



GOVERNING BOARD AGENDA ITEM AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10

DATE OF MEETING: August 13, 2013

TITLE: Consideration and, if Deemed Advisable, Adoption of a Resolution Authorizing: the Issuance and Sale of School Improvement Bonds, Project of 2007, Series D (2013); Delegating of the Authority to Approve Certain Matters with Respect to the Bonds; Providing for the Annual Level of a Tax for the Payment of the Bonds; Authorizing the Appointment of a Registrar, Transfer Agent and Paying Agent; Approving the Form of Certain Documents and Authorizing Completion, Execution and Delivery Thereof; Delegating the Authority to Approve and Deem Final a Form of Official Statement; Approving Issuance and Post-Issuance Compliance Procedures Relating to Tax-Exempt Obligations; and Ratifying All Actions Taken or to Be Taken to Further this Resolution [8.12.13]

BACKGROUND: A formal study of District capital needs began in 2006, when the Governing Board approved a Blue Ribbon committee process for examination of the District's capital resources and needs.

A dedicated group of constituents formed the Blue Ribbon panel, and they met over the course of several months in 2007, examining a substantial number of matters. These included District and state-wide recent bond election results, district demographics, enrollment and population trends, the Arizona school financing and Students FIRST system, the deficiency correction process in the District and statewide, and actual district funding history under Students FIRST. The committee members also personally visited schools and other sites across the District to make first-hand inspection of facilities and their capital conditions.

The Blue Ribbon process culminated in the committee's submission of a report and recommendation to the Governing Board on May 8, 2007. The Blue Ribbon Committee recommended that the Governing Board call for a special election to address a substantial list of capital needs within the District, and the Governing Board did so – sending a bond question to the District's voters on November 6, 2007. A majority of voters approved the sale of bonds on that date to address continuing district needs including:

- Improvements for Health, Safety and Security;
- Construction of Permanent Classrooms to Replace Aging Portables;
- Increase Instructional Space, including new elementary and middle schools;
- Modernize Technology Infrastructure; and
- Improve Transportation Fleet and Facility.

Pursuant to the November 2007 voters' authorization, three previous bond issuances and sales (Series A, B and C) have already been conducted, with proceeds from those series funding many bond projects under the categories listed above – projects which are underway or have already been completed.

Presented by this item is a proposed resolution for the Governing Board's authorization of the issuance and sale of Series D (2013) of the School Improvement Bonds, Project 2007, which will represent the final series to be issued under the 2007 voter approval. With a total estimated issue amount not to exceed \$41,000,000, Series D will fund the remaining projects to be completed.

The resolution contains two exhibits. Exhibit A provides a sample form of bond, allowing the Board to see and approve the actual legal form which, in general, the District's bonds will take. Exhibit B is a form of document newly recommended by bond counsel based upon IRS determinations. This document sets out some protocols and procedures for internal district operations that, when adhered to, maintain the tax exempt status of the bonds sold by the District. These procedures are already adhered to by the District, but their formal adoption by the Board as a part of this resolution is highly recommended.

A copy of the specific bond question approved by the voters in November of 2007 follows the resolution. In addition to the proposed resolution and bond ballot question are other documents that are of importance to the bonding process.

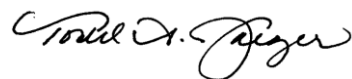
Following the ballot question is a draft Bond Purchase Agreement, which relates to Section 9 of the Resolution. This document allows the Underwriter to purchase any bonds at a negotiated price in order to promptly facilitate the receipt of the full amount of the Bond Issue.

The next document is a draft Preliminary Official Statement ("POS"). A POS is required by Securities and Exchange Commission ("SEC") regulations to be sent to prospective purchasers prior to conducting a sale of the bonds. The POS must contain all material information necessary to allow potential investors to make informed investment decisions and must not be misleading. The enclosed POS draft has been assembled by Stifel, Nicolaus & Co., Inc., the District's Investment Banking firm, using information that is typically included in an Arizona school district bond POS (sent to them by the district and other sources indicated therein), is currently in draft form and will be reviewed and edited by District officials and members of the District's financing team before it is sent to potential investors. *However, we bring to the attention of Governing Board members that POS content is the sole responsibility of the District and that statements by SEC officials in recent years have clarified that Governing Board participation in POS review is required.* Although the Administration agrees an exhaustive, detailed review by Governing Board members may be impractical and largely duplicative, we suggest that attention on portions relating directly to the district and the community (Appendices A, B and D) may identify excluded information a bond investor would want to know or included information that is confusing or appears inaccurate.

Finally, this item includes a draft schedule of events for the Series D, Project 2007 sale, as well as the list of financing team parties for the Board's information.

RECOMMENDATION: The Administration recommends the Governing Boards review and approve the attached form of resolution and related documents which will authorize the issuance and sale of school improvement bonds of the District (Project of 2007, Series D (2013), in an amount not to exceed \$41,000,000.

INITIATED BY:



Todd A. Jaeger, Associate to the Superintendent

Date: August 12, 2013



Patrick Nelson, Superintendent