

What is Arbitrage Rebate?

Issuers of tax-exempt debt are required to follow regulations outlined by Federal tax law. These regulations prevent tax-exempt debt issuers from issuing more bonds than necessary, issuing bonds earlier than necessary and from issuing debt with a longer life span than that of the project being financed. These regulations also limit the amount of earnings an issuer can retain from the investment of its tax-exempt bond proceeds.

Identifying the arbitrage rebate status of an issue is a critical step in the investment planning process. To determine the potential arbitrage rebate implications you should consider the following questions:

1. What is the expected arbitrage yield?
2. Are the bonds fixed-rate or variable-rate bonds?
3. Are market rates generally higher or lower than the arbitrage yield?
4. Is the issue expected to meet an exception to arbitrage rebate?
5. If the issue is expected to meet a spending exception, how reliable is the draw schedule in making that determination?
6. Does the issuer expect to spend 100% of the project fund proceeds within 3-years of the issue date?
7. Should the issuer consider "waiving the temporary period?"
8. Can projected negative arbitrage in the project fund be offset by positive arbitrage in any other fund?

All tax-exempt bond issues must comply with two separate sets of requirements: arbitrage rebate and yield restriction. Both sets of rules limit earnings on the investment of tax-exempt bond proceeds. While arbitrage rebate requirements begin on the bond's issue date and apply to all gross proceeds of an issue, yield restriction requirements only apply to yield restricted gross proceeds. For example, a project fund is subject to the arbitrage rebate requirements starting on the issue date of the bonds. The same project fund is generally not subject to the yield restriction compliance

requirements until the third anniversary date of the bonds and only if there are unspent proceeds at that time. If interest rates rise above the bond yield after issuance, it is possible for a positive yield restriction liability to accrue on unspent proceeds, despite the proceeds being invested below the bond yield during the early years of the project. As a result, a payment would be due to the Internal Revenue Service ("IRS") for the excess earnings at the end of the temporary period.

Issuers are required to complete calculations at least every five years after the bond issue date and when the bonds are fully redeemed from the market. Annual calculations to determine accrued liabilities is also a recommended best practice. Due to the long span of time between issuance and the first required calculation date, it is important to be proactive in assigning responsibility for collecting/retaining information and performing calculations.

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Introducing MASA's Newest Business Members

MASA is pleased to welcome several new Business Members to our Association. Please consider these companies for your school district's needs.

Associated Electric Cooperatives, Inc.
Avigilon
Broadnet
Catapult Learning Inc
Central States Bus Sales, Inc.
EAB
Edgenuity
Edmentum
ESS

Propane Autogas School Buses: A Viable Transportation Solution



Across the United States, about 1 million students in 850 school districts ride to school in propane autogas school buses. There are about 100 of these emissions-lowering, cost-reducing buses currently operating in Missouri school districts, such as Fort Zumwalt and Neosho.

Because propane autogas school buses are clean operating, they eliminate the strong-smelling fumes and harmful tailpipe emissions found with diesel buses. Missouri students, bus drivers and personnel who ride propane autogas school buses have significantly reduced exposure to harmful nitrogen oxides, carbon monoxide, soot and particulate matter. Propane school buses reduce fuel and maintenance costs. When compared to diesel, buses fueled by propane lower total cost of ownership by saving on fuel, fluids and filters. Oil changes are simpler and less expensive. On average, propane autogas costs up to 50 percent less than diesel.

School districts that deploy propane autogas school buses may be eligible for federal and state funding and fuel tax credits. Organizations such as the Missouri Propane Education & Research Council offer additional financial incentives to help offset costs. Plus, they can help districts obtain funds from Missouri's Volkswagen Environmental Mitigation Trust to replace aging diesel buses.

Upcoming Workshops

MASA/MoASBO Workshop: Setting the Tax Rate July 30 (Immediately following DESE Conference)

This workshop will focus on the process of setting the tax rate for a school district. Jason Hoffman, Chief Financial Officer for the Jefferson City School District, and a member representative from MASA, will walk participants through the process of completing the State Auditor forms. They will discuss how to plan, advertise and conduct a tax rate hearing. Presenters will suggest documents to provide at the hearing.

Registration is \$60/person. The registration fee includes workshop handouts and lunch sponsored by OPAA! Food Management and American Fidelity Assurance.

This workshop will be available for those subscribed to the MASA Online Video Library.

For more information on this workshop visit www.masaonline.org and view under "Conferences & Workshops."

If you have any questions or need additional information, please contact Doug Hayter at doug.hayter@mcsa.org or Ann Ainsworth at ann@mcsa.org. To contact by phone call 573-638-4825.

Communication Planning Workshops

School districts of all sizes benefit by having a solid communication plan. MASA, in conjunction with MOSPRA, will provide your district guidance in developing the framework of a plan that will help you address big and small communication and PR issues.

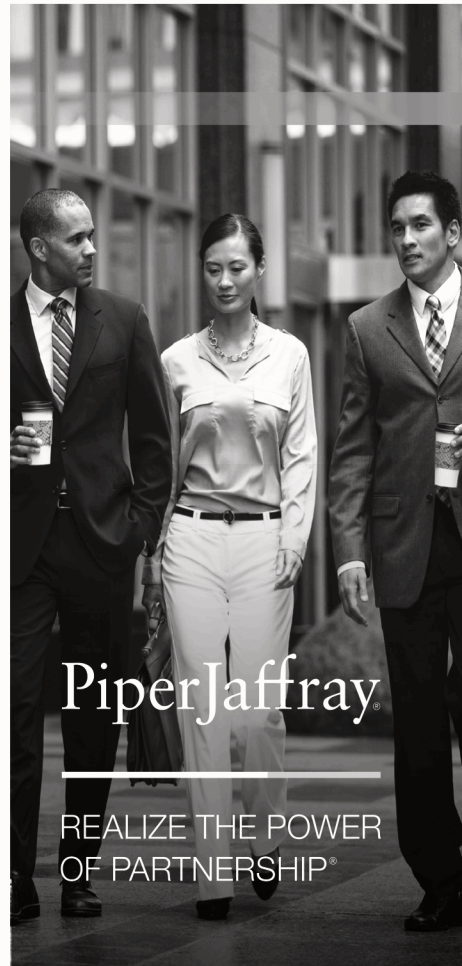
The workshop includes a communication planning overview; discussion of communication advisory teams; determining audiences; research options; determining and delivering key messages; comprehensive and project-based plans; and evaluating effectiveness.

The workshop will help you and your district start the process of building a great communication plan.

There is no charge for the workshop.

Want to host or be part of a session? Contact David Luther: david.luther@mcsa.org (573) 638-4825

WWW.MASAONLINE.ORG



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S MASA SPOTLIGHT

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June 2019

Spring Conference Recognitions

Jungmann Named 2019 Pearce Award Recipient



Dr. John Jungmann, Superintendent at the Springfield Public Schools, is the 2019 MASA Robert L. Pearce Award recipient.

Dr. Jungmann is passionate about public

education. Jungmann shared that his philosophy of education is centered on project-based environments. Jungmann said, "Experiences are an essential component that helps students make meaning and connect classroom to life. This idea has resulted in the expansion of the Springfield Public Schools' EXPLORE program which ensures that students have weekly experiences outside

of the traditional classroom."

Dr. Jungmann is also focused on the expansion of choice opportunities for students across the state. Jungmann stated, "Missouri Districts must show they are ready and willing to innovate and successfully compete with those who would like to see public education tax funds flow to charter, private or for-profit virtual schools. Our district and more than 140 other schools have positioned ourselves to compete with the implementation of the LAUNCH project which provides virtual course access that delivers quality instruction created and developed by Missouri educators."

Dr. Jungmann, a Past-President of the MASA, is the 33rd recipient of the Pearce Award.

The Pearce Award honors Robert L. Pearce, a supporter of school leaders and an innovative architect in the field of planning and designing schools.

Pearce District Nominees



Top from left: Roger Barnes, Chillicothe R-II School District (Northwest); Robert Brinkley, Odessa R-VII School District (West Central); Kenneth Cook, Malden R-I School District (Southeast); Jacque Cowherd, Fulton 58 School District (Northeast)

Bottom from left: Eric Knost, Rockwood School District (Greater St. Louis); Kari Monsees, Raymore-Peculiar School District (Greater Kansas City); Patricia Thompson, Crawford County R-I School District (South Central).

2019 MASA Emeritus Honorees

Aron Bennett	West Central
Sarah Booth Riss	Gr. St. Louis
Sid Doerhoff	South Central
Rita Fisher	Southeast
Kevin Freeman	Northeast
Janie Pyle	Gr. Kansas City
Franklin Schotte	Northwest
Randy Smith	Southwest

2019 MASA Friends of Education

Kenneth Chymiak	South Central
Brent Dunn	Southwest
Larry Felton	Greater St. Louis
Rick Francis	Southeast
Kevin Greischar, DLR Group	Gr. Kansas City
Larry Hart, L. J. Hart & Co.	West Central
Craig Redmon	Northeast
Nancy Tanner Edwards	Northwest

2019 MASA District Outstanding New Superintendents



From left: Kirt Malone, Palmyra R-I (Northeast); Megan Hardie, Livingston County R-III (Northwest); Howard Benyon, Scott County Central (Southeast); Sharonica Hardin-Bartley, University City (Greater St. Louis); Brad Swofford, Branson R-IV (Southwest); Yolanda Cargile, Hickman Mills C-1 (Greater Kansas City); Marc Snow, Grain Valley R-V (West Central); and Josh Hoener, New Haven (South Central).

A Three-Pronged Wrap-Up



By Doug Hayter, MASA Executive Director

put together a team to help him track legislation and meet with decision makers. I would be sorely remiss not to specifically thank lobbyists Chris Roepe, Rich Aubuchon, Jason Zamkus, and the entire Burton-Liese Lobbying Team for their good work this year, not to mention Mike Lodewegen who still provided advice at crucial times. They all stepped up and provided great leadership at the Missouri Capitol for MASA and public education.

Professional Development for MASA Leaders

Are leaders born or made? I think most would agree that great leaders must have some inherent qualities to be successful, but it would be hard to imagine that any leader would have all of the tools without training and development. MASA is constantly looking at areas where we can help our school leaders grow.

In recent months Kelly Hinshaw and Sarah Riss have worked to create programs that serve membership from the beginnings of their careers to that point where they are tested veterans.

The Aspiring Superintendents Cohort Program will be much more comprehensive than in the past, and those who elect to participate will gain an understanding of the attributes needed to be a quality superintendent. While the 2019-2020 cohort is already in place (they will meet in June, October and January), I hope that current MASA leaders will keep the program in mind as you encounter those who show promise and interest in school leadership.

Our members have also asked for additional growth opportunities for those who are veterans of school leadership. With that in mind, MASA is creating the Transformational Leadership Learning Series. Working with outstanding current and retired superintendents and assistant superintendents, MASA will provide learning experiences that will assist with fostering leadership in others,

leading change in your district, and impacting education at the local, state, and federal level. If you are interested in helping develop the program, please contact Sarah Riss (sarah.riss@mcsa.org).

A Tip of the Hat and Thank You

As this school year concludes, so will the careers of many of our MASA members. I want to say thank you and all the best to those of you who have committed your professional life to serving the young people of our state. The work of those who lead schools is challenging, but the return on investment is invaluable.

For the majority of you who are nearing the end of the school year but will be “in the trenches” in 2019-2020, I encourage you to find time over the summer to reflect and refresh. Take stock of the work you have done and determine your personal goals for the days to come. But just as importantly, give yourself time to recharge and refresh. By taking care of yourself, you will be better able to take care of the things and people who matter most to you.

Congratulations and thank you for the leadership you provide our school districts across our state! Have a great summer.



MASA Executive Committee

President..... Ken Eaton
President-ElectMark Penny
Secretary Susan Crooks
TreasurerCurtis Cain
Past PresidentAllan Markley

District Representatives

Northwest..... Roger Schmitz
Gr. Kansas CityMichael Reik
West CentralJamie Burkhart
SouthwestRichard Asbill
South CentralKyle Kruse
SoutheastChris Wilson
Gr. St. LouisEric Knost
NortheastTracy Bottoms

Live To Die Another Day

2019 Legislative Session Review

One of the lobbyists employed by the School Administrators Coalition (SAC) is known for mangling well-known phrases. Recently, as he was recounting the challenges we were facing with several bills, he said, “Well... live to die another day.” We were pretty sure he met “live to fight another day,” but there was something darkly humorous and a little bit true to what he said. Sometimes it feels like we might have lost ground on a bill and it’s only natural for a sense of impending doom to set in.

Another somewhat morbid saying that is often uttered among those who work with legislators is “no bill is ever dead.” You might think certain bills have been autopsied, embalmed and buried, only to

You might think certain bills have been autopsied, embalmed and buried, only to find them resurrected late in the session.

find them resurrected late in the session. The “Lazarus Effect” was on full display during the final weeks of this session. Those who read the weekly Legislative Bulletin know by now what bills passed and what bills did, in fact, die (at least for this session), but we want to share a final summary – a post mortem if you will – of the 2019 legislative session.

Because of a united effort by MASA members, as well as other supporters of public education, bills related to charter school expansion, voucher tax credits, and mandatory reading intervention did not pass.

What did make it across the finish line was a large education omnibus bill, HB 604. As members know, the underlying provisions of HB 604, also known as the School Turnaround Act, were largely innocuous as MASA was of the opinion that districts maintained local control throughout the process enumerated in the bill. Effectively, with the way the bill was written, districts could say, “no” to the program if they so choose. However, while HB 604 was debated in the Senate, numerous amendments were added to it.

Let’s start with the one that will

likely stick in our collective craws the most, HB 161, the School Start Date. With this amendment, beginning with the 2020-21 school year, school may start no earlier than 14 calendar days prior to Labor Day. As we have asserted from Day 1, this flies in the face of local control. It will likely cause significant issues for some of our districts. However, due to a heavy push from the tourism industry and certain statewide leadership positions, School Start Date was able to cross the finish line. We understand this may be a bitter pill to swallow, but we know that our members tackle this change and do everything possible to continue to assure students have the best opportunities to find success.

Another amendment to HB 604, HB 739, looks acceptable on first blush, but there are some areas that we have concerns. HB 739 includes mandatory employment-related sharing of information

between district; training of board members regarding sexual harassment and sexual abuse; mandatory background checks for volunteers; an expansion of individuals who will be considered responsible for the care, custody and control of students; and trauma-informed, age-appropriate sexual abuse training to students grades six and up. Our concerns are the burdensome nature of these hiring practices and the additional liability with which districts will be saddled.

Another amendment to HB 604 was SB 25, a simplified student transfer bill. This issue has been debated ad nauseam for a number of years. This version creates a cap on the tuition a receiving district may receive from a sending district as well as allows for school districts to place a limit on the number of seats they deem are available for transfers. While there is little need for SB 25 to have passed due to the lack of any unaccredited school districts at present, it is possible that some districts in the future may find themselves in that position. We were of the opinion that

it might be better to deal with the issue now as opposed to some point later in the future when tensions related to this matter are high.

In all, there were 14 amendments to HB 604. Again, we refer you to the May 24, 2019 Legislative Bulletin for a full review.

Beyond charter schools, vouchers, school turnarounds, start dates and the many other bills that were debated, passed or failed over the past five months, it is important to note that Legislature crafted a budget that provides additional money for K-12 education. While we do not always agree with the Legislature’s ideas for public education, it is important to remember and be grateful that these men and women have prioritized funding for our K-12 public schools.

As always, we urge our MASA members to build relationships and stay engaged with those who represent you in Jefferson City. Because of the many phone calls, emails and personal contacts members use to stay in touch with those at the capitol, we do live to fight another day for Missouri’s public schools and the students they serve.

Contribute to Better Schools for Missouri!

Better Schools for Missouri was formed as a way for supporters of public education to help elect candidates in Missouri who share the value of quality public education.

We encourage MASA members to support the action committee. You may contribute and learn more at www.betterschoolsformissouri.com or send an email to elaine.hagan@mcsa.org. You may reach us by phone at 573-638-2692.



MASA President’s Report

What Google Can Tell You

Ken Eaton, Superintendent, Mound City School District



Have you ever Googled yourself? It can be a little scary, sort of funny, and frankly, a bit of an eye-opener. The other day I was looking for an idea for my last Spotlight article as MASA’s president. First I searched just “Ken Eaton,” but there’s a lot of us out there ranging from investment bankers to choir directors to criminals. I narrowed my search to “Ken Eaton superintendent” and quickly surmised that I’m not a big deal, at least not in Google’s opinion.

The first thing that came up for me was my staff picture for the Mound City R-2 School District, and that was followed by my listing as President of MASA, which in turn led to several articles about folks that we honored at the Awards Banquet at the Spring Conference. (I got to be in a lot of photos that night.)

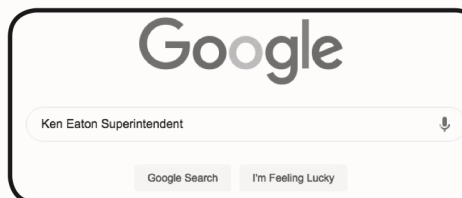
I honestly felt very good about those first few entries. I’m proud of my school district and pleased to be part of what I consider to be a very high quality faculty, staff and administration.

I also was pleased to be noted as a leader for an association I hold in the highest regard. MASA, and the many friends and colleagues I have in that group, has been incredibly important to me. I have always known that with this collection of professionals I have a support group should I run into a situation that calls for a little help. And while the articles about others who were being recognized by MASA weren’t about me, it was an honor to be able to congratulate those folks and be photographed with them.

The next article to pop up made me smile, but directly after that was one that made my heart hurt a little. First

the smile: my family was honored as the “2019 North Central Missouri College Homecoming Royalty and Family of the Year.” I can’t tell you how great it was to share that moment with my wife and kids. The Eatons are big NCMC supporters! Go Pirates!

The next article took me back three years ago. The article title: “ACL injuries strengthen bond between Mound City’s Eaton sisters.” You see, both my girls tore their ACLs at different times during their high school careers. The last time it was Joeigh and because of the injury, the girls did not get to play in the state basketball tournament together. Still, re-reading



that article made me so proud of the young women they were and continue to be.

Our son also showed up in my search: “Eaton to be social worker in Greater Kansas City.” Although we couldn’t talk him in to becoming a teacher, it makes us proud that he is working with young people. I can’t take much if any credit for our kids and how they have become compassionate, caring individuals. That comes from their mother. We have definitely figured out that life can change quickly this year, so please take time to enjoy your family!

There were a few other Google finds. I appeared on the Missouri State High School Athletic Association’s (MSHSAA) Board of Directors photo; there was an article from the local newspaper about our district’s use of solar panels; and finally, from way back in 2012, I was interviewed for a radio piece sharing my concerns about the state budget.

I pretty much disappeared from the search results after that.

Those who know me understand that I am happy to be out of the limelight, but there was something about this little Google search that made me feel that I must be doing some things right. I get to work in a profession that’s main purpose is to help young people. I have had the privilege of leading an association I care deeply about and, as part of that role, to honor others. And I was once again reminded of what a wonderful family I have.

So, maybe I want to recommend that you search for yourself on Google. You will doubtlessly find some things that will remind you of the work you do and the people that you care about. You might find out that you’re a bank investor or a choir director, but hopefully not a criminal!

As I wrap up my time as MASA president, I want to thank the Executive Committee, the MASA staff, and especially all of you who are doing good work on behalf of the students in your district.

Thank You!

Please join us in thanking President Ken Eaton and the MASA Executive Committee for their work this past year.

MASA: Staying in Touch

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