

SUMMARY:

An election was held in the Perris Union High School District on November 6, 2018 for the issuance and sale of general obligation bonds of the District for various purposes in the maximum principal amount of \$148,000,000 ("Measure W"). The District now desires to issue its first series of bonds under Measure W in a principal amount not-to-exceed \$148,000,000 (the "Bonds"). The District proposes that the issuance of Bonds include current interest bonds and capital appreciation bonds (i.e. bonds that allow for the compounding of interest). The 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 Bonds.

Pursuant to California Education Code Section 15146(b)(2), the Resolution included in this agenda item is to first be publicly noticed as an information item at this March 20, 2019 Board meeting. At the Board's next consecutive meeting, currently scheduled for April 17, 2019, the attached Resolution and the supplemental financing materials will be 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 (\$148,000,000). Section 4 of the Resolution states the maximum underwriter's discount (0.50%) 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 Stifel, Nicolaus & Company, Incorporated, as the underwriter (the "Underwriter").

(b) Form of Purchase Contract. The Resolution approves form of the Purchase Contract, which will be on file at both the March 20, 2019 and April 17, 2019 Board meetings. 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 Resolution approves form of the Preliminary Official Statement, which will be on file at both the March 20, 2019 and April 17, 2019 Board meetings. The Preliminary Official Statement (the "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 property tax levy), (v) information with respect to the District's tax base (upon which such ad valorem property 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 from 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 regarding 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), appended to the Resolution is an information item (“Exhibit B”) containing the following information provided by CSG Advisors Incorporated, 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.