

## **NOTICE OF INTENT TO SELL BONDS**

**\$5,000,000**

### **AD VALOREM PROPERTY TAX FIRST MORTGAGE BONDS, SERIES 2018 KNOX MIDDLE SCHOOL BUILDING CORPORATION**

Upon not less than twenty-four (24) hours' notice given by the undersigned Secretary prior to the ninetieth day after this notice is first published, Knox Middle School Building Corporation (the "Corporation") will receive and consider bids for the purchase of the following described Bonds. Any person interested in submitting a bid for the Bonds must furnish in writing to the Corporation c/o H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240-2687 (317) 465-1500, (317) 465-1550 (facsimile) or by e-mail to [bids@umbaugh.com](mailto:bids@umbaugh.com) and [pietsch@umbaugh.com](mailto:pietsch@umbaugh.com) on or before 11:00 a.m. (Indianapolis Time) March 5, 2018, the person's name, address, and telephone number. Interested persons may also furnish an e-mail address. The undersigned Secretary will notify (or cause to be notified) each person so registered of the date and time bids will be received not less than twenty-four (24) hours before the date and time of sale. The notification shall be made by telephone at the number furnished by such person and also by e-mail, if an e-mail address has been received.

Notice is hereby given that electronic proposals will be received via PARITY®, in the manner described below, until the time and date specified in the Notice provided at least 24 hours prior to the sale, which is expected to be 11:00 a.m. (Indianapolis Time), on March 7, 2018. Bids may be submitted electronically via PARITY® pursuant to this Notice until the time specified in the Notice, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential

bidders may contact the Corporation's municipal advisor, H.J. Umbaugh & Associates, Certified Public Accountants, LLP at (317) 465-1500 or PARITY® at (212) 849-5021.

At the time designated for the sale, the Corporation will receive at the offices of H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana, and consider bids for the purchase of the following described Bonds:

Knox Middle School Building Corporation Ad Valorem Property Tax First Mortgage Bonds, Series 2018 (the "Bonds") in the principal amount of \$5,000,000; Fully registered form; Denomination \$5,000 and integral multiples thereof (or in such other denomination as requested by the winning bidder); Originally dated the date of delivery of the Bonds; Bearing interest at a rate or rates to be determined by bidding, payable on July 15, 2019, and semiannually thereafter; Interest payable by check mailed one business day prior to the interest payment date or by wire transfer to depositories on the interest payment date to the person or depository in whose name each Bond is registered with the trustee on the fifteenth day immediately preceding such interest payment date; Maturing or subject to mandatory redemption on January 15 and July 15 beginning no earlier than July 15, 2019 through and including no later than July 15, 2026 on the dates and in the amounts as provided by the Corporation prior to the sale.

As an alternative to PARITY®, bidders may submit a sealed bid or e-mail the bid electronically to the Corporation's municipal advisor at the address described above until the time and on the date identified in the notice given by, or on behalf of the Corporation, twenty-four hours prior to the sale of the Bonds. Upon completion of the bidding procedures described herein, the results of the sealed, non-electronic bids received shall be compared to the electronic bids received by the Corporation.

If a potential bidder has questions related to the School Corporation, the financing or submission of bids, questions should be submitted by e-mail to the addresses above no later than 11:00 a.m. (Indianapolis Time) on March 5, 2018 (2 days prior to sale date). To the best of the School Corporation's ability, all questions will be addressed by the School Corporation and sent to potential bidders, including any bidders requesting 24 hours' notice of sale, no later than 5:00 p.m. (Indianapolis Time) on March 5, 2018 (2 days prior to sale date). Additionally, upon

request, the written responses will be e-mailed to any other interested bidder. Bidders should review this notice as well as the preliminary official statement and submit any questions in advance of this deadline to submit questions.

The Corporation reserves the right to adjust the maturity schedule following the sale in order to accomplish the Corporation's financial objectives by reallocating debt service based upon the rates bid by the successful bidder (the "Purchaser").

The Bonds are not redeemable prior to maturity at the option of the Corporation.

A bid may designate that a given maturity or maturities shall constitute a term bond, and the semi-annual amounts set forth in the schedule provided prior to the sale shall constitute the mandatory sinking fund redemption requirements for such term bond or bonds. For purposes of computing net interest cost, the mandatory redemption amounts shall be treated as maturing on the dates set forth in the schedule set forth provided prior to the sale.

In the case of any redemption, 30 days' notice will be given by mail to the registered owners of the Bonds to be redeemed, and accrued interest will be paid to the date fixed for redemption. Interest on the Bonds so called for redemption will cease on the redemption date fixed in said notice if funds are available at the place of redemption to redeem the Bonds so called on the date fixed in said notice, or thereafter when presented for payment.

Each bid must be for all of the Bonds and must state the rate of interest which each maturity of the Bonds is to bear, stated in multiples of  $1/8^{\text{th}}$  or  $1/100^{\text{th}}$  of 1%. The maximum interest rate on the Bonds shall not exceed 5.00% per annum. All Bonds maturing on the same date shall bear the same rate. Bids shall set out the total amount of interest payable over the term of the Bonds and the net interest cost on the Bonds covered by the bid. No bid for less than 99.50% of the face value of the Bonds will be considered. The Bonds will be awarded to the

lowest responsible and responsive bidder who has submitted a bid in accordance herewith. The lowest responsible and responsive bidder will be the one who offers the lowest true interest cost to the Corporation. The true interest cost rate is that rate which, when used to compute the total present value as of the date of delivery of the Bonds of all debt service payments on the Bonds on the basis of semiannual compounding, produces an amount equal to the sum of the par value of the Bonds minus any premium bid plus any discount. In the event of a bidder's error in interest cost rate calculations, the interest rates and premium, if any, set forth or incorporated by reference in the official bid form will be considered as the intended bid. No conditional bids will be considered. The right is reserved to reject any and all bids. If an acceptable bid is not received for the Bonds on the date of the sale, the sale may be continued from day to day thereafter, during which time no bids for less than the highest bid received at the time of the advertised sale will be considered.

Each bid not submitted via PARITY® must be enclosed in a sealed envelope addressed to the Corporation and marked on the outside "Bid for Knox Middle School Building Corporation Ad Valorem Property Tax First Mortgage Bonds, Series 2018". A good faith deposit ("Deposit") in the form of cash or certified or cashier's check in the amount of \$50,000 payable to the order of the Corporation is required to be submitted by the Purchaser not later than 3:30 p.m. (Eastern Time) on the next business day following the award. If such Deposit is not received by that time, the Corporation may reject the bid. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the Deposit will be retained by the Corporation as liquidated damages.

The Purchaser shall make payment for such Bonds and accept delivery thereof within five days after being notified that the Bonds are ready for delivery, at such place in the City of Indianapolis, Indiana, as the Purchaser may designate, or at such other location mutually agreed to by the Knox Community School Corporation (the "School Corporation") and the Purchaser. The Bonds will be ready for delivery within 45 days after the date of sale. If the Corporation fails to have the Bonds ready for delivery prior to the close of banking hours on the forty-fifth day after the date of sale, the Purchaser may secure the release of the bid upon request in writing, filed with the Corporation. The Purchaser is expected to apply to a securities depository registered with the Security and Exchange Commission ("SEC") to make such Bonds depository-eligible. At the time of delivery of the Bonds to the Purchaser, if the Bonds are reoffered the Purchaser will be required to certify to the Corporation the initial reoffering price to the public of a substantial amount of each maturity of the Bonds.

All provisions of the bid form and Preliminary Official Statement (as hereinafter defined) are incorporated herein. As set forth in the Preliminary Official Statement, the Purchaser agrees by submission of their bid to assist the Corporation in establishing the issue price of the Bonds under the terms outlined therein and shall execute and deliver to the Corporation at closing an "issue price" certificate, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the Corporation and Ice Miller LLP ("Bond Counsel").

Bidders must comply with the rules of PARITY® in addition to requirements of this Notice. To the extent there is a conflict between the rules of PARITY® and this Notice, this Notice shall control. Bidders may change and submit bids as many times as they wish during the sale, but they may not withdraw a submitted bid. The last bid submitted by a bidder prior to the

deadline for the receipt of bids will be compared to all other final bids to determine the winning bid. During the sale, no bidder will see any other bidder's bid, nor will they see the status of their bid relative to other bids (e.g., whether their bid is a leading bid).

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder therefor to accept delivery of and pay for the Bonds in accordance with the terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Bond or a part of the contract evidenced thereby and no liability shall hereafter attach to the Corporation or any of its officers or agents because of or on account of such numbers. All expenses in relation to the printing of CUSIP identification numbers on the Bonds shall be paid for by the Corporation; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the Purchaser. The Purchaser will also be responsible for any other fees or expenses it incurs in connection with the resale of the Bonds.

The approving opinion of Bond Counsel, together with a transcript of the proceedings relating to the issuance of the Bonds and closing papers in the usual form showing no litigation questioning the validity of the Bonds, will be furnished to the Purchaser at the expense of the Corporation.

The Corporation was organized for the purpose of constructing and renovating a school buildings and leasing such building to the School Corporation. All action has been taken and the Bonds are issued in compliance with the provisions of I.C. 20-47-3 (the "Act"). The Bonds will be secured by a Trust Indenture, as supplemented (as supplemented, the "Trust Indenture") between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee

(the "Trustee") and will be subject to the terms and provisions of the Trust Indenture. The Bonds have been designated as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"). The Corporation will certify as to facts to support the conclusion that the Bonds do not constitute private activity bonds as defined in Section 141 of the Code.

The property to be covered by the Trust Indenture has been leased for a period ending December 31, 2027 to the School Corporation. The Lease Agreement, as amended (the "Lease") provides for increased annual payments in the amount of \$893,000, plus the payment of all taxes and assessments, which annual rental is payable semiannually on June 30 and December 31 in each year, commencing with the completion of the construction or June 30, 2019, whichever is later.

After the sale of all Bonds issued by the Corporation to pay for the cost of renovation, including the acquisition of the sites thereof and other expenses incidental thereto, the annual rental shall be reduced to an amount equal to the multiple of \$1,000 next highest to the highest sum of principal and interest due on such Bonds in each twelve month period ending on January 15 plus \$5,000, payable in equal semiannual installments. All bidders shall be deemed to be advised as to the provisions of the above-mentioned Trust Indenture and Lease and the provisions of the Act.

The Bonds will be issued on a parity basis with the Corporation's Taxable Ad Valorem Property Tax First Mortgage Bonds, Series 2010 (Qualified School Construction Bonds – Direct Payment).

The Bonds constitute an indebtedness only of the Corporation, payable in accordance with the terms of the Trust Indenture. The Bonds constitute a valid and legally binding

obligation of the Building Corporation and are payable from Lease rental payments to be received from the School Corporation, which Lease rental payments are payable from the payable out of ad valorem taxes to be collected on the taxable property within the School Corporation; however, the School Corporation's collection of the levy may be limited by operation of I.C. 6-1.1-20.6, which provides taxpayers with tax credits for property taxes attributable to different classes of property in an amount that exceeds certain percentages of the gross assessed value of that property. The School Corporation is required by law to fully fund the payment of debt service on the Bonds in an amount sufficient to pay the debt service, regardless of any reduction in property tax collections due to the application of such tax credits. In the opinion of Bond Counsel, under the existing federal statutes, decisions, regulations and rulings, the interest on the Bonds is exempt from all income taxation in Indiana. In the opinion of Bond Counsel, under the existing federal statutes, decisions, regulations and rulings, the interest on the Bonds is excludable from gross income for purposes of federal income taxation.

The Corporation has prepared Preliminary Official Statement (the "Preliminary Official Statement") relating to the Bonds which it has deemed to be nearly final. A copy of the Preliminary Official Statement may be obtained from the Corporation's municipal advisor, H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240-2687. Within seven (7) business days of the sale, the Corporation will provide the Purchaser with sufficient copies of the Final Official Statement (the "Final Official Statement") at the Corporation's expense in order for the Purchaser to comply with the rules and regulations of the SEC and MSRB. Additional copies, at the Purchaser's expense, must be requested within five (5) business days of the sale. Inquiries concerning matters contained in the nearly Preliminary Official Statement must be made and pricing and other information



necessary to complete the Final Official Statement must be submitted by the Purchaser within two (2) business days following the sale to be included in the Final Official Statement.

The School Corporation has agreed to enter into a Master Continuing Disclosure Undertaking (the "Master Agreement") in order to permit the Purchaser to comply with the SEC Rule 15c2-12, as amended to the date hereof. A copy of such Agreement is available from the School Corporation or municipal advisor at the addresses below.

Further information relative to the Bonds and a copy of the Preliminary Official Statement may be obtained upon application to H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240-2687, municipal advisor to the School Corporation; William Kaminski, Newby, Lewis, Kaminiski & Jones, LLP, 916 Lincolnway, La Porte, Indiana 46350, attorney for the School Corporation; or William Reichhart, Superintendent of the School Corporation, 2 Redskin Trail, Knox, Indiana 46350. If bids are submitted by mail, they should be addressed to the Corporation, attention of H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240-2687.

Dated this 2<sup>nd</sup> day of March, 2018.

/s/ Autumn C. Ferch  
Secretary, Board of Directors  
Knox Middle School Building Corporation



*Dr. William Reichhart, Superintendent*

(574) 772-1601  
FAX: (574) 772-1608  
wreichhart@knox.k12.in.us

February 23, 2018

REQUEST FOR BIDS  
Knox Middle School Building Corporation  
Ad Valorem Property Tax First Mortgage Bonds, Series 2018

Dear Prospective Purchaser:

The Knox Middle School Building Corporation (the "Building Corporation") will offer for sale its Ad Valorem Property Tax First Mortgage Bonds, Series 2018 (the "Bonds") in the principal amount of \$5,000,000\*. The Preliminary Official Statement and Bid Form are attached for your review and consideration.

The Building Corporation will evaluate bids on true interest cost. The Building Corporation reserves the right to reject any or all bids and to waive any informality in any bid. The Building Corporation has retained H. J. Umbaugh & Associates, Certified Public Accountants, LLP ("Umbaugh") to assist it in evaluating the bids.

Bids for the purchase of the \$5,000,000\* Ad Valorem Property Tax First Mortgage Bonds, Series 2018 will be received by Umbaugh at 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240, until 11:00 a.m. ET (Indianapolis time) on Wednesday, March 7, 2018. The Building Corporation anticipates closing on the Bonds on April 10, 2018. Bids may be received by e-mail to [bids@umbaugh.com](mailto:bids@umbaugh.com) and [pietsch@umbaugh.com](mailto:pietsch@umbaugh.com), by facsimile to the Knox Middle School Building Corporation c/o Umbaugh, at (317) 465.1550, or via Parity at [www.newissuehome.i-deal.com](http://www.newissuehome.i-deal.com).

Umbaugh is a municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, Umbaugh is providing certain specified municipal advisory services to the Building Corporation. Umbaugh is neither a placement agent to the Building Corporation nor a broker/dealer.

Sincerely,

Dr. William Reichhart  
Superintendent

\*Preliminary, subject to change.

cc: Mr. Curt W. Pletcher, Umbaugh  
Ms. Pooja Shrestha, Umbaugh  
Ms. Amanda N. Pietsch, Umbaugh

Attachments:  
Preliminary Official Statement  
Bid Form