



Date: July 26, 2010
To: Dr. J. Brian Sarvis, Superintendent
From: Eric D. Smith, Deputy Superintendent
Subject: Approval of Agreements for Bond Investment Banking Services with Piper Jaffray & Company

Consent Item

Background

The successful implementation of any school district debt financing requires the expertise of a team of individuals. This team generally includes, at a minimum, district bond counsel, a financial advisor, and an underwriter or investment banker. In a negotiated sale, the underwriter purchases the bonds directly from the school district with the intent of re-selling them at a profit to public investors. In a competitive sale, the underwriter responds to a notice from the district's financial advisor through a competitive bid process. In a competitive sale, the underwriter or syndicate of underwriters whose sealed bid contains the best interest rates and purchase price is awarded the bonds.

Results

Piper Jaffray is a full service investment bank established in 1895. Piper Jaffray's California Education Group includes twelve investment bankers and is widely recognized as the number one ranked underwriter based on volume of deals.

Fiscal Impact

As is customary in a general obligation bond election, the underwriter's fee is contingent on the passage of the general obligation bond measures. Fees would be negotiated prior to the issuance of the bonds and would be paid from bond proceeds.

Recommendation

The board approve the elementary and secondary agreements for bond investment banking services with Piper Jaffray & Company.

Attachment(s)?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	<input type="checkbox"/>	No	Powerpoint	<input type="checkbox"/>	Ovrhead	<input type="checkbox"/>	Consultant
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Domestic Offices:

Minneapolis - Headquarters

Boston
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Chicago
Dallas
Denver
Des Moines
Hartford
Helena
Houston
Kansas City
Lincoln
Los Angeles
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Shanghai

SANTA BARBARA SCHOOL DISTRICTS

Summary of Qualifications to Provide Investment Banking and Bond Underwriting Services



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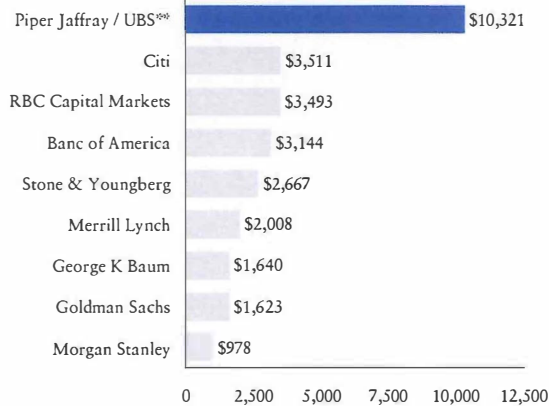
June 30, 2010

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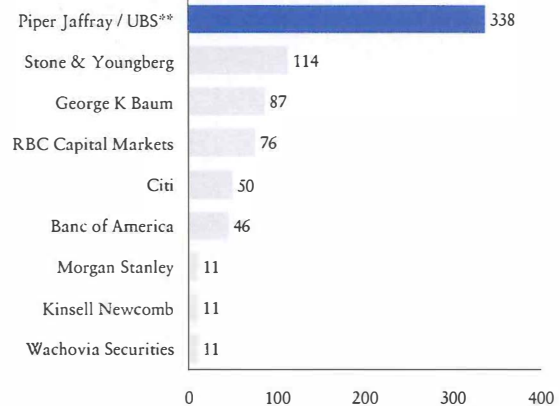
PiperJaffray®

Our bankers are the most experienced in the State when it comes to structuring and underwriting G.O. bonds for California school districts and community college districts. Our success in this area is shown in the following tables, which show underwriter rankings over the past five years for negotiated California K-14 G.O. bond issues.

**California Senior Managed
Negotiated K-14 G.O. Bond Issues***
Ranked by Par Amount (\$Million)



**California Senior Managed
Negotiated K-14 G.O. Bond Issues***
Ranked by Number of Issues



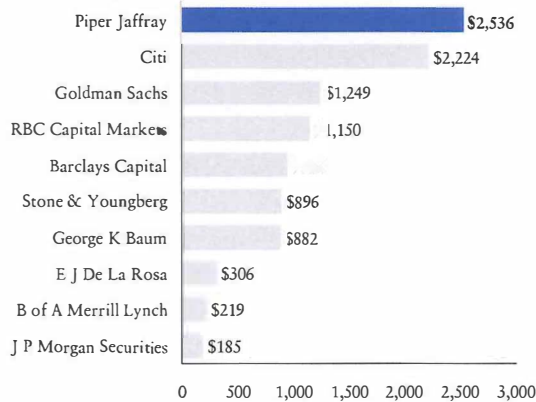
* 7/1/2003 to 6/30/2008

** Represents transactions completed by current members of the Piper Jaffray California Education Group, including transactions completed while at UBS.

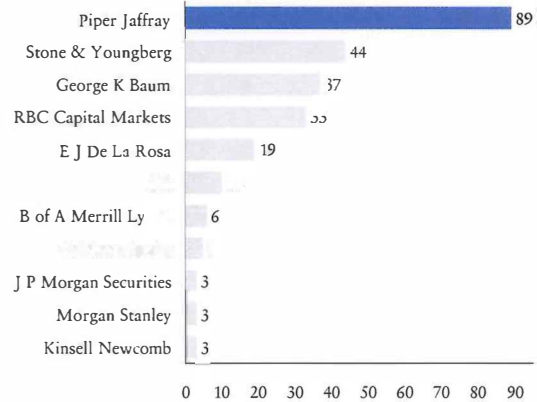
Source: Thompson Financial Inc.

The two ranking charts below reflect senior manager rankings for the California education bond market since June 6, 2008 (the date on which Piper Jaffray acquired UBS's industry leading K-14 business in California). These charts illustrate Piper Jaffray's continued leadership position in California K-14 finance, following the acquisition of the former UBS California education finance team.

**California Senior Managed
Negotiated K-14 G.O. Bond Issues***
Ranked by Par Amount (\$Million)



**California Senior Managed
Negotiated K-14 G.O. Bond Issues***
Ranked by Number of Issues



* 6/6/2008 to 12/31/2009

Source: Thompson Financial Inc.



3. Bond Distribution Capabilities

PIPER JAFFRAY’S MUNICIPAL INSTITUTIONAL SALES AND TRADING PLATFORM

Piper Jaffray has one of the largest institutional marketing and distribution platforms in the industry, with 50 municipal institutional sales professionals located in 10 cities throughout the nation. Piper Jaffray’s municipal institutional sales force has extensive coverage of the “Tier I” institutional investors who are the largest institutional accounts (who have several billions in assets under management). We also have relationships with hundreds of Tier II and Tier III small and mid-sized financial institutions. We focus on the mid-sized Tier II and Tier III investors to: (1) avoid dominant Tier I buyers exercising structuring and pricing control; (2) expand the base of potential investors; (3) stimulate broad and diverse demand; and (4) seek the lowest possible cost of borrowing. Because Piper Jaffray underwrites a significant number of municipal bond offerings every year, our sales force has leveraged its strong relationships with all of these buyers. *This added distribution channel to Tier II and III investors sets Piper’s distribution capabilities apart from our competitors and guarantees our clients access to a broader range of investors – optimizing pricing results.*

PIPER JAFFRAY’S UNIQUE RETAIL DISTRIBUTION PLATFORM

Over the last few years, advancements in technology have gradually changed the way in which bonds are delivered to the end investor, including the retail segment. Increased use of wrap accounts (privately managed accounts) and reduced compensation for retail brokers has led to a reduction in bonds sold directly to retail customers by individual brokers in the primary market. Now, money flows into bank/trust portfolios, professional money managers and independent financial advisors – all of whom manage funds on behalf of retail investors. In addition, the increased availability of bonds to retail customers through electronic trading platforms has become more commonplace. As a result Piper Jaffray positioned itself to best meet the needs of the “new retail” investor class. The Firm’s enhanced retail distribution strategy is summarized as follows:

<u>Primary Retail Distribution Agreements</u>		
 <small>ADVISORS ASSET MANAGEMENT</small>		
<ul style="list-style-type: none"> • Access to 34,000 advisors or registered representatives • 17,500+ registered representatives in State of California • 36% of all 11,000 federally registered investment advisors nationally are on the AAM platform • 25,000 fixed income tickets per month • Independent brokers and money managers with a Fixed Income Focus 	<ul style="list-style-type: none"> • Direct access to UBS retail • Consolidated indications of interest • 8,000+ broker desktops 	
<u>Focus Heavily on Retail Wrap Accounts and Professional Money Manager Firms</u>		
<ul style="list-style-type: none"> Blackrock PPG Boston Company Breckenridge Capital Advisors Buckingham Asset Management Charles Fish Investments Advisors/Wrap Columbia Management 	<ul style="list-style-type: none"> Dodge & Cox Evergreen Investment Management Franklin PCS JP Morgan Investment Advisors Merrill PPG Merrill Wrap 	<ul style="list-style-type: none"> Northern Trust Nuveen Asset Management Payden & Rygel Investment Counsel RCM Wasmer Schroeder & Co. Wells Fargo Private

Piper Jaffray’s Local San Francisco Underwriting Desk: Piper Jaffray prices all of its California transactions directly from its underwriting desk in San Francisco. This approach ensures our California clients receive the greatest underwriting attention and focus for local sales – while still receiving the support from a global investment bank. Particularly in this volatile market environment, the District will be well served by a firm with a locally based underwriting desk that is in the market regularly with California municipal financial products and, in particular, school district G.O. Bonds.

4. Capital Position

Piper Jaffray's total capital, equity capital, net capital, and excess capital as of December 31, 2009 are set forth in the table below. Based on our capital position set forth above, Piper Jaffray was legally permitted to underwrite, as sole book-running senior manager, a long-term issue of approximately \$4.7 billion as of December 31, 2009.

Piper Jaffray's Capital Position As of 12/31/09	
Total Capital	\$ 778,616,000
Equity Capital	778,616,000
Net Capital	335,231,379
Net Excess Capital	333,822,039

Given our very high level of capitalization, we are able to aggressively underwrite bond issues to obtain market leading interest rates for our clients. Carrying unsold balances benefits clients in that it leads to lower interest rates on bonds (the option is to raise interest rates during the underwriting to increase demand and clear unsold balances). As illustrated below, Piper Jaffray routinely commits capital for its municipal clients, even in the midst of the financial crisis. These examples illustrate Piper Jaffray's willingness to underwrite bonds and our commitment to ensure successful bond issuances for our clients.

Month of	# of Transactions	Par Amount (\$ Million)	Capital Committed (\$ Million)	% Underwritten
January 2009	13	\$ 373.4	\$ 229.0	61.34%
February 2009	17	320.3	30.2	9.42
March 2009	29	856.7	180.8	21.10
April 2009	31	981.2	104.0	10.60
May 2009	45	1,005.5	306.7	30.50
June 2009	21	1,530.7	167.0	10.91
July 2009	25	473.3	86.8	18.33
August 2009	37	958.7	153.2	15.98
September 2009	35	950.7	138.7	14.59
October 2009	38	578.8	80.8	13.95
November 2009	48	1,329.2	253.0	19.04
December 2009	20	482.9	108.6	22.49
TOTAL	359	\$9,841.5	\$1,838.8	18.68%

5. Brief Resumes of Key Staff

Primary Banking Team. Piper Jaffray has a talented and experienced team of California K-14 district finance bankers. Set forth below are brief resumes of the entire Piper Jaffray’s California Education Finance Team.

Name	Experience
<p>JEFF BARATTA Managing Director San Francisco (415) 616-1617 jeffrey.a.baratta@pjc.com</p>	<ul style="list-style-type: none"> • Expertise with education finance including G.O. bonds, certificates of participation, Mello-Roos bonds, short-term notes, Qualified Zone Academy Bonds, and adjustable and variable rate financings • Extensive experience with over 100 California K-14 district voter approved G.O. financings representing over \$2 billion • CASH Board Director and CSF Board Officer • CBO for Vallejo USD and Albany USD prior to banking career • National University – BBA, MBA
<p>MARK ADLER Managing Director Los Angeles (310) 297-6010 mark.j.adler@pjc.com</p>	<ul style="list-style-type: none"> • Manager of Piper Jaffray’s California Public Finance Group • Formerly Western Regional Manager for UBS’s Municipal Securities Group • Has senior managed over 800 financings, which were primarily K-12 general obligation issues • 26 years in public finance • Former Chairperson for California Public Securities Association • The Wharton School of University of Pennsylvania – BSE, MBA
<p>TIMOTHY CARTY Managing Director Los Angeles (310) 297-6011 timothy.p.carty@pjc.com</p>	<ul style="list-style-type: none"> • Manager of Piper Jaffray’s California Education Group • Works exclusively with California school districts • Extensive experience in all types of school district finance and related elections (e.g., general obligation bonds, certificates of participation, and Mello-Roos bonds) • Has worked with over 200 school districts and community college districts and raised over \$3.0 billion in funds for facilities • University of Chicago – BA • The Wharton School of University of Pennsylvania – MBA
<p>JIM ROTH Managing Director San Francisco (415) 616-1618 jim.r.roth@pjc.com</p>	<ul style="list-style-type: none"> • Extensive experience in all types of school district and community college district finance (e.g., general obligation bonds, certificates of participation, lease revenue bonds, OPEB Bonds, TRANs, and Mello-Roos bonds) • Senior banker on elections approving more than \$7 billion of bonds for California K-14 districts • Previously a bond attorney for more than 10 years (more than 175 transactions totaling over \$8 billion) • Haas School of Business at UC Berkeley – MBA • Boalt Hall School of Law at UC Berkeley – JD

Name	Experience
<p>MARK FARRELL Managing Director Los Angeles (310) 297-6012 mark.j.farrell@pic.com</p>	<ul style="list-style-type: none"> • Extensive experience with a variety of financing vehicles for educational issuers including G.O. bonds, certificates of participation, Mello-Roos bonds, tax and revenue anticipation notes, bond refinancings, and GASB 45 liability funding • Lead banker on the CSBA California Cash Reserve Program, the largest pooled tax and revenue anticipation note financing in the nation • Participated in financings for over 400 school districts and community college districts with an aggregate par amount exceeding \$7.5 billion. • University of Pennsylvania – BA • University of California Los Angeles – MBA
<p>RICHARD CALABRO Senior Vice President Los Angeles (310) 297-6013 richard.n.calabro@pic.com</p>	<ul style="list-style-type: none"> • Works extensively on California school and community college district financings • Responsible for coordinating all technical and execution efforts on all education related financings • Has structured a number of school district general obligation bond issues and performed bond capacity and tax rate analysis • Has considerable experience in structuring and executing over 125 K-14 district financings totaling over \$2.0 Billion • Northeastern University - BS
<p>IVORY LI Vice President San Francisco (415) 616-1614 ivory.r.li@pic.com</p>	<ul style="list-style-type: none"> • Works extensively on California school district and community college district financings • Support banker on elections approving more than \$7 billion of bonds for California K-14 districts • Provides numerical analysis and technical and execution support • 9 years of experience in public finance • University of Chicago – BA
<p>ERIC CHOUDHURY Vice President Los Angeles (310) 297-6016 eric.m.choudhury@pic.com</p>	<ul style="list-style-type: none"> • Works extensively on California school and community college district financings • Responsible for providing technical and execution support • Conducts sensitivity analysis for financing structures • Prepares presentations for rating agencies and bond insurers • UCLA - BA
<p>ROSALYN CHEN Vice President San Francisco (415) 616-1613 rosalyn.r.chen@pic.com</p>	<ul style="list-style-type: none"> • Broad experience with California issuers including school districts on various types of public financings (e.g., general obligation bonds, certificates of participation, lease revenue bonds, and Mello-Roos bonds) • Support banker on 65 bond transactions totaling over \$1 billion. • Provides numerical analysis and technical and execution support • 10 years of experience in public finance • University of California, San Diego – BA • University of Southern California – MBA

Name	Experience
JONATHAN RUTH Assistant Vice President Los Angeles (310) 297-6020 jonathan.d.ruth@pjc.com	<ul style="list-style-type: none"> • Participated in financings for over 180 California school and community college districts • Experience covers land secured financings, G.O. bond programs, COPs, TRANs, and refinancings representing an aggregate par amount of nearly \$2.0 billion • University of Minnesota – BA • Fuller Seminary – MA, Theology • University of Southern California – MBA, Finance
JIN KIM Assistant Vice President Los Angeles (310) 406-3920 jin.y.kim@pjc.com	<ul style="list-style-type: none"> • Primarily focuses on quantitative and qualitative analyses for K-12 issuers throughout California • Has experience with GO, COPs/Lease Revenue and Special Tax Bonds • 9 years of public finance experience • UC Irvine – BA
PATRICK ZHANG Junior Associate Los Angeles (310) 297-6021 patrick.n.zhang@pjc.com	<ul style="list-style-type: none"> • Has experience with California school district GO bond programs, along with COPs • Provides numerical analyses on new money and refunding K-12 transactions • 2 years of public finance experience • Marshall School of Business at USC – BS

Underwriting Team. Piper Jaffray has an experienced sales, trading, and marketing team to sell the District’s bonds. The table below provides brief resumes of the personnel who would assist with the marketing, sale, and underwriting of the District’s bonds:

Name	Experience
CHRIS BESSETTE California Underwriting National Marketing Coordinator Managing Director San Francisco (415) 616-1666 christopher.p.bessette@pjc.com	<ul style="list-style-type: none"> • Manager of Piper Jaffray’s California trading and underwriting operations • His extensive experience with California municipal underwriting has given Piper Jaffray the opportunity to participate in numerous negotiated and competitive transactions • Bryant University – BA
DARCI DONEFF Manager of Municipal Underwriting & Trading Managing Director Minneapolis (612) 303-6666 darci.l.doneff@pjc.com	<ul style="list-style-type: none"> • Member of the Sales & Trading Operating Committee and oversees all municipal trading and underwriting for Piper Jaffray • Experience in the municipal bond industry encompasses institutional sales, trading and underwriting • 27 years in public finance • North Dakota State University – BA
NEIL HEINEN California Trading & Underwriting Assistant Vice President San Francisco (415) 616-1666 neil.a.heinen@pjc.com	<ul style="list-style-type: none"> • Joined Piper Jaffray in 1996 • Supports the trading and underwriting efforts of Piper Jaffray in California debt issuances • Involved in all of Piper Jaffray’s California school district financings over the past 5 years • 12 years in public finance • St. Cloud State University – BS

AGREEMENT FOR INVESTMENT BANKING SERVICES

THIS AGREEMENT, dated as of June ___, 2010, by and between Santa Barbara Secondary School District (the "District") and Piper Jaffray & Co. ("Piper Jaffray"):

WITNESSETH

WHEREAS, the District is taking certain actions with regard to a potential General Obligation Bond election of the registered voters within the District (the "Election") to be held on November 2, 2010 or on such other date as may be determined by the District and the issuance and sale of General Obligation Bonds to finance the cost of acquisition, construction, and rehabilitation of certain District facilities; and

WHEREAS, the District, in order to be successful in said election and in the issuance and sale of said bonds, requires the services of an investment banking firm experienced in financial consulting and municipal bond underwriting to advise it with respect to the ad valorem tax rates and the amount of the General Obligation Bond authorization, to assist it in securing favorable credit ratings and/or bond insurance for its General Obligation Bonds, and to coordinate the marketing and distribution of the General Obligation Bonds through a negotiated sale, series by series;

NOW THEREFORE, it is mutually agreed as follows:

The District hereby employs Piper Jaffray, and Piper Jaffray hereby accepts such employment from the District, to perform the following services upon the terms, subject to the conditions, and in consideration of the payments as hereinafter set forth:

A) Services to be Provided to the District

Phase I – Pre-Election Services

As investment banker and bond underwriter for the Bonds, Piper Jaffray will provide the following services prior to the election, to the extent requested by the District (such services to be performed in cooperation with the District's financial advisor):

- Work with the District to develop an understanding of the District's financial objectives
- Assist in development of alternative strategies to achieve the District's financial objectives
- Calculate the District's bonding capacity under Proposition 39 and other relevant laws
- Review the District's assessed valuation and analyze historical trends
- Prepare tax rate analyses, evaluating the impact of changes in interest rates, assessed value growth rates, and the timing and amount of bond sales
- Provide financial analysis and information in connection with the proposed issuance of Bonds
- Prepare tax rate statement for the ballot, as required by California law
- As requested by the District, present financial analysis and information to governing board or community groups

Phase II – Post-Election Services

The post-election services to be provided by Piper Jaffray for each series of Bonds that are sold are as follows (such services to be performed in cooperation with the District's financial advisor):

Pre-Sale Services

- Develop and maintain an appropriate financing timetable
- Assist the District in selecting service providers, including paying agent, financial printer, etc.
- Work with Bond Counsel to prepare bond documents and assist in the preparation and review of the preliminary and final official statements
- Assist the District with presentations to the rating agencies and bond insurance companies
- Develop and present a marketing plan for the Bonds
- Attend meetings of the District and other relevant public meetings

Marketing and Distribution

- Develop a pre-sale marketing and distribution program
- Develop and present to the District for its approval a preliminary pricing scale for the bonds
- Upon approval, establish an order period and release the bonds for offering to the market
- Price and underwrite the District's bonds on a firm commitment basis
- Commit capital on behalf of the District to ensure a successful and orderly distribution and sale of securities or to place into inventory any unsold balance of bonds

Post-Sale Services

- Coordinate the final distribution and allocation of securities
- Provide advice regarding investment of bond proceeds prior to expenditure
- Prepare a final pricing report including an analysis of the interest rates obtained compared to other comparable financings in the market at that time
- Prepare a sales summary including composition of institutional and retail sales participation
- Obtain CUSIP numbers for the bonds, arrange for DTC registration or book-entry
- Assist with the preparation and review of all closing documentation with Bond Counsel
- Assist with the bond closing, including preparation of closing instructions and flow of funds

B) Compensation of the Underwriter

1. At a mutually agreed-upon date prior to the closing of the General Obligation Bond financing, the District and Piper Jaffray shall enter into a purchase agreement for the sale of the bonds to Piper Jaffray. The purchase agreement shall provide for the bonds to bear interest at such rates and be sold at such discount as may be mutually agreeable to the District and Piper Jaffray and shall be subject to the standard and customary conditions of purchases of bonds of a similar nature, including an unqualified legal opinion of nationally recognized

bond counsel with respect to the validity of and tax-exempt status of interest received on such bonds.

Piper Jaffray's compensation for participating in the General Obligation Bond financing shall be derived solely from the sale of the District's bonds. If no sale occurs, then neither the District nor any of its agents or employees are under any obligation to compensate Piper Jaffray for any services performed.

2. In accordance with the terms and conditions of the purchase agreement, Piper Jaffray shall, from its discount, bear all sales, underwriting, management and out-of-pocket costs and expenses of the General Obligation Bond transaction, including without limitation, travel, telephone, facsimile, and similar expenses incurred by Piper Jaffray in its duties and obligations hereunder. Piper Jaffray is not responsible for and shall not be held liable for any other expense or expenditure incurred by any party in connection with the financing program other than agreed to in writing by Piper Jaffray and the District.

Piper Jaffray's total compensation for providing all of the Pre-Election and Post-Election services described herein shall not be greater than an amount equal to 1.00% of the principal amount of each bond issue, inclusive of our out-of-pocket expenses.

Piper Jaffray's discount is completely contingent upon the successful sale of General Obligation Bonds of the District.

C) Other Provisions

1. The term of this agreement shall begin upon its execution by both parties and terminate upon the issuance of the final series of the Bonds. Upon written notice, the District may remove Piper Jaffray as bond underwriter for material breach of contract following written notice from the District setting forth performance areas requiring improvement.
2. Piper Jaffray is not obligated as a result of this agreement to make a campaign contribution in connection with the bond election, nor has it otherwise committed to make a campaign contribution. Piper Jaffray will not receive any compensation (from bond proceeds, from other District funds, or from any other source) as reimbursement for any campaign contribution of funds, services, or facilities that Piper Jaffray may choose to make to the bond campaign committee in connection with the Election.

IN WITNESS WHEREOF, the District and the Underwriter have each caused this Agreement to be executed by its duly authorized officer, as of the date set forth above.

PIPER JAFFRAY & CO.

By: _____
Jeffrey A. Baratta
Managing Director

SANTA BARBARA HGH SCHOOL DISTRICT

By: _____
Eric Smith
Deputy Superintendent

AGREEMENT FOR INVESTMENT BANKING SERVICES

THIS AGREEMENT, dated as of June ___, 2010, by and between Santa Barbara Elementary School District (the "District") and Piper Jaffray & Co. ("Piper Jaffray"):

WITNESSETH

WHEREAS, the District is taking certain actions with regard to a potential General Obligation Bond election of the registered voters within the District (the "Election") to be held on November 2, 2010 or on such other date as may be determined by the District and the issuance and sale of General Obligation Bonds to finance the cost of acquisition, construction, and rehabilitation of certain District facilities; and

WHEREAS, the District, in order to be successful in said election and in the issuance and sale of said bonds, requires the services of an investment banking firm experienced in financial consulting and municipal bond underwriting to advise it with respect to the ad valorem tax rates and the amount of the General Obligation Bond authorization, to assist it in securing favorable credit ratings and/or bond insurance for its General Obligation Bonds, and to coordinate the marketing and distribution of the General Obligation Bonds through a negotiated sale, series by series;

NOW THEREFORE, it is mutually agreed as follows:

The District hereby employs Piper Jaffray, and Piper Jaffray hereby accepts such employment from the District, to perform the following services upon the terms, subject to the conditions, and in consideration of the payments as hereinafter set forth:

A) Services to be Provided to the District

Phase I – Pre-Election Services

As investment banker and bond underwriter for the Bonds, Piper Jaffray will provide the following services prior to the election, to the extent requested by the District (such services to be performed in cooperation with the District's financial advisor):

- Work with the District to develop an understanding of the District's financial objectives
- Assist in development of alternative strategies to achieve the District's financial objectives
- Calculate the District's bonding capacity under Proposition 39 and other relevant laws
- Review the District's assessed valuation and analyze historical trends
- Prepare tax rate analyses, evaluating the impact of changes in interest rates, assessed value growth rates, and the timing and amount of bond sales
- Provide financial analysis and information in connection with the proposed issuance of Bonds
- Prepare tax rate statement for the ballot, as required by California law
- As requested by the District, present financial analysis and information to governing board or community groups

Phase II – Post-Election Services

The post-election services to be provided by Piper Jaffray for each series of Bonds that are sold are as follows (such services to be performed in cooperation with the District's financial advisor):

Pre-Sale Services

- ❑ Develop and maintain an appropriate financing timetable
- ❑ Assist the District in selecting service providers, including paying agent, financial printer, etc.
- ❑ Work with Bond Counsel to prepare bond documents and assist in the preparation and review of the preliminary and final official statements
- ❑ Assist the District with presentations to the rating agencies and bond insurance companies
- ❑ Develop and present a marketing plan for the Bonds
- ❑ Attend meetings of the District and other relevant public meetings

Marketing and Distribution

- ❑ Develop a pre-sale marketing and distribution program
- ❑ Develop and present to the District for its approval a preliminary pricing scale for the bonds
- ❑ Upon approval, establish an order period and release the bonds for offering to the market
- ❑ Price and underwrite the District's bonds on a firm commitment basis
- ❑ Commit capital on behalf of the District to ensure a successful and orderly distribution and sale of securities or to place into inventory any unsold balance of bonds

Post-Sale Services

- ❑ Coordinate the final distribution and allocation of securities
- ❑ Provide advice regarding investment of bond proceeds prior to expenditure
- ❑ Prepare a final pricing report including an analysis of the interest rates obtained compared to other comparable financings in the market at that time
- ❑ Prepare a sales summary including composition of institutional and retail sales participation
- ❑ Obtain CUSIP numbers for the bonds, arrange for DTC registration or book-entry
- ❑ Assist with the preparation and review of all closing documentation with Bond Counsel
- ❑ Assist with the bond closing, including preparation of closing instructions and flow of funds

B) Compensation of the Underwriter

1. At a mutually agreed-upon date prior to the closing of the General Obligation Bond financing, the District and Piper Jaffray shall enter into a purchase agreement for the sale of the bonds to Piper Jaffray. The purchase agreement shall provide for the bonds to bear interest at such rates and be sold at such discount as may be mutually agreeable to the District and Piper Jaffray and shall be subject to the standard and customary conditions of purchases of bonds of a similar nature, including an unqualified legal opinion of nationally recognized

bond counsel with respect to the validity of and tax-exempt status of interest received on such bonds.

Piper Jaffray's compensation for participating in the General Obligation Bond financing shall be derived solely from the sale of the District's bonds. If no sale occurs, then neither the District nor any of its agents or employees are under any obligation to compensate Piper Jaffray for any services performed.

2. In accordance with the terms and conditions of the purchase agreement, Piper Jaffray shall, from its discount, bear all sales, underwriting, management and out-of-pocket costs and expenses of the General Obligation Bond transaction, including without limitation, travel, telephone, facsimile, and similar expenses incurred by Piper Jaffray in its duties and obligations hereunder. Piper Jaffray is not responsible for and shall not be held liable for any other expense or expenditure incurred by any party in connection with the financing program other than agreed to in writing by Piper Jaffray and the District.

Piper Jaffray's total compensation for providing all of the Pre-Election and Post-Election services described herein shall not be greater than an amount equal to 1.00% of the principal amount of each bond issue, inclusive of our out-of-pocket expenses.

Piper Jaffray's discount is completely contingent upon the successful sale of General Obligation Bonds of the District.

C) Other Provisions

1. The term of this agreement shall begin upon its execution by both parties and terminate upon the issuance of the final series of the Bonds. Upon written notice, the District may remove Piper Jaffray as bond underwriter for material breach of contract following written notice from the District setting forth performance areas requiring improvement.
2. Piper Jaffray is not obligated as a result of this agreement to make a campaign contribution in connection with the bond election, nor has it otherwise committed to make a campaign contribution. Piper Jaffray will not receive any compensation (from bond proceeds, from other District funds, or from any other source) as reimbursement for any campaign contribution of funds, services, or facilities that Piper Jaffray may choose to make to the bond campaign committee in connection with the Election.

IN WITNESS WHEREOF, the District and the Underwriter have each caused this Agreement to be executed by its duly authorized officer, as of the date set forth above.

PIPER JAFFRAY & CO.

By: _____
Jeffrey A. Baratta
Managing Director

SANTA BARBARA ELEMENTARY SCHOOL
DISTRICT

By: _____
Eric Smith
Deputy Superintendent