



MEMORANDUM

To: Bruce Colby
From: Rich Malone *REM*
Date: August 4, 2017
Re: Documents Associated with the 2017-2018 Tax and Revenue Anticipation Notes

Bruce, in order to assist the Board with a review and understanding of the main documents involved with the issuance of the Davis Joint Unified School District 2017-2018 Tax and Revenue Anticipation Notes (the "Notes"), we have prepared this memorandum summarizing the purpose and contents of the authorizing resolution and associated documents.

District Resolution

The District resolution:

- authorizes the sale of the Notes via a competitive bidding process using the negotiated sale statutes
- requests the County to issue the Notes on behalf of the District
- sets the maximum amount of Notes that may be issued (\$15.0 million)
- establishes funds to hold the proceeds of the Notes as well as for repayment of the Notes
- pledges certain money for the repayment of the Notes
- sets forth certain covenants to ensure that interest on the Notes remains tax-exempt
- approves the forms of the various financing documents listed below and authorizes certain District officials to execute the final versions of such documents to be completed after the sale of the Notes

Note that since the District resolution approves the financing documents in form only to be finalized after the sale of the Notes, many of the financial terms in the documents are blank.

County Resolution

The County Resolution:

- authorizes the County to issue the Notes on behalf of the District
- defines the responsibilities of the County as paying agent, including maintaining the list of Note holders and making debt service payments to the Note holders
- prescribes certain terms and conditions of the Notes, including the process to transfer or exchange the Notes, the method of interest calculation, etc.

The final Note, the form of which is attached as an exhibit to the County Resolution, will be executed by the County prior to closing and entitle the holders thereof to receive principal and interest pursuant to the terms described in the County Resolution and the Note Purchase Agreement. Attached to the form of Note is the form of the legal opinion from bond counsel, Parker & Covert. The legal opinion documents bond counsel's opinion that 1) the Notes have been legally authorized and issued and 2) the Notes are exempt from federal and state income tax.

Form of Note Purchase Agreement

The Note Purchase Agreement specifies the terms and conditions under which the underwriter will purchase the Notes, identifies the purchase price that the District will receive and the debt service due on the Notes, outlines the documents that are required to close the financing and describes conditions under which the agreement can be canceled by the underwriter. This document will be finalized on the day of sale of the Notes (anticipated to be September 27, 2017).

Form of Continuing Disclosure Certificate

The Continuing Disclosure Certificate outlines the District's responsibilities for updating the municipal market and investors with information after the Notes have been issued. The intent is to inform the market of material events that occur during the year that could impact the ability of the District to repay the Notes. The list of material events are outlined in the Continuing Disclosure Certificate.

Preliminary Official Statement

The Preliminary Official Statement (the "POS") is the offering document containing material information for an investor to make an informed investment decision. Please note that the POS provided is a draft and is not complete. The completed version of the POS will be distributed to underwriters approximately one week before the currently planned sale date of September 27, 2017.

Each Board member should review the POS and let District staff know if there are any concerns that the POS fails to provide accurate and complete information that a reasonable investor would consider significant in making a decision to purchase the Notes. In reviewing the POS, please keep in mind that it is written with a certain amount of disclaimer and formality. This style is consistent with the industry standard for preparing such documents and enables the Notes to be effectively marketed to potential investors. Based on the current schedule of events, it would be very helpful if any questions or comments regarding the POS could be shared with us by September 14, 2017.

After the sale of the Notes, we will incorporate the terms of the sale, including the final principal amounts and interest rates, at which point the document becomes the final Official Statement. The resolution also authorizes officers of the District to execute the final Official Statement.

Bruce, please let me know if you have any questions or comments.

REM/abm