



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

APPROVED

Agenda Item# 9.1b

Meeting Date: May 16, 2013

Subject: Resolution No. 2747: Prescribing the Terms of Sale of Bonds from Authorization Granted by the Voters on November 6, 2012

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (_____)
- Conference/Action
- Action
- Public Hearing

Division: Administrative Services

Recommendation: Approve Resolution No. 2747 authorizing the issuance and sale of Measure Q and Measure R General Obligation bonds and approving forms of documents and actions of officers of the district necessary in connection with the refunding of General Obligation bonds.

Background/Rationale: At an election held on November 6, 2012, more than two-thirds of voters approved Measure Q, a bond issuance of \$346 million for upgrading classrooms; science labs; computer systems and technology; renovating heating and ventilation systems; improving student safety and security systems; and repairing roofs, restrooms, floors and plumbing. The voters also approved Measure R, a bond issuance of \$68 million for the repair of playgrounds and playfields to meet modern safety standards; the improvement of physical education facilities and restrooms; the removal of asbestos and lead paint; and the upgrading of kitchen facilities to improve children's nutrition.

General Obligation bonds are backed by local tax revenues and the obligation of the bond's debt service is separate from the general fund of the district. As authorized by taxpayers, the county director of finance is obligated to levy ad valorem taxes on a property subject to taxation in the district.

The attached documents provide authorization to move forward with the issuance and sale of the bonds. The cost of issuance will be taken into consideration as part of the financing.

Financial Considerations: None

Documents Attached:

1. Executive Summary
2. Authorizing Resolution
3. Preliminary Official Statement (Measure Q-B and Measure R-A-B)
4. Preliminary Official Statement (Measure Q-A)
5. Paying Agent Agreement
6. Official Notice of Sale (Measure Q-B and Measure R-A and R-B)
7. Official Notice of Sale (Measure Q-A)
8. Notice of Intention to Sell (Measure Q-A)
9. Notice of Intention to Sell (Measure Q-B and Measure R-A and R-B)
10. Continuing Disclosure Certificate
11. Bond Purchase Contract

Estimated Time: N/A

Submitted by: Ken A. Forrest, Chief Business Officer

Approved by: Jonathan P. Raymond, Superintendent

BOARD OF EDUCATION
OF THE
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

RESOLUTION NO. 2747

RESOLUTION PRESCRIBING THE TERMS OF SALE OF BONDS OF SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO TO OFFER FOR SALE NOT TO EXCEED \$50,000,000 OF SAID BONDS OF MEASURE Q AND NOT TO EXCEED \$35,000,000 OF SAID BONDS OF MEASURE R, APPROVING THE FORMS OF ONE OR MORE OFFICIAL NOTICES OF SALE, NOTICES OF INTENTION TO SELL BONDS, BOND PURCHASE CONTRACTS, PAYING AGENT AGREEMENTS, AND OFFICIAL STATEMENTS, REQUESTING SAID BOARD OF SUPERVISORS TO DELEGATE TO THE COUNTY CHIEF FINANCIAL OFFICER OR HIS DESIGNEE AUTHORIZATION TO AWARD BID FOR SAID BONDS, OR TO SELL SAID BONDS BY NEGOTIATED SALE AND AUTHORIZING CERTAIN ACTIONS AND DOCUMENTS IN CONNECTION THEREWITH.

WHEREAS, two elections were duly called and regularly held in the Sacramento City Unified School District, County of Sacramento, California (herein called the "District"), both on November 6, 2012, pursuant to Sections 15100 and 15264 and following of the Education Code of the State of California, at which bond propositions summarized as follows were submitted to the electors of the District (Measure Q and Measure R, respectively):

"To better prepare students for college and careers by upgrading classrooms, science labs, computer systems and technology; renovating heating and ventilation systems; reducing costs through energy efficiency; improving student safety and security systems; repairing roofs, floors, walkways, bathrooms, electrical, plumbing and sewer systems; shall Sacramento City Unified School District issue \$346 million in bonds with independent citizen oversight, no money for administrator salaries, and mandatory annual audits to guarantee funds are spent properly to benefit local children?"

"To improve the health and safety of children, repair playgrounds and playfields to meet modern safety standards, improve physical education facilities and bathrooms, improve irrigation systems and water drainage to reduce water consumption, remove asbestos, lead paint and other unsafe conditions and to upgrade kitchen facilities to improve nutrition and nutritional education for children, shall the Sacramento City Unified School District issue \$68 million of

bonds, with independent Citizen's Oversight and no money for administrator salaries?"

and

WHEREAS, passage of said propositions required a 55% affirmative vote of the votes cast therein, and at least 55% of the votes cast on said propositions were in favor of issuing said bonds; and

WHEREAS, none of said bonds have heretofore been issued and sold; and

WHEREAS, the Superintendent of Schools of the County of Sacramento (the "County") has jurisdiction over the District; and

WHEREAS, this Board of Education of the District deems it necessary and desirable that the Board of Supervisors of the County shall offer for sale a portion of said bonds in several series in a principal amount and according to the terms and in the manner hereinafter set forth; and

WHEREAS, the District has been allocated \$40,593,000 of Qualified School Construction Bond authorization (the "District Allocation"); and

WHEREAS, the Board of Education deems it necessary and desirable to use all or a portion of the District Allocation to issue and sell a portion of its 2013 General Obligation Bonds and if it is determined by the Authorized District Representative (as defined herein) to be in the best interest of the District; and

WHEREAS, Orrick, Herrington & Sutcliffe LLP serves as bond counsel to the District and will serve in such capacity in connection with the bonds authorized hereby; and

WHEREAS, Capitol Public Finance Group, serves as financial advisor to the District and will serve in such capacity in connection with the bonds authorized hereby; and

WHEREAS, this Board of Education further deems it necessary and desirable to authorize the sale of said bonds by a competitive sale to the responsible bidder who makes the lowest interest cost bid, and pursuant to Education Code Section 15146, has found and determined that a competitive sale is more likely to produce lower total borrowing costs; and

WHEREAS, this Board also wishes to authorize the sale of the Bonds by negotiated sale to an underwriter to be chosen by the Authorized District Representative in consultation with the Financial Advisor and the County Chief Financial Officer (the "Chief Financial Officer") should the Authorized District Representative in consultation with the Chief Financial Officer determine such a sale is in the best interests of the District; and

WHEREAS, in accordance with Education Code Section 15146, estimates of the costs associated with the issuance of said bonds are attached hereto as Exhibit A; and

WHEREAS, attached are proposed forms of Continuing Disclosure Certificates, Official Notice of Sale of Bonds, Notice of Intention to Sell Bonds, a Paying Agent Agreement, a Bond Purchase Contract and Preliminary Official Statements, all with respect to the bonds authorized hereby; and

NOW, THEREFORE, THE BOARD OF EDUCATION OF SACRAMENTO CITY UNIFIED SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER, AS FOLLOWS:

Section 1. Recitals: All of the above recitals are true and correct.

Section 2. Request for Sale of Bonds; County Resolution; Certificate of Award: The Board of Supervisors of the County (the “Board of Supervisors”) is hereby requested, pursuant to Sections 15140 and following of the Education Code of the State of California, to offer for sale not later than October 8, 2013, by competitive sale to the responsible bidder who makes the lowest interest cost bid, all or a part of not to exceed \$50,000,000 aggregate principal amount of bonds, in one or more series, designated as the “Sacramento City Unified School District General Obligation Bonds (Measure Q) (Election of 2012), Series 2013__” with appropriate series designation (the “Measure Q Bonds”) and \$35,000,000 aggregate principal amount of bonds, in one or more series designated as the “Sacramento City Unified School District General Obligation Bonds (Measure R) (Election of 2012), Series 2013__,” with appropriate series designation (the “Measure R Bonds” and, together with the Measure Q Bonds, the “Bonds”). This Board of Education expressly approves the sale of said Bonds by such method. The Bonds shall be issued as Current Interest Bonds, as provided in Section 3 hereof.

The Board also authorizes the sale of all or a portion of the Bonds by negotiated sale pursuant to one or more Bond Purchase Agreements, the form of which is approved in Section 6 hereof, should the Authorized District Representative, in consultation with the Chief Financial Officer and the Financial Advisor, determine that a negotiated sale would be to the District’s financial advantage.

The Board of Supervisors is hereby requested to provide by resolution (the “County Resolution”) for the terms of the sale and issuance of the bonds in accordance with the particular terms and manner set forth herein and, with respect to such necessary or desirable terms as are not specified herein, as the Board of Supervisors shall otherwise see fit to determine. With respect to such necessary or desirable terms as are not finally determined by the County Resolution, the Board of Supervisors is hereby requested to provide for an Official Notice of Sale (as defined in Section 5 hereof) describing such terms to be completed and circulated prior to the sale of the Bonds, and a Certificate of Award (the “Certificate of Award”) to be completed upon the sale of the Bonds or the execution and delivery of a Bond Purchase Contract, in which any such terms of the Bonds shall be finally determined. The Board of Supervisors, or such officer or officers of the County as shall be authorized by the County Resolution to consummate the transactions contemplated herein, including by completing and executing the Official Notice of Sale and the Certificate of Award or the execution and delivery of a Bond Purchase Contract, is hereby requested to establish said terms of the Bonds upon consultation with the

Superintendent of the District, the Chief Business Officer of the District, or such other officer of the District designated for the purpose (each an “Authorized District Representative”).

Section 3. Terms of Bonds: (a) Date of Bonds. The Bonds shall be dated the date of their delivery, or such other date as shall be specified in the Certificate of Award or Bond Purchase Contract.

(b) Denominations. The Bonds shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof.

(c) Maturity. The Bonds shall mature on the date or dates, in each of the years, in the principal amounts and in the aggregate principal amount as shall be specified in the Certificate of Award. No Bond shall mature prior to August 1, 2013, and no Bond shall mature later than the date which is 25 years from the date of the Bonds, to be determined as provided in subsection (a) of this Section. No Bond shall have principal maturing on more than one principal maturity date.

The Qualified School Construction Bonds shall mature on the date, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the Certificate of Award. No Qualified School Construction Bond shall mature prior to August 1, 2013, and no Qualified School Construction Bond shall mature later than the date which is 25 years from the date of the Qualified School Construction Bonds, or such earlier date as may be mandated by the U.S. Treasury, to be set forth in the Bond Purchase Contract or Certificate of Award; provided that each Qualified School Construction Bond shall mature or be subject to mandatory redemption not later than the date required under the Internal Revenue Code. No Qualified School Construction Bond shall have principal maturing on more than one principal maturity date. The Bond Purchase Contract may provide that no Qualified School Construction Bonds shall be issued.

The aggregate principal amount of the Measure Q Bonds issued shall not exceed \$50,000,000. The aggregate principal amount of the Measure R Bonds shall not exceed \$35,000,000.

(d) Interest Payment. The Bonds shall bear interest at a fixed interest rate not to exceed the lesser of the statutory limit or 8.00% per annum, computed on the basis of a 360-day year of twelve 30-day months, payable on February 1 and August 1 in each year, commencing February 1, 2014 (or on such other initial and semiannual interest payment dates as shall be specified in the Certificate of Award or the Bond Purchase Contract). The Bonds shall not be issued as Capital Appreciation Bonds.

Section 4. Redemption Provisions: The Bonds shall be subject to redemption prior to their respective stated maturity dates at the option of the District as shall be specified in the Certificate of Award or Bond Purchase Contract. The Bonds shall also be subject to mandatory sinking fund redemption, as shall be specified in the Certificate of Award or Bond Purchase Contract. The Board of Supervisors may provide that the Bonds shall not be subject to optional or mandatory redemption.

Section 5. Official Notice of Sale: The forms of Official Notice of Sale inviting bids for the Bonds, in substantially the form submitted to this Board, are hereby approved, and the Board of Supervisors is hereby requested to adopt and use said forms as the Official Notice of Sale inviting bids for the Bonds, subject to such corrections, revisions or additions as deemed necessary by the Authorized District Representative and as may be acceptable to the County. Capitol Public Finance Group (herein called the "Financial Advisor"), is hereby authorized and directed to cause to be mailed to prospective bidders for the Bonds (including by posting to an appropriate Internet website which shall be accessible to interested bidders) copies of said Official Notice of Sale in the forms finally approved by the Authorized District Representative and the County.

Section 6. Sale of Bonds: (a) Advertisement for Bids. The forms of proposed Notice of Intention to Sell Bonds, in substantially the forms attached submitted to this Board, are hereby approved, and the Board of Supervisors is hereby requested to adopt said forms of proposed Notice of Intention to Sell Bonds, subject to such corrections, revisions or additions as deemed necessary by the Authorized District Representative and as may be acceptable to the County, and to cause said Notice of Intention to Sell Bonds to be published once at least 5 days before the date of each 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 Bonds.

(b) Award of Bonds. The Board of Supervisors is hereby requested to authorize the Chief Financial Officer, on behalf of the District and the County, to accept the lowest true interest cost bid for the Bonds, provided that (i) such true interest cost shall be no greater than 8.00%, calculated as specified in the Official Notice of Sale, (ii) the maximum interest rate on the Bonds shall not be in excess of the lesser of the statutory limit or 8.00% per annum; (iii) the price to be paid for the Bonds shall not be less than the principal amount thereof, plus accrued interest, if any, to the date of delivery; (iv) the bidder has agreed to pay specified costs of issuance of the Bonds on behalf of the District, in such type and amount as shall be determined and set forth in the Official Notice of Sale and bid forms; and (v) the Bonds shall otherwise conform to the limitations specified herein. If such true interest cost and price are acceptable to the Chief Financial Officer or his designee, the Chief Financial Officer or his designee, acting at the direction of the Board of Supervisors, is hereby authorized and requested to award the sale of the Bonds to the maker of the best responsive bid; if no bid is acceptable, the Chief Financial Officer is requested to reject all bids and to re-bid the Bonds or, if necessary, to sell the Bonds by negotiated sale as permitted by law, upon terms and conditions consistent with this Resolution.

(d) Negotiated Sale of Bonds; Bond Purchase Contract. The Bond Purchase Contract for the Bonds, in substantially the form submitted to this Board, is hereby approved, and the Authorized District Representative is hereby authorized on behalf of the District to execute and deliver one or more Bond Purchase Contracts providing for the sale by the County and the purchase by the Underwriter of the Bonds at a purchase price to be set forth therein, determining thereby the redemption provisions for the Bonds, the maturity schedule, interest rates, whether taxable or tax-exempt; provided, that (i) the true interest cost for the Bonds shall not be in excess of 8.00% per annum, (ii) the Underwriter's compensation (exclusive of costs of issuance) shall not exceed .75% of the principal amount of the Bonds; and (iii) the Bonds shall

otherwise conform to the limitations specified herein; and provided further, that such execution and approval shall constitute conclusive evidence of the approval by the District of any changes or revisions therein from the form of Bond Purchase Contract submitted herewith. The County is hereby requested to cause one or more Bond Purchase Contracts to be executed and approved on behalf of the County, subject to such changes or revisions therein as may be acceptable to the Authorized District Representative executing the same.

Section 7. Paying Agent Agreement: The Paying Agent Agreement relating to the Bonds between the District and the County, as paying agent/registrars and transfer agent (the "Paying Agent"), in substantially the form submitted to this Board, including the form of Bonds included therein, is hereby approved. The Authorized District Representative is hereby authorized to execute and deliver an instrument in substantially said form, completed with the terms of the Bonds determined upon the sale thereof, and with such other changes thereto as the Authorized District Representative may require or approve, and the District's approval of the Paying Agent Agreement shall be conclusively evidenced by the execution and delivery thereof.

Section 8. Official Statement: The forms of proposed Preliminary Official Statements describing the Bonds, in substantially the forms submitted to this Board, are hereby approved and adopted as the Official Statement describing the Bonds, with such corrections, revisions or additions as deemed necessary or desirable by the Authorized District Representative in consultation with the Financial Advisor and the County's Chief Financial Officer. The Authorized District Representative is hereby authorized and directed to certify to the initial purchaser of the Bonds, on behalf of the District, that the preliminary forms of the Official Statements were deemed final as of their respective dates within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by said Rule). The Financial Advisor is hereby authorized and directed to cause to be delivered to prospective bidders for the Bonds (including by posting to an appropriate Internet website which shall be accessible to interested bidders) copies of the Preliminary Official Statements in substantially the same forms of Official Statements approved and adopted as the Official Statements describing the Bonds, as so added to, corrected or revised. The Authorized District Representative is hereby authorized and directed to sign said Official Statements as so added to, corrected or revised, and the Financial Advisor is hereby authorized and directed to supply to the accepted bidder for the Bonds copies of the final Official Statements, completed to include the interest rate or rates and final sale information.

Section 9. Investment of Proceeds: Proceeds of the Bonds held by the County Director of Finance (the "Director of Finance") shall be invested at the Director of Finance's discretion pursuant to law and the investment policy of the County, unless otherwise directed in writing by the District, pursuant to Section 53601 of the California Government Code and Section 41015 of the Education Code.

(i) At the written direction of the District, given by the Authorized District Representative, who is hereby expressly authorized to give such direction, all or any portion of the building fund of the District may also be invested on behalf of the District in the Local Agency Investment Fund in the treasury of the State of California.

(ii) At the written direction of the District, given by the Authorized District Representative, who is hereby expressly authorized to give such direction, all or any portion of the building fund of the District may also be invested on behalf of the District in investment agreements which comply with the requirements of each rating agency then rating the Bonds necessary in order to maintain the then-current rating on the Bonds; provided that the Director of Finance must approve and be a signatory to any such investment agreement.

Section 10. Continuing Disclosure: The Authorized District Representative of the District, or the designee thereof, is hereby authorized on behalf of the District to execute one or more Continuing Disclosure Certificates in substantially the form submitted to this Board, with such changes thereto as deemed necessary in order to permit the purchaser of the Bonds to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificates as finally executed and delivered.

Section 11. Approval of Actions: The President of this Board of Education, the Secretary of this Board of Education, the Superintendent of the District, the Chief Business Officer of the District, and any other officer of the District to whom authority is delegated by one of the named officers for the purposes of the Bonds, are hereby authorized and directed to execute and deliver any and all contracts or agreements, including commitment letters, depository agreements (including for the payment of issuance costs), consultant contracts, printing contracts, and similar contracts relating to issuance of the Bonds, investment of the proceeds, and all certificates and representations, including signature certificates, no-litigation certificates, certificates concerning the contents of the Official Statement, representation letters to The Depository Trust Company, the Tax Certificate, and any other certificates proposed to be distributed in connection with the sale of the Bonds, which any of them deem necessary or desirable to accomplish the transactions authorized herein.

Section 12. Notice to California Debt and Investment Advisory Commission: The Authorized District Representative is hereby authorized and directed to cause notices of the proposed sale and final sale of the Bonds to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855(g).

Section 13. Filing with Board of Supervisors: The Secretary of this Board of Education is hereby authorized and directed to file a certified copy of this Resolution upon the adoption hereof with the Clerk of the Board of Supervisors.

Section 14. Effective Date: This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this day, May 16, 2013, by the following vote:

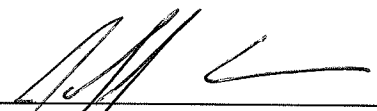
AYES: 5

NOES: 1

ABSTAIN: 0

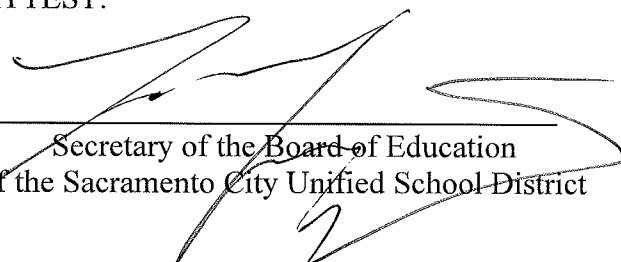
ABSENT: 1

APPROVED:



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

ATTEST:



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

SECRETARY'S CERTIFICATE

I, Jonathan Raymond, Secretary of the Board of Education of the Sacramento City Unified School District, County of Sacramento, California, hereby certify as follows:

The attached is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of the District duly and regularly held at the regular meeting place thereof on May 16, 2013, and entered in the minutes thereof, of which meeting all of the members of the Board of Education had due notice and at which a quorum thereof was present. The resolution was adopted by the following vote:

AYES: 5

NOES: 1

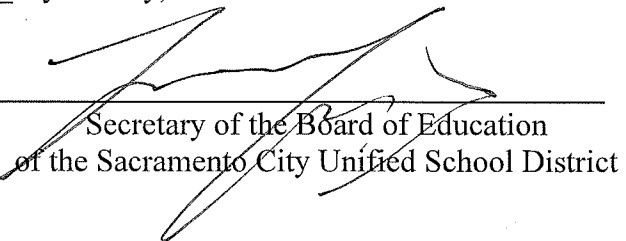
ABSTAIN: 0

ABSENT: 1

An agenda of the meeting was posted at least 72 hours before said meeting at Serna Center, 5735 47th Avenue, Sacramento, California, a location freely accessible to members of the public, and a brief description of the adopted resolution appeared on the agenda. A copy of the agenda is attached hereto.

I have carefully compared the same with the original minutes of the meeting on file and of record in my office. The resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand this 16 day of May, 2013.



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

In reliance upon the representations, certifications and declarations of the District, the Board of Supervisors hereby certifies and declares that the total amount of indebtedness of the District, including the amount of this bond, is within the limit provided by law; that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond; and that this bond is in substantially the form prescribed by order of the Board of Supervisors duly made and entered on its minutes. The Bonds represent an obligation of the District payable out of the interest and sinking fund of the District, and the money for the payment of principal of and interest on this bond shall be raised by taxation upon the taxable property of the District.

This bond shall not be entitled to any benefit under the Paying Agent Agreement, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Sacramento has caused this SACRAMENTO CITY UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BOND (MEASURE R) (ELECTION OF 2012), SERIES 2013R-B (QUALIFIED SCHOOL CONSTRUCTION BONDS), to be signed by its Chair and by the Director of Finance of the County, and to be countersigned by the Clerk of said Board, as of the date set forth above.

Chair of the Board of Supervisors
of Sacramento County, California

Director of Finance
of the County of Sacramento

Countersigned:

Clerk of the Board of Supervisors