



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

DATE OF MEETING: May 10, 2011

TITLE: Consideration and, if Deemed Advisable, Adoption of a Resolution Authorizing the Issuance and Sale of School Improvement Bonds of the District

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. 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, two previous bond sales (Series A and B) have already been conducted, with proceeds from those series funding many bond projects under the categories listed above that are well underway or have already been completed.

Presented by this item is a proposed resolution for the Governing Board authorizing Series C (2011) of the School Improvement Bonds, Project 2007. With a total estimated issue amount of \$50,000,000, Series C will fund the balance of remaining projects which were included in the original bond project list developed through the 2007 Blue Ribbon process but which remain unbuilt, with the exception of the projects for a new elementary school and new middle school.

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 corresponds to Section 9 (page 6) of the Resolution. This document allows the Underwriter to purchase any unsold bond 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"). Securities and Exchange Commission ("SEC") regulations require that a POS 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 attached POS draft has been assembled by Stone & Youngberg, 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.** Though the Administration agrees an exhaustive detailed review of the POS by Governing Board members may be impractical and largely duplicative, we suggest that paying particular attention to portions of the document relating directly to the district and the community (Appendices A, B, D and E) may identify excluded information a bond investor would want to know or included information that is confusing or appears inaccurate. Governing Board members should review the Draft POS and return questions or comments to Scott Little as soon as possible.

Finally, also attached is a form of contract which sets forth some of the contractual responsibilities of the bank (to be determined) which will perform registrar duties related to the bond sale.

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 in the estimated amount of \$50,000,000.

INITIATED BY:



Todd A. Jaeger, Associate to the Superintendent

Date: May 4, 2011



Vicki Balentine, Ph.D., Superintendent