

# NOTICE AND CALL OF PUBLIC MEETING

## OF THE SCHOOL DISTRICT

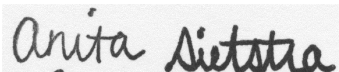
Governmental Body: The Board of Directors of the Montezuma Community School District, Montezuma, Iowa.

**Date of Meeting:** Wednesday August 26, 2015  
**Time of Meeting:** 5:00 pm, Central Time  
**Place of Meeting:** Montezuma School Elementary Library, Montezuma, Iowa.

PUBLIC NOTICE IS HEREBY GIVEN that the above-mentioned governmental body will meet at the date, time and place above set out. The tentative agenda for said meeting is as follows:

- A. Call to Order/Roll Call
- B. Approve the Agenda
- C. New Business
  - 1. Review of updated Financing Timeline
  - 2. Approve Form of Term Sheet for Distribution by Piper Jaffray
- D. Discussion
- E. Adjournment

This notice is given at the direction of the President pursuant to Chapter 21, Code of Iowa, and the local rules of said governmental body.



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Board Secretary, Montezuma Community School District, Iowa

# PRELIMINARY PARTICIPANT PACKAGE

MONTEZUMA COMMUNITY SCHOOL DISTRICT, IOWA



SCHOOL INFRASTRUCTURE SALES, SERVICES & USE TAX REVENUE BONDS,  
SERIES 2015

FINANCING PACKAGE

AS OF AUGUST 21, 2015 -- **DRAFT**

PiperJaffray®

PLACEMENT AGENT

THE INFORMATION CONTAINED IN THIS PACKET HAS BEEN ASSEMBLED FOR THE PURPOSES OF OBTAINING FINANCING (THROUGH THE ISSUANCE OF THE BONDS AS DESCRIBED HEREIN) FROM PROSPECTIVE PURCHASERS. THE INFORMATION HAS BEEN PROVIDED BY THE MONTEZUMA COMMUNITY SCHOOL DISTRICT, IOWA AS THE ISSUER OF THE BONDS.

TO THE BEST OF THE ISSUER'S KNOWLEDGE THIS INFORMATION IS ACCURATE, BUT THE INFORMATION IN THIS PACKET IS NOT INTENDED TO REPRESENT ALL OF THE INFORMATION THAT A PROSPECTIVE PURCHASER MAY CONSIDER RELEVANT TO REVIEW IN CONNECTION WITH APPROVING AND ENTERING INTO THIS TRANSACTION. IT IS EXPECTED THAT PROSPECTIVE PURCHASERS WILL CONDUCT THEIR OWN REVIEW OF THE PROPOSED TRANSACTION AND WILL ASK FOR ANY OTHER INFORMATION THAT THEY DETERMINE IS APPROPRIATE IN MAKING A FINAL DECISION IN CONNECTION WITH THIS TRANSACTION.

PROSPECTIVE PURCHASERS SHOULD UNDERSTAND THAT PIPER JAFFRAY'S ROLE IS LIMITED SOLELY TO ASSISTING THE ISSUER IN STRUCTURING THIS TRANSACTION.

THE TERM SHEET CONTAINED HEREIN SUMMARIZES THE PROPOSED STRUCTURE(S) OF THE TRANSACTION. THE ACTUAL TRANSACTION WILL BE AS SET FORTH IN A FINAL PURCHASE AGREEMENT AND OTHER TRANSACTION DOCUMENTS PREPARED BY THE DISTRICT'S BOND COUNSEL. THESE FINAL DOCUMENTS WILL GOVERN THE TRANSACTION.

THE INFORMATION IN THIS PACKET IS DELIVERED ON A CONFIDENTIAL BASIS FOR USE SOLELY IN THE CONSIDERATION OF THE TRANSACTION. THE INFORMATION MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE WITHOUT THE PERMISSION OF THE BORROWER.

## SUMMARY OF OFFERING TERMS

Issuer	Montezuma Community School District, Iowa (the “Issuer”)
Issue	School Infrastructure Sales, Services & Use Tax Revenue Bonds, Series 2015 (the “Bonds”)
Amount	Approximately \$1,240,000
Purpose	{Need description from District}
Expected closing	November 5, 2015 (estimated)
Principal Payments	Annually July 1, 2016 through July 1, 2029
Interest Payments	Semiannually beginning July 1, 2016
Call feature	The Issuer desires the most flexible call feature possible, however, will not accept a call feature that is any later than July 1, 2021.
Source of Security	<p>The Bonds are paid from the \$.01 school infrastructure sales tax (the “SAVE Tax”). The SAVE tax expires December 31, 2029, unless extended by an act of the Legislature.</p> <p>The Bonds are not paid from any form of property taxation, are not general obligations and do not constitute an obligation where the Issuer’s “full faith and credit” is pledged to the Bonds.</p>
Revenue Purpose Statement	The District voters approved District-wide Revenue Purpose Statement which is valid through the life of the statewide tax (12/31/2029) on September 8, 2009.
Additional Debt Covenant	<p>No bonds with a lien senior to this issue exist. No subordinate lien bonds exist.</p> <p>No bonds with a lien senior to this issue may be issued. No additional parity lien obligations secured by the Tax (see “Source of Security” herein) may be issued without coverage, as certified by an independent FA or CPA, of 1.2x.</p>
Reserve Fund	The Issuer prefers to not fund a reserve fund; however, the Issuer will consider creating and funding a reserve fund as a part of this issue.
Other Covenants	None, unless specified clearly and specifically in comments you may add to the Bid Form or Offer Letter.
Expected Coverage	See “Table 5”
Tax Status	Interest payments on the Bonds will be exempt from federal income taxation.
Bank Qualification	Bonds will be designated by the Issuer “qualified investments for banks”.
Form of Bond	Physically registered Bonds will be delivered to the purchaser with or

without CUSIP's as you so dictate.

The Bond	The Bond Purchase Agreement will specify that the Purchaser acknowledges that: (a) no official statement is being prepared; (b) it has undertaken an independent review of the credit and been provided with all information necessary to Purchase the Bonds; and (c) it intends to hold the Bonds until maturity and does not intend to resell the Bonds.
Bondholders' Risks	<p>The Bonds are not secured by any form of property taxation.</p> <p>The Bonds are secured by the existing SAVE tax. Collections of the SAVE tax can fluctuate from time to time based on the enrollment of the Issuer, the statewide total public school enrollment and actual collections of sales taxes in the State. Changes in revenues per year could be meaningful.</p> <p>The Bonds will have limited liquidity. The Bonds are not expected to trade due to the lack of an official statement and the restrictions under the Bond Purchase Agreement.</p>
Registrar & Paying Agent	TBD
Legal Opinion	Ahlers & Cooney, P.C., Des Moines, IA
Placement Agent	Piper Jaffray & Co., Des Moines, IA and Minneapolis, MN

## COLLECTION AND REMITTANCE OF THE TAX

The Tax is collected by the retailers in the State and remitted at the end of each calendar month to the State. The State Department of Revenue remits the tax to the school corporations on the last day of the next month. The Act requires the State Department of Revenue and Finance (the "Department") to, annually prior to August 15; estimate the amount of revenue that will be remitted to the school corporations for the fiscal year beginning each July 1. The Department is required to remit 95% of the annual estimate to the school corporations in monthly installments over the fiscal year, and is allowed to retain 5% of the estimate until the end of the fiscal year, at which time the Department completes an audit of the actual receipts and the actual remittances of the Tax. The Department then reconciles the difference between the actual receipts and the estimated remittances and remits the remaining balance to the school corporations on or around November 1 for the fiscal year ending the previous June 30 (the "Reconciliation Payment"). It is possible that the Reconciliation Payment is a negative number if actual receipts were less than expected receipts by an amount greater than 5%.

The Tax is remitted to each school corporation in the State based on actual enrollment for the fiscal year in question. The actual enrollment for a fiscal year is determined by a count of those students registered to attend the school corporation as of the first Friday of the previous October (as amended from time to time in the future by the Legislature). Each school corporation receives an equal amount of revenue per pupil from the Tax.

**TABLE 1: ESTIMATED PAYMENT SCHEDULE** <sup>(1)(2)</sup>

Date	2013 SAVE		2015 SAVE		Total Sales Tax Debt Payments
	Principal Payment	Interest	Principal Payment	Interest	
1/1/2016		22,238			
7/1/2016	110,000	22,238	80,000	20,130	254,605
1/1/2017		21,138		14,954	
7/1/2017	115,000	21,138	80,000	14,954	267,183
1/1/2018		19,988		14,434	
7/1/2018	115,000	19,988	80,000	14,434	263,843
1/1/2019		18,838		13,834	
7/1/2019	115,000	18,838	80,000	13,834	260,343
1/1/2020		17,688		13,134	
7/1/2020	120,000	17,688	80,000	13,134	261,643
1/1/2021		16,488		12,354	
7/1/2021	120,000	16,488	85,000	12,354	262,683
1/1/2022		15,288		11,440	
7/1/2022	125,000	15,288	85,000	11,440	263,455
1/1/2023		14,038		10,399	
7/1/2023	130,000	14,038	90,000	10,399	268,873
1/1/2024		12,738		9,229	
7/1/2024	130,000	12,738	90,000	9,229	263,933
1/1/2025		11,113		8,036	
7/1/2025	135,000	11,113	90,000	8,036	263,298
1/1/2026		9,425		6,686	
7/1/2026	140,000	9,425	95,000	6,686	267,223
1/1/2027		7,675		5,190	
7/1/2027	140,000	7,675	100,000	5,190	265,730
1/1/2028		5,925		3,565	
7/1/2028	145,000	5,925	100,000	3,565	263,980
1/1/2029		3,750		1,890	
7/1/2029	150,000	3,750	105,000	1,890	266,280
1/1/2030	100,000	1,500	0	0	101,500
Totals:	1,890,000	394,150	1,240,000	270,418	3,794,568

**TABLE 2: ESTIMATED USES OF FUNDS**

TBD

- (1) The Average maturity based on the preliminary debt structure is 7.518 years  
(2) Preliminary, subject to change

**TABLE 3: ENROLLMENT HISTORY**

<u>Count Date</u>	<u>Fiscal Year</u>	<u>Total</u>
September-01	2002-03	552.5
September-02	2003-04	569.6
September-03	2004-05	553.9
September-04	2005-06	538.8
September-05	2006-07	516.6
October-06	2007-08	514.3
October-07	2008-09	485.2
October-08	2009-10	487.0
October-09	2010-11	526.0
October-10	2011-12	526.2
October-11	2012-13	527.7
October-12	2013-14	528.1
October-13	2014-15	550.9
October-14	2015-16	526.3

**TABLE 4: HISTORIC SALES TAX COLLECTIONS (1)**

The tax was effective January 1, 2003 in Poweshiek County and runs through December 31, 2029. Presented below is the actual collection history for the period noted on a cash basis:

<u>Period Ending June 30</u>	<u>Actual Collection (1)</u>
2003	67,846
2004	251,836
2005	329,678
2006	319,683
2007	409,688
2008	359,477
2009	354,595
2010	350,946
2011	363,149
2012	430,390
2013	384,388
2014	446,918
2015	536,574

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1. Reflects Department of Revenue Estimates for Fiscal Year 2015 Collections, including change in distribution method for the “supplemental payments”

**TABLE 5: PRO-FORMA FUTURE REVENUES & ESTIMATED COVERAGE**

Period Ending June 30	Combined P&I (4)	Estimated Collection (1) (3)	Estimated Coverage	Estimated Collection (2) (3)	Estimated Coverage
2016	254,605	489,358	1.92	497,018	1.95
2017	267,183	483,794	1.81	501,283	1.88
2018	263,843	483,794	1.83	511,309	1.94
2019	260,343	483,794	1.86	521,535	2.00
2020	261,643	483,794	1.85	531,966	2.03
2021	262,683	483,794	1.84	542,605	2.07
2022	263,455	483,794	1.84	553,457	2.10
2023	268,873	483,794	1.80	564,526	2.10
2024	263,933	483,794	1.83	575,817	2.18
2025	263,298	483,794	1.84	587,333	2.23
2026	267,223	483,794	1.81	599,080	2.24
2027	265,730	483,794	1.82	611,062	2.30
2028	263,980	483,794	1.83	623,283	2.36
2029	266,280	483,794	1.82	635,749	2.39
1/1/2030	101,500	253,992	2.50	442,274	4.36

1. Assumes no change in statewide enrollment and revenue per student from estimated fiscal year 2015 levels by the Department of Revenue (\$919.23 per student).
2. Assumes 2% annual increase in statewide revenue per student beginning fiscal year 2015-16 with no change in statewide enrollment
3. Assumes no change in District enrollment from Fall 2014 Enrollment Count
4. Assumes payment schedules as outlined in Table 1

**TABLE 6: ACTUAL HISTORIC TAXABLE RETAIL SALES HISTORY – STATE OF IOWA**

Year Ending June 30th**	Taxable Sales	Annual % Growth
2013	34,800,587,136	0.760%
2012	34,537,967,263	4.966%
2011	32,904,016,683	3.007%
2010	31,943,592,540	-4.816%
2009	33,559,887,619	1.423%
2008	33,089,024,825	4.561%
2007	31,645,718,767	1.727%
2006	31,108,387,657	4.372%
2005	29,805,300,584	2.426%
2004	29,099,277,162	1.374%
2003	28,704,897,783	0.908%
2002	28,446,628,916	-0.179%
2001	28,497,729,275	3.305%
2000	27,586,079,482	3.046%
1999	26,770,708,316	5.676%
1998	25,332,748,804	3.277%
1997	24,528,959,504	4.228%
1996	23,534,006,709	4.776%
1995	22,461,226,855	4.825%
1994	21,427,415,422	4.985%
1993	20,410,006,777	4.647%
1992	19,503,730,902	4.275%
1991	18,704,127,896	4.183%
1990	17,953,167,720	5.229%
1989	17,061,104,576	5.398%
1988	16,187,378,730	3.840%
1987	15,588,803,568	

\*\*Prior to 2009 the fiscal year was through March 31st



## OFFICIAL PROPOSAL FORM

To: Board of Directors of the Montezuma Community School District, Iowa (the "Issuer")

Re: \$1,240,000 School Infrastructure Sales, Services & Use Tax Revenue Bonds, Series 2015 (the "Bonds")

For all or none of the above Bonds, in accordance with the Terms of Offering, we will pay you \$1,240,000 and accrued interest, if any, to date of delivery for Bonds bearing interest rates and maturing on July 1<sup>st</sup> in each of the stated years as follows:

<u>Coupon</u>	<u>Due July 1<sup>st</sup></u>	<u>Principal</u>	<u>Coupon</u>	<u>Due July 1<sup>st</sup></u>	<u>Principal</u>
_____	2016	80,000	_____	2023	90,000
_____	2017	80,000	_____	2024	90,000
_____	2018	80,000	_____	2025	90,000
_____	2019	80,000	_____	2026	95,000
_____	2020	80,000	_____	2027	100,000
_____	2021	85,000	_____	2028	100,000
_____	2022	85,000	_____	2029	105,000

We elect to have the Bonds issued as one term Bond: \_\_\_\_\_

Please enter the call date of the Bonds you will designate here: \_\_\_\_\_

We elect to have CUSIP number(s) issued for the Bonds: \_\_\_\_\_

The Bonds will be physically registered and delivered to the purchaser. This bid is for prompt acceptance and for delivery of said Bonds to us in compliance with the Terms of Offering, which is made a part of this proposal by reference.

Bidding Institution Name & City	Taxpayer ID of Institution	Authorized Signature of Bidder
E-mail Address of Bidder		Written Name & Title

The foregoing offer is hereby accepted by and on behalf of the Board of Directors of the Montezuma Community School District, Iowa, in the County of Poweshiek, State of Iowa, this \_\_\_ day of \_\_\_\_\_, 2015.

ATTEST:

\_\_\_\_\_  
Board President

\_\_\_\_\_  
Board Secretary

The attached document is being sent to you as a prospective lender or purchaser in connection with a private placement where Piper Jaffray & Co. or its affiliate is serving as a placement agent. The information contained in the attached document has been prepared by the borrower on a confidential basis and solely for use in connection with the proposed transaction. Piper Jaffray & Co. and its affiliates have not independently verified the information contained herein or otherwise made any further investigation of the transaction, the credit of the borrower and any obligor, the collateral and the transaction terms. Neither Piper Jaffray & Co. nor any of its affiliates, partners, officers, agents, employees or representatives makes any representation or warranty, express or implied, as to the accuracy or completeness of such information. All references to financial information of the borrower, any obligor or the collateral shall not be considered as applicable for any period after the date they are referenced, unless expressly stated otherwise.

In addition to the attached document, you as prospective lender or purchaser will be provided with or granted access to all of the available financial and other information requested and deemed by you to be necessary to enable you to make an independent and informed judgment with respect to the collateral, the borrower and any obligor and their credit and the desirability of purchasing an interest in the prospective transaction. You as prospective lender or purchaser agree to make a complete examination of all transaction documents and approve of the form and content of the same prior to your funding and you agree that Piper Jaffray & Co. and its affiliates shall have no responsibility to perform and have not independently performed an examination of or approved the transaction documents or any specific transaction terms and shall not have any duty to inspect the collateral or the books and records of borrower or any obligor.

By accepting this package and considering becoming a prospective lender or purchaser, you hereby represent that you have the sophistication and knowledge required to evaluate the transaction, the credit of the borrower and any obligor, the collateral and the transaction terms, and that you will make your own independent credit analysis and decision to purchase your interest in the transaction based upon your own independent examination and evaluation of the transaction and the information you have deemed appropriate, without reliance on Piper Jaffray & Co. or its affiliates, its directors, officers, employees, attorneys or agents.

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## Option B – Quick Timeline Utilizing One Special Meeting



### Montezuma Community School District

School Infrastructure Sales, Services & Use Tax Revenue Bonds, Series 2015  
(Approximately \$1,240,000)

Timetable as of August 21, 2015

On or prior to October 15, 2014	Piper Jaffray provides District with required Disclosure documents Piper Jaffray communicates with District about potential financing structures
November 19, 2014	<b>BOARD MEETING (Regular)</b> Board Approves Agreement with Piper Jaffray
August 19, 2015	<b>BOARD MEETING (Regular)</b> Piper Jaffray reviews financing timeline and process with Board
August 21, 2015	Form of Term Sheet available for District Administration to review
August 24, 2015	Form of Term Sheet available for Board to review
August 24, 2015	Piper Jaffray circulates preliminary bonding information to Finance team
August 25 – 28, 2015 (TBD)	Financing review call between and with members of Finance team
August 27, 2015	Comments from Bond Counsel due for Term Sheet
August 26, 2015	<b>BOARD MEETING (Special)</b> Board Approves Distribution of Form of Term Sheet
August 28, 2015	Term Sheet circulated to potential investors
September 14, 2015	Bids due from potential bidders
September 15, 2015	Evaluation of proposals and determination of next steps
September 16, 2015	<b>BOARD MEETING (Regular)</b> Piper Jaffray reviews results with Board Board approves financing bid (if favorable – otherwise revisit process)
September 17 – October 14, 2015	Drafting and Review of Issuance documents for Notes
October 21, 2015	<b>BOARD MEETING (Regular)</b> Resolution authorizing sale and issuance of Notes
November 5, 2015 (approximate)	Closing Date – Bond funds received
TBD	District expected to receive construction bids on Project

#### BOARD MEETINGS

Board has Regular Meetings on the 3rd Wednesday of Every Month  
Timeline may be able to be accelerated if Special Meetings are Utilized