Resolution No. 2687: Authorizing the Issuance and Sale of the 2011-12 Tax and Revenue Anticipation Notes (TRAN)

Board Item #9.2

Board of Education
February 16, 2012
Overview

- Fall and spring cash flow deficits due to state deferrals (35% of our state revenue)
- Standard options for cash flow relief
  - Financing through County Treasurer
    - Allowable from July to last Monday in April (April 30th)
  - Borrow from other district funds
  - Short-term note borrowing
    - Tax Revenue and Anticipation Notes
      - Annual June TRAN or Cross year TRAN started in 2009-10
      - Tax exempt
      - Interest bearing note
Overview cont’d

• Projections indicate shortfall on June 30
  – April, May, June shortfall

• “Qualified” certification requires Sacramento County Office of Education approval to issue debt
  – Certify probability of repayment
TRAN

• Short – term note borrowings
  – Tax and Revenue Anticipation Note
    • Standard TRAN
      – Final maturity June 30, 2013
      – Paid back from available general fund revenues
      – Set asides within fiscal year required
      – Tax exempt note; non callable
      – Requires County approval
    • Cross Year TRAN
      – Final maturity in 2013
      – Paid back from deferred revenues
      – Set asides span fiscal year
      – Tax exempt note; non callable
      – Requires County approval
### Sacramento City Unified School District

**$80,000,000 *2011-2012 Tax & Revenue Anticipation Notes - Cross Year**

<table>
<thead>
<tr>
<th>Costs of Issuance</th>
<th>Consultant</th>
<th>Total</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond/Disclosure Counsel</td>
<td>Orrick, Herrington &amp; Sutcliffe LLP</td>
<td>$40,000.00</td>
<td>Quoted Fee</td>
</tr>
<tr>
<td>Reimbursable Expenses</td>
<td>Orrick, Herrington &amp; Sutcliffe LLP</td>
<td>15,500.00</td>
<td>Estimate</td>
</tr>
<tr>
<td>Rating</td>
<td>Standard &amp; Poors -maximum</td>
<td>15,500.00</td>
<td>Estimate</td>
</tr>
<tr>
<td>Financial Advisor</td>
<td>KNN Public Finance</td>
<td>40,000.00</td>
<td>Quoted Fee</td>
</tr>
<tr>
<td>Reimbursable Expenses</td>
<td>KNN Public Finance</td>
<td>500.00</td>
<td>Estimate</td>
</tr>
<tr>
<td>Printing</td>
<td>Imagemaster</td>
<td>3,000.00</td>
<td>Estimate</td>
</tr>
<tr>
<td>Misc.</td>
<td>Contingency</td>
<td>1,000.00</td>
<td>Estimate</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$100,000.00</td>
<td></td>
</tr>
<tr>
<td>Underwriter's Discount</td>
<td>DeLaRosa $1.25/note</td>
<td>$100,000.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Costs of Issuance</strong></td>
<td></td>
<td><strong>$200,000.00</strong></td>
<td></td>
</tr>
</tbody>
</table>
Cost to District Maximum $80 Million TRAN

- Cost of Issuance: $100,000
- Plus Underwriter’s fee: $100,000
- Total Cost of Issuance: $200,000
- Gross Interest: $924,444
- Less Premium Received: $344,000

Net Cost to District: $780,444

($70 million bond sale would cost $708,900)
Time Line

• Conference Item to Board  February 16
• Sign off from SCOE  February 24
• Action Item to Board  March 1
• Call with Rating Agency  March 6
• Post Preliminary Official Statement  March 15
• TRAN Pricing*  March 21/22
• Closing of TRAN  April 5

*Tentative
Next Steps

• Board Approval on March 1
• Update of district cash flows
• Document preparation – Preliminary Official Statement
• Rating agency call