



**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



Cost of Issuance

- Based on maximum \$80 million TRAN

Sacramento City Unified School District \$80, 000,000 *2011-2012 Tax & Revenue Anticipation Notes - Cross Year			
Costs of Issuance	Consultant	Total	Notes
Bond/Disclosure Counsel	Orrick, Herrington & Sutcliffe LLP	\$ 40,000.00	Quoted Fee
Reimbursable Expenses	Orrick, Herrington & Sutcliffe LLP		
Rating	Standard & Poors -maximum	15,500.00	Estimate
Financial Advisor	KNN Public Finance	40,000.00	Quoted Fee
Reimbursable Expenses	KNN Public Finance	500.00	Estimate
Printing	Imagemaster	3,000.00	Estimate
Misc.	Contingency	1,000.00	Estimate
Total		<u>\$ 100,000.00</u>	
Underwriter's Discount	DeLaRosa \$1.25/note	<u>100,000.00</u>	
Total Costs of Issuance		\$200,000.00	



Cost to District Maximum \$80 Million TRAN

• Cost of Issuance	\$100,000
• Plus Underwriter's fee	<u>\$100,000</u>
• Total Cost of Issuance	\$200,000
• Gross Interest	\$924,444
• Less Premium Received	<u>\$344,000</u>

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