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JOSH MANDEL

TREASURER OF OHIO

FIN 242: Official Statements and Continuing Disclosure

Presenters

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Official Statements

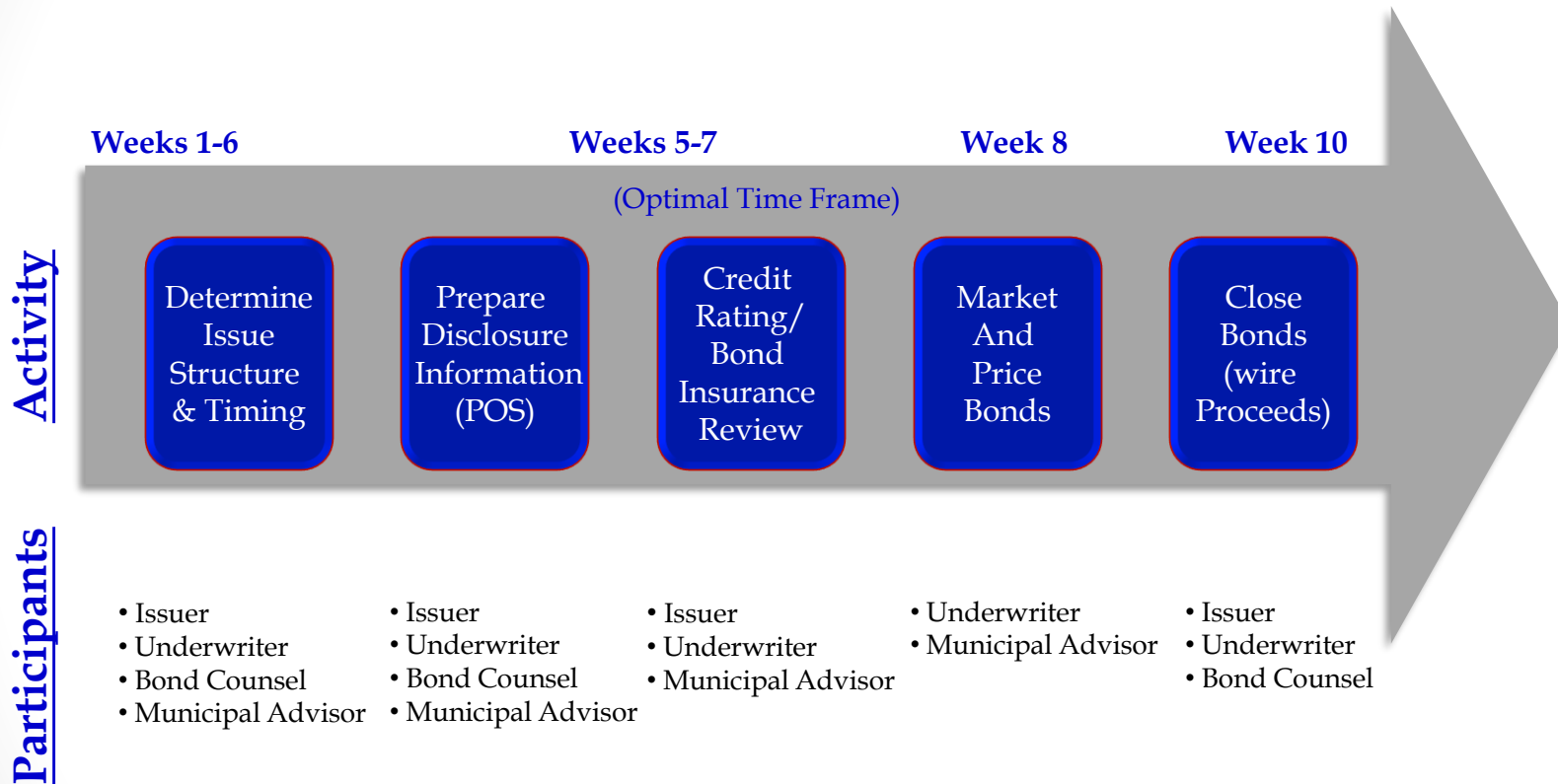
- Compiled financial and operating information about the Issuer
 - Provide to Investors
 - To evaluate the credit quality of the security/bond issue
- SEC – Securities Act
 - Information in an OS cannot be false or misleading

Overview

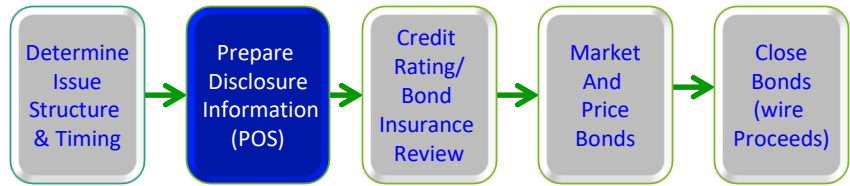
- Participants in a Transaction
 - Issuer – central actor that borrows the money
 - Purchaser* - provides the funds and determines/influences the structure
 - Bond Counsel
 - Municipal Advisor

*Bank - private placement
Underwriter – negotiated sale

Public Offering



Official Statement



Issuer

- Issuer overview
- Projections
- Facilities data
- Financial outlook
- Financial Statements

OFFICIAL STATEMENT DATED APRIL 26, 2017

OFFICIAL STATEMENT OF THE RIVERSIDE LOCAL SCHOOL DISTRICT
Counties of Lake and Geauga, Ohio
Relating to the original issuance of \$9,105,000 School Construction and Improvement Bonds, Series 2017C (Unallocated Tax) General Obligation

Serial Bonds

Year	Amount	Interest Rate	Term	Rating	Year	Amount	Interest Rate	Term	Rating
2017	\$5,000,000	5.00%	30 Years	A	2017	\$1,000,000	5.00%	30 Years	A
2018	\$1,000,000	4.00%	20 Years	A	2018	\$1,000,000	4.00%	20 Years	A
2019	\$1,000,000	4.00%	20 Years	A	2019	\$1,000,000	4.00%	20 Years	A
2020	\$1,000,000	4.00%	20 Years	A	2020	\$1,000,000	4.00%	20 Years	A
2021	\$1,000,000	4.00%	20 Years	A	2021	\$1,000,000	4.00%	20 Years	A
2022	\$1,000,000	4.00%	20 Years	A	2022	\$1,000,000	4.00%	20 Years	A

Term Bonds

Year	Amount	Interest Rate	Rating
2017	\$4,105,000	5.25%	A

Bond Counsel

- Demographic info from Census & other sources
- Description of tax base and other sources of revenue
- Debt limitation tables
- Debt tables
- Bond counsel opinion
- Interface with County Auditor
- Actual production of document

Underwriter/MA

- Structuring information
- Continuing disclosure agreement
- Economic Development

County Auditor

- Assessed Valuation data
- Tax tables
- Largest taxpayer list

Official Statement

- Front Part
 - Authorization and Purpose
 - Sources/Uses of Funds
 - Structure
 - Payment dates
 - Prepayment options

Official Statement – Authorization & Purpose

INTRODUCTION

This Official Statement, which includes the cover page and APPENDICES A through E, has been prepared by the Board of Education (the "Board of Education") of the Northmont City School District (the "School District" or "District"), Counties of Montgomery, Miami and Darke County, Ohio, preliminary to the original issuance and sale by the Board of Education of the Bonds identified on the cover page (the "Bonds").

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The Issuer

The Northmont City School District covers approximately 44 square miles and is located primarily in Montgomery County (the "County") with portions of the District extending into Miami and Darke Counties. The County is bounded by Greene, Clark, Miami, Darke, Preble, Butler and Warren Counties. The District is located in southwestern Ohio, approximately seven miles northwest of the City of Dayton and 75 miles west of the state capital, Columbus. (See "GENERAL INFORMATION CONCERNING THE NORTHMONT CITY SCHOOL DISTRICT" herein.)

Authorization and Purpose of Bond Issue

The Bonds are being issued to advance refund a portion of the District's School Improvement Bonds, Series 2012A, dated February 21, 2012 (the "Series 2012A Bonds"), originally issued for the purpose of paying a portion of financing the local share of school construction under the Ohio Classroom Facilities Assistance Program and other improvements, renovations and additions to school facilities, and providing equipment, furnishings and site improvements therefor, and all necessary appurtenances thereto, authorized pursuant to a vote of the electors of the District at an election held on November 8, 2011; the general laws of the State of Ohio, particularly Chapter 133 of the Ohio Revised Code (the Uniform Public Securities Law); and a resolution authorizing this issue, adopted by the Board of Education on October 23, 2017 and amended on November 20, 2017 (together, the "Bond Legislation").

A portion of the proceeds of the Bonds will be deposited into an escrow account to be used for the purpose of refunding \$11,790,000 of the District's outstanding Series 2012A Bonds. The Series 2012A Bonds maturing on November 1, 2023 through and including November 1, 2026 and November 1, 2049 (the "Refunded Bonds") are expected to be redeemed on November 1, 2021 at a redemption price of 100%.

Official Statement – Sources & Uses

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters with respect to the Bonds or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Sources and Uses of Funds

The proceeds of the Bonds will be applied as follows:

Sources:

Proceeds from Sale of Bonds:	
Par Value of Bonds	\$11,786,104.00
Net Premium	<u>1,516,205.25</u>
Total	<u>\$13,302,309.25</u>

Uses:

Escrow Account	\$13,104,666.01
Underwriter's Discount	66,796.42
Costs of Issuance	<u>130,846.82</u>
Total	<u>\$13,302,309.25</u>

Security and Source of Payment for the Bonds

At an election held on November 8, 2011, pursuant to the provisions of the Uniform Public Securities Law of the Ohio Revised Code, the electors of the School District approved the issuance of bonds in the principal amount of \$54,996,707 and the levy of taxes to pay the principal thereof and interest thereon. On February 21, 2012 the District issued School Improvement Bonds, Series 2012A in the amount of \$44,996,707.90 (the "Series 2012A Bonds") and on March 8, 2012 the District issued School Improvement Bonds, Series 2012B in the amount of \$9,975,000 (the "Series 2012B Bonds"). From the proceeds of the Bonds, the District plans to advance refund a portion of the Series 2012A Bonds. See "Authorization and Purpose of Bond Issue." The Board of Education will pledge the full faith, credit and revenue of the Board of Education thereto, and levy on all the taxable property in the School District, in addition to all other taxes, an annual tax sufficient in amount to provide for payment of the principal of and interest on the Bonds. The Bonds are voted general obligations of the Board of Education. The authorizing resolution will also contain the usual covenant with respect to restricting the use of the proceeds of the Bonds as necessary to prevent them from constituting "arbitrage bonds" under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended, and regulations prescribed thereunder.

Such taxes can be expended only for the purpose of paying the principal of and interest on the Bonds (together with costs of issuing the Bonds), and are unlimited as to rate or amount, therefore, the rate of millage actually levied in each year while the Bonds are outstanding will be such as is determined to be necessary by the Montgomery County Auditor to produce the amount necessary to pay principal and interest due in that year, giving due consideration to the School District's assessed valuation and previous tax collection experience.

Official Statement – Optional Redemption

Optional Redemption

The Current Interest Bonds maturing on or after November 1, 2027 are subject to optional redemption prior to maturity, in whole or in part on any date in any order maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after November 1, 2026 at par plus accrued interest thereon.

Official Statement

- Issuer General Information
 - Location
 - Officials/Governing Body
 - Population/Largest Employers
 - Employee Relations
 - Economic Development
- Appendices
 - Audited Financial Statement



Official Statement – Officials/ Governing Body

The current elected officials and the principal appointed officials of the City are:

<u>Elected Officials</u>	<u>Incumbent</u>	<u>Term Expires</u>
Mayor	Michael O'Callaghan	12/31/2019
Vice Mayor	John Bruns	12/31/2019
Members of Council	Colette Huggins	12/31/2019
	David Blackwell	12/31/2017
	Jean Kyle	12/31/2019
	Helen Oberer	12/31/2017
	Robin Perkins	12/31/2017

<u>Appointed Officials</u>	<u>Name</u>	<u>Term Expires</u>	<u>Occupation</u>
City Manager	John P. Applegate	Pleasure of Council	Full-time position
Director of Finance, Assistant City Manager	Denise A. Winemiller	Pleasure of Manager (with approval of Council)	Full-time position
Clerk of Council	Denise A. Winemiller	Pleasure of Council	Full-time position
Director of Law	Joseph P. Moore	Pleasure of Manager (with approval of Council)	Attorney-at-law
Director of Public Safety	Mike Blackwell	Pleasure of Manager (with approval of Council)	Full-time position
Building & Zoning Inspector	Andy Switzer	Pleasure of Manager (with approval of Council)	Full-time position

The principal boards and commissions of the City, and the membership of each, are:

<u>Board or Commission</u>	<u>Membership</u>
A. Planning Commission	Mayor, one member of Council, and three citizen members appointed by the Mayor; the City Manager shall be an ex-officio member without a vote
B. Board of Zoning Appeals	Mayor, one member of Council, and three citizen members appointed by the Mayor; the City Manager shall be an ex-officio member without a vote
C. Park Board	Mayor, and three citizen members appointed by the Mayor

Official Statement – Population/ Largest Employers

Population

Population statistics for the City and the County are as follows:

Year	City		County	
	Population	% Change	Population	% Change
1990	5,501	--	573,809	--
2000	5,574	1.33%	559,062	(2.57)%
2010	6,419	15.16	535,153	(4.28)
2011*	6,439	0.31	534,882	(0.05)
2012*	6,441	0.03	534,692	(0.04)
2013*	6,439	(0.03)	534,126	(0.11)
2014*	6,443	0.06	532,183	(0.36)
2015*	6,530	1.35	531,567	(0.12)
2016*	6,606	1.16	531,239	(0.06)

*Estimated; as of July 1
Source: U.S. Census Bureau

Economic Activity and Employment

The Proctor and Gamble Distribution Center provides the highest employment in the City. Some of the items manufactured locally include tooling components, workplace holding and lifting devices.

The ten largest employers in the County are:

<u>Employer</u>	<u>Approximate Number of Employees</u>
1. Wright-Patterson AFB	26,720
2. Premier Health	13,500
3. Kettering Health Network	8,259
4. Montgomery County	4,343
5. Kroger Co	4,335
6. Lexis Nexis	3,000
7. Wright State University	2,469
8. University of Dayton	2,453
9. Sinclair Community College	2,237
10. Dayton VA Medical Center	2,154

Source: Montgomery County 2015 Comprehensive Annual Financial Report

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Official Statement – Employee Relations

Employee Relations

The City has 23 full-time employees and 58 permanent part-time employees.

The City has labor agreements with the following employee unions:

<u>Union</u>	<u>Type of Personnel Covered</u>	<u>Number of Employees Covered</u>	<u>Date Contract Commenced</u>	<u>Date Contract Expires</u>
Ohio Patrolmen's Benevolent Association	Police	3	1/1/2015	12/31/2017

The City has experienced no employee strikes or work stoppages and the City considers labor relations with its employees to be good. The Public Employees Collective Bargaining Act, enacted by the Ohio General Assembly, expressly recognizes the rights of collective bargaining for most government employees, including such employees' right to strike, and permit agreements requiring binding arbitration of unresolved grievances, agency shops and dues check-off provisions.

Official Statement

- Financial Information
 - Tax Valuation/Tax Collections
 - Largest Taxpayers
 - Largest Employers
 - Voting Records
 - State Assistance
 - Debt/Debt Capacity



Official Statement – Tax Valuation/ Largest Taxpayers

For additional information regarding expected changes to reimbursement amounts, please reference the following website: http://www.tax.ohio.gov/personal_property/phaseout.aspx. Also, see the last paragraph under subparagraph (a) above regarding the changes, beginning in Fiscal Year 2018, to the phase-down of tangible personal property replacement payments reflected in SB 208.

Changes to Assessed Valuation

The Ohio General Assembly has exercised from time to time its power to revise Ohio law applicable to the determination of assessed valuation of property subject to ad valorem taxation and the amount of tax proceeds produced by ad valorem taxation against such property, as evidenced by the replacement of the tangible personal property tax with a portion of the revenues from the CAT tax. It is anticipated that the General Assembly will continue to make similar revisions.

Assessed Valuation of the School District

The assessed valuation of property within the School District subject to levy of ad valorem taxes in 2017 for Darke County is \$700,450, for Miami County is \$4,123,990 and for Montgomery County for the past five years was as follows:

ASSESSED VALUATION			
Tax Year	Real ^(a)	Public Utility ^(b)	Total Assessed Valuation
2012	\$627,885,430	\$11,617,920	\$639,503,350
2013	631,027,870	12,816,320	643,844,190
2014	607,687,740	13,262,650	620,950,390
2015	606,474,660	13,571,460	620,046,120
2016	608,987,770	14,518,490	623,506,260
2017	635,426,200	15,102,150	650,528,350

(a) Including public utility

(b) Tangible personal only

Source: Montgomery County Auditor

Largest Taxpayers

The largest taxpayers within the School District for tax collection year 2017 (tax year 2016 are shown in the following table:

PRINCIPAL TAXPAYERS	
Taxpayer	Tax Valuation
1. Dayton Power and Light Co.	\$12,345,520
2. Meijer Stores LTD Partnership	2,940,000
3. Trilogy Real Estate Ohio LLC	2,443,290
4. Kroger Limited Partnership	2,369,560
5. DBC Stoneridge Limited Partner	2,353,210
6. Vectren Energy Delivery of Ohio	1,954,790
7. Pleasant Real Estate LLC IV	1,870,140
8. Hart & Cooley Inc.	1,688,300
9. TLC Property Holdings LLC	1,398,930
10. Good Samaritan Hospital	1,358,160

Source: Montgomery County Auditor

Official Statement – Tax Collections

Collections and Delinquencies of Ad Valorem Taxes

Real property taxes which remain unpaid for a period of one year after they are due are certified delinquent. Foreclosure proceedings to enforce collection are required to be instituted if delinquent taxes have not been paid within the year following the certification of delinquent taxes. In addition to foreclosure proceedings, delinquent real property taxes may be collected by the appointment of a receiver or by forfeiture of the property. Another law provides for notice by publication and mass foreclosure proceedings and sales after three years, delinquency and may facilitate the County Auditor's method of collecting delinquencies under the circumstances covered by the law. Taxes other than those in real estate are, in general, certified delinquent if they remain unpaid for one year. In addition to the remedies of foreclosure, receivership and forfeiture, such delinquent taxes may be collected through civil action in the local courts. The delinquent taxes that are collected become part of the current collection and are distributed as current collections to the respective subdivisions. Special assessments levied by the various subdivisions are collected with the real property taxes; upon collection, delinquent special assessments are remitted to the levying subdivisions. The preceding is a general description of such procedures which varies in practice among Ohio counties.

The following table sets forth the amounts billed for ad valorem real estate and public utility taxes and tangible personal property taxes for the School District on the tax duplicate for the collection years 2013 – 2017 (valuation years 2012 through 2016):

REAL ESTATE, PUBLIC UTILITY AND
TANGIBLE PERSONAL PROPERTY TAX COLLECTION PERCENTAGES

Tax Year	Collection Year	Taxes Levied	Taxes Collected	Percentage Of Taxes Collected	Outstanding Delinquent Taxes
2012	2013	\$32,317,712	\$32,147,024	99.47%	\$794,910
2013	2014	32,595,042	32,502,354	99.72	818,705
2014	2015	31,852,535	31,808,480	99.86	996,718
2015	2016	31,871,745	32,033,497	100.51	894,127
2016	2017	35,760,233	35,746,701	99.96	939,857

Unvoted and Voted Taxes for Local Purposes

To meet current expenses of subdivisions, the laws of Ohio authorize two types of ad valorem tax levies - unvoted and voted.

Unvoted ad valorem tax levies are permitted by the State Constitution and the Revised Code so long as all such unvoted taxes do not exceed one per cent (ten mills) of any property's assessed valuation. This limitation is known as the "ten-mill limitation" and such unvoted taxes are referred to as the "inside millage." See "BOARD OF EDUCATION DEBT AND OTHER LONG-TERM OBLIGATIONS - Indirect Debt Limitation" herein for a discussion of the effect of the ten-mill limitation on borrowings by subdivisions.

Ohio law permits voted ad valorem tax levies outside the one- percent limitation when approved by a majority of the electors of a taxing district voting on the proposition. A voted tax levy for a board of education is generally initiated by a resolution of the board of education to place such a levy on the ballot at a general, primary or other special election.

Official Statement – State Assistance Voting Records

Local Government Fund

The Ohio local government fund was created by statute and is comprised of designated State revenues which are distributed to each county and then allocated on the basis of statutory formulas among each county and the cities, villages and townships in such county. Receipts by the City from the Ohio local government fund in recent years were as follows:

Receipts From Local Government Fund

<u>Year</u>	<u>Amount</u>
2012	\$87,467.61
2013	67,738.67
2014	63,512.49
2015	76,289.76
2016	67,893.07

Source: City Finance Department

Voting Records

Voting records for the past 15 years are as follows:

BOND ELECTIONS

<u>Election Date</u>	<u>Bond Issue Amount</u>	<u>Purpose</u>	<u>Result</u>	<u>For</u>	<u>Against</u>	<u>% For</u>
<u>11/08/11</u>	\$54,996,707	School Imp. & Construction	Approved	7,233	6,318	53.38%
<u>11/05/02</u>	68,800,000	School Imp. & Construction	Defeated	6,120	7,263	45.73

LEVY ELECTIONS

<u>Election Date</u>	<u>Millage</u>	<u>Purpose</u>	<u>New/ Renewal</u>	<u>Years</u>	<u>Result</u>	<u>For</u>	<u>Against</u>	<u>% For</u>
05/02/17	5.90	Current Expense	Renewal	CT	Approved	2,700	1,224	68.81%
03/15/16	5.90	Current Expense	New	5	Approved	6,274	6,067	50.84
11/04/14	9.00	Current Expense	Renewal	5	Approved	7,639	4,087	65.15
08/07/12	5.90	Current Expense	Renewal	5	Approved	3,071	1,430	68.23
11/08/11	1.70	Permanent Improvement	New	CT	Approved	7,233	6,318	53.38
05/04/10	9.00	Current Expense	Replacement	5	Approved	5,011	3,618	58.07
05/05/09	5.00	Current Expense	Renewal	CT	Approved	3,509	1,442	70.87
03/04/08	5.90	Current Expense	Renewal	CT	Approved	8,151	5,036	61.81
05/08/07	5.90	Current Expense	New	5	Approved	3,830	3,379	53.13
05/03/05	9.00	Current Expense	Renewal	5	Approved	4,339	1,836	70.27
03/02/04	5.00	Current Expense	Renewal	5	Approved	5,059	2,667	65.48
05/06/03	5.90	Current Expense	New	5	Approved	6,602	4,414	59.93

Source: Ohio Municipal Advisory Council

Official Statement – Debt

Outstanding Debt

The District currently has the following outstanding general obligations (not including the Bonds):

GENERAL OBLIGATION BONDS

<u>Date of Original Issue</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount Issued</u>	<u>Amount Outstanding</u>
02/21/12	School Improvement	1.5-5.0%	11/01/49	\$44,996,702.90	\$43,326,702.90*
03/08/12	School Improvement	1.0-4.0%	11/01/35	9,975,000.00	9,010,000.00

*A portion to be refunded with proceeds of the Bonds

Lease Obligations

The Board of Education is currently in a lease for school buses. Such lease is dated July 15, 2017 with annual payments in the amount of approximately \$98,000 due each year, with a final payment in 2020.

Future Financing

The Board of Education is considering issuing additional refunding bonds in 2018. The amount and timing of such financing will depend on economic savings available and will also depend on the continued existence of legal authority to issue advance refunding bonds after December 31, 2017.

Pension Obligations

The tables below show the employee and employer contributions to the retirement programs of certificated and classified employees of the District for the fiscal years 2012-13 through 2016-17:

Retirement Programs State Teachers' Retirement - Certificated Employees

<u>Year</u>	<u>Member Contribution</u>		<u>Employer Contribution</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
2012-13	10.0%	\$2,374,691	14.0%	\$3,390,960
2013-14	11.0	2,740,626	14.0	3,488,070
2014-15	12.0	2,817,072	14.0	3,385,192
2015-16	13.0	3,140,372	14.0	3,381,939
2016-17	14.0	3,512,011	14.0	3,512,011

Official Statement – Debt Limitations

**Principal Amounts of Outstanding Debt;
Leeway for Additional Debt Within
Direct Debt Limitations**

Present Total Assessed Valuation	\$655,352,790.00
Total Debt	52,332,806.90
Exempt Debt	0.00
Total non-exempt debt	52,332,806.90
1/10th of 1% of tax valuation (unvoted debt limitation)	655,352.79
Total limited tax non-exempt bonds outstanding subject to 1/10th of 1% limit	0.00
Debt leeway within the 1/10th of 1% unvoted debt limitation but subject to indirect debt limitation	655,352.79
9/10th of 1% of tax valuation (unvoted debt limitation)	5,898,175.11
Total limited tax non-exempt bonds outstanding subject to 9/10th of 1% limit	0.00
Debt leeway within the 9/10th of 1% unvoted debt limitation but subject to indirect debt limitation	5,898,175.11
9% of tax valuation (voted and unvoted debt limitation)	58,981,751.10
Total non-exempt bonds outstanding	52,332,806.90
Debt leeway within 9% direct debt limitation	6,648,944.20

Official Statement

- Continuing Disclosure
 - Last 5-Year Compliance Review

Continuing Disclosure Compliance

Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission, requires continuing disclosure with respect to new offerings of municipal securities of \$1,000,000 or more. The District is obligated to provide such continuing disclosure with respect to one or more previously issued and currently outstanding bond or note issues. The District has been in material compliance with their obligations for at the past five years in a timely manner. Historically, the audited financial statements were not always available by the annual filing date of November 1; therefore the District filed the required operating data by the filing date and filed the audited financial statements after they became available on the Ohio Auditor of State's website within 30 days of their availability on the website. The Issuer's latest disclosure was filed on October 31, 2017 for fiscal year ending June 30, 2017. The District plans to post the Audit for fiscal year ending June 30, 2017 after it is released on the Ohio Auditor of State's website.

To Disclose or Not to Disclose?

The Official Statement lists the 10 largest employers in the area. The largest employer in the City just announced layoffs of half of their employees but adding several higher paying jobs.

To Disclose or Not to Disclose?

School district has a deficit in its Bond Retirement Fund because of a series of unfortunate events but has agreed upon a plan with the County Auditor to replenish the balance over 5-years.

To Disclose or Not to Disclose?

Long time officer (Mayor, Fiscal Officer, etc.) is not running for re-election or is retiring prior to end of term.

What if a mayor was asked to resign because his wife embezzled funds from her company.

To Disclose or Not to Disclose?

City issuing special assessment bonds with an unvoted, general obligation backing has a property owner refuse to pay the assessment AFTER the project was completed.

Due Diligence Review

- Prior to Official Statement being released to investors

XYZ LOCAL SCHOOL DISTRICT, OHIO
School Facilities Construction and Improvement Bonds, Series 2017

DUE DILIGENCE QUESTIONNAIRE

I. LITIGATION

1. Is all pending or threatened material litigation against or affecting the School District which you are aware (description, amount of claim, amount covered by insurance, uninsured claims) described in the Preliminary Official Statement ("POS") relating to the above captioned Bonds, including any action to enjoin the issuance and sale of the bonds?
2. Comment on whether any known pending or threatened litigation would have a material financial impact on the School District.
3. Have any bond issues of the School District been audited or reviewed by the IRS or the SEC? Has the exclusion from gross income for federal income tax purposes of interest on any School District tax-exempt bonds been questioned or challenged by the IRS?
4. Please describe any ongoing or anticipated governmental investigations regarding the School District, or any aspect of the School District's management, operations or finances.
5. Are you aware of any violations or alleged violations of Federal or State environmental regulations, directives or orders?

II. FINANCIAL INFORMATION, OPERATIONS AND RISK MANAGEMENT

6. Are there changes or proposed changes in federal and/or state legislation programs and/or budgets which will negatively impact the School District Budget? If so, please describe the magnitude of the impact and if and how it is factored into this year's budget and thereafter.
7. Have there been any threatened or recent accounting restatements or other irregularities in the financial statements of the School District in the last five years? Has the School District made any material changes in its accounting or financial reporting practices during the last five fiscal years?
8. Has the School District's auditors, in their management letters or in separate communication with the School District, requested or suggested changes be made to, or otherwise identified deficiencies in, the financial or operational practices of the School District?
9. Have there been any recent material adverse developments in the operations or financial condition of School District to the extent not otherwise disclosed in the POS?
10. Who is responsible for reviewing and approving the POS on behalf of the School District?

III. DEBT INFORMATION

11. Please describe any other debt instruments or obligations of the School District not otherwise identified in the POS? (private placements, direct placements, lines of credit etc.)
12. Is the School District party to any derivatives contracts? Please describe.
13. If "YES" to 12 above, what are the current valuations of outstanding derivatives contracts? Is the School District aware of any problems with its swap counterparties? Have any termination events occurred? Any future plans to amend or unwind its swaps?
14. Other than the Bonds, please describe the School District's borrowing plans for the next five years? Is this generally consistent as disclosed in the POS?

IV. LABOR AND EMPLOYMENT MATTERS

15. Have there been any changes to the School District staffing recently of a material nature that have or may impact the operations of the School District?
16. What is the general status of labor relations? Are they generally consistent as described in the POS?
17. Are you aware of any current or anticipated labor disputes to the extent not otherwise disclosed in the POS?

V. PENSION AND OPEB

18. What is the School District's current OPEB liability and how is it being funded? "Pay as you go?" Is this generally consistent with the description provided in the POS?
19. With what frequency are actuarial valuations of OPEB liabilities conducted? Biennial?

VI. TAX-RELATED MATTERS

20. Has the School District adopted a written post-issuance tax compliance policy with respect to its tax-exempt bonds?

VII. CONTINUING DISCLOSURE COMPLIANCE AND GENERAL DISCLOSURE MATTERS

21. To the extent not otherwise disclosed in the POS, has the School District complied in a timely manner with all previous continuing disclosure undertakings for its bond issues in the past five years?

Due Diligence Review

- Prior to Official Statement being released to investors

List of material events

- (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults, if material;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) Modifications to rights of holders of the Bonds, if material;
 - (h) (1) Calls for redemption of the Bonds, if material, other than calls pursuant to the mandatory sinking fund provisions of the Bonds, if any, and (2) tender offers;
 - (i) Defeasances;
 - (j) Release, substitution or sale of property securing repayment of the Bonds, if material;
 - (k) Rating changes;
 - (l) Bankruptcy, insolvency, receivership or similar event of the School District;
 - (m) The consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
22. Please describe the policies and procedures followed by the School District to ensure that its continuing disclosure obligations are met in a timely manner. If none currently exist, will the School District be agreeable to review and implementing such procedures in connection with issuance of the Bonds?
23. To the extent not described in the POS, are there any material conflicts of interest or relationships between the School District and the financing team that should be disclosed?

24. Based on your review of the POS, including the Appendices thereto, does the POS contain any information that is inaccurate, incomplete or misleading? Is there any information that should be added? Are there any other facts or circumstances known to the School District that could have a material impact on the pending transaction or the School District's financial condition? Are there any other material facts or risks that should be disclosed in conjunction with the pending transaction or which, if known to a potential investor, might reasonably be expected to affect that potential investor's decision to purchase the Bonds?

Continuing Disclosure

- Required by SEC Rule 15(c)2-12
- Selected financial and operating data from OS must be filed annually



SEC Rule 15(c)2-12

- Governs primary offering disclosure and continuing disclosure, including submission of annual financial information and material event notices
- Broker-dealers are barred from buying municipal securities unless the issuer has agreed, in writing, to provide **ongoing disclosure**
 - This provision is the basis for a required Continuing Disclosure Agreement (CDA)





Continuing Disclosure Agreements

Continuing Disclosure Agreements

- Issuer subject to Rule 15(c)2-12 must enter into a continuing disclosure undertaking
- Continuing Disclosure Agreements
 - Annual filing date
 - Sets forth what needs to be filed:
 - Audited financials*
 - Selected annual financial/operating data from the Official Statement (largest taxpayers, tax collection rates, assessed valuation, etc.)
 - Material Event Notices (rating change, late payment, etc.)

*if audit not available by filing date, is to be filed once it becomes available

Continuing Disclosure Agreements

CONTINUING DISCLOSURE CERTIFICATE

Purpose of the Certificate.

This Certificate is being executed and delivered by the Issuer to provide for the disclosure of certain information concerning the Bonds on an on-going basis as set forth herein for the benefit of Bondholders (as hereinafter defined) in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

Definitions; Scope of this Certificate.

"Annual Financial Information" shall mean a copy of the annual audited financial information prepared for the Issuer which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances.

"Offering Document" shall mean Official Statement, dated April 5, 2017.

"Operating Data" shall mean an update of the Operating Data contained in the Offering Document under the following headings "AD VALOREM TAX REVENUES – Assessed Valuation of District, Largest Taxpayers, Collections and Delinquencies of Ad Valorem Taxes," "BOARD OF EDUCATION DEBT AND OTHER LONG TERM OBLIGATIONS – Outstanding Debt".

Disclosure of Information.

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than April 1 of each year beginning with fiscal year ending June 30, 2017 and continuing with each fiscal year thereafter; provided that the audited financial statements of the Issuer may be submitted separately and when available if such audited financial statements are not available by the filing date set forth above.

(2) Events Notices. Notice of the occurrence of a Material Event, in a timely manner, not in excess of ten (10) business days after the occurrence of the event.

(3) Failure to Provide Annual Financial Information or Operating Data. Notice, in a timely manner, of the failure of Issuer to provide the Annual Financial Information or Operating Data by the date required herein.

- Not all Continuing Disclosure Agreement are the same
 - After current issuance of a security, if have outstanding debt:
 - \$10,000,000 or more → Audited financials plus financial/operating data
 - Less than \$10,000,000 → only Audited financials
- Each debt issuance has its own Continuing Disclosure Agreement
 - Example: 3 outstanding bond issues (each subject to 15(c)2-12)
3 Continuing Disclosure Agreements
 - Ideally all 3 Continuing Disclosure Agreements have the same required filing date and are substantially the same in all material aspects

Continuing Disclosure Material Events

Events
Principal and interest payment delinquencies
Non-payment related defaults
Unscheduled draws on debt service reserves reflecting financial difficulties
Unscheduled draws on credit enhancements reflecting financial difficulties
Substitution of credit or liquidity providers, or their failure to perform
Adverse tax opinions or events affecting the tax-exempt status of the security
Modifications to rights of security holders
Bond calls
Defeasances
Release, substitution, or sale of property securing repayment of the securities
Rating changes
Failure to file continuing disclosures by deadline*
Tender offers
Bankruptcy, insolvency, receivership or similar event of the obligated person
The consummation of a merger, consolidation, or acquisition involving an obligated person, or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms
Appointment of a successor or additional trustee or the change of name of a trustee

*Does not appear on the list but is a twelfth material event notice requirement in the rule. Source: Securities and Exchange Commission

EMMA

- Continuing Disclosure filings to be made on EMMA
 - Electronic Municipal Market Access System
 - Home Page: <http://emma.msrb.org/>
- EMMA provides details on each publically offered security including:
 - Official Statement
 - CUSIP, maturity information, interest rate, principal amounts, initial offering price and yield
 - Continuing disclosure broken into Audited Financials, Financial/Operating Data, Event Notices

EMMA

Final Scale Official Statement **Continuing Disclosure** Trade Activity

View continuing disclosure or advance refunding document, which provides important information about the security after initial issuance.

FINANCIAL INFORMATION & DOCUMENTS

Collapse ▲

Most Recent [2017 Annual Financial Information Statement, Including FY17 Unaudited Financial Statements for the year ended 06/30/2017 posted 10/12/2017 \(722 KB\)](#) [details](#)

Annual Financial Information and Operating Data

2017 Annual Financial Information Statement, Including FY17 Unaudited Financial Statements for the year ended 06/30/2017 posted 10/12/2017 (722 KB)	details
2016 Annual Financial Information Statement, including FY16 Unaudited Financial Report for the year ended 06/30/2016 posted 10/14/2016 (525 KB)	details
2015 Annual Financial Information Statement, including FY15 Unaudited Financial Statement for the year ended 06/30/2015 posted 10/14/2015 (215 KB)	details
2014 Annual Financial Information Statement, including FY14 Unaudited Financial Statement for the year ended 06/30/2014 posted 10/14/2014 (145 KB)	details
2013 Annual Financial Information Statement, including FY13 Unaudited Financial Statements for the year ended 06/30/2013 posted 10/11/2013 (249 KB)	details
2012 Annual Financial Information Statement, including FY12 Unaudited Financials for the year ended 06/30/2012 posted 10/11/2012 (248 KB)	details
2011 Annual Financial Information Statement, including FY11 Unaudited Financial Statements for the year ended 06/30/2011 posted 10/10/2011 (235 KB)	details

Audited Financial Statements or CAFR

Financial Audit for the year ended 06/30/2015 posted 04/05/2016 (2.8 MB)	details
Financial Audit for the year ended 06/30/2014 posted 04/05/2016 (1.9 MB)	details
Financial Audit for the year ended 06/30/2013 posted 07/14/2014 (876 KB)	details
Financial Audit for the year ended 06/30/2012 posted 07/14/2014 (812 KB)	details
Financial Audit for the year ended 06/30/2010 posted 07/10/2012 (768 KB)	details
Financial Audit for the year ended 06/30/2011 posted 06/22/2012 (896 KB)	details

Links to Former NRMSIRs

Until 2009, the organizations listed below served as Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and may have primary market and continuing disclosure documents produced before July 1, 2009, when the EMMA website became the official repository for municipal market disclosures.

- ✦ Bloomberg L.P.
- ✦ DPC Data
- ✦ ICE Data Services (formerly Interactive Data Pricing and Reference Data)
- ✦ Standard & Poor's



Compliance Strategy/ Best Practices

Compliance Strategy/Best Practices

- Written Policy
- Dissemination Agent
- EMMA – E-mail Reminders



Compliance Strategy

- Written Policy
- This policy should include the following information:
 - Who is in charge?
 - A file of Continuing Disclosure Agreements, review reporting requirements and reporting dates
 - Confirm all necessary data is filed timely
 - Annual review
 - Monitor material events
 - Periodic training
- Even if a dissemination agent is hired it is ultimately the Issuer's obligation to confirm required filings are made on time and with complete and accurate information



Compliance Strategy Dissemination Agent

- Dissemination Agent
- A dissemination agent can fill the following roles:
 - Remind and assist in required filings
 - Provide disclosure templates for annual filings
 - Provide corrective action for failed filings
 - Assist with filings of voluntary or material event filings
- Dissemination agents usually cannot monitor if there has been a material event
 - Issuer must notify dissemination agent of a material event

MSRB EMMA E-mail Reminders

- The MSRB EMMA site allows users to set up e-mail alerts in advance of required filings
- Signing up for these can provide peace of mind that required filing dates will not be missed
- For example, an e-mail reminder alert can be scheduled for 60 days before required annual filings
- This reminder will occur annually unless canceled

QUESTIONS?

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