SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Agenda Item# 9.1

Meeting Date: February 21, 2013

Subject: **Resolution No. 2732: Authorizing the Issuance and Sale of the 2012-13 Tax and Revenue Anticipation Notes (TRAN)**

- ☐ Information Item Only
- ☐ Approval on Consent Agenda
- ☐ Conference (for discussion only)
- ☒ Conference/First Reading (Action Anticipated: March 7, 2013)
- ☐ Conference/Action
- ☐ Action
- ☐ Public Hearing

Division: Administrative Services

Recommendation: Approve Resolution No. 2732, Authorizing the Issuance and Sale of the 2012-13 Tax and Revenue Anticipation Notes (TRAN) not to exceed $75 million.

Background/Rationale: Tax and Revenue Anticipation Notes (TRAN) are authorized by law for use by school districts. TRANs are short-term borrowing instruments used by school districts to meet cash

Board of Education Executive Summary

Administrative Services

Approve Resolution No. 2732: Authorizing the Issuance and Sale of the 2012-13 Tax and Revenue Anticipation Notes (TRAN)

February 21, 2013

School districts in California have suffered devastating reductions in funding over the past several years. Cash reserves for most districts are low and Sacramento City Unified School District is no exception. The continued deferral of state revenues has impacted the district to the extent that staff project a negative cash flow in the General Fund by June 30, 2013. Throughout the year, there are three options to assist districts with cash flow issues. First, is the option of inter-fund borrowing. If another fund in the district (C

VII. Lessons Learned/Next Steps:

- The attached documents are presented to the Board as a conference item. This item will come back to the Board on March 7th on the Consent Agenda.
- Continuous review of district's financial plan.

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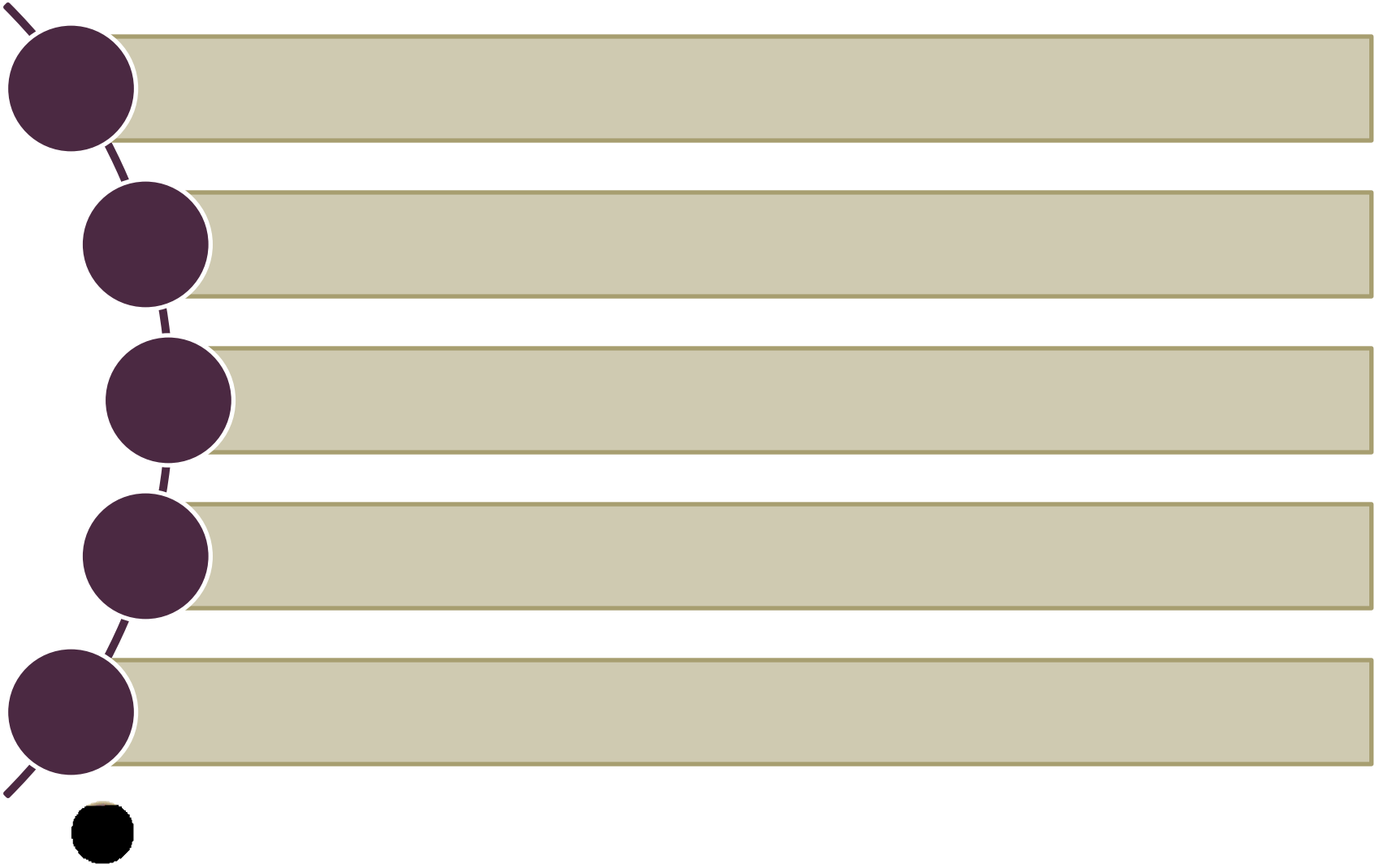

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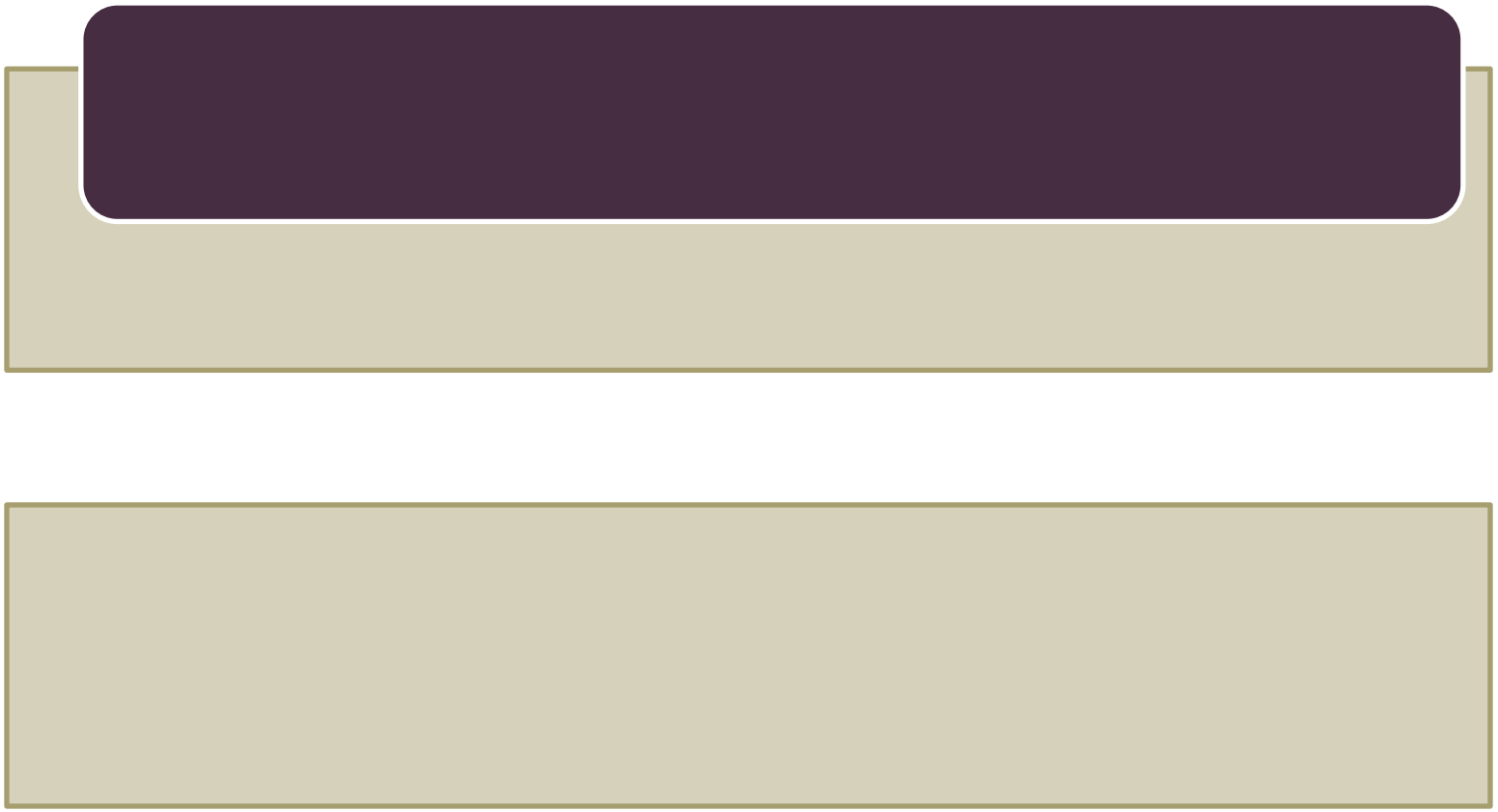

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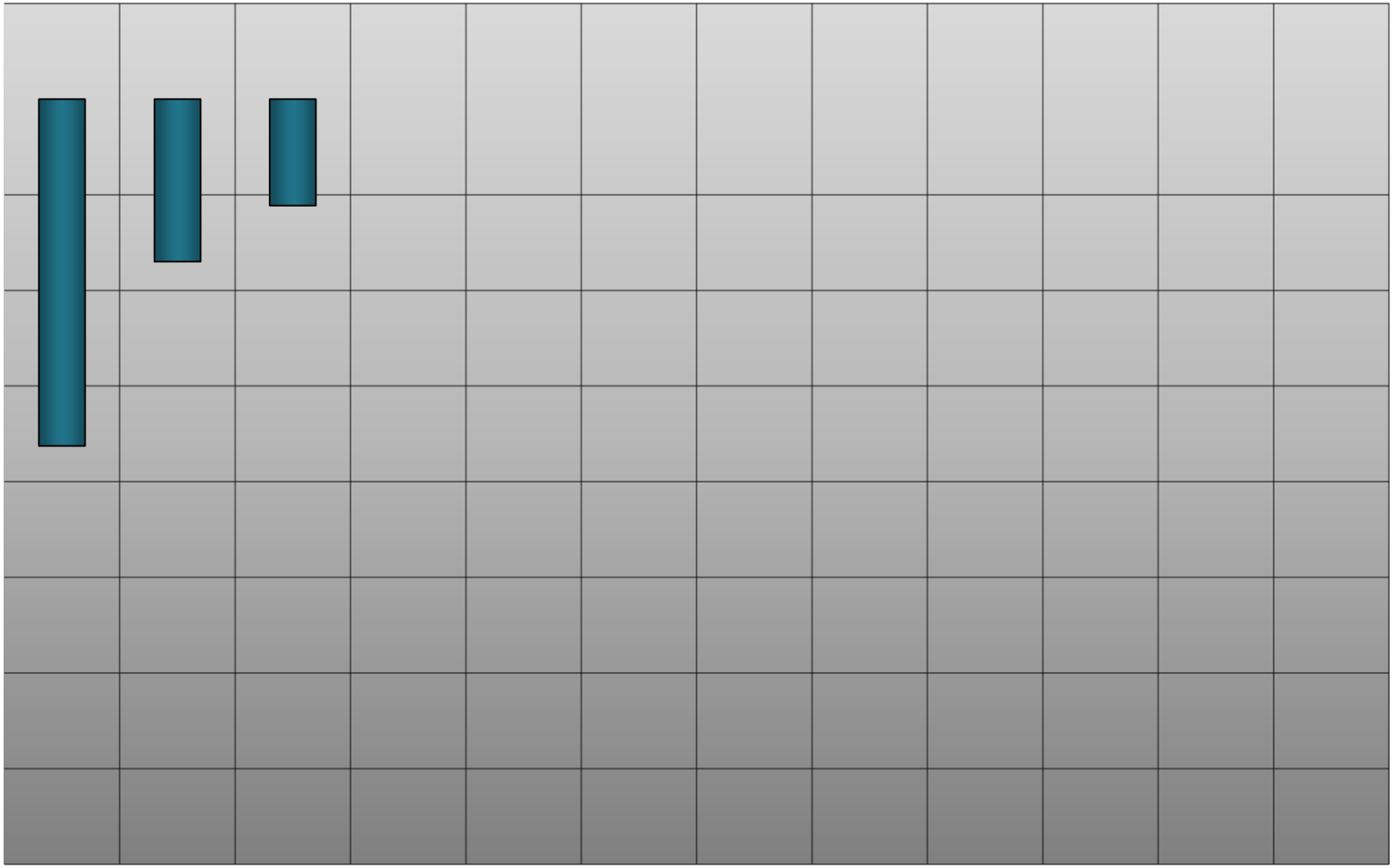

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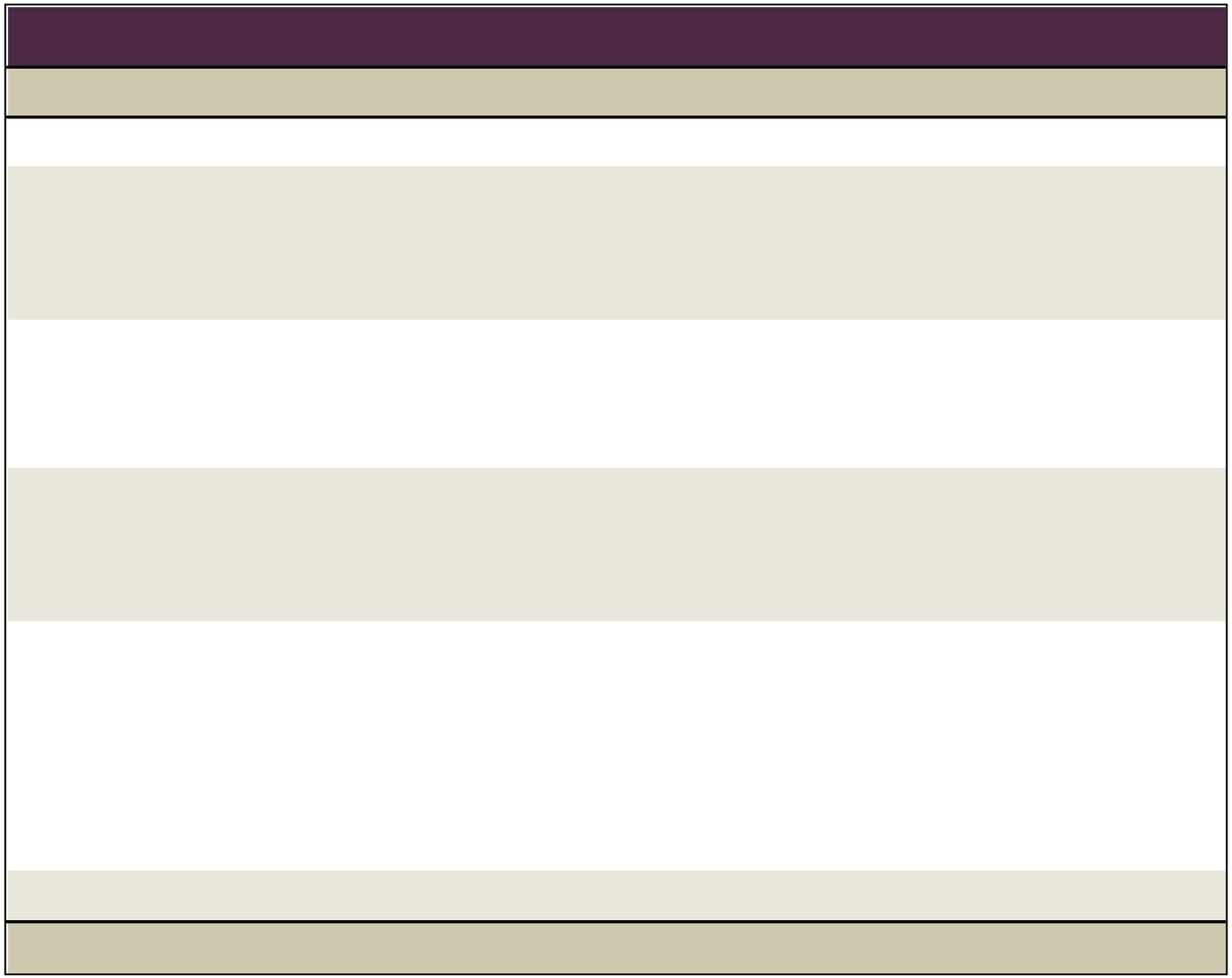

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BOARD OF EDUCATION
OF THE
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

RESOLUTION NO. 2732

RESOLUTION PROVIDING FOR THE BORROWING OF FUNDS IN AN AMOUNT NOT TO EXCEED SEVENTY FIVE MILLION DOLLARS FOR FISCAL YEAR 2012-13 AND THE ISSUANCE AND SALE OF THE SACRAMENTO4 T6m[

District in Fiscal Year 2012-13 can be pledged for the payment of the interest on and the principal of such Notes; and

WHEREAS, this Board of Education deems it necessary and desirable and in the best interests of the District to authorize the sale of said notes by a competitive sale or a negotiated sale; and

WHEREAS, there have been submitted to this Board of Education, and are now on file with the Clerk of this Board of Education, forms of a Paying Agent Agreement, a Note Purchase Agreement, an Official Notice of Sale, a Preliminary Official Statement and a Continuing Disclosure Certificate with respect to and describing said notes; and

WHEREAS, the District has been accorded fiscal accountability status pursuant to Section 42650 of the Education Code of the State of California; and

WHEREAS, the District received a qualified certification on its most recent interim budget report and this Board, pursuant to Education Code Section 42133, intends to seek a determination from the Sacramento County Office of Education that the district's repayment of the Notes is probable;

NOW, THEREFORE, THE BOARD OF EDUCATION OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT HEREBY FINDS, DETERMINES, DECLARES AND RESOLVES AS FOLLOWS:

Section 1. Recitals. All of the recitals hereinabove set forth are true and correct, and the Board so finds and determines.

Section 2. Amount of Borrowing; Terms of Notes; Payment. Solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys of the District to be received for or to accrue to the General Fund of the District in Fiscal Year 2012-13, the District hereby determines to and shall borrow an aggregate principal sum not to exceed $75,000,000

The Notes shall be dated the date of their delivery. The Notes shall mature on a date which is no more than 12 months subsequent to their date of delivery, which date shall be determined at the time of sale thereof and set forth in Note Purchase Agreement or the Certificate of Award. The Notes shall bear interest commencing on the date thereof, computed on the basis of a 360-day year consisting of twelve 30-day months, at the rate determined at the time of sale thereof and set forth in the Note Purchase Agreement. The principal of and interest on the Notes shall be payable in lawful money of the United States of America to the registered owners of the Notes, as shown on the registration books required to be maintained by the Director of Finance of the County, in Sacramento, California (the "Director of Finance"), pursuant to Section 3(f) hereof. The Notes shall be issued in fully registered form in denominations of $5,000 principal amount or any integral multiple thereof.

The Director of Finance is hereby requested and authorized to act as paying agent for the District with respect to the Notes.

The principal amount of the Notes shall be payable only at the maturity thereof, without option of prior redemption. Interest on the Notes shall be payable at the maturity of the Notes.

Section 3. Registration and Transfer of Notes; Depository.

(a) The Notes shall be initially issued and registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York (the "Depository"),

purpose, the Director of Finance shall, under such reasonable regulations as he may prescribe, register or transfer the Notes on such books as hereinabove provided.

(g) If any Note shall become mutilated, the District shall execute, and the Director of Finance shall thereupon authenticate and deliver, a new Note of like tenor bearing a different number in exchange and substitution for the Note so mutilated, but only upon surrender to the Director of Finance of the Note so mutilated, and if any Note shall be lost, destroyed or stolen, evidence of the ownership thereof, and of such loss, destruction or theft, may be submitted to the District and the Director of Finance, and if such evidence is satisfactory to such officer and indemnity satisfactory to such officer shall be given, the District shall execute, and the Director of Finance shall thereupon authenticate and deliver, a new Note of like tenor and bearing a different number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Director of Finance may pay the same without surrender thereof); provided, that the Director of Finance may require payment by the registered owner of a Note of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this subsection and of the expenses which may be incurred by the District and the Director of Finance hereunder. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District, whether or not the Note so alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be entitled to the benefits of this resolution with all other Notes secured by this resolution.

(h) All Notes surrendered for payment or registration of transfer, if surrendered to any person other than the Director of Finance shall be delivered to the Director of Finance and shall be promptly cancelled. The District may at any time deliver to the Director of Finance for cancellation any Notes previously authenticated and delivered hereunder which the District may have acquired in any manner whatsoever, and all Notes so delivered shall promptly be cancelled by the Director of Finance. No Note shall be authenticated in lieu of or in exchange for any Notes cancelled as provided herein, except as expressly permitted hereunder. All cancelled Notes held by the Director of Finance shall be disposed of as directed by the District.

Section 4. Form of Notes. The Notes shall be issued without coupons and shall be substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures after the sale of the Notes and before the execution, authentication and delivery of the Notes.

Section 5. Note Proceeds Fund. The Director of Finance is hereby requested to establish a separate account in the General Fund of the District for the purpose of ensuring the application of the proceeds received from the sale of the Notes for the purpose specified in Section 2 hereof for which the Notes are authorized to be issued, which separate account is hereby designated the "Sacramento City Unified School District 2012-13 Tax and Revenue Anticipation Notes Proceeds Fund" (the "Note Proceeds Fund"). The Director of Finance shall, immediately upon receiving the proceeds of the sale of the Notes, deposit in the Note Proceeds Fund all amounts representing the proceeds of the Notes received from such sale, and all amounts held in the Note Proceeds Fund shall be invested by the Director of Finance in (i) any

investments permitted by Sections 53601 and following of the Government Code, notwithstanding any limitations contained therein as to the maximum proportion of such funds which may be invested in any particular investment, (ii) in investment agreements with a provider or provider's guarantor that is rated "Aa" or better by Moody's Investors Service, or equivalent rating of any rating agency then rating the Notes, or (iii) in the Local Agency Investment Fund within the treasury of the State of California, insofar as such investments are permitted by the investment policy of the Director of Finance of the County; provided that no proceed shall be invested for a term that exceeds the term of the Notes. The proceeds of and

periodic deposits; provided, that the last de
be made no later than September 15, 2013. T
and hold the Repayment Fund, acting as the
payment of the principal of the Notes and the

The amounts pledged by the D
the Unrestricted Revenues received during e
"Pledged Revenues", and are hereby pledged to

the Districts lawfully available therefor

and authority, including complying with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and complying with the instructions of Bond Counsel referred to in Section 5 of this resolution, to ensure that interest paid on the Notes shall, for the purposes of federal income taxes and State of California personal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation. If such calculation is required, the District will immediately set aside, from revenues received or accrued during Fiscal Year 2012-13 or, to the extent not available from such revenues, from any other money lawfully available, the amount of any such rebate in a separate fund which the District hereby agrees to establish and maintain with the Director of Finance which shall be designated the "Sacramento City Unified School District 2012-13 Tax and Revenue Anticipation Notes Rebate Fund."

(b) Remedies Limited to Note Owners. Notwithstanding any other provision of this resolution to the contrary, upon the District's failure to observe, or refusal to comply with, the covenants contained in this section, no one other than the registered owners or former registered owners of the Notes shall be entitled to exercise any right or remedy under this resolution on the basis of the District's failure to observe, or refusal to comply with, such covenants.

(c) Survival of Covenants. The covenants contained in this section shall survive the payment of the interest on and the principal of the Notes.

(d) Reliance on Opinion of Bond Counsel. Notwithstanding any provision of this section, if the District shall provide to the Director of Finance an opinion of Bond Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, the Director of Finance and the District may conclusively rely on such opinion in complying with the requirements of this section, and the covenants hereunder shall be deemed to be modified to that extent.

Section 9. Method of Sale.

(a) Competitive Sale: If the District shall determine, upon consultation with the Financial Advisor, that the Notes are able to be more advantageously sold upon the taking of public bids, the Notes shall be offered by means of an Official Notice of Sale, and such notes shall be sold to the responsible bidder who makes the best responsive bid therefor, after publication of a Notice of Intention to Sell Bonds once at least 5 days (or, if the amount offered is less than $10 million in principal amount, at least 15 days) before the date of sale in a financial publication generally circulated throughout the State of California or which the Financial Advisor advises is expected to be disseminated among prospective bidders for the Notes. The Official Notice of Sale with respect to the competitively sold Notes shall require that (i) the purchase price of such Notes shall be no less than the principal amount thereof; and (ii) such Notes shall otherwise conform to the limitations specified in this Resolution, including specifically those terms prescribed by Section 2 hereof. T

Notice of Sale as may be acceptable to the Authorized District Representative, and the District's

Section 16. Effective Date. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this day, March 7, 2013, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

_____

President of the Board of Education
of the Sacramento City Unified School District

ATTEST:

_____

Clerk of the Board of Education of
the Sacramento City Unified School District

executed and given pursuant to and by authority of a resolution (the "Resolution") of the Board of Education of the District duly passed and adopted on March 7, 2013), and subject to the more particular terms specified in the [Certificate of Award] [Note Purchase Agreement] executed on _____, 2013, by the Authorized District Representative. It is hereby further certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of the Notes, together with the interest thereon, shall be

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the Notes described in the within-mentioned Resolution, which Note has been registered on _____, 2013.

DIRECTOR OF FINANCE OF THE COUNTY OF SACRAMENTO, California, as Paying Agent, Registrar and Transfer Agent

_____

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned registered note and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Paying Agent/Registrar and Transfer Agent with full power of substitution in the premises.

_____
Taxpayer I.D. Number

_____
NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Registered Note in every particular, without alteration or enlargement or any change whatsoever.

Dated: _____

Signature Guarantee:_____
Notice: Signature must be guaranteed by an eligible guarantor institution.

CLERK'S CERTIFICATE

The undersigned Clerk of the Board of Education of the Sacramento City Unified School District, County of Sacramento, California, does hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly held at the regular meeting place thereof on March 7, 2013, of which meeting all of the members of said Board of Education had due notice and at which a quorum thereof was present; and at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of said meeting was posted at least 72 hours before said meeting at Serna Center

NEW ISSUE – BOOK-ENTRY ONLY

RATING:
Standard & Poor's: "___"
(See "MISCELLANEOUS – Rating" herein.)

[illegible]

$[PAR AMOUNT] *
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
2012-13 TAX AND REVENUE ANTICIPATION NOTES

Dated: Date of Delivery Due: _____ 1, 2013

[illegible]

The Sacramento City Unified School District 2012-13 Tax and Revenue Anticipation Notes (the "Notes"), issued by the Sacramento City Unified School District (the "District"), are by statute a general obligation of the District. The principal amount of the Notes, together with interest thereon, are payable from taxes, income, revenues, cash receipts and other moneys which are received by or which accrue to the District during fiscal year 2012-13 and which are lawfully available for the payment of current expenses and other obligations of the District. ***The District cannot be legally obligated to pay the Notes from revenue of a future year, and the District is not authorized to increase tax rates to repay the Notes in the event other available moneys are insufficient.*** As security for the payment of principal of and interest on the Notes, the District has pledged certain Pledged Revenues (as defined herein) to be deposited in a Repayment Fund (as defined herein) at the times and in the amounts described herein. See "THE NOTES – Security and Sources of Payment" herein.

Principal of and interest on the Notes are payable only at maturity. The Notes are not subject to redemption prior to maturity. See "THE NOTES – General Provisions of the Notes" herein.

Maturity Date	Principal Amount	Interest Rate

_____

The Notes will be offered when, as and if issued by the District and received by [Underwriter] (the "Underwriter"), subject to approval of their legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel and Disclosure Counsel to the District. Certain legal matters will be passed upon for the Underwriter by [Underwrtier's Counsel]. It is anticipated that the Notes, in book-entry form, will be available for delivery through DTC in New York, New York, on or about April 9, 2013.

[Underwriter's Logo]

Dated March [21], 2013.

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* [illegible]

† [illegible]

SACRAMENTO CITY UNIF IED SCHOOL DISTRICT
COUNTY OF SACRAMENTO , CALIFORNIA

DISTRICT BOARD OF ED UCATION

Jeff Cuneo

Patrick Kennedy

Darrel Woo

Gustavo Arroyo

Jay Hansen

Diana Rodriguez

Christina Pritchett

Katrina Ye

DISTRICT ADMINISTRATION

Jonathan P. Raymond

Richard Odegaard

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel
Orrick, Herrington & Sutcliffe LLP

Paying Agent
Sacramento County
Director of Finance

Financial Advisor
Capitol Public Finance Group
Sacramento, California

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$[PAR AMOUNT] *
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
2011-12 TAX AND REVENUE ANTICIPATION NOTES

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto (the "Official Statement"), is provided to furnish information in connection with the sale of the Sacramento City Unified School District 2012-13 Tax and Revenue Anticipation Notes (the "Notes"), as described more fully herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The Sacramento City Unified School District (the "District") has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See "OTHER LEGAL MATTERS – Continuing Disclosure" herein.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the Underwriter or owners of any of the Notes.

Quotations from and summaries and explanations of the Notes, the Resolution (defined below) providing for issuance of the Notes, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof. Copies of documents referred to herein and information concerning the Notes are available from the District through the Office of the Chief Business Officer, 5735 47th Avenue, Sacramento, CA 95824. The District may impose a charge for copying, mailing and handling.

The District

The District, located in Sacramento County, California (the "County"), is the 12th largest school district in the State of California (the "State") in terms of student enrollment. The District provides educational services to the residents in and around the City of Sacramento (the "City"), the State capital. The District operates under the jurisdiction of the Superintendent of Schools of Sacramento County, although the District has attained "fiscal accountability" status under the State Education Code. See "THE NOTES – Authority for Issuance" herein. The District's estimated average daily attendance for fiscal year 2011-12 was _____ and the District's 2012-13 budgeted general fund expenditures are projected at approximately $___ million as of the first interim report for fiscal year 2012-13 (the "First Interim Report").

The District currently operates fifty elementary schools (

The day-to-day operations are managed by a board-appointed Superintendent of Schools. Jonathan Raymond was appointed Superintendent on July 23, 2009 and his term commenced on August 21, 2009. Mr. Raymond previously served as chief accountability officer for Charlotte-Mecklenburg Schools in North Carolina. Patricia Hagemeyer is currently employed by the District as the Chief Business Officer and has worked for the District for 32 years in a variety of business positions.

For additional information about the District's operations and finances, see "DISTRICT FINANCIAL AND OPERATING INFORMATION" herein.

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Notes to provide, or cause to be provided, to the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the "Rule") notice of the occurrence of certain enumerated events. See "OTHER LEGAL MATTERS – Continuing Disclosure" and APPENDIX C – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" for a description of the specific nature of the notices of events and a summary description of the terms of the Disclosure Certificate pursuant to which such notices are to be made. These covenants have been made in order to assist the Underwriters in complying with the Rule.

money of the United States of America, to the registered owners of the Notes, only upon surrender of such Notes at the principal trust office of the paying agent for the Notes (the "Paying Agent"), initially the Director of Finance. No interest shall be payable upon any Notes for any period after maturity of the Notes during which the registered owner thereof fails to properly present said Notes for payment.

Form and Registration: The Notes will be issued in fully registered book-entry form only, in denominations of $5,000 principal amount each or any integral multiple thereof. The Notes will initially be

Bankruptcy Risks

The opinion of Bond Counsel, attached hereto as APPENDIX A, is qualified by reference to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against school districts and counties in the State of California.

Bankruptcy of the County or the District could affect the security of the owners of the Notes, the ability of an owner to be paid in a timely manner, or both.

Because the Director of Finance is in possession of the taxes and other revenues that the District has agreed to set aside to pay the Notes, and may deposit and invest these funds in the County's pooled investment fund, should the County go into bankruptcy, a court might hold that the owners of the Notes do not have a valid lien on the funds

Estimated Sources and Uses of Funds

2012-13 State Budget. The Governor signed the fiscal year 2012-13 State budget (the "2012-13 State Budget") on June 27, 2012. The 2012-13 State Budget closes a $15.7 billion budget gap and builds a reserve of nearly $1 billion with (i) $8.1 billion in expenditure reductions, (ii) $6 billion in increased revenues from additional taxes (as further described below) and (iii) $2.5 billion from certain loan and transfer measures. This $15.7 billion budget gap is less than the net $26.6 billion budget gap encountered for fiscal year 2011-12. The 2012-13 State Budget purports to position the State to have a balanced budget in an ongoing manner for the first time in over a decade, with future spending expected to stay within available revenues.

The 2012-13 State Budget assumed the passage of The Schools and Local Public Safety Protection Act ("Proposition 30") at the November 2012 election. Proposition 30, approved by the voters on November 6, 2012, increases the personal income tax on the State's wealthiest taxpayers by up to 3% for a period of seven years, and increases the sales tax by one quarter percent for a period of four years. The 2012-13 State Budget projects that Proposition 30 will generate an estimated $8.5 billion in revenues in fiscal year 2012-13. Such additional revenues would increase the State's Proposition 98 obligation by $2.9 billion and provide a net benefit of $5.6 billion to the State's general fund.

With voter approval of Proposition 30, the 2012-13 State Budget provides $53.6 billion in Proposition 98 funding for K-12 schools and community colleges, a $6.7 billion (or 14%) increase from fiscal year 2011-12. Of such increased amount, $6.1 billion is designated for K-12 schools. The 2012-13 State Budget maintains level Proposition 98 programmatic funding for all K-12 schools, pays off $2.2 billion in the amount of payments-in-lieu to K-12 schools and community colleges that are deferred each year, and funds the Quality Education Investment Act program (as described below) within the Proposition 98 guarantee. According to the 2012-13 State Budget, Proposition 30 is expected to increase Proposition 98 funding for K

encountered in fiscal years 2012-13 and 2011-12, respectively. The 2013-14 Proposed State Budget provides that the projected balanced budget is largely the result of the various spending cuts implemented over the previous

maintenance, (ii) elimination of the required local district set-aside for deferred maintenance contributions, and (iii) ability to use proceeds from the sale of any real and personal surplus property for any one-time general fund purposes. The 2013-14 Proposed State Budget also proposes other program reforms including, but not limited to, reforms relating to charter schools, special education, adult education and technology-based instruction.

Certain workload adjustments for K-12 programs included in the 2013-

addre

schools during fiscal year 2012-13 and in future fiscal years. Continued State budget shortfalls in fiscal year 2012-13 and future fiscal years could have a material adverse financial impact on the District. However, the Notes are secured by a lien

each county auditor controller, on May 16, 2012 and June 1, 2012 and each January 16 and June 1 thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor's

For revenue limit districts, any loss of local property taxes is made up by an increase in State equalization aid, until the base revenue limit is reached. For basic aid districts, the loss of tax revenues is not reimbursed by the State.

For fiscal year 2012-13, the District projects State equalization aid of approximately $163.7 million.

State funds for special (categorical) programs in fiscal year 2012-13 are projected at approximately $104.9 million, including the State lottery fund portion. Lottery funds may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's total State

The District also participates in the California Public Employees' Retirement System ("CalPERS") for all full-time and some part-time classified employees. The District is required to contribute toward CalPERS, at a State-determined percentage of CalPERS-eligible salaries. For fiscal year 2011-12, the contribution percentage was 10.923%. For fiscal year 2012-13, the contribution percentage is 11.417%. The District's total contribution from the general fund was $6.6 million for fiscal year 2011-12 and is projected at $4.8 million in fiscal year 2012-13.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. STRS and CalPERS liabilities are more fully described in APPENDIX E-5 n f

approximately $43.6 million. In 2010-11, the District funded $19.1 million in pay-as-you-

Sacramento City Unified School District
General Fund
Revenues, Expenditures and Fund Balances
Fiscal Year 2008-09 Through Fiscal Year 2012-13

	2008-09 Actual[1]	2009-10 Actual[1]	2010-11 Actual[1]	2011-12 Actual[1]	2012-13 Budget[2]
Revenue/Receipts					
Revenue Limit Sources:					
State Aid	$176,744,988	$154,299,252	$165,947,805	$165,358,995	$163,687,941
Property Taxes	63,408,608	60,544,496	56,618,816	55,206,471	56,884,524
Federal Revenue	61,239,195	57,663,445	72,051,245	47,367,141	53,482,288
Other State Revenue	93,574,884	113,183,976	109,156,582	108,799,926	104,868,785
Other Local Revenue	10,288,472	9,442,044	9,136,901	13,173,587	5,399,865
TOTAL	$405,256,147	$395,133,213	$412,911,349		

Exhibit I

Sacramento City Unified School District
2012-13 Cash Flow
General Fund

ACTUALS THRU MONTH OF: JANUARY 2013	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Total
BEGINNING CASH													
RECEIPTS													
Revenue Limit													
Property Taxes													
Principa5(i)390.12 1078824 0 TAc													

Tax and Revenue Anticipation Notes. To address predictable annual cash flow deficits resulting from the different timing of revenues and expenditures, the District has issued tax and revenue anticipation notes in each recent year as shown in the table below. The District's notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys.

Issuance Date	Principal Amount	Interest Rate	Yield	Due Date
12/01/05	$25,000,000	4.500%	3.150%	12/01/06
12/14/06				

Certificates of Participation. On April 18, 2001, Certificates of Participation ("COPs") of $43,580,000 were issued with variable interest rates ranging from 4.1% to 5.0% maturing on March 1, 2031, for the advance refunding of Series 1999C COPs (with remaining obligation of $29,590,000) and to provide additional capital for construction projects. With the payment of $30,000,000 to the Escrow Agent to advance refund and defease the District's 1999C COPs, the 1999C COPs are considered to be defeased, and the obligations have been removed from the District's financial statements.

provides a means of combining the administration of claims and obtaining lower insurance rates for the benefit of the District.

[In June 2004, the Board of Trustees of the District terminated its relationship with the California Administrative Services Authority ("CASA"), also a JPA. CASA was intended to offer an alternative retirement system for certain District personnel. As a result of its participation in CASA, the district may owe up to $2.5 million to the State Department of Education to refund unearned "PERS Reduction" income received, and up to $3.2 million to the Social Security Administration in unpaid employer and employee contributions. Litigation resulting from the District's participation of CASA is ongoing, and the full extent of its liability is not yet known.] [To be updated]

Charter Schools

Charter schools operate as autonomous public schools, under charter from a school district, county office of education, or the State Board of Education, with minimal supervision by the local school district. Charter schools receive revenues from the State and from the District for each student enrolled, and thus effectively reduce revenues

A State law adopted in 1991 ("A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15 for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the fiscal year 1(f)10(o)8emedrceroce 333(s)6(ca)

Expenditures and Appropriations

Article XIIIB of the California Constitution. In addition to the limits Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual "appropriations limit" or "Gann Limit" imposed by Article XIIIB of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds.

Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or

County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect, generally reducing the assessed value in the District as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the manner in which tax revenues of utility property is allocated to local taxing agencies, incl Tc 0.00 inax raassesv.5(a)-lo147Td [(ef)2ict to a S1(i)3(s)-3(r)-5

Teeter Plan: The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Sections 4701 and following of the State Revenue and Taxation Code. Under the Teeter Plan, each participating local agency, including the District, levying property taxes in the County receives the amount of uncollected taxes credited to its fund in the same manner as if the amount credited had been collected, with the credit funded from a reserve established and held by the County for this purpose. In return, the County receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency.

The Teeter Plan is to remain in effect unless the County Board of Supervisors orders its discontinuance or unless, prior to the commencement of any subsequent fiscal year, the Board of Supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the County. The Board of Supervisors may discontinue the Teeter Plan with respect to any assessments on the secured roll for any year. The Board of Supervisors may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency in the County if the rate of secured tax delinquency therein exceeds 3% in any year.

The following table shows a recent history of real property tax collections and delinquencies in the District.

Assessed Valuation by Land Use. The following table gives a distribution of taxable property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

Sacramento City Unified School District
2011-12 Taxable Assessed Valuation and Parcels by Land Use

Non-Residential	2012-13 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Commercial	$5,674,634,069	23.56%	3,575	3.51%
Industrial	1,424,029,924	5.91	1,266	1.24
Government/Social/Institutional	194,805,611	0.81	319	0.31
Vacant Commercial	108,946,734	0.45	519	0.51
Recreational	50,392,716	0.21	90	0.09
Vacant Industrial	48,362,795	0.20	275	0.27
Agricultural	9,361,255	0.04	18	0.02
Miscellaneous	1,489,477	0.01	289	0.28
Subtotal Non-Residential		0.28		

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), bond counsel to the District, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84 or Section 1.148-4 of the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal

APPENDIX A

PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JU NE 30, 2012

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
2012-13 TAX AND REVENUE ANTICIPATION NOTES

This Continuing D

2.

APPENDIX D

COUNTY OF SACRAMENTO
INVESTMENT POLICIES AND PRACTICES AND IN VESTMENT POOL QUARTERLY REPORT

SACRAMENTO COUNTY

Annual Investment Policy of the
Pooled Investment Fund

CALENDAR YEAR 2012

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within a series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series and maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the

The District will electronically deliver to the Purchaser within seven business days from the date hereof, of the Official Statement of the District with respect to the Notes, signed on behalf of the District by an authorized officer thereof, dated as of the date hereof, substantially in the form of the Preliminary Official Statement with such changes thereto as shall be approved by the Purchaser, which approval shall not be unreasonably withheld, and up to 100 copies (as the Purchaser shall request) to follow by mail as soon as is practical.

The District acknowledges and agrees that (i) the purchase and sale of the Notes pursuant to this Purchase Agreement is an arm's length commercial transaction between the District and the Purchaser, (ii) in connection with such transaction the Purchaser has not assumed a fiduciary responsibility in favor of the District, and (iii) the District has consulted with its legal and other professional advisors to the extent they deemed appropriate in connection with the offering of the Notes.

4. Representations and Agreements of the District. The District represents to and agrees with the Purchaser that, as of the date hereof and as of the date of the Closing:

(a) The District is a school district duly organized and validly existing under the Constitution and general laws of the State of California.

(b) The District is duly authorized and has full legal right, power and authority to issue, sell and deliver the Notes pursuant to the Resolution, and to provisions of the laws of the State of California.

(c) The District has full legal right, power and authority to enter into this Purchase Agreement, to adopt the Resolution, and to observe and perform the covenants and agreements this Purchase Agreement and the Resolution required to be observed and performed by the District.

(d) The District has duly adopted the Resolution in accordance with the laws of the State; the Resolution is in full force and effect and has not been amended, modified or rescinded,

At or before Closing, and contemporaneously with the acceptance of delivery of the Notes and the payment of the purchase price thereof, the Purchaser will provide to the District:

(a) the receipt of the Purchaser, in form satisfactory to the District and signed by an authorized officer of the Purchaser, confirming delivery of the Notes to the Purchaser and the satisfaction of all conditions and terms of this agreement by the District and confirming to the District that as of the Closing Date all of the representations of the Purchaser contained in this Purchase Agreement are true and correct in all material respects; and

(b) the reoffering price certificate of the Purchaser in form satisfactory to Bond Counsel.

7. Termination. (a) By District. In the event of the District's failure to cause the

(F) Any rating of the Notes by a national rating agency shall have been withdrawn or downgraded.

(2) Unexcused In the event the Purchaser shall fail (other than for a reason permitted by this Purchase Agreement) to pay for the Notes upon tender of the Notes at the Closing, the Purchaser shall have no right in or to the Notes.

8. Closing At or before 9:00 a.m., California time, on April, 2013, or at such

To the District:	Sacramento City Unified School District 5735 47th Street Sacramento, CA 95823 Attn: Patty A. Hagemeyer, Chief Business Officer
To the County:	Director of Finance County of Sacramento 700 H Sto

Respectfully submitted,

[UNDERWRITER]

By: _____
Authorized Officer

Accepted: March__, 2013

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Time: _____ p.m.

By: _____
Chief Business Officer

OH&S DRAFT
02/13/13

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
2012-13 TAX AND REVENUE ANTICIPATION NOTES
PAYING AGENT AGREEMENT

This Paying Agent Agreement (the "Agreement"), executed and entered into as of April 1, 2013, by and between the Sacramento City Unified School District (the "District") and the County of Sacramento (the "County");

W I T N E S S E T H:

WHEREAS, the District, by its Resolution No. ___ (the "Notes Resolution") adopted by the Board of Education of the District on March
Finance desires to accept such appointment; and

WHEREAS, the Board of Supervisors of the County and the Board of Education of the District have each authorized the execution and delivery of this Agreement with respect to the Notes;

NOW THEREFORE, the District and the County agree as follows:

1. The Director of Finance will act as Paying Agent, Registrar and Transfer Agent (the "Paying Agent") with respect to the Notes pursuant to the Notes Resolution. The Director of Finance will maintain records as to the identity of the registered owners of all the Notes, and will effect transfers of registered ownership of Notes upon surrender of Notes to the Director of Finance accompanied by such instruments of transfer and other documents as she may require, and will cancel all Notes surrendered to her for transfer or payment and will dispose of such cancelled Notes at the written direction of the District, and (if the District notifies the Director of Finance of the loss, destruction or theft of any of the Notes) will place a stop transfer order against such Notes and will take instructions from the District with respect to the issuance of any replacement Notes; provided, that the Director of Finance may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, note, coupon or other paper or document reasonably believed by her to be genuine and to have been signed or presented by the proper party or parties.

2. The Director of Fin Frrauthorized officers of the District pursuant to Section 7 of the N
Finance or an authorized deputy thereof will authenticate replacement Notes for

exchanged, transferred, or mutilated, or otherwise in substitute for Note certificates at the times and under the conditions prescribed in the Notes Resolution.

3. The Director of Finance will prepare and deliver checks for the payment of the interest on and the principal of the Notes (or will provide payment by federal funds wire transfer as specified in the Notes Resolution) at the maturity of the Notes as required by the terms of the Notes Resolution and the Notes.

4. The Director of Finance shall, as ex officio Treasurer of the District, provide for the periodic set aside of funds for payment of principal of and interest on the Notes, as required by the Notes Resolution and the Notes, from lawfully available funds on deposit in the General Fund of the District and held by the Director of Finance from funds legally available therefor. To the extent such set aside funds are insufficient to pay the principal of and interest on the Notes when due, the District will cause to be transferred to the Director of Finance prior to the maturity date of the Notes sufficient funds to pay all interest and principal payable on the Notes due on such maturity date. Any money deposited with the Director of Finance for the payment of the interest on or principal of the Notes and remaining unclaimed for two years after such interest or principal shall have become due and payable shall be repaid to the District, and all liability of the Director of Finance with respect thereto shall thereupon cease.

5. Pursuant to the Notes Resolution, the Director of Finance shall create a Note Proceeds Fund and a Repayment Fund of the District within the General Fund of the District, and shall hold and invest moneys on deposit in such f invh o

IN WITNESS WHEREOF, the parties hereto hereby execute this Paying Agent Agreement as of the date first above written.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By _____
Chief Business Officer

COUNTY OF SACRAMENTO

By _____
Director of Finance

APPROVED AS TO FORM:

By_____
County Counsel

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
2012-13 TAX AND REVENUE ANTICIPATION NOTES

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Sacramento City Unified School District (the "District") in connection with the issuance of the above-named notes (the "Notes"). The Notes are being issued pursuant to a resolution adopted by the Board of Education of the District on March 7, 2013 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 3(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Notes or other material events affecting the tax status of the Notes;

2. Modifications to rights of Note holders;

3. Optional, unscheduled or contingent Note calls;

4. Release, substitution, or sale of property securing repayment of the Notes;

5. Non-payment related defaults;

6.

SECTION 6. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the District.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a) or 3(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized Bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: _____, 2013

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By _____
Authorized Officer

OFFICIAL NOTICE OF SALE

$_____*

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(County of Sacramento, State of California)
2012-13 Tax and Revenue Anticipation Notes

NOTICE IS HEREBY GIVEN that submitted bids via i-Deal/Parity will be received for the purchase of $_____* of the above-named notes (the "Notes") on behalf of the Board of Education of the Sacramento City Unified School District (the "District"), located in the County of Sacramento (the "County"), State of California, on

_____, _____, 2013
at 9:30 A.M., California time

The Superintendent of the District, the Interim Chief Business Officer, or such other officer of the District designated for the purpose (each an "Authorized District Representative"), acting on behalf of and as authorized and directed by the Board of Education of the District, reserves the right to cancel or reschedule the sale of the Notes or alter the terms thereof upon notice given through the Thompson Municipal Market Monitor (www.TM3.com) (the "News Service") at any time prior to the time bids are to be received. If no legal bid or bids are received for the Notes on said date (or such later date as is established as provided herein) at the time specified, bids will be received for the Notes on such other date and at such other time as shall be designated through the News Service as soon as practicable. As an accommodation to the bidders, telephonic, telecopies or emailed notice of the postponement of the sale date or dates or of a change in the principal payment schedule will be given to any bidder who has requested such notice of the District's Financial Advisor: Capitol Public Finance Group, LLC, 1900 Point West Way, Suite 273, Sacramento, CA 95815 (telephone (916) 277-6341, fax (916) 922-2634). Failure of any bidder to receive such telephonic, telecopied or emailed notice shall not affect the legality of the sale.

TERMS OF THE NOTES

Important Note: This notice will be submitted to i-Deal for posting at the Thompson Municipal Market Monitor TM3 website and in the Parity bid delivery system ("Parity"). In the event i-Deal's summary of the terms of sale of the Notes disagrees with this Official Notice in any particulars, the terms of this Official Notice shall control (unless notice of an amendment hereto is given as described above).

Issue: This Notice governs only the terms of sale, bidding and closing procedures. The terms of issuance, principal and interest repayment, optional redemption, security, tax opinion, and all other information regarding the Notes and the District, are given in the Preliminary Official Statement which each bidder must have obtained and reviewed prior to bidding for the Notes. Copies of the Preliminary Official Statement relating to the Notes may be requested from the Financial Advisor to the District, Capitol Public Finance Group, LLC, by email to jsmall@capitolpfg.com, (telephone (916) 642-1734). The Notes are only offered by means of the Official Statement, and the District has not authorized the posting of any information or summary about the District or the security for the Notes by i-Deal or any other person.

* Preliminary, subject to adjustment.

Right of Cancellation. The successful bidder shall have the right, at its option, to cancel its obligation to purchase the Notes if the Notes are not executed and tendered for delivery within 60 days from the date of sale thereof.

CUSIP Numbers and Other Fees. It is expected that the successful bidder will apply for CUSIP identification numbers for the Notes, and furnish such numbers to Bond Counsel and DTC. It is anticipated that such CUSIP numbers will be printed on the Notes being delivered to DTC, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Notes in accordance with the terms and conditions of its bid. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid by the District, but the CUSIP Service Bureau charge for the assignment of such numbers shall be paid by the successful bidder. The successful bidder shall also be required to pay all fees required by DTC, the Securities Industry and Financial Markets Association, the Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the issuance of the Notes.

purposes of the preceding sentence, interest will be treated as excludable from gross income for federal income tax purposes whether or not it is includable as an item of tax preference for calculating alternative minimum taxes or otherwise includable for purposes of calculating certain other tax liabilities.

Official Statement. The District has authorized the use of an official statement relating to the Notes. A copy of the Preliminary Official Statement will be furnished upon request to the District's Financial Advisor. The Preliminary Official Statement is in form "deemed final" by the issuer for purposes of Securities and Exchange Commission Rule 15c2-