



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

Board Item #9.1

**Board of Education
March 1, 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



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 \$100,000
- Total Cost of Issuance \$200,000
- Gross Interest (as of 2/15/12) \$924,444
- Less Premium Received \$344,000

Net Cost to District: \$780,444

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



Time Line

- 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

- Update of district cash flows
- Document preparation – Preliminary Official Statement
- Rating agency call