General & Non-General Funds

February 12, 2009

Honorable Members of the Board of Education
Dayton City School District

Item I

I recommend approval of the following Amended Note Resolution to Refund Series 2003-D Bond.

Rationale
Amending the note resolution adopted on April 15, 2008, as amended on January 6, 2009, authorizing the issuance of not to exceed $94,505,000 of notes in anticipation of the issuance of bonds for the purpose of refunding a portion of the school facilities construction and improvement bonds, series 2003-D (general obligation – unlimited tax), dated July 31, 2003, issued for the purposes set forth in the authorizing resolution adopted on March 4, 2003; and authorizing a note placement agreement, a note registrar agreement and an interest rate hedge; and if in the best interest of the school district requesting the state department of education to approve an agreement and, if desired, authorizing the execution of such agreement to provide for the contingent intercept of state foundation payments to enhance the security of the notes.

WHEREAS, this Board adopted a Note Resolution on April 15, 2008 (the "Original Resolution") authorizing the issuance of not to exceed $94,505,000 of Notes to refund bonds issued in the original principal amount of $151,555,000 dated July 31, 2003 (the "2003D Bonds"), with capitalized terms used herein as defined in the Original Resolution; and

WHEREAS, in view of currently prevailing lower interest rates and the availability of one or more advantageous interest rate hedges the Board has determined that it remains advisable and in the best interest of the School District to (i) issue refunding bonds (the "Refunding Bonds") of the School District to refund a portion of the 2003D Bonds (the "Refunded Bonds"), (ii) to issue refunding bond anticipation notes (the "Notes") in anticipation of the Refunding Bonds, and (iii) to enter into one or more interest rate hedges; and

WHEREAS, the Treasurer of the Board (the "Treasurer") has certified to this Board that the maximum maturity and principal amount of the securities herein authorized cannot exceed the respective maximum maturities of the Refunded Bonds and the principal amount of bonds authorized by the voters on the Election Date; and
WHEREAS, the Original Resolution was amended on January 6, 2009 (the "Amended Resolution") and this Board desires to further amend the Amended Resolution with respect to the designation of the Financial Advisor to the School District; and

WHEREAS, it is now deemed necessary to issue and sell not to exceed $94,505,000 of the Notes under authority of the general laws of the State of Ohio, including Chapter 133, Ohio Revised Code, and in particular Section 133.22 and 133.34 thereof and Sections 9.98 through 9.983 Ohio Revised Code, for the purpose described in the title of this resolution; and

WHEREAS, based upon the advice of the Financial Advisor and Swap Advisor described herein, this Board desires to amend the Original Resolution to authorize the contract for the sale of the Notes in the future and take other actions;

Section 1. Section 16 of the Original Resolution is deleted and amended in its entirety to read as follows:

"Section 16. The Treasurer, Superintendent and President, or any of them individually, are each authorized to enter into and provide for an interest rate hedge with a counterparty selected by the Treasurer, providing for an interest rate payment to the counterparty not to exceed six-percent (6%) per annum on a notional amount not to exceed $94,505,000; provided however, that any such interest rate hedge must be reviewed and recommended to the Board by an independent swap advisor experienced with the terms and pricing of similar interest rate hedges (the "Swap Advisor"). PRISM Municipal Advisors LLC is hereby designated as the initial Swap Advisor pursuant to an advisory agreement to be entered into by the Treasurer, Superintendent or President on behalf of the Board. The Swap Advisor shall recommend an interest rate hedge management policy to the Treasurer and the Finance Committee of the Board as soon as practicable. Bradley Payne LLC is hereby designated as the Financial Advisor with respect to the interest rate hedge transaction described herein, pursuant to an advisory agreement to be entered into by the Treasurer, Superintendent, or President on behalf of the Board.

Payments received from the counterparty to the interest rate hedge shall be deposited as follows: first to the Bond Retirement Fund in an amount equal to debt service on the Notes for the period to which the counterparty's payment corresponds, minus any sale premium on the Notes deposited therein, and second, unless otherwise provided in the Certificate of Fiscal Officer, to the General Fund."

Section 2. It is hereby found and determined that all acts, conditions and things necessary to be done precedent to and in the issuing of the Notes in order to make them legal, valid and binding obligations of the Board have happened, been done and been performed in regular and due form as required by law; that the faith, credit and revenue of the Board are hereby irrevocably pledged for the prompt payment of the principal and interest thereof at maturity; and that no limitation of indebtedness or taxation, either statutory or constitutional, has been exceeded in issuing the Notes.
Section 3. It is hereby found and determined that all formal actions of the Board concerning and relating to the passage of this resolution were taken in an open meeting of the Board, and that all deliberations of the Board and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements including Section 121.22 of the Ohio Revised Code.

Section 4. Except as amended herein, the Original Resolution is hereby ratified and confirmed, and remains in full force and effect.

Section 5. The Treasurer is hereby directed to forward a certified copy of this resolution to the County Auditor of Montgomery County, Ohio.

**ITEM II**

I recommend approval of the following Amended Note Resolution Series 2003-A Bond.

**Rationale**

Amending the note resolution adopted on April 15, 2008, as amended on January 6, 2009, authorizing the issuance of not to exceed $93,455,000 of notes in anticipation of the issuance of bonds for the purpose of refunding a portion of the school facilities construction and improvement bonds, series 2003-A (general obligation – unlimited tax), dated June 17, 2003, issued for the purposes set forth in the authorizing resolution adopted on March 4, 2003; and authorizing a note placement agreement, a note registrar agreement and an interest rate hedge; and if in the best interest of the school district requesting the state department of education to approve an agreement and, if desired, authorizing the execution of such agreement to provide for the contingent intercept of state foundation payments to enhance the security of the notes

WHEREAS, this Board adopted a Note Resolution on April 15, 2008 (the "Original Resolution") authorizing the issuance of not to exceed $93,455,000 of Notes to refund bonds issued in the original principal amount of $99,500,000 dated June 17, 2003 (the "2003A Bonds"), with capitalized terms used herein as defined in the Original Resolution; and

WHEREAS, in view of currently prevailing lower interest rates and the availability of one or more advantageous interest rate hedges the Board has determined that it remains advisable and in the best interest of the School District to (i) issue refunding bonds (the "Refunding Bonds") of the School District to refund a portion of the 2003A Bonds (the "Refunded Bonds"), (ii) to issue refunding bond anticipation notes (the "Notes") in anticipation of the Refunding Bonds, and (iii) to enter into one or more interest rate hedges; and

WHEREAS, the Treasurer of the Board (the "Treasurer") has certified to this Board that the maximum maturity and principal amount of the securities herein authorized cannot exceed the respective maximum maturities of the Refunded Bonds and the principal amount of bonds authorized by the voters on the Election Date; and
WHEREAS, the Original Resolution was amended on January 6, 2009 (the "Amended Resolution") and this Board desires to further amend the Amended Resolution with respect to the designation of the Financial Advisor to the School District; and

WHEREAS, it is now deemed necessary to issue and sell not to exceed $93,455,000 of the Notes under authority of the general laws of the State of Ohio, including Chapter 133, Ohio Revised Code, and in particular Section 133.22 and 133.34 thereof and Sections 9.98 through 9.983 Ohio Revised Code, for the purpose described in the title of this resolution; and

WHEREAS, based upon the advice of the Financial Advisor and Swap Advisor described herein, this Board desires to amend the Original Resolution to authorize the contract for the sale of the Notes in the future and take other actions;

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of the Dayton City School District, Montgomery County, Ohio that:

Section 1. Section 16 of the Original Resolution is deleted and amended in its entirety to read as follows:

"Section 16. The Treasurer, Superintendent and President, or any of them individually, are each authorized to enter into and provide for an interest rate hedge with a counterparty selected by the Treasurer, providing for an interest rate payment to the counterparty not to exceed six-percent (6%) per annum on a notional amount not to exceed $93,455,000; provided however, that any such interest rate hedge must be reviewed and recommended to the Board by an independent swap advisor experienced with the terms and pricing of similar interest rate hedges (the "Swap Advisor"). PRISM Municipal Advisors LLC is hereby designated as the initial Swap Advisor pursuant to an advisory agreement to be entered into by the Treasurer, Superintendent or President on behalf of the Board. The Swap Advisor shall recommend an interest rate hedge management policy to the Treasurer and the Finance Committee of the Board as soon as practicable. Bradley Payne LLC is hereby designated as the Financial Advisor with respect to the interest rate hedge transaction described herein, pursuant to an advisory agreement to be entered into by the Treasurer, Superintendent, or President on behalf of the Board.

Payments received from the counterparty to the interest rate hedge shall be deposited as follows: first, to the Bond Retirement Fund in an amount equal to debt service on the Notes for the period to which the counterparty’s payment corresponds, minus any sale premium on the Notes deposited therein, and second, unless otherwise provided in the Certificate of Fiscal Officer, to the General Fund."
Section 2. It is hereby found and determined that all acts, conditions and things necessary to be done precedent to and in the issuing of the Notes in order to make them legal, valid and binding obligations of the Board have happened, been done and been performed in regular and due form as required by law; that the faith, credit and revenue of the Board are hereby irrevocably pledged for the prompt payment of the principal and interest thereof at maturity; and that no limitation of indebtedness or taxation, either statutory or constitutional, has been exceeded in issuing the Notes.

Section 3. It is hereby found and determined that all formal actions of the Board concerning and relating to the passage of this resolution were taken in an open meeting of the Board, and that all deliberations of the Board and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements including Section 121.22 of the Ohio Revised Code.

Section 4. Except as amended herein, the Original Resolution is hereby ratified and confirmed, and remains in full force and effect.

Section 5. The Treasurer is hereby directed to forward a certified copy of this resolution to the County Auditor of Montgomery County, Ohio.

Respectfully submitted,

Stanley E. Lucas
Treasurer