Action 20.4

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

Board Reference Material

Subject:	Approval of Agreement for Investment Banking Services.
Date Submitted:	May 25, 2010
Background:	The District had a satisfactory relationship with Piper Jaffray and Company as the underwriter of the 1998 Bond.
Discussion:	The District proposes to continue the relationship with Piper Jaffray if the Board approves a Bond election for November. The Superintendent negotiated reduced fees in this contract (attached).
Alternative/Identified Opposition:	None.
Financial Implications:	\$3,500 in expenses per series. \$40,000 in commission per series. Two or three series are estimated.
Recommendation:	The Superintendent recommends the approval of the agreement for investment banking services with Piper Jaffray and Company.

PiperJaffray.

2321 Rosecrans Avenue, Suite 3200, El Segundo, CA 90245
Tel: 310 297-6000 | Tel: 800 876-1854 | Fax: 310 297-6001
Piper Jaffray & Co. Since 1895. Member SIPC and NYSE.

February 5, 2012

John Keiter
Superintendent
Summerville Union High School District
17555 Tuolumne Road
Tuolumne, CA 95379

Dear Mr. Keiter:

Re: Election of 2012, General Obligation Bonds, Series A "Bonds"

Thank you for engaging us as the underwriter for the Bonds. We are writing to provide you with certain regulatory disclosures as required by the Municipal Securities Rulemaking Board. As part of our services, Piper Jaffray may provide advice concerning the structure, timing, terms, and other similar matters concerning an issue of municipal securities that Piper Jaffray is underwriting or placing. However, Piper Jaffray intends to serve as an underwriter respecting the Bonds and not as a financial advisor to you; and the primary role of Piper Jaffray is to purchase the Bonds for resale to investors in an arm's-length commercial transaction between you and Piper Jaffray. Piper Jaffray has financial and other interests that differ from your interests.

Please contact us directly for any questions concerning this letter. If you have any questions concerning these matters, please do not hesitate to call me.

Mark J. Farrell

Mark J. Farrell
Managing Director, Public Finance Investment Banking

PiperJaffray

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February 5, 2013

John Keiter
Superintendent
Summerville Union High School District
17555 Tuolumne Road
Tuolumne, CA 95379

Re: Disclosure Required For Issuing Bonds
Summerville Union High School District
Election of 2012, General Obligation Bonds, Series A

Dear Mr. Keiter:

Thank you for engaging Piper Jaffray & Co. to serve as your underwriter. We are writing to provide you with certain disclosures relating to the captioned bond issue (the Bonds), as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 in accordance with MSRB Notice 2012-25 (May 7, 2012). Under new federal regulations, all underwriters are now required to send the following disclosures to you (as the Issuer of the Bonds) in order to clarify with you the role of an underwriter and other matters relating to an underwriting of the Bonds.

Our Role as Underwriter:
In serving as underwriter for the Bonds, these are some important disclosures that clarify our role and responsibilities:

(i) MSRB Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors;

(ii) The underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the Issuer and it has financial and other interests that differ from those of the Issuer;

(iii) Unlike a municipal advisor, the underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests;

(iv) The underwriter has a duty to purchase securities from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; and

(v) The underwriter will review the official statement for the Issuer's securities in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.[1]

Our Compensation:
The underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

Conflicts of Interest:
Piper Jaffray & Co. has entered into an agreement with Pershing LLC that enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., which could include the Bonds. Under the agreement, Piper Jaffray & Co. could share with Pershing LLC a portion of the fee or commission paid to Piper Jaffray & Co.

Piper Jaffray & Co. has entered into a separate agreement with Charles Schwab & Co., Inc. that enables Charles Schwab & Co., Inc. to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., which could include the Bonds. Under that agreement, Piper Jaffray & Co. will share with Charles Schwab & Co., a portion of the fee or commission paid to Piper Jaffray & Co.

Piper Jaffray & Co. has entered into an agreement with UnionBank Investment Services LLC which enables us Union Banker Investment Services LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co. which could include the Bonds. Under the agreement, we could share with UnionBank Investment Services LLC a portion of the fee or commission paid to Piper Jaffray & Co.

Piper Jaffray & Co. has made a contribution to a bond referendum campaign or provided in-kind election related assistance to a bond referendum campaign and the campaign resulted in voter authorization for this series of bonds being underwritten or privately placed.

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[1] Under federal securities law, an issuer of securities has the primary responsibility for disclosure for investors. The review of the official statement by the underwriter is solely for purposes of satisfying the underwriter's obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

PiperJaffray.

Risk Disclosures:
In accordance with the requirements of MSRB Rule G-17, attached to this letter as Appendix A is a description of the material aspects the Bonds. This material may be later supplemented if the material terms of the Bonds change.

If you have any questions or concerns about these disclosures, please make those questions or concerns known immediately to me at the contact information below. In addition, you should consult with your own financial, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you are authorized or are expected to be authorized to sign the bond purchase agreement with us. If our understanding is incorrect, please notify the undersigned immediately.

Under MSRB Rules, we are required to seek your acknowledgement that you have received this letter. Accordingly, please send me an email to that effect, or sign and return the enclosed copy of this letter to me at the address below.

Thank you.

Sincerely,

Mark J Farrell

Mark Farrell
Managing Director
Piper Jaffray & Co.

Acknowledgement:

John H. Keiter

John Keiter
Superintendent
Summerville Union High School District

Date: 3/19/13

Appendix A – Risk Disclosures

The following is a general description of the financial characteristics and security structures of fixed rate municipal bonds ("Fixed Rate Bonds"), as well as a general description of certain financial risks that you should consider before deciding whether to issue Fixed Rate Bonds.

Financial Characteristics

Maturity and Interest. Fixed Rate Bonds are debt securities issued by state and local governments, political subdivisions and agencies and authorities. Fixed Rate Bonds can be interest-bearing ("Current Interest Bonds"), interest accruing ("Capital Appreciation Bonds"or "CABs") or bonds that are initially issued as CABs but later convert on a specified date to Current Interest Bonds ("Convertible Capital Appreciation Bonds"). Maturity dates for Fixed Rate Bonds are fixed at the time of issuance and for Current Interest Bonds may include serial maturities (specified principal amounts are payable on the same date in each year until final maturity) or one or more term maturities (specified principal amounts are payable on each term maturity date) or a combination of serial and term maturities. CABs are payable only on maturity The final maturity date for Fixed Rate Bonds typically will range between 5 and 30 years from the date of issuance, although issuers may choose to extend final maturities to 40 years, resulting in greater total debt service to the issuer relative to bonds with earlier maturities. Interest on Current Interest Bonds is paid semiannually at a stated fixed rate or rates for each maturity date. CABs do not require periodic payments of interest, instead each CAB accretes in value from its initial principal amount to its maturity value at an accretion rate per year, which is compounded semiannually, and payable only at maturity or earlier redemption.

Redemption. Fixed Rate Bonds may be subject to optional redemption, which allows you, at your option, to redeem some or all of the bonds on a date prior to scheduled maturity, such as in connection with the issuance of refunding bonds to take advantage of lower interest rates. Fixed Rate Bonds will be subject to optional redemption only after the passage of a specified period of time, often approximately ten years from the date of issuance, and upon payment of the redemption price set forth in the bonds, which may include a redemption premium. You will be required to send out a notice of optional redemption to the holders of the bonds, usually not less than 30 days prior to the redemption date. Fixed Rate Bonds with term maturity dates also may be subject to mandatory sinking fund redemption, which requires you to redeem specified principal amounts of the bonds annually in advance of the term maturity date. The mandatory sinking fund redemption price is 100% of the principal amount of the bonds to be redeemed.

Security

General Obligation Bonds

"General obligation bonds" are debt securities to which unlimited ad valorem property taxes are pledged to pay principal and interest. The County will levy and collect property taxes annually in an amount sufficient to pay principal and interest on the bonds.

Financial Risk Considerations

Certain risks may arise in connection with your issuance of Fixed Rate Bonds, including some or all of the following:

Tax Rate Risk

The tax rate that the County will levy will be dependent on the District's assessed valuation and net collection rates. Because of the fluctuations in assessed valuation and collection rates, tax rates will fluctuate and may exceed the tax rate represented to the voters. The greater the rate of growth of debt service, the greater will be the risk that the tax rate exceeds the tax rate presented at the time of the election.

Higher Relative Debt Service Requirements for CABs vs CIBs

Capital Appreciation Bonds and Convertible Capital Appreciation Bonds are usually used when the issuer desires to defer debt service to a later date due to revenue or other constraints. Because the interest on these bonds compounds semiannually and interest, these bonds result in greater total debt service costs to issuers than Current Interest Bonds. Greater total debt service as the result of deferring principal and interest will require substantially greater tax revenues to pay over the life of the bonds. Such greater tax revenues may exceed the tax rate represented to the voters, if the assessed valuation growth is less than initially projected.

Redemption Risk

Your ability to redeem or restructure the bonds prior to maturity may be limited, depending on the terms of any optional redemption provisions. In the event that interest rates decline, you may be unable to take advantage of the lower interest rates to reduce debt service. The inability to restructure the bonds may limit the District's ability to manage tax rates as the result of assessed valuation changes.

Tax Compliance Risk

The issuance of tax-exempt bonds is subject to a number of requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of the tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on the bonds to become taxable retroactively to the date of issuance of the bonds, which may result in an increase in the interest rate that you pay on the bonds or the mandatory redemption of the bonds. The IRS also may audit you or your bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If the bonds are declared taxable, or if you are subject to audit, the market price of your bonds may be adversely affected. Further, your ability to issue other tax-exempt bonds also may be limited.