



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# _____

Meeting Date: September 19, 2013

Subject:

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

Division: Business Services

Recommendation: To approve moving forward with the refinancing of existing COP's.

Background/Rationale: As previously discussed with the Board of Education during initial Bond financing discussions, the District is under a deadline to refinance its existing Certificates of Participation (COP's). If the District has not successfully refinanced our existing COP's by March 14, 2014, our interest rate will automatically go from a variable rate of approximately 4% to 9%.

Since the COP's are an obligation of the General Fund, if we fail to refinance our COP's there will be an immediate and significant negative impact to the General Fund.

There will be a short joint presentation by Capi



Overview of the District's Outstanding Certificates of Participation

Sacramento City Unified School District

September 19, 2013



Agenda

Background Information



Current Status of COPs



Revenue Sources for COP Repayment



Direction and Next Steps

Background Information

What is a Certificate of Participation ("COP")?

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- ‡ Land acquisition
- ‡ Building acquisition
- ‡ Construction
- ‡ Modernization, reconstruction, reconfiguration
- ‡ Capital equipment purchase



Current Status of COPs

2001 COP

2001 COP Leased Assets

Leased Asset	Estimated Value
McClatchy High School	\$23,739,164
Hiram Johnson High School	\$29,043,670

‡ These are the facilities currently being used as
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2011 SIFMA Index Mode COP - \$48,020,000

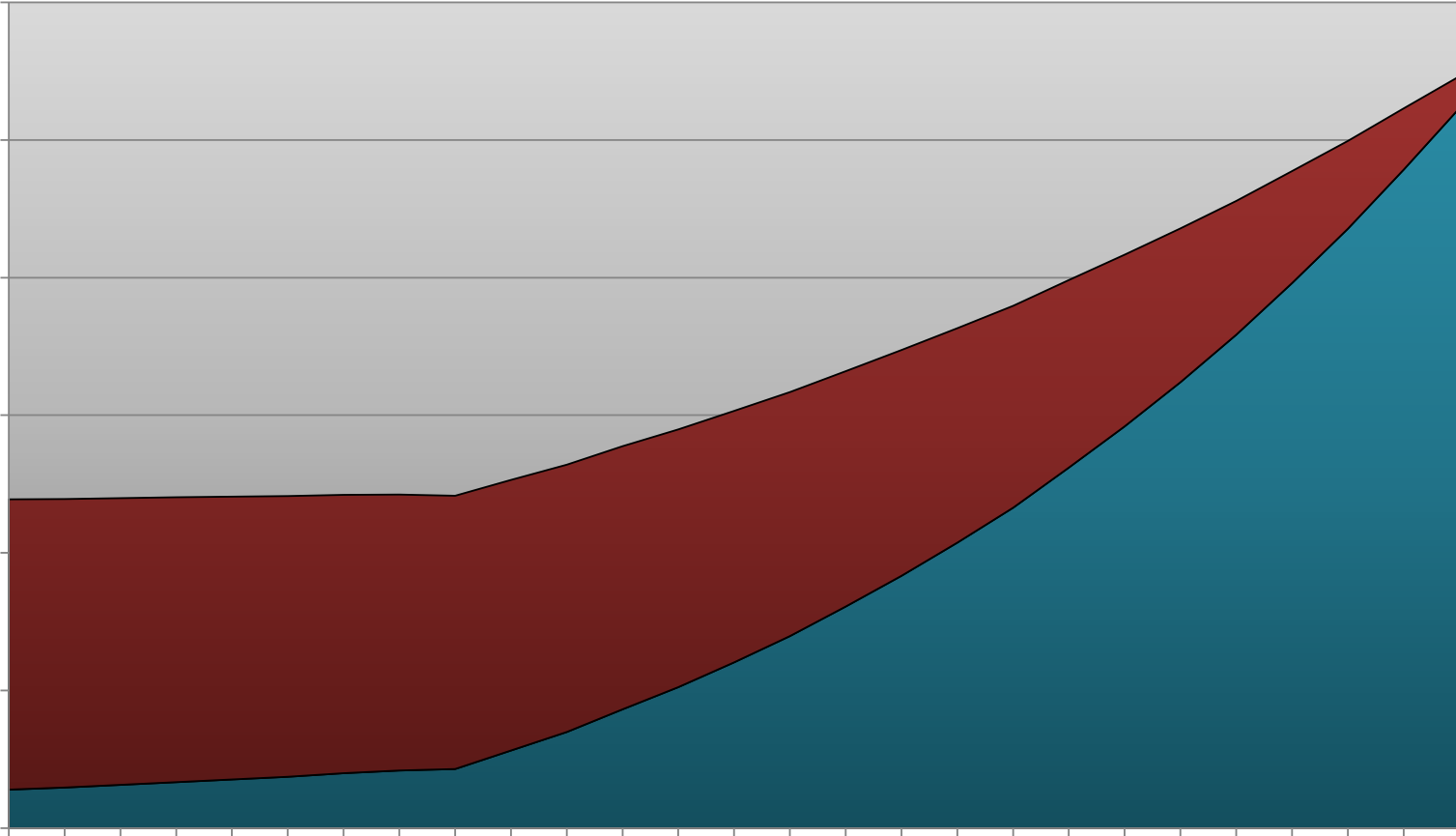
Currently Outstanding	‡\$47,505,000
Final Maturity	‡March 1, 2040
Interest Rate Mechanism	‡Variable, equal to 3% over the SIFMA Swap Index rate ‡Mandatory Tender on March 14, 2014
Debt Service Payments	‡Principal is low initially, then escalates substantially after 2022 ‡Estimated 2013-14 payment of \$2 million

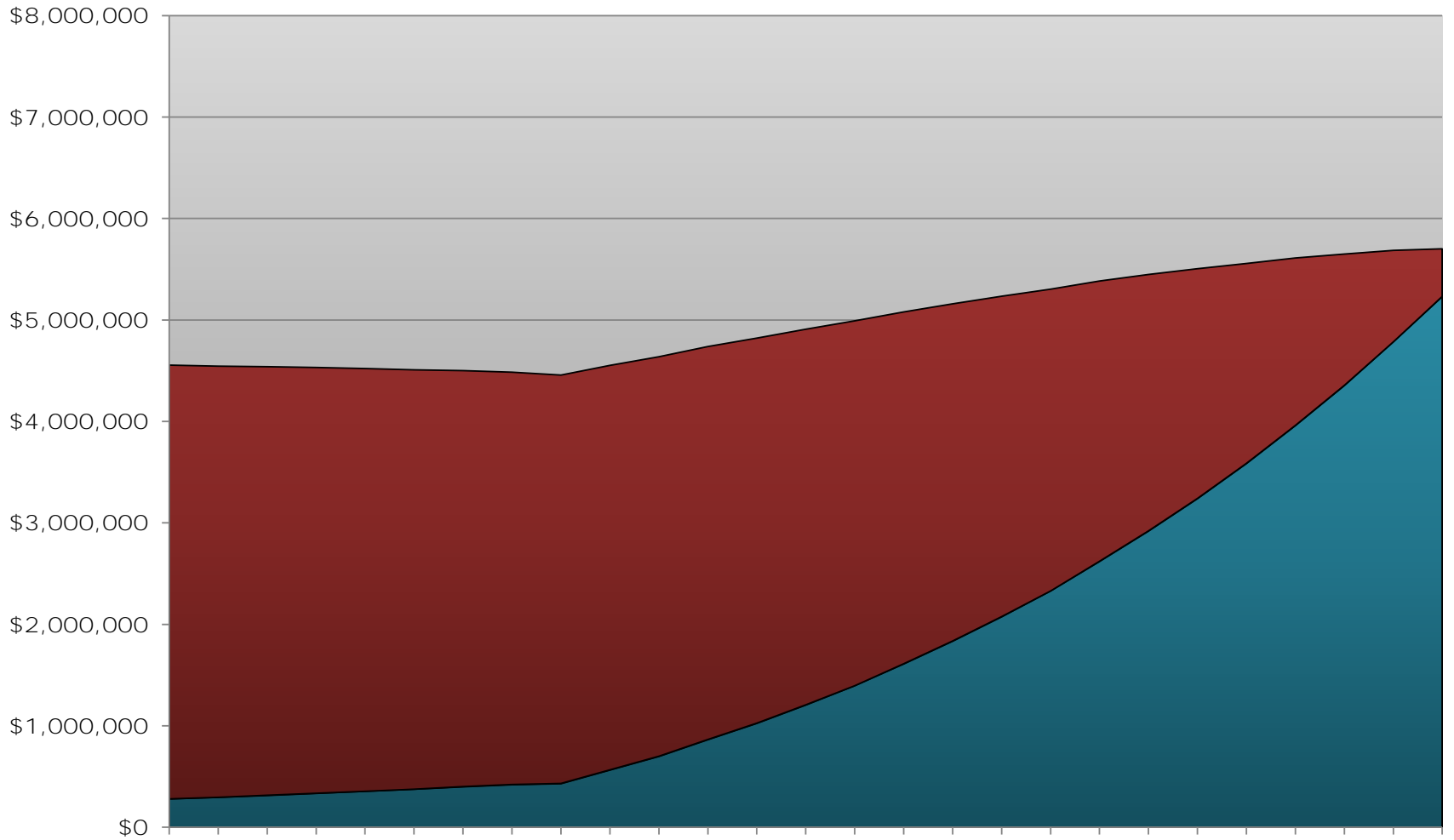


2011 SIFMA Index Mode COP Principal Payments

2012	\$250,000	2022	\$430,000	
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‡ Principal payments are currently scheduled to increase substantially over time





2011 COP Leased Assets

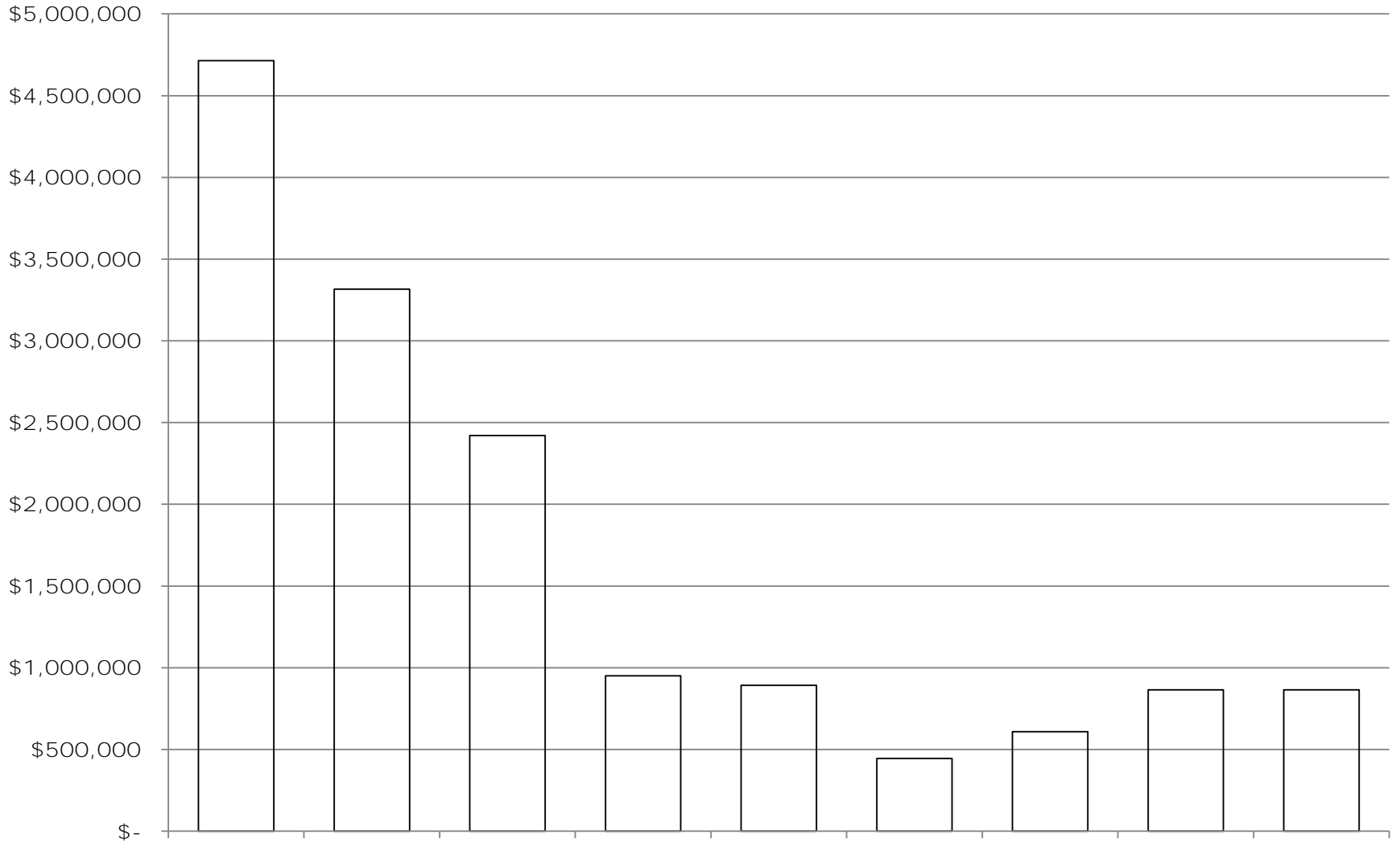
Leased Asset	Estimated Value
John F. Kennedy High School	



Revenue Sources for COP Repayment

Revenue Sources for COP Repayment





Developer Fees

- ‡ Developer fees can be used for COP repayment to the extent proceeds were used for projects benefitting new development
 - ± An uncertain revenue source
 - ³/₄ Will require a back-up plan to the extent such money is needed for COP repayment

Redevelopment Pass-Through Funds

- ‡ The District is entitled to receive funding from 3 former Redevelopment Agencies
 - ± Comprised of 12 project areas
- ‡ Estimated 2013-14 revenues of approx. \$700,000
- ‡ Term of receipt of revenue based on:
 - ± Expiration of project area
 - ± Term of outstanding RDA debt
- ¾ Even though redevelopment agencies were dissolved, the obligation to pass tax increment to the District remains .

Former Redevelopment Agency	Project Area	Year Formed/ Amended	Estimated Year of Project Area Termination	Estimated 2013-14 Revenues (Available for Capital Facilities)
City of Citrus Heights	Commercial Corridor	1998	2043	\$62,000
	65th Street	2004	2049	\$15,000
	Alkali Flat	1972/2003	2025	\$10,000
	Army Depot/Army Depot Annex	1995/2004	2049	\$90,000
	Franklin Blvd	1993/2003	2039	\$170,000
	Merged Downtown	1950/2003	2035	\$192,000
	Oak Park	1973/2003	2026	\$45,000
	Railyards	2008	2053	\$8,800
	River District	1990/2008	2036	\$11,000
	Richards Blvd			\$45,000
	Stockton Blvd	1994/2005	2041	\$69,000
County of Sacramento	Mather Project Area	1995/2005	2046	\$2,100
To 2008				

Redevelopment Fund Balances

- ‡ The Board previously allocated \$5 million of Redevelopment fund balance to the Green Schools Project
 - ± The Project will be funded through bond proceeds

Community Facilities Districts (" CFDs")

‡ The District has 2 CFDs:

± CFD #1 formed in 1997 (the Pocket area)

$\frac{3}{4}$ To fund improvements at: Martin Luther King Elementary, Lisbon Elementary, Matsuyama Elementary and other improvements at facilities located within the CFD

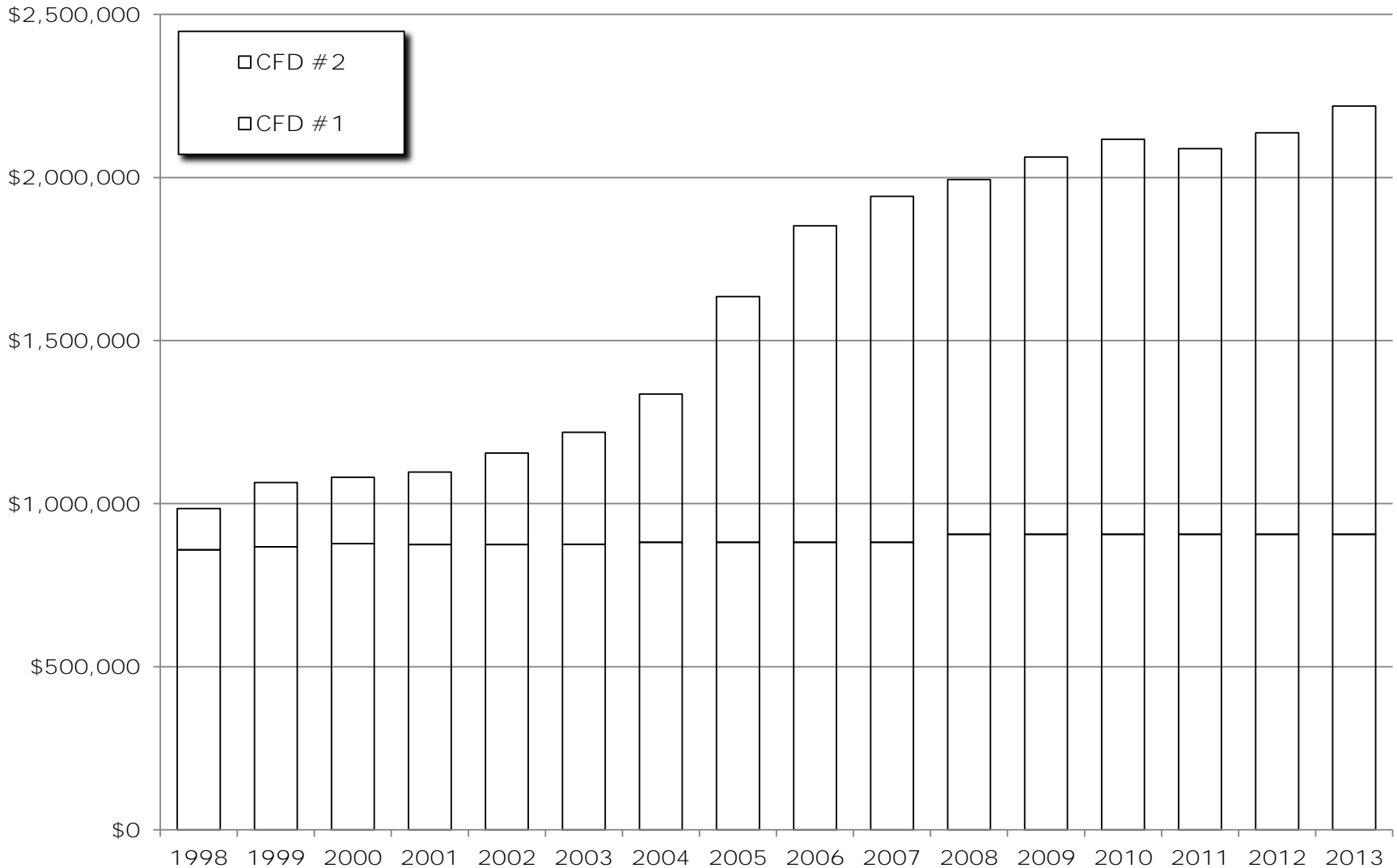
± CFD #2 formed in 1992 (throughout the District)

$\frac{3}{4}$ To fund improvements to schools and support facilities serving students from the CFD

CFD Tax Rates

CFD #1

Combined CFD Tax Collections Have Exceeded \$2 Million Over the Past 5 Years, However, Total CFD Revenues Will Begin to Decline as Units Pay for the Maximum Term



CFD Fund Balances

‡ The Board previously allocated \$9 million of CFD #2 fund balance to match state funding for modernization projects.

$\frac{3}{4}$ To the extent that the modernization projects are also bond projects, the District could use bond funds

$\frac{3}{4}$ Reimburse the CFD fund, if possible

$\frac{3}{4}$ Then, re-allocate unspent CFD funds towards COP repayment .

Capital Contributions from the General Fund

- ‡ To the extent other capital revenue sources are not sufficient to meet COP obligations, the General Fund will need to fund debt service
- ‡ Available capital funds will vary each year
 - ± For 2013-14, estimated total debt payments are approximately \$5 million, and combined capital revenues are approximately \$3.6 million
 - ³/₄ Assuming all non-bond capital revenues are used for COP repayment, a \$1.4 million contribution from the General Fund will be required. This amount has been budgeted.



Direction and Next Steps

Addressing the District's COP Debt

- ‡ To achieve fiscal stability, the District will need to address the repayment of outstanding COPs
 - ± While trying to minimize the burden on the General Fund
- ‡ Consider allocating non-bond capital revenues toward COP repayment
- ‡ Move forward with a plan to retire the outstanding principal

Next Steps

Coordinate with County Office of Education

Will need to demonstrate probability of repayment



Board Workshop

Incorporate feedback into Financing Plan



Board information item on Oct. 17, Action on Nov. 7



Purchase Agreement signed on or about Nov. 21



Refinancing/Restructuring complete on Dec. 19

Redemption of 2001 COP in January Redemption of 2002 COP on March 1