CFD No. 14 and CFD No. 14A – 2006 Special Tax Bonds – Series A  
CFD No. 6 and CFD No. 6B – 2005 and 2010 Special Tax bonds – Series B  
2003 Public Financing Authority (CFD Nos. 2, 3, 5 and 7) – Series C

**General Observation(s):**

Based upon our limited review of the PUSD financing presentation to the Board on Feb 10, 2015, our staff observed that the aggregate cost of issuance for the District's 2015 Series A, B and C financing appears to be somewhat high. Specifically, the cost of issuance is approximately \$3.7 million or 2.25% of the aggregate refunding amount (\$3.7 million/\$164 million).

With regard to the District's 2015 Special Tax Revenue Refunding (Series A, B and C), there are three categories within the cost of issuance that may warrant further consideration.

1. **Special Tax Counsel** – across all three series (A, B, C) of financings, the cost of special tax consultant totals \$220,000. This amount appears to be somewhat high given that the transaction is a refunding (as opposed to a new money transaction). Also worth noting is that these costs are in addition to the approximately \$303,000 that will be paid to the District's Bond Counsel.
2. **Underwriter's Discount** – The estimated costs for the underwriter's discount across all three series (A, B and C) totals approximately \$1.7 million, or approximately 1% of the total aggregate refunding. In today's competitive market, we believe that this amount can be "negotiated" lower by the district's financial advisor.
3. **Bond Insurance** – the cost of bond insurance was estimated at 70 basis points for only two of the three series (Series B and C) refunding bonds. At this price point, the total dollar cost for insurance would total \$876,605. This estimate is quite high and the District's financial advisor agreed that the cost of bond insurance could be negotiated significantly lower.

**Recommendation(s):**

1. The District's financial advisor should negotiate a lower fee arrangement for the underwriter's discount and for the bond insurance. The financial advisor should provide the Board with a detailed analysis of the rationale for bond insurance for each of the Series A, B and C.
2. PUSD Board should consider conducting an RFP process for underwriting services to ascertain the competitive landscape of banking services for its next financing.