



**GOVERNING BOARD AGENDA ITEM
AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10**

DATE OF MEETING: April 13, 2021

TITLE: **Adoption of Resolution Authorizing the Issuance & Sale of Refunding Bonds of the Amphitheater Unified School District No. 10 of Pima County, Arizona**

BACKGROUND:

A recent bond rating upgrade and a favorable interest rate market has presented the District with the opportunity to refinance up to \$16,000,000 of outstanding debt. This refinancing would provide an estimated savings to the tax payers of \$1,800,000 over the remaining bond payments.

The District is pursuing a negotiated private sale based upon the outcome of the recent bond sale. The preliminary plan is to negotiate a refinancing by early May with a June 1st closing date allowing for the required 30 day call window before the July 1st payment. If we are unable to make the proposed schedule, we will have to postpone refinancing until this fall (October 1st to December 1st) to stay within the Internal Revenue Service's 90 day tax exempt window while hoping that the interest rate market remains stable.

RECOMMENDATION:

The Administration recommends that the Governing Board approve the attached forms of Resolution and authorize the Governing Board President or Superintendent to execute the documents outlined in the resolution.

INITIATED BY:

Scott Little

Scott Little, Chief Financial Officer

Date: April 6, 2021

Todd A. Jaeger

Todd A. Jaeger, J.D., Superintendent

RESOLUTION

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10 OF PIMA COUNTY, ARIZONA, REFUNDING BONDS, SERIES 2021; DELEGATING THE AUTHORITY TO APPROVE CERTAIN MATTERS WITH RESPECT TO THE BONDS AND THE BONDS BEING REFUNDED; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; AUTHORIZING THE APPOINTMENT OF A PLACEMENT AGENT, A BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT AND A DEPOSITORY TRUSTEE; AUTHORIZING THE ACCEPTANCE OF A PROPOSAL FOR THE PURCHASE OF THE BONDS; APPROVING THE FORM OF THE BONDS AND CERTAIN DOCUMENTS AND AUTHORIZING COMPLETION, EXECUTION AND DELIVERY THEREOF; ADOPTING POST-ISSUANCE TAX COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF BONDS OF THE DISTRICT; AND RATIFYING ALL ACTIONS TAKEN OR TO BE TAKEN TO FURTHER THIS RESOLUTION.

WHEREAS, Amphitheater Unified School District No. 10 of Pima County, Arizona (the “*District*”), has issued certain school improvement bonds (the “*Prior Bonds*”) and the Governing Board of the District (the “*Board*”) has decided to provide for the refunding and, as applicable, redemption of a certain amount of the Prior Bonds on or prior to their respective maturity dates (the “*Bonds Being Refunded*”); and

WHEREAS, the Board has determined that it is expedient to refund some or all of the Bonds Being Refunded and that the issuance of refunding bonds and the application of the net proceeds thereof to pay at maturity or call for redemption the Bonds Being Refunded are necessary and advisable and are in the best interests of the District because the proposed refunding bonds can be sold to effect a lower tax burden for the District’s taxpayers; and

WHEREAS, the District intends to issue refunding bonds in the aggregate principal amount of not to exceed \$16,000,000 (the “*Bonds*”) on a tax-exempt or taxable basis, for the purpose of refunding the Bonds Being Refunded and paying the costs of issuance of the Bonds; and

WHEREAS, in accordance with applicable law, the total aggregate of taxes levied to pay principal of and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded, calculated from the date of issuance of such Bonds to the final maturity date of the Bonds Being Refunded; and

WHEREAS, the Bonds will issue the Bonds through a sale directly to one or more banks or financial institutions submitting a lending proposal in response to a Request for Proposals, prepared by Stifel, Nicolaus & Company, Incorporated as placement agent (the “*Placement Agent*”) and not acting as a municipal advisor (as defined in the Securities and Exchange Commission’s Municipal Advisor Rule). The District desires that all or a portion of the Bonds be placed through the above mentioned method on such terms as may meet the parameters of this resolution and hereafter be approved by the District’s Superintendent (the “*Superintendent*”) or the District’s Chief Financial Officer (the “*Chief Financial Officer*”) and pursuant to the Strategic Alliance for Volume Expenditures (SAVE) Cooperative Response Proposal #C-005-1718; and

WHEREAS, by this resolution, the Board shall approve a form of placement agent agreement between the District and the Placement Agent (the “*Placement Agent Agreement*”) in substantially the form now on file with the Board, as approved by the District’s bond counsel, Gust Rosenfeld P.L.C. (“*Bond Counsel*”). The Bonds will be placed with a bond purchaser(s) (the “*Purchaser*”) pursuant to the terms of the Placement Agent Agreement, when the final terms of the sale have been determined for the sale of the Bonds to the Purchaser; and

WHEREAS, within and by the parameters set forth in this resolution, the Board shall authorize the execution, issuance and sale of the Bonds and their delivery in accordance with the Placement Agent Agreement, and at such prices, interest rates, maturities and redemption features as may be hereafter determined;

NOW, THEREFORE, IT IS RESOLVED BY THE GOVERNING BOARD OF AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10 OF PIMA COUNTY, ARIZONA, AS FOLLOWS:

Section 1. Authorization. The Board hereby authorizes the Bonds to be executed, issued and sold in an aggregate principal amount of not to exceed \$16,000,000 in one or more series. The Bonds shall be issued and sold in accordance with the provisions of this resolution and delivered against payment therefor by the Purchaser. The Bonds shall be designated Amphitheater Unified School District No. 10 of Pima County, Arizona, Refunding Bonds, Series 2021. The series designation of the Bonds may change if the Bonds are not sold in calendar year 2021 and all or portion of the Bonds may be designated as “tax-exempt” or “taxable” under the Code (as hereinafter defined) as provided in Section 14 hereof. The Bonds shall be issued for the purpose of providing funds to be used to refund the Bonds Being Refunded and to pay the costs of issuance of the Bonds. The Board finds and determines that it is expedient, necessary and advisable that the District restructure a portion of its outstanding bonded debt to lower the aggregate tax burden for the District’s taxpayers. The Board hereby requires that the present value of the debt service savings, net of all costs associated with the Bonds, shall be not less than 6.7% of the principal amount of the Bonds Being Refunded.

Section 2. Terms.

A. Bonds. The Bonds shall be dated as of the date set forth in the Placement Agent Agreement shall mature on July 1 in some or all of the years 2021 and 2027, inclusive, and shall bear interest from their date to the maturity or earlier redemption date of each of the Bonds provided that the bond yield, calculated in the manner yield (as determined pursuant to the regulations of the Internal Revenue Code of 1986, as amended (the “*Code*”)), shall not exceed 2.0%.

The principal amount maturing in each year, the interest rates applicable to each maturity, the optional and mandatory redemption provisions and any other final terms of the Bonds shall be as set forth in the Placement Agent Agreement and approved by the Board President (the “*President*”), any member of the Board, the Superintendent, or the Chief Financial Officer of the District (collectively, the “*Authorized Officer*” or “*Authorized Officers*”), and such approval shall be evidenced by the execution and delivery of the Placement Agent Agreement. The Bonds shall be

issued in fully registered form in denominations of \$100,000 or integral multiples of \$1,000 in excess thereof (“*Authorized Denominations*”). Interest on the Bonds shall be payable semiannually on each January 1 and July 1 (each an “*Interest Payment Date*”) during the term of the Bonds, commencing July 1, 2021 (or such other date as set forth in the Placement Agent Agreement).

B. Book-Entry-Only System. So long as the Bonds are administered under the book-entry-only system (the “*Book-Entry-Only System*”) described in the Letter of Representations (as defined herein), the District shall pay periodic principal and interest payments to Cede & Co. or its registered assigns in same-day funds no later than the time established by The Depository Trust Company, a New York Corporation (“*DTC*”) on each interest or principal payment date (or in accordance with then existing arrangements between the District and DTC). The District has previously entered into an agreement (the “*Letter of Representations*”) with DTC in connection with the issuance of the District’s bonds including the Bonds and, while the Letter of Representations is in effect, the procedures established therein shall apply to the Bonds.

C. Registration. The Bonds will be administered by a bank, or trust company, as determined by the Superintendent or the Chief Financial Officer (the “*Registrar*”) in a manner which assures against double issuance and provides a system of transfer of ownership on the books of the Registrar in the manner set forth in the Bonds. The District recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon is exempt from federal income taxation under laws in force at the time the Bonds are delivered, if applicable. In this connection, the District agrees that it will not take any action to permit the Bonds to be issued in, or converted into bearer or coupon form, if applicable.

D. Payment. Interest on the Bonds shall be payable on each Interest Payment Date by check mailed to the owner thereof at the owner’s address all as shown on the registration books maintained by the Registrar as of the close of business of the Registrar on the fifteenth (15th) day of the month preceding an Interest Payment Date (the “*Record Date*”).

Principal of the Bonds shall be payable, when due, only upon presentation and surrender of the Bond at the designated corporate trust office of the Paying Agent (as defined hereafter).

Notwithstanding any other provision of this resolution, payment of principal of and interest on any Bond that is held by a securities depository or that is subject to the book-entry-only system may be paid by the Paying Agent by wire transfer in “same-day funds”.

E. Other Terms. The Bonds shall have such other terms and provisions as are set forth in Exhibit A hereto and shall be sold under the terms and conditions set forth in the Placement Agent Agreement.

F. Restrictions on Transfer. The Bonds may not be transferred unless (i) in Authorized Denominations, (ii) any transferee is an approved investor, and (iii) any transferee that provides the Registrar with a completed Investor Letter, in the form attached hereto as Exhibit I to Exhibit A and which is incorporated herein by reference. For the purposes of the Bonds, “*Approved Investor*” means a “qualified institutional buyer”, as such term is defined in Rule 144A of the Securities Act of 1933, as amended (the “*Securities Act*”), or an “accredited investor” (excluding

natural persons) as defined in 501(a)(1), (2), (3), or (7) under the Securities Act, who executes the Investor Letter, form set forth in Exhibit I to Exhibit A attached hereto.

Section 3. Prior Redemption.

A. Optional Redemption. The Bonds may be subject to optional redemption as set forth in the Placement Agent Agreement.

B. Mandatory Redemption. The Bonds may be subject to mandatory redemption as set forth in the Placement Agent Agreement.

Whenever Bonds subject to mandatory redemption are purchased, redeemed (other than pursuant to mandatory redemption) or delivered by the District to the Registrar for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited against the mandatory redemption requirements for such Bonds for such years as the District may direct.

C. Notice of Redemption.

(1) Notice of redemption of any Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the Registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds as to which proper notice of redemption was given.

(2) If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the District, the Treasurer of Pima County, Arizona (the “*Treasurer*”), or the Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

D. Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, and, if moneys for payment of the redemption price are held in separate accounts by the Paying Agent, interest on such Bonds or portions of such Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security hereunder and the owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Bonds shall be deemed paid and no longer outstanding.

E. Redemption of Less than All of a Bond. The District may redeem an amount which is included in a Bond in the denomination equal to or in excess of, but divisible by, \$1,000. In that event, the owner shall submit the Bond for partial redemption and the Paying Agent, for the Bonds shall make such partial payment and the Registrar of the Bonds shall cause to be issued a

new Bond of the same series in a principal amount equal to the unpaid amount remaining on such Bond after the redemption to be authenticated and delivered to the owner thereof.

F. Defeasance. Any Bond or portion thereof in Authorized Denominations shall be deemed defeased and thereafter shall have no claim on ad valorem taxes levied on taxable property in the District if (i) there is deposited with a bank or comparable financial institution, in trust, obligations issued by or guaranteed by the United States government (“*Defeasance Obligations*”) or moneys, or both, which, with the maturing principal of and interest on such Defeasance Obligations and the moneys so deposited will be sufficient, as evidenced by a certificate or report of an accountant, to pay the principal of, premium, if any, and interest on such Bond or portion thereof as the same matures, comes due or becomes payable upon prior redemption and (ii) such defeased Bond or portion thereof is to be redeemed prior to maturity, notice of such redemption has been given in accordance with provisions hereof or the District has submitted to the Registrar and Paying Agent instructions expressed to be irrevocable as to the date upon which such Bond or portion thereof is to be redeemed and as to the giving of notice of such redemption. Bonds the payment of which has been provided for in accordance with this section shall no longer be deemed payable or outstanding hereunder and thereafter such Bonds shall be entitled to payment only from the moneys or Defeasance Obligations deposited to provide for the payment of such Bonds.

Section 4. Security. For the purpose of paying the principal and premium (if any) of, interest on and costs of administration of the registration and payment of the Bonds, there shall be levied on all the taxable property in the District a continuing, direct, annual, ad valorem tax sufficient to pay all such principal, interest and administration costs of and on the Bonds as the same becomes due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected. Taxes levied with respect to the payment of principal of and interest on the Bonds shall be limited as follows: the total aggregate of taxes levied to pay principal of and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded, calculated from the date of issuance of the Bonds to the final maturity date of the Bonds Being Refunded; and further, if the trust created to pay principal of, premium, if any, and interest on the Bonds Being Refunded is insufficient to make such payments when due, any taxes levied to pay principal of and interest on the Bonds shall first be applied to the payments of amounts due on the Bonds Being Refunded. The proceeds of the taxes shall be kept in a special fund of the District entitled the “Debt Service Fund” and shall be used only for the payment of principal, interest, premium, if any, or costs as above-stated. If for any reason, the amount on deposit in the District’s Debt Service Fund is insufficient to pay on the date of payment, the principal, interest and premium (if any) due on the Bonds, the District hereby authorizes the Treasurer to pay such deficiency from any District funds lawfully available therefor.

This resolution shall be construed as a request and continuing consent to invest moneys in the Debt Service Fund, subject to the provisions of Section 14, if applicable, and any restrictions imposed by any entity providing credit enhancement for the Bonds, in any of the securities allowed by A.R.S. § 15-1025, and no further annual consent need be given; provided, however, that the Board, acting through its Superintendent or Chief Financial Officer, may revoke such consent for any fiscal year after fiscal year 2020/2021.

Upon the creation of the trust for payment of the Bonds Being Refunded, all moneys collected thereafter during the current fiscal year which would otherwise have been credited to the Interest and Redemption Funds for the Bonds Being Refunded shall be credited to the Debt Service Fund.

Section 5. Use of Proceeds. Upon the delivery of and payment for the Bonds in accordance with the terms of their sale, the net proceeds from the sale of the Bonds, after payment of the costs and expenses of issuance, shall be set aside, together with certain funds of the District required to pay the Bonds Being Refunded, a special trust fund maintained either by the Treasurer or by a bank or trust company selected by the Superintendent or the Chief Financial Officer as depository trustee (the “*Depository Trustee*”), as determined by the Superintendent or the Chief Financial Officer, with the advice of the Placement Agent, as follows:

If the trust fund is to be maintained by the Depository Trustee, proceeds of the Bonds shall be used to pay, when due, principal of and interest and premium on the Bonds Being Refunded, all as more fully described in that certain Depository Trust Agreement to be dated [_____] 1, 2021] (the “*Depository Trust Agreement*”), by and among the District, the Depository Trustee and the Treasurer. Amounts credited to the trust, other than any beginning cash balance, shall be held by the Depository Trustee as a demand deposit or invested in obligations issued by or guaranteed by the United States of America (“*Government Obligations*”) the maturing principal of, together with any beginning cash balance, shall be sufficient to pay the principal of and premium, if any, and interest on the Bonds Being Refunded as the same becomes due at maturity or prior redemption as provided herein. The District may obtain the Government Obligations, if applicable, by (i) direct purchase from the United States Treasury or (ii) purchase in the open market through the engagement of a bidding agent receiving at least three bids from dealers of such investments; or (iii) deposit in the Depository Trustee’s money market or other account invested in Government Obligations.

Alternatively, the Superintendent or the Chief Financial Officer may determine that the Depository Trust Agreement is not necessary and may direct the application of the proceeds of the Bonds to be held in a trust fund maintained by the Treasurer.

If the trust fund is to be maintained by the Treasurer, proceeds of the Bonds shall be held as cash and used to pay, when due, principal of and interest and premium on the Bonds Being Refunded as the same become due or prior redemption as provided herein.

Any balance of the net proceeds of the Bonds remaining after creation of the trust for the Bonds Being Refunded shall be transferred to the District’s Debt Service Fund.

Section 6. Form of Bonds. Pursuant to A.R.S. § 35-491, a fully registered bond form is adopted as an alternative to the form of bond provided in A.R.S. § 15-1023. The Bonds shall be in substantially the form of *Exhibit A* attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Placement Agent Agreement and are approved by those officers executing the Bonds; execution thereof by such officers shall constitute conclusive evidence of such approval.

The Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each Bond shall show both the date of the issue and the date of such Bond's authentication and registration. The Bonds are prohibited from being converted to coupon or bearer form without the consent of the Board and approval of Bond Counsel.

Section 7. Execution of Bonds and Other Documents.

A. Bonds. The Bonds shall be executed for and on behalf of the District by its President and attested by the Clerk of the Board (the "*Clerk*") and countersigned by the Treasurer by their manual or facsimile signatures. In the event the Board does not have a designated Clerk, all members of the Board are hereby designated as Clerk of the District solely for the purpose of attesting the President's signature on the Bonds. If an officer whose signature is on a Bond no longer holds that office at the time the Bond is authenticated and registered, such Bond shall nevertheless be valid.

A Bond shall not be valid or binding until authenticated by the manual signature of an authorized representative of the Registrar. The signature of the authorized representative of the Registrar shall be conclusive evidence that such Bond has been authenticated and issued pursuant to this resolution.

B. Placement Agent Agreement. The form of the Placement Agent Agreement, in substantially the form submitted to and on file with the Board, is hereby approved. Any Authorized Officers shall cause the Placement Agent Agreement to be completed and is hereby authorized to execute the Placement Agent Agreement to reflect the terms of the Bonds, including the price at which the Bonds are sold and provisions for original issue premium or original issue discount with respect thereto on behalf of the District. The execution and delivery of the Placement Agent Agreement as completed shall be conclusive evidence of such approval of the final terms and provisions.

C. Registrar Contract. The form of registrar's contract concerning duties of the Registrar and Paying Agent for the Bonds, in substantially the form submitted to and on file with the Board, is hereby approved and any of the Authorized Officers are hereby directed to execute such contract on behalf of the District with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing the documents and cause such respective contract to be delivered. Execution by any such officer shall constitute conclusive evidence of such approval.

D. Depository Trust Agreement. The Depository Trust Agreement, in substantially the form presented to the Board at the meeting at which this resolution was adopted and on file with the District, is hereby approved and any of the Authorized Officers are hereby directed to execute such contract on behalf of the District, if determined necessary, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing the documents. Execution by such officer shall constitute conclusive evidence of such approval.

Section 8. Mutilated, Lost or Destroyed Bonds. In case any Bond becomes mutilated or destroyed or lost, the District shall cause to be executed, authenticated and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of the mutilated Bond or in lieu of and in substitution for the Bond destroyed or lost, upon the owner's paying the reasonable expenses and charges of the District in connection therewith and, in the case of the Bond destroyed or lost, filing with the Registrar and the Treasurer of evidence satisfactory to the Registrar and the Treasurer that such Bond was destroyed or lost, and furnishing the Registrar and the Treasurer with a sufficient indemnity bond pursuant to A.R.S. § 47-8405.

Section 9. Acceptance of Offer; Sale of Bonds; Placement Agent Agreement Approval. The Board hereby directs the Superintendent or Chief Financial Officer to determine if the Bonds will be sold through a sale directly to one or more banks or financial institutions submitting a lending proposal in response to a Request for Proposals, prepared by the Placement Agent, and authorizes the sale of the Bonds and to take any action and make any modifications to the documents described in Section 7 hereof to accomplish the purposes of this Resolution.

The Treasurer is hereby authorized and directed to receive payment for the Bonds in accordance with the terms of the Placement Agent Agreement. Any other provisions of this resolution to the contrary notwithstanding, the Bonds shall not be sold for less than par and no premium on the Bonds shall exceed the net premium permitted by A.R.S. § 15-1024.

Section 10. Registrar and Paying Agent. The District shall maintain an office or agency where the owners of the Bonds shall be recorded in the registration books and the Bonds may be presented for registration or transfer (such entity performing such function shall be the "Registrar"). The District shall maintain an office or agency where Bonds may be presented for payment (such entity performing such function shall be the "Paying Agent"). Bonds shall be paid by the Paying Agent in accordance with Section 2(C) of this resolution. The District may appoint one or more co-Registrars or one or more additional Paying Agents. The Registrar and Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the owners of the Bonds.

The Superintendent or Chief Financial Officer shall solicit pricing quotes to act as Registrar and Paying Agent with respect to the Bonds and shall select a Registrar and Paying Agent in the best interests of the District. The District may change the Registrar or Paying Agent without notice to or consent of owners of the Bonds and the District may act in any such capacity.

Each Paying Agent shall be required to agree in writing that the Paying Agent shall hold in trust for the benefit of the owners of the Bonds all moneys held by the Paying Agent for the payment of principal of and interest and any premium on the Bonds.

The Registrar may appoint an authenticating agent acceptable to the District to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Registrar may do so. Each reference in this resolution to authentication by the Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Registrar and subject to the Registrar's direction.

The Registrar shall keep a separate register for the Bonds. When the Bonds are presented to the Registrar or a co-Registrar with a request to register transfer, the Registrar shall register the transfer on the registration books if its requirements for transfer are met and shall authenticate and deliver one or more Bonds registered in the name of the transferee of the same principal or payment amount, maturity or payment date and rate of interest as the surrendered Bonds. All transfer fees and costs shall be paid by the transferor.

The Registrar, with respect to the Bonds may, but shall not be required to, transfer or exchange any Bonds during the period commencing on the Record Date to and including the respective Interest Payment Date. The Registrar may but need not register the transfer of a Bond which has been selected for redemption and need not register the transfer of any Bond for a period of fifteen (15) days before a selection of Bonds to be redeemed; if the transfer of any Bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor shall be binding upon the transferee and a copy of the notice of redemption shall be delivered to the transferee along with the Bond or Bonds. If the Registrar transfers or exchanges Bonds within the period referred to above, interest on such Bonds shall be paid to the person who was the owner at the close of business of the Registrar on the Record Date as if such transfer or exchange had not occurred.

The Registrar shall authenticate Bonds for original issue up to \$15,100,000 in aggregate principal amount upon the written request of the Treasurer. The aggregate principal amount of Bonds outstanding at any time may not exceed that amount except for replacement Bonds as to which the requirements of the Registrar and the District are met.

Section 11. Resolution a Contract. This resolution shall constitute a contract between the District and the owners of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the owners of the Bonds then outstanding. The performance by the Board of the obligations in this resolution and in the Bonds and the Placement Agent Agreement is hereby authorized and approved.

Section 12. Ratification of Actions. All actions of the officers and agents of the District which conform to the purposes and intent of this resolution and which further the issuance and sale of the Bonds as contemplated by this resolution whether heretofore or hereafter taken are hereby ratified, confirmed and approved. The proper officers and agents of the District are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the District as may be necessary to carry out the terms and intent of this resolution.

The Board hereby acknowledges Bond Counsel's representation of the Placement Agent in matters not involving the District or the Bonds and hereby consents to the representation of the District in the matters set forth in this resolution.

Section 13. Bonds Being Refunded. Some or all of the maturities of the Prior Bonds shown on the chart below, together with such other Prior Bonds as may be selected by the Superintendent or the Chief Financial Officer, may be refunded as Bonds Being Refunded hereunder. The Board orders that the Bonds Being Refunded and the times that the Bonds Being

Refunded will be redeemed will be determined by the Superintendent or the Chief Financial Officer and will be as set forth in the Official Statement.

If required by A.R.S. § 35-473.01(A), the weighted average maturity of the Bonds shall be at least 75% of the weighted average maturity of the Bonds Being Refunded.

Issue (Dated Date)	Name	Original Principal Amount	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Redemption Date (July 1)	Redemption Premium on Bonds Being Refunded (% of principal)
6/9/2011	School Improvement Bonds, Project of 2007, Series C (2011)	\$2,635,000	2022	\$2,635,000	2021	-0-%
		2,510,000	2023	2,510,000	2021	-0-
		2,475,000	2024	2,475,000	2021	-0-
		2,275,000	2025	2,275,000	2021	-0-
		2,515,000	2026	2,515,000	2021	-0-
		2,450,000	2027	2,450,000	2021	-0-

Section 14. Tax Covenant. All or portion of the Bonds may be issued as “tax-exempt” or “taxable” bonds for purposes of the Code, as determined by the Superintendent or the Chief Financial Officer with assistance of the Placement Agent. This Section shall only apply to such Bonds designated by the District as “tax-exempt”. In consideration of the purchase and acceptance of the Bonds by the owners thereof and, as authorized by A.R.S., Title 35, Chapter 3, Article 7, and in consideration of retaining the exclusion of interest income on the Bonds from gross income for federal income tax purposes, the Board covenants with the owners from time to time of the Bonds to neither take nor fail to take any action which action or failure to act is within its power and authority and would result in interest income on the Bonds becoming subject to inclusion as gross income for federal income tax purposes under either laws existing on the date of issuance of the Bonds or such laws as they may be modified or amended.

Each Authorized Officer is authorized to execute and deliver all closing documents incorporating the District’s representations necessary to exclude the interest on the Bonds from gross income for federal income tax purposes and other matters pertaining to the sale of the Bonds as required by Bond Counsel. The District’s Superintendent or the Chief Financial Officer, the Treasurer or a partner of Bond Counsel are each authorized to execute and file on behalf of the District information reporting returns and to file or deliver such other information as may be required by Section 149(e) of the Code.

The Board further authorizes the employment of such experts and consultants to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with Section 148(f) of the Code. Each Authorized Officer is authorized to make any applicable elections necessary to avoid the rebate to the federal government of certain of the investment earnings attributable to the Bonds.

The District shall comply with such requirements and shall take any such actions as in the opinion of Bond Counsel are necessary to prevent interest income on the Bonds from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by Bond Counsel; paying to the United States of America any required amounts representing yield reduction payments or rebates of arbitrage profits relating to the Bonds; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys relating to the Bonds; and limiting the use of the proceeds of the Bonds and property financed thereby.

The Board hereby authorizes the Chief Financial Officer, or his or her designee, to represent and act for the District in all matters pertaining to the District's tax-exempt bonds, as may be necessary to comply, on a continuing basis, with the Internal Revenue Service, Securities and Exchange Commission and other governmental entities' requests, reporting requirements and post-issuance compliance policies and matters.

Notwithstanding the foregoing, the Chief Financial Officer, may determine that any Bonds are not considered to be tax-exempt under the Code.

Section 15. Bonds Not Qualified Tax-Exempt Obligations. The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Section 16. Other Moneys. The Treasurer is authorized and directed to transfer such amounts of money from the District's Principal and Interest Redemption Funds as are or may be necessary to complete the refunding of the Bonds Being Refunded.

Section 17. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this resolution is for any reason held to be illegal, invalid or unenforceable, such decision shall not affect the validity of the remaining portions of this resolution. The Board hereby declares that it would have adopted this resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this resolution may be held illegal, invalid or unenforceable.

Section 18. Issuance and Post-Issuance Compliance Procedures. The form of the Issuance and Post-Issuance Compliance Procedures Relating to Tax-Exempt Bonds and Other Tax-Exempt Financings in substantially the form attached hereto as *Exhibit B* is hereby approved and District staff shall follow the procedures set forth therein as it relates to issuance and post-issuance compliance procedures required by the Bonds or any other bonds or tax-exempt obligations of the District.

[Signature on following page]

PASSED, ADOPTED AND APPROVED by the Governing Board of
Amphitheater Unified School District No. 10 of Pima County, Arizona, on April 13, 2021.

President, Governing Board

[Signature page to Authorizing Resolution]

EXHIBIT A
(Form of Bond)

Number: R- _____

Denomination: _____

[Unless this bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the District or its agent for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

[RESTRICTIONS ON TRANSFER. THIS BOND MAY BE TRANSFERRED ONLY IN WHOLE AND ONLY TO A “QUALIFIED INVESTOR,” AS SUCH TERM IS DEFINED IN RULE 144A OF THE SECURITIES ACT OF 1933, AS AMENDED, OR AN ACCREDITED INVESTOR (EXCLUDING NATURAL PERSONS) AS DEFINED IN RULE 501 OF REGULATION D OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, WHO EXECUTES THE ATTACHED CERTIFICATE OF QUALIFIED INVESTOR.]

***AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10
OF PIMA COUNTY, ARIZONA
REFUNDING BOND, SERIES 2021***

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Dated Date</u>
_____%	July 1, ____	_____, 2021

Registered Owner: [PURCHASER]

Principal Amount: _____ AND NO/100 DOLLARS (\$_____.00)

AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10 OF PIMA COUNTY, ARIZONA (the “District”), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

[INSERT CALL FEATURE IF APPLICABLE.]

Interest is payable on January 1 and July 1 of each year commencing [July 1, 2021] and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Principal of and interest on this bond are payable in lawful money of the United States of America. Interest payments and principal payments that are part of periodic principal and interest payments shall be received by the bondholder or its registered assigns in same-day funds on each interest or principal payment date.

The “Record Date” for this bond will be the fifteenth (15th) day of the month preceding an interest payment date.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the District, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the District for the payment of this bond and of the interest hereon as each becomes due, as limited as described herein.

This bond is one of a series of general obligation refunding bonds in the aggregate principal amount of [\$ _____] of like tenor except as to amount, maturity date, interest rate and number, issued by the District to provide funds to refund certain previously issued and outstanding bonds of the District, pursuant to a resolution of the Governing Board of the District duly adopted prior to the issuance hereof (the “*Resolution*”), and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of school district refunding bonds, and all amendments thereto, and all other laws of the State of Arizona thereunto enabling.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes on all taxable property within the District sufficient for that purpose, the full faith and credit of the District are hereby irrevocably pledged; provided, however, that the total aggregate of taxes levied to pay principal and interest on the issue of bonds of which this bond is one, in the aggregate shall not exceed the total aggregate principal and interest to become due on the bonds being refunded from the date of issuance of the issue of bonds of which this bond is a part to the final date of maturity of the bonds being refunded; and subject, further, to the rights vested in the owners of the bonds being refunded by the bonds of this issue to the payment of such bonds being refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United States of America purchased from the proceeds of the sale of the bonds of this issue and placed in trust for the purpose of providing for payment of principal of and interest on the bonds being refunded. The owner of this bond must rely on the sufficiency of the moneys and obligations placed irrevocably in trust for payment of the bonds being refunded. [The owner of this bond acknowledges that, and agrees that, this bond does not enjoy a lien on moneys in the District’s Debt Service Fund enjoyed by holders of other District bonds.]

This bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the bond registrar, which on the original issue date is the corporate trust office of [_____] upon surrender and cancellation of this bond. [Bonds of this issue are issuable only in fully registered form in the denomination of \$100,000 or greater.][Upon such transfer a new bond or bonds of the same maturity date and interest rate will be issued to the transferee in exchange. Bonds of this issue will be issued only in fully registered form in the denomination of \$5,000 of principal or integral multiples thereof. The registrar or paying agent may be changed by the District without notice.]

The District, the bond registrar and the paying agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal and interest and for all other purposes and none of them shall be affected by any notice to the contrary.

The District has caused this bond to be executed by the President and attested by the Clerk of its Governing Board and countersigned by the Treasurer of Pima County, Arizona, which signatures may be facsimile signatures. This bond is not valid or binding upon the District without the manually affixed signature of an authorized representative of the bond registrar. This bond is prohibited from being issued in coupon or bearer form without the consent of the Governing Board of the District, and the occurrence of certain other conditions.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

**AMPHITHEATER UNIFIED SCHOOL
DISTRICT NO. 10 OF PIMA COUNTY,
ARIZONA**

President, Governing Board

ATTEST:

Clerk, Governing Board

COUNTERSIGNED:

Treasurer, Pima County, Arizona

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

DATE OF AUTHENTICATION AND REGISTRATION: [_____, 2021]

CERTIFICATE OF AUTHENTICATION

This bond is one of the Amphitheater Unified School District No. 10 of Pima County, Arizona Refunding Bonds, Series 2021, described in the Resolution mentioned herein.

_____, as Registrar

Authorized Representative

(INSERT INSURANCE STATEMENT HERE, IF APPLICABLE)

FORM OF ASSIGNMENT

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

UNIF GIFT/TRANS MIN ACT-____ Custodian _____
(Cust) (Minor)

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship
and not as tenants in common

under Uniform Gifts/Transfers to Minors Act ___(State)___

Additional abbreviations may also be used though not in list above

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Name and Address of Transferee)
the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____
_____, attorney to transfer the within bond on the books kept for
registration thereof, with full power of substitution in the premises.

Dated _____

Note: The signature(s) on this assignment must correspond with
the name(s) as written on the within registered bond in every
particular without alteration or enlargement or any change
whatsoever.

Signature Guaranteed:

Firm or Bank

Authorized Signature

The signature(s) should be guaranteed by an eligible
guarantor institution pursuant to SEC Rule 17Ad-15

ALL FEES AND TRANSFER COSTS SHALL BE PAID BY THE TRANSFEROR

EXHIBIT I

FORM OF INVESTOR LETTER

Amphitheater Unified School District No. 10

Stifel, Nicolaus & Company, Inc.

Re: Amphitheater Unified School District No. 10 of Pima County, Arizona
Refunding Bonds, Series 2021

Ladies and Gentlemen:

The undersigned (the "Investor") hereby acknowledges that it is purchasing \$[_____] aggregate principal amount of Refunding Bonds, Series 2021 (the "Bonds") issued in authorized denominations \$100,000 or more pursuant to a Resolution (the "Resolution") of the Governing Board of the Issuer, adopted April 13, 2020. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution and the Placement Materials, each as defined herein.

This letter is being provided pursuant to a Placement Agent Agreement, dated [_____, 2021] (the "Placement Agreement"), between Amphitheater Unified School District No. 10 of Pima County, Arizona (the "Issuer") and Stifel, Nicolaus & Company, Inc. (the "Placement Agent").

The Investor acknowledges that the proceeds of the Bonds will be used for the purpose of [refunding school improvement bonds previously issued by the District].

The Bonds together with interest thereon shall be payable from ad valorem taxes of the District.

In connection with the sale of the Bonds to the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor has the authority and is duly authorized to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with its purchase of the Bonds.
2. The Investor is (a) a "qualified institutional buyer" as that term is defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), or (b) an "accredited investor" as the term is defined in Rule 501(a)(1),(2),(3), or (7) under the Securities Act.
3. The Investor is not purchasing the Bonds for more than one account or with a view to distributing the Bonds.
4. The Investor understands that the Bonds are not, and are not intended to be, registered under the Securities Act and that such registration is not legally required as of the date hereof, and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will [not] carry a rating from any rating agency, and (d) will be delivered in a form that may not be readily marketable.
5. The Investor acknowledges that it has either been supplied with or been given access to information, including [insert language tracking the text of Paragraph 3(a) describing the Placement Materials], which it has requested from the Issuer and to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals, including its own counsel, concerning the Issuer and the Bonds and the security therefor so that, as a reasonable investor, the Investor has been able to make a decision to purchase the Bonds. The Investor has such knowledge and experience in

financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Bonds.

6. The Investor acknowledges that the obligations of the Issuer under the Resolution [describe nature of Issuer's obligations]. [Describe limitations on the sources of funds available for the payment of debt service.]
7. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds. The Investor is aware that there are certain economic and regulatory variables and risks that could adversely affect the security for the Bonds. The Investor has reviewed the documents executed in conjunction with the issuance of Bonds, or summaries thereof, including, without limitation, the Resolution.
8. The Investor acknowledges and agrees that the Placement Agent and the Issuer take no responsibility for, and make no representation to the Investor, or any subsequent purchaser, with regard to, a sale, transfer or other disposition of the Bonds in violation of the provisions of the Resolution, or any securities law or income tax law consequences thereof. The Investor also acknowledges that, with respect to the Issuer's obligations and liabilities, the Investor is solely responsible for compliance with the sales restrictions on the Bonds in connection with any subsequent transfer of the Bonds made by the Investor.
9. The Investor agrees that it is bound by and will abide by the provisions of the Resolution relating to transfer, the restrictions noted on the face of the Bonds and this Investor Letter. The Investor also covenants to comply with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Bonds by the Investor.
10. The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations, and warranties herein by the addressees hereto.
11. The interpretation of the provisions hereof shall be governed and construed in accordance with Arizona law without regard to principles of conflicts of laws.
12. All representations of the Investor contained in this letter shall survive the execution and delivery of the Bonds to the Investor as representations of fact existing as of the date of execution and delivery of this Investor Letter.

Date: [_____, 2021]

Very truly yours,

_____, as Investor

By: _____

Name: _____

Title: _____

EXHIBIT B

**ISSUANCE AND POST-ISSUANCE COMPLIANCE PROCEDURES RELATING TO
TAX-EXEMPT BONDS, TAX CREDIT BONDS, AND OTHER TAX-EXEMPT
FINANCINGS FOR THE AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10 OF
PIMA COUNTY, ARIZONA**

Date of Implementation: April 13, 2021

INTRODUCTION

Many conditions, restrictions and requirements must be complied with to permit and preserve the tax-exempt, tax credit or direct federal subsidy treatment of general obligation bonds, revenue bonds, lease-purchase agreements, and other tax-exempt financings by the Amphitheater Unified School District No. 10 of Pima County, Arizona (the “*District*”). Prior to issuance, the District and its bond counsel will review the facts and the reasonable expectations to determine if the issue will comply with these conditions, restrictions and requirements at the time of issuance. There are certain actions the District must perform after issuance to preserve the favorable tax treatment and certain actions of the District after issuance can adversely affect such treatment. In addition, the District must maintain proper records to demonstrate compliance. Because tax benefits may be critical to an investor’s decision to purchase the bonds or other obligations, the District covenants to the bond purchasers to comply with all of the conditions, restrictions and requirements throughout the life of the bonds.

Failure to comply may cause the District to be (a) liable to the bondholders, (b) subject to enforcement action by the Internal Revenue Service, (c) subject to a loss of all or part of any applicable direct federal subsidy, and (d) subject to enforcement action by the U.S. Securities and Exchange Commission. Therefore, it is important that the District take all necessary actions to ensure compliance with the conditions, restrictions and requirements applicable to each bond or other financing.

To ensure compliance, the District must identify a single person with overall compliance responsibility. The Superintendent and/or Chief Financial Officer, or his or her designee, will be the responsible person and is referred to in these procedures as the “*Bond Compliance Official*.” Anyone with any questions about the bonds, the proceeds of the bonds, the facilities financed with the bonds or compliance with the conditions, restrictions and requirements

should discuss them with the Bond Compliance Official who shall, as necessary, discuss them with bond counsel. The Bond Compliance Official shall meet with bond counsel to discuss these requirements and from time to time any changes in these requirements. In the event the District fails to comply with these procedures, the Bond Compliance Official shall meet with bond counsel as soon as practicable after the discovery of the failure to comply in order to discuss the steps required to correct the noncompliance.

1. INVESTMENT OF PROCEEDS UNTIL EXPENDED.

Detailed records of investments and earnings will be made and kept by the District with respect to all bond proceeds.

Generally, proceeds of bonds cannot be invested at a yield higher than the bond yield unless during certain specific temporary periods. Therefore, prior to closing, the Bond Compliance Official will determine with bond counsel which funds do or do not qualify for a temporary period. Qualifying information will be set out in a tax certificate. No proceeds will be invested at a yield higher than the bond yield unless they qualify. If the actual facts regarding the use of proceeds changes from what was reasonably expected at closing, the Bond Compliance Official will discuss those changes with bond counsel to see if the temporary periods are changed.

Bond proceeds include the amount received from the sale of the bonds, amounts held in a payment or reserve fund for the bonds and investment earnings on those amounts. The proceeds will not be invested in any investment where a yield cannot be determined. Any investment in a guaranteed investment contract or similar investment agreement will only be made in compliance with the bidding requirements as reviewed by bond counsel.

Bond proceeds from each issue will be invested so that they can be tracked separately from any other funds of the District. The District will work with the Treasurer of Pima County, Arizona (the "*County Treasurer*") to be sure that invested earnings are properly allocated between bond proceeds and other funds, and that interest earnings on tax-exempt bonds are tracked separately from interest earnings on tax credit and direct pay bonds.

2. USE OF PROCEEDS.

Detailed records will be made and kept by the District with regard to the use of bond proceeds and shall be kept on a series by series basis. The amount, date of and purpose of

each expenditure will be recorded. If the project is also funded with non-bond proceeds, the records will reflect an allocation of expenditures between bond proceeds and other funds. No proceeds will be used to reimburse an expenditure made prior to the issue date of the bonds unless the reimbursement requirement, including the prior declaration of intent to reimburse, has been fully complied with and evidence of such compliance is maintained. The District's Board of Directors (the "*District Board*") and the Bond Compliance Official are authorized to complete the declaration of intent to reimburse.

The District is expected to exercise diligence to expend the proceeds, to enter into within six months of the issue date a binding contract to expend at least 10% of the proceeds and to have expended most of the proceeds within three years. After the third anniversary of the issue, any remaining proceeds in the construction account must be yield restricted. Any remaining Tax Credit Bond (as defined herein) proceeds must be used to redeem bonds after three years.

The Bond Compliance Official shall periodically review the progress of the projects and the expenditure of proceeds to ensure timely expenditure of proceeds.

3. USE OF BOND FINANCED FACILITIES.

Detailed records of the use of proceeds will identify those facilities that are financed in whole or in part with bond proceeds and must reflect the allocation of bond proceeds and other funds used. Any sale or lease to, or other agreement for use by, a private party in a trade or business can adversely affect the tax status of the bonds. The District will not sell or lease any bond financed property or enter into any agreement with non-governmental entities for use or management of any bond financed property without a thorough review by the Bond Compliance Official and bond counsel. While not a comprehensive list, the Bond Compliance Official will review the following types of transactions with bond counsel prior to entering into any agreement with non-governmental entities or persons: (a) the sale or lease of any bond financed property, (b) any management contracts with a food service provider or book store, (c) any research agreement and (d) public-private partnerships. The Bond Compliance Official shall periodically review the use of all bond financed facilities to ensure compliance with the private use restrictions. In the event the District takes action that causes the bonds to meet the private business tests or private loan financing test, the Bond Compliance Official shall meet with bond counsel as soon practicable after the issue is discovered to discuss the steps required to correct the noncompliance, including,

if necessary, redeeming or defeasing all of the bonds that meet the private business tests or private loan financing test.

4. ARBITRAGE REBATE.

Any time that bond proceeds are permitted to be invested at a yield higher than the bond yield, the amount earned over the bond yield is arbitrage. With certain exceptions, the District is obligated to pay over (rebate) to the United States any arbitrage earned. The District will keep complete and accurate records of all investments of bond proceeds and all information supporting any applicable exceptions to the rebate requirement and will retain or ensure that the County Treasurer has retained a professional rebate consultant to review the records and prepare a report so that the District or the County Treasurer can make any necessary rebate payments. Unless exempt, the District must, at a minimum, make payments at every fifth anniversary of the issue and upon final payment. The Bond Compliance Official will review any exemption prior to each fifth anniversary and upon final payment to determine if any facts have changed which might eliminate the exemption.

5. RECORD RETENTION.

All records concerning the bond issue, including:

- a) the transcript of the original proceedings;
- b) investment of proceeds;
- c) use and allocation of proceeds, including any declaration of intent to reimburse;
- d) non-governmental use of bond financed property;
- e) payment of principal and interest on the bonds;
- f) the interest rate or rates on the bonds from time to time, if variable;
- g) compliance with reimbursement requirements;
- h) refunding of all or part of the bonds;
- i) payment of arbitrage rebate or information supporting any exemption to rebate; and
- j) evidence of compliance with special requirements for Tax Credit Bonds, Build America Bonds (Direct Pay), or Tax Credit Bonds (Direct Pay) (as defined herein).

shall be kept for the life of the bonds plus three years and, if the bonds are refunded, for the life of all of the refunding bonds plus three years (and in compliance with any State of Arizona records retention policies).

6. SPECIAL REQUIREMENTS FOR TAX CREDIT AND CERTAIN TAX CREDIT (DIRECT PAY) BONDS.

If the District issues any Qualified School Construction Bonds, Qualified Zone Academy Bonds, Qualified Forestry Conservation Bonds, New Clean Renewable Energy Bonds, or Qualified Energy Conservation Bonds (collectively, the “*Tax Credit Bonds*”), or any Qualified School Construction Bonds, Qualified Zone Academy Bonds, New Clean Renewable Energy Bonds, or Qualified Energy Conservation Bonds with a direct-pay feature (collectively, the “*Tax Credit Bonds (Direct Pay)*”), the following additional requirements will be met:

a) Capital Expenditure Requirement. All of the proceeds, including investment earnings, must be spent on capital expenditures (and not working capital) except that up to 2% of the proceeds can be spent on costs of issuance and proceeds can fund a reasonably required reserve fund. The Bond Compliance Official shall consult with bond counsel prior to issuance to determine that the 2% costs of issuance limit will not be exceeded, that any reserve fund complies with requirements, and that the balance of the proceeds will be spent on capital expenditures. The Bond Compliance Official will review all expenditures to ensure compliance.

b) Use of Proceeds for Tax Credit Bonds and Tax Credit Bonds (Direct Pay).

(i) At the date of issuance, the District must reasonably expect to:

(1) spend 100% or more of the proceeds for one or more qualified purposes within the 3-year period beginning on the date of issuance, and

(2) have a binding commitment with a third party to spend at least 10% of such proceeds within the 6-month period beginning on the date of issuance.

If the District does not spend 100% of the proceeds within the 3-year period from the date of issuance, the District shall redeem all of the nonqualified bonds within 90 days after the end of the 3-year period. The District may be able to receive an extension prior to the expiration of the 3-year period if the District establishes that failure to spend the proceeds is due to a reasonable cause and the District will continue to proceed to spend the proceeds with due diligence.

The Bond Compliance Official shall periodically review the progress of the projects and the expenditure of proceeds to ensure timely expenditure of proceeds. If the Bond Compliance Official believes that the District will not spend 100% of the proceeds within the 3-year period beginning the date of issuance, the Bond Compliance Official will contact bond counsel as soon as possible.

(ii) A qualified purpose for a:

(1) Qualified School Construction Bond is the construction, rehabilitation or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed with part of the proceeds;

(2) Qualified Zone Academy Bond is a qualified purpose with respect to a qualified zone academy established by an eligible local education agency;

(3) Qualified Forestry Conservation Bond is one or more qualified forestry conservation purposes;

(4) New Clean Renewable Energy Bond is one or more qualified renewable energy facilities; and

(5) Qualified Energy Conservation Bond is one or more qualified conservation purposes.

The Bond Compliance Official shall review the qualified purpose of the applicable Tax Credit Bonds or Tax Credit Bonds (Direct Pay) to ensure compliance. Additionally, the Bond Compliance Official shall review the use of proceeds periodically to ensure continued compliance to spend 100% of the proceeds for the applicable qualified purpose.

c) Reserve Fund. The requirements of a reserve fund must be met, including the requirement that the yield on the reserve cannot exceed the discount rate determined on the date the Bond Purchase Agreement is signed and pursuant to the Treasury Rules set forth daily on www.treasurydirect.gov. The Bond Compliance Official shall review these requirements with bond counsel to ensure compliance and review this periodically to ensure continued compliance.

d) Maximum Term. The bonds cannot exceed the maximum term permitted for Tax Credit Bonds or Tax Credit Bonds (Direct Pay). The maximum term will be determined on the date the bonds are sold or on the date the Bond Purchase Agreement is signed and pursuant to the Treasury Rules set forth daily on www.treasurydirect.gov. The Bond Compliance Official shall review this requirement with bond counsel to ensure compliance.

e) Financial Conflicts of Interest. The District must certify that all applicable requirements relating to conflicts of interest are satisfied. The Bond Compliance Official shall review this requirement with bond counsel to ensure compliance.

f) Irrevocable Election. To qualify the bonds as one of the applicable Tax Credit Bonds (Direct Pay), the District must make an irrevocable election to have the applicable Tax Credit Bond (Direct Pay) section apply and to have Section 6431(f)(3)(B) of the Internal Revenue Code (the “Code”) apply to the bonds. The Bond Compliance Official shall ensure that the elections have been made and are evidenced in the transcript at the time of closing.

g) Authorize District Board and Bond Compliance Official to Act. The authorizing resolution must authorize the District Board and Bond Compliance Official or other authorized person to do all things necessary to take any action within its power and authority which would, other than as a result of the application of Section 6431(f) of the Code, prevent the interest income on the bonds from becoming includable in gross income for federal income tax purposes and to do all things necessary to continue to qualify as the applicable Tax Credit Bonds (Direct Pay) under the applicable Tax Credit Bond (Direct Pay) section and section 6431(f) to receive the direct subsidy payment. The Bond Compliance Official shall ensure that such authorization has been granted and is evidenced in the transcript at the time of closing.

h) Filing for Subsidy. An 8038-TC will be prepared by bond counsel, executed by the Bond Compliance Official or other authorized signer, filed promptly after closing and included in the transcript of Tax Credit Bonds or Tax Credit Bonds (Direct Pay). For each interest payment under any Tax Credit Bonds (Direct Pay), the Bond Compliance Official will prepare, sign and file an 8038-CP to request the payment of the direct pay credit from the United States. With respect to fixed rate bonds, the form must be filed no more than 90 days and not less than 45 days prior to the interest payment date. With respect to variable interest rate bonds, the credit payment will be aggregated on a quarterly basis and the 8038-CP must be filed for reimbursement in arrears not more than 45 days after the last interest payment date within that quarter.

Additionally, the Bond Compliance Official will discuss with bond counsel the requirements to appropriately reduce the amount of the credit and shall ensure that the amount of the credit requested is appropriately reduced for New Clean Renewable Energy Bonds and Qualified Energy Conservation Bonds on the 8038-TC and subsequent 8038-CPs.

i) De Minimis Premium. No Tax Credit Bond can be reoffered at an issue price which includes a premium which exceeds .25% of the stated redemption price at maturity, multiplied by the number of complete years to the earlier of maturity, mandatory redemption or first optional redemption date, if applicable. Prior to closing, the Bond Compliance Official shall review the pricing information with its bond underwriter to determine that this requirement has been complied with. The bond purchaser or underwriter will certify at the closing what the reoffering prices were reasonably expected to be to establish the amount of premium for each maturity.

j) Davis Bacon. If the District issues any New Clean Renewable Energy Bonds, Qualified Energy Conservation Bonds, Qualified Zone Academy Bonds or Qualified School Construction Bonds, the District must comply with the Davis Bacon requirements. The Bond Compliance Official shall ensure that the District complies with these requirements and files required quarterly filings.

7. SPECIAL REQUIREMENTS FOR BUILD AMERICA BONDS (DIRECT PAY).

If the District issues any Build America Bonds (Direct Pay), the following additional requirements will be met:

a) Capital Expenditure Requirement. All of the sales proceeds, including investment earnings, must be spent on capital expenditures (and not working capital) except that up to 2% of the proceeds can be spent on costs of issuance and proceeds can fund a reasonably required reserve fund. The Bond Compliance Official shall consult with bond counsel prior to issuance to determine that the 2% costs of issuance limit will not be exceeded, that any reserve fund complies with requirements, and that the balance of the sales proceeds will be spent on capital expenditures. The Bond Compliance Official will review all expenditures to ensure compliance.

b) De Minimis Premium. No Build America Bonds (Direct Pay) (“BABs”) can be reoffered at an issue price which includes a premium which exceeds .25% of the stated redemption price at maturity, multiplied by the number of complete years to the earlier of maturity, mandatory redemption or first optional redemption date, if applicable. Prior to closing, the Bond Compliance Official shall review the pricing information with its bond underwriter to determine that this requirement has been complied with. In addition, the District shall review trading

information available at <http://www.emma.msrb.org> to monitor all trading activity up to the closing date of the bonds. The bond purchaser or underwriter will certify at the closing what the reoffering prices were reasonably expected to be to establish the amount of premium for each maturity.

c) Irrevocable Election. To qualify an issue as BABs, the District must make an irrevocable election to have Sections 54AA and 54AA(g) of the Code apply to the bonds. The Bond Compliance Official shall ensure that the elections have been made and are evidenced in the transcript at the time of closing.

d) Authorize District Board and Bond Counsel Official to Act. The authorizing resolution must authorize the District Board and Bond Counsel Official or other authorized person to do all things necessary to take any action within its power and authority which would, other than as a result of the application of Section 54AA(g) of the Code, prevent the interest income on the bonds from becoming includable in gross income for federal income tax purposes and to do all things necessary to continue to qualify as Build America Bonds (Direct Pay) under Sections 54AA and 54AA(g) of the Code to receive the direct subsidy payment. The Bond Compliance Official shall ensure that such authorization has been granted and is evidenced in the transcript at the time of closing.

e) Filing for Subsidy. An 8038-B will be prepared by bond counsel, executed by the Bond Compliance Official or other authorized signer, filed promptly after the closing and included in the transcript. For each interest payment, the Bond Compliance Official will prepare, sign and file an 8038-CP to request the payment of the direct pay credit from the United States. With respect to fixed rate bonds, the form must be filed not more than 90 days and not less than 45 days prior to the interest payment date. With respect to variable interest rate bonds, the credit payment will be aggregated on a quarterly basis and the 8038-CP must be filed for reimbursement in arrears not more than 45 days after the last interest payment date within that quarter.

Prior to closing, the District will determine to whom the credit payment will be sent and will obtain the necessary information to properly direct the payment.