

PRELIMINARY PARTICIPANT PACKAGE

NEW HAMPTON COMMUNITY SCHOOL DISTRICT, IOWA



SCHOOL INFRASTRUCTURE SALES, SERVICES & USE TAX
REVENUE REFUNDING BONDS, SERIES 2013

FINANCING PACKAGE

AS OF JUNE 19, 2013

PiperJaffray®

Placement Agent

THE INFORMATION CONTAINED IN THIS PACKET HAS BEEN ASSEMBLED FOR THE PURPOSES OF OBTAINING A LOAN (THROUGH THE ISSUANCE OF THE BONDS AS DESCRIBED HEREIN) FROM PROSPECTIVE PURCHASERS. THE INFORMATION HAS BEEN PROVIDED BY THE NEW HAMPTON 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 LOAN 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.

New Hampton Community School District, Iowa
School Infrastructure Sales, Services & Use Tax Revenue Refunding Bonds, Series 2013

Summary of Offering Terms

Issuer	New Hampton Community School District, Iowa (the “Issuer”)
Issue	School Infrastructure Sales, Services & Use Tax Revenue Refunding Bonds, Series 2013 (the “Bonds”)
Amount	Approximately \$2,860,000
Purpose	Refinancing the Issuer’s existing 2008 Sales Tax Bonds for interest cost savings.
Expected closing	August 8, 2013 (estimated)
Principal Payments	Annually; July 1, 2014 through July 1, 2028
Interest Payments	Semiannually; January 1 st & July 1 st , beginning January 1, 2014
Call feature	The Issuer desires the most flexible call feature possible, and prefers that the new bonds be “callable at any time.” However, each bidder will designate the call feature acceptable as part of their official bid on the bid form. The Issuer will not accept a call feature that is any later than July 1, 2020. Call must be permitted on any day after the initial date specified in the “Official Bid Form”.
Source of Security	<p>The Bonds are paid from the \$0.01 School Infrastructure Sales Tax (the “SAVE Tax”). The SAVE tax expires December 31, 2029, unless extended by an act of the Iowa Legislature.</p> <p>The Bonds are not repaid 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 extension of the Revenue Purpose Statement through the life of the statewide tax (12/31/2029) on September 9, 2008.
Additional Debt Covenant	<p>No subordinate lien bonds exist.</p> <p>No prior lien obligations 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 1.20x.</p>
Reserve Fund	The 2008 Issue did not have a reserve fund associated with it. The Issuer prefers to not fund a reserve fund for the 2013 issue. However, the Issuer will consider creating and funding a reserve fund as a part of this issue. It will be assumed that your bid does not require a reserve fund unless your bid form clearly and specifically states your requirements in comments you may add to the form.
Other Covenants	None, unless specified clearly and specifically in comments you may add to the Bid Form.

Expected Coverage	Approximately 3.90x at current enrollment and current revenue per student.
Tax Status	Interest payments on the Bonds will be exempt from federal income taxation.
Bank Qualification	The Issuer will designate the Bonds “qualified investments for banks”.
Form of Bond	Physically registered Bonds will be delivered to the purchaser with CUSIP’s. The Bonds <u>will not</u> be delivered electronically through the DTC system.
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	None. School board secretary will handle all payments directly with the Purchaser.
Bond Rating	None. In order to reduce expenses to the Issuer, no bond rating will be applied for. Sales Tax issuances from schools in Iowa structured similarly to this issue customarily now receive ratings in the “A-“ to “A+” range from Standard & Poors. However, this issue will not have any direct rating assigned and the Purchaser is responsible for any credit related inquiries it feels are necessary.
Legal Opinion	Ahlers & Cooney P.C.
Placement Agent	Piper Jaffray & Co.

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 15th 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 1st for the fiscal year ending the previous June 30th (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 from the Tax, per student, subject to certain grandfather clauses as described herein.

Table 1: Estimated Payment Schedule

Date	Principal	Interest	Total P+I	Fiscal Total
1/1/2014		25,860.00	25,860.00	
7/1/2014	180,000.00	25,860.00	205,860.00	231,720.00
1/1/2015		25,275.00	25,275.00	
7/1/2015	170,000.00	25,275.00	195,275.00	220,550.00
1/1/2016		24,637.50	24,637.50	
7/1/2016	175,000.00	24,637.50	199,637.50	224,275.00
1/1/2017		23,893.75	23,893.75	
7/1/2017	175,000.00	23,893.75	198,893.75	222,787.50
1/1/2018		23,062.50	23,062.50	
7/1/2018	180,000.00	23,062.50	203,062.50	226,125.00
1/1/2019		22,072.50	22,072.50	
7/1/2019	180,000.00	22,072.50	202,072.50	224,145.00
1/1/2020		20,947.50	20,947.50	
7/1/2020	180,000.00	20,947.50	200,947.50	221,895.00
1/1/2021		19,597.50	19,597.50	
7/1/2021	185,000.00	19,597.50	204,597.50	224,195.00
1/1/2022		17,978.75	17,978.75	
7/1/2022	190,000.00	17,978.75	207,978.75	225,957.50
1/1/2023		16,078.75	16,078.75	
7/1/2023	195,000.00	16,078.75	211,078.75	227,157.50
1/1/2024		13,885.00	13,885.00	
7/1/2024	200,000.00	13,885.00	213,885.00	227,770.00
1/1/2025		11,485.00	11,485.00	
7/1/2025	205,000.00	11,485.00	216,485.00	227,970.00
1/1/2026		8,871.25	8,871.25	
7/1/2026	210,000.00	8,871.25	218,871.25	227,742.50
1/1/2027		6,036.25	6,036.25	
7/1/2027	215,000.00	6,036.25	221,036.25	227,072.50
1/1/2028		3,080.00	3,080.00	
7/1/2028	220,000.00	3,080.00	223,080.00	226,160.00
Total	\$2,860,000.00	\$525,522.50	\$3,385,522.50	\$3,385,522.50

* The Average Maturity under these assumptions is 8.24 years

Table 2: Estimated Sources & Uses of Funds

SOURCES OF FUNDS		
	Bond Proceeds	2,860,000.00
	Reinvestment Income	
TOTAL SOURCES		2,860,000.00
USES OF FUNDS		
	Pay-off of 2008 Bonds*	2,800,624.58
	Estimated Issuance Costs**	54,828.00
	Reserve Fund	0
	Contingency	4,547.42
TOTAL USES OF FUNDS		2,860,000.00

*The pay-off of 2008 Bonds will ultimately include \$2,790,000 in principal, plus accrued interest from 7/1/2013 up to the closing date of this transaction.

**The Issuance Costs will be significantly reduced from this figure if a local bank placement is successful. Assuming that is the case, this amount would be reduced, thus reducing the overall principal amount being issued, and, therefore, increasing the net savings to the Issuer.

Table 3: Historic Enrollment History – Chickasaw & Howard Counties

<u>Year</u>	<u>Enrollment</u>
2001	1,178
2002	1,163
2003	1,125
2004	1,112
2005	1,114
2006	1,121
2007	1,117
2008	1,094
2009	1,049
2010	1,050
2011	1,021
2012	1,003

Table 4: Historic Sales Tax Collections

The tax was effective July 1, 2003 (in Chickasaw County) and January 1, 2004 (in Howard County) and runs through December 31, 2029 unless extended by the Iowa Legislature. Presented below is the actual collection history for the period noted on an accrual basis:

<u>Fiscal Year</u>	<u>CHICKASAW</u>	<u>HOWARD</u>	<u>TOTAL COLLECTIONS</u>	<u>Approximate Per Student</u>
2005	\$491,398	\$18,631	\$510,029	\$453
2006	\$570,012	\$17,718	\$587,730	\$529
2007	\$607,688	\$15,057	\$622,745	\$559
2008	\$688,149	\$14,374	\$702,523	\$627
2009	\$737,332	\$14,155	\$751,487	\$673
2010	\$724,153	\$13,440	\$737,593	\$674
2011	\$774,919	\$8,326	\$783,245	\$746
2012	\$950,656	\$8,759	\$959,415	\$913
2013*	\$933,720	\$6,713	\$940,433	\$921

*Estimated for FY2013

*Revenues beginning in FY2014 & beyond will drop to the “statewide average” per pupil, whereas prior to that time the Issuer was paid based upon actual local sales tax collections, which has been at a higher than average rate. Coverage calculations described in this bid packet take this change into account. The uneven distribution between FY2011 & FY2013 is attributed to (a) significantly increased sales tax activity in Chickasaw County, and (b) errors in the distribution timing by the Department of Revenue that would otherwise have reflected the increase as a more smooth transaction.

Table 5: Pro-forma Future Revenues & Estimated Coverage

Period Ending June 30	Estimated 2013 Bond Payments (5)	No Growth (1)(3)(4)		With Growth (2)(3)(4)	
		Estimated Collections	Estimated Coverage	Estimated Collections	Estimated Coverage
2014	231,720.00	872,697	3.77	889,750	3.84
2015	220,550.00	872,697	3.96	893,242	4.05
2016	224,275.00	872,697	3.89	897,198	4.00
2017	222,787.50	872,697	3.92	901,572	4.05
2018	226,125.00	872,697	3.86	905,376	4.00
2019	224,145.00	872,697	3.89	908,610	4.05
2020	221,895.00	872,697	3.93	911,274	4.11
2021	224,195.00	872,697	3.89	914,266	4.08
2022	225,957.50	872,697	3.86	917,541	4.06
2023	227,157.50	872,697	3.84	920,186	4.05
2024	227,770.00	872,697	3.83	922,201	4.05
2025	227,970.00	872,697	3.83	923,586	4.05
2026	227,742.50	872,697	3.83	925,988	4.07
2027	227,072.50	872,697	3.84	926,891	4.08
2028	226,160.00	872,697	3.86	927,927	4.10
2029		872,697		928,273	
2030		581,798		618,849	

1. Assumes no change in statewide enrollment and statewide revenue per student from estimated fiscal year 2013 levels by the Department of Revenue (\$869.67 per student.)
2. Assumes 2% annual increase in statewide revenue per student beginning fiscal year 2013-2014 with no change in statewide enrollment.
3. Assumes no change in District enrollment from Fall 2012 enrollment count.
4. Transition to Statewide penny results in decreased District revenues from FY2013 & prior years. That decrease has been known to take place, and has been factored into all details in this packet and all assumptions at the District level.
5. Assumes payment schedule as outlined in Table 1

Table 5: Recent Reoffering Yields for Iowa School Sales Tax Issues

Each of these were sold at public sale / competitive bid and had a rating from Standard & Poors assigned

Issuer	Charles City CSD	Clinton CSD	Gilbert CSD	English Valleys CSD
Par Amount	\$10,000,000	\$5,495,000	\$3,600,000	\$4,190,000
S&P Rating	A	A	A	A
Sale Date	June 10th	May 22nd	May 14th	May 8th
2014	0.500%		0.500%	0.550%
2015	0.750%	0.700%	0.650%	0.650%
2016	1.000%	0.850%	0.800%	0.800%
2017	1.250%	1.000%	1.000%	0.900%
2018	1.500%	1.200%	1.150%	1.100%
2019	1.750%	1.450%	1.400%	1.300%
2020	2.000%	1.700%	1.650%	1.500%
2021	2.200%	1.900%	1.850%	1.750%
2022	2.400%	2.100%	2.050%	2.000%
2023	2.650%	2.300%	2.250%	2.200%
2024	2.850%	2.450%	2.400%	2.350%
2025	3.050%	2.600%	2.700%	2.500%
2026	3.150%	2.750%	2.700%	2.650%
2027	3.250%	3.050%	3.000%	2.800%
2028	3.400%	3.050%	3.000%	3.000%

OFFICIAL BID FORM

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

Re: \$2,860,000* School Infrastructure Sales, Services & Use Tax Revenue Refunding Bonds, Series 2013 (the "Bonds")

For all or none of the above Bonds, in accordance with the Terms of Offering, we will pay you \$2,860,000.00* and accrued interest, if any, to date of delivery for Bonds bearing interest rates and maturing on July 1st in each of the stated years as follows:

<u>Coupon</u>	<u>Due July 1st</u>	<u>Principal*</u>	<u>Coupon</u>	<u>Due July 1st</u>	<u>Principal*</u>
_____	2014	\$180,000	_____	2022	\$190,000
_____	2015	170,000	_____	2023	195,000
_____	2016	175,000	_____	2024	200,000
_____	2017	175,000	_____	2025	205,000
_____	2018	180,000	_____	2026	210,000
_____	2019	180,000	_____	2027	215,000
_____	2020	180,000	_____	2028	220,000
_____	2021	185,000			

We elect to have the Bonds issued as one term Bond**: _____YES _____NO

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

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.

*The total principal amount is subject to change based upon actual final closing dates, and actual costs of issuance. By presenting this bid we are accepting any changes that are necessary to the final debt service schedule once all final dates and costs are known. Changes will most likely result in a reduction in the overall principal amount being issued.

**If we choose to have the Bonds issued as one term Bond (with only one CUSIP number; but still following the annual principal repayment structure with a mandatory sinking fund) we understand that only ONE flat interest rate can be assigned to all maturities.

Bidders Comments, if any: _____

_____	_____	_____
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 New Hampton Community School District, Iowa, in the Counties of Chickasaw & Howard, State of Iowa, this 8th day of July, 2013.

ATTEST:

Board President

Board Secretary