

TO: BOARD OF EDUCATION
FROM: SUPERINTENDENT
DATE: MARCH 17, 2015 (INFORMATION)
MARCH 31, 2015 (ACTION)

SUBJECT: RESOLUTION #14/15-14: AUTHORIZING THE ISSUANCE OF CVUSD ELECTION OF 2014 GENERAL OBLIGATION BONDS SERIES A, AND ACTIONS RELATED THERETO

ISSUE:

Should the Board of Education approve Resolution #14/15-14 authorizing the issuance of CVUSD Election of 2014 General Obligation Bonds Series A, and actions related thereto?

BACKGROUND:

An election was held in the Conejo Valley Unified School District on November 4, 2014 for the issuance and sale of general obligation bonds ("Bonds") of the District for various purposes in the maximum amount of \$197,000,000 (the "Measure I"). The District now desires to issue its first and second series of bonds under Measure I in an amount not-to-exceed \$37,200,000 (the "Bonds"). The District proposes that the issuance of Bonds include current interest bonds, as well as bonds that allow for the compounding of interest, including capital appreciation bonds. The Board further proposes that the issuance of Bonds include a tax-exempt series (the "Tax-Exempt Bonds") and a federally taxable series (the "Federally Taxable Bonds"). The Tax-Exempt Bonds are being issued to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and to pay the costs of issuing the Tax-Exempt Bonds. The Federally Taxable Bonds are being issued to finance endowments for technology upgrades authorized by Measure I and to pay the costs of issuing the Federally Taxable Bonds.

Pursuant to California Education Code Section 15146(b)(2), enacted by California Assembly Bill 182 (Stats. 2013, Chapter 477) and effective as of January 1, 2014, the Resolution and materials included in this agenda item were first publicly noticed as an information item at the March 17, 2015 Board meeting. At the Board's next consecutive meeting, being this March 31, 2015 meeting, the attached Resolution and materials have been publicly noticed as an action item for consideration by the Board.

(a) **Bond Resolution.** This Resolution authorizes the issuance of Bonds, specifies the basic terms, parameters and forms of the Bonds, and approves the form of Purchase Contract and form of Preliminary Official Statement described below. In particular, Section 1 of the Resolution establishes the maximum aggregate initial principal amount of the Bonds to be issued (\$37,200,000). Section 4 of the Resolution states the maximum underwriter's discount (0.5%) with respect to the Bonds, the maximum legal interest rate on the Bonds, and authorizes the Bonds to be sold at a negotiated sale to an underwriter to be determined (the "Underwriter").

(b) **Form of Purchase Contract.** Pursuant to the Purchase Contract, the Underwriter will agree to buy the Bonds from the District. All the conditions of closing the transaction are set forth in this document, including the documentation to be provided at the closing by various parties. Upon the pricing of the Bonds, the final execution copy of the Purchase Contract will be prepared following this form.

(c) **Form of Preliminary Official Statement.** The Preliminary Official Statement ("POS") is the offering document describing the Bonds which may be distributed to prospective purchasers of the Bonds. The POS discloses information with respect to among other things (i) the proposed uses of proceeds of the Bonds, (ii) the terms of the Bonds (interest rate, redemption terms, etc.), (iii) the bond insurance policy for the Bonds, if any, (iv) the security for repayment of the Bonds (the *ad valorem* tax levy), (v) information with respect to the District's tax base (upon which such *ad valorem* taxes may be levied), (vi) District financial and operating data, (vii) continuing disclosure with respect to the Bonds and the District, and (viii) absence of litigation and other miscellaneous matters expected to be of interest to prospective purchasers of the Bonds. Following the pricing of the Bonds, a final Official Statement for the Bonds will be prepared, substantially in the form of the POS.

(d) **Form of the Continuing Disclosure Certificate.** The form of the Continuing Disclosure Certificate can be found in APPENDIX C to the POS. Effective July 3, 1995, all underwriters of municipal bonds are obligated to

procure any public agency issuing debt a covenant that such public agency will annually file "material financial information and operating data" with respect to such public agency through the web-based Electronic Municipal Market Access ("EMMA") system maintained by the Municipal Securities Rulemaking Board (a federal agency that regulates "broker-dealers," including investment bank firms that underwrite municipal obligations). This requirement is expected to be satisfied by the filing of the District's audited financial statements and other operating information about the District, in the same manner the District has filed in connection with prior bond issuances.

(e) Requirements of Education Code Section 15146(b) and 15146(c). In satisfaction of California Education Code Sections 15146(b) and 15146(c), enacted by California Assembly Bill 182 (Stats. 2013, Chapter 477) and effective as of January 1, 2014, appended to the Resolution is an information item ("Exhibit C") containing the following information provided by Piper Jaffray & Co., the financial advisor to the District: approximations of the financing term of the Bonds; time of maturity of the Bonds; repayment ratio of the Bonds; estimated change in assessed value of taxable property within the District over the term of the Bonds; an analysis containing the total overall cost of the capital appreciation bonds expected to be issued; a comparison between the overall cost of the capital appreciation bonds expected to be issued and the overall cost of current interest bonds; and the reason that capital appreciation bonds are being recommended.

ALTERNATIVES:

1. Approve Resolution #14/15-14 authorizing the issuance of CVUSD Election of 2014 General Obligation Bonds Series A, and actions related thereto, as submitted.
2. Do not approve Resolution #14/15-14 authorizing the issuance of CVUSD Election of 2014 General Obligation Bonds Series A, and actions related thereto.

RECOMMENDATION:

Approve Alternative 1.

FISCAL IMPACT:

There is no fiscal impact to the General Fund resulting from the issuance of the Bonds.

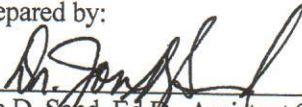
RATIONALE:

Adopting the Resolution will allow administration, and authorized agents, to proceed with the initial issuance of Bonds – Series A to begin work across the District in areas such as technology, modernization, repairs, and safety. District Bond Counsel, David Casnocha of Stradling, Yocca, Carlson and Rauth has prepared the attached resolution, #14/14-15 to conform to all legal, procedural, and notification obligatory requirements.

Respectfully submitted,

Jeffrey L. Baarstad, Ph.D.
Superintendent

Prepared by:


Jon D. Sand, Ed.D., Assistant Superintendent
Business Services

JLB:JDS:dbg

A full copy of Resolution #14/15-14 may be obtained through the Business Services Office at CVUSD and will also be posted along with the March 31, 2015, Board agenda on the District's website at www.conejousd.org