SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Agenda Item#__11.2_____

Meeting Date: November 7, 2013

Subject: Sacramento City Schools Joint Powers Financing Authority Resolution Nos.: 2765 and 2766: Authorizing the Conflict of Interest Code and Issuance of Lease Revenue Refunding Bonds to Refund the District's 2001 and 2011 Certificates of Participation

- ☐ Information Item Only
- ☐ Approval on Consent Agenda
- ☐ Conference (for discussion only)
- ☒ Conference/First Reading (Action Anticipated: November 21, 2013)
- ☐ Conference/Action
- ☐ Action
- ☐ Public Hearing

Division: Business Services

Recommendation: Discuss and approve Resolution No. 2765 authorizing the District's joint exercise of powers agreement with the California Statewide Communities Development Authority to form the Sacramento City Schools Joint Powers Financing Authority. Discuss and approve Resolution No. 2766 authorizing the issuance of Lease Revenue Refunding Bonds and certain related actions and documents.

Background/Rationale: Lease Revenue Refunding Bonds (LRBs) are the most advisable method for achieving the public benefit of refinancing the District' 2001 Certificates of Participation (2001 COPs) and restructuring the 2011 Certificates of Participation (2011 COPs). LRBs are issued through a conduit issuer such as a joint powers authority.

The District can retain control of the conduit issuer by forming the Sacramento City Schools Joint Powers Financing Authority (Authority). The District can form the Authority by entering into the agreement with California Statewide Communities Development Authority (CSCDA), a joint powers authority established to assist local agencies with issuing conduit borrowings.

Financial Considerations: All fees for forming the Authority will be paid from LRBs.

Documents Attached:

1. Executive Summary
2. Power Point (See Item #11.1)
3. JPA Resolution No. 2765 Approving Conflict Code
4. JPA Resolution No 2766 Authorizing Bonds
5. JPA Agreement
6. Include by Reference Items 5-11 on Item #11.1

Estimated Time of Presentation: 10 Minutes
Submitted by: Ken A. Forrest, Chief Business Officer
Approved by: Jonathan P. Raymond, Superintendent

Board of Education Executive Summary

Business Services

Sacramento City Schools Joint Powers Financing Authority Resolution Nos. 2765 and 2766 authorizing the conflict of interest code and issuance of Lease Revenue Refunding Bonds to refund the District's 2001 and 2011 COPs
November 7, 2013

I. Overview/History:

In order to assist with the refinancing of the 2001 COPs and a restructuring of the 2011 COPs, the District Board will be asked to approve a resolution authorizing the formation of the Sacramento City Schools Joint Powers Financing Authority (Authority) with the California Statewide Communities Development Authority (CSCDA). CSCDA is a joint powers authority itself, that exists for the purpose of assisting local agencies with their financing plans. Although CSCDA will become a member of the Authority, they will have no further role in the proposed financing. Specific actions required by the District Board in forming the Authority are as follows:

- The District Board approves the resolution that forms the Authority.
- The District holds a public hearing, and makes a finding of public benefit.
- After such finding, the District will approve the resolution authorizing the issuance of the LRBs.
- The District Board will then recess the public hearing and the Authority Board will convene.

Once the Authority meeting is convened, the District Board, acting as the Authority Board, will take the following actions:

- Authority Board adopts its Bylaws by resolution.
- Authority adopts the resolution authorizing the issuance of the LRBs.
- Authority board will then recess.
- District Board reconvenes, and proceeds with its agenda.

II. Driving Governance:

The Government Code and the joint powers agreement allow the Authority to issue LRBs for the purpose of financing and refinancing capital improvements whenever there are significant public benefits.

III. Budget:

The up-front cost of forming the JPA is budgeted as part of the costs of issuance. Ongoing responsibilities are straightforward, and should not be costly. They involve including the JPA in the District's audit report, and making an annual filing stating members of the board.

IV. Goals, Objectives and Measures:

The District maintains control of its conduit issuer.

V. Major Initiatives:

Assist with the refinancing of the 2001 COPs and a restructuring of the 2011 COPs.

VI. Results:

A successful result is to provide a relatively straightforward approach that is easy for the District to control and administer over time.

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 November 21 as an action on consent item.

OH&S DRAFT
10/29/13

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

RESOLUTION NO. 2765

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY ADOPTING CEQA GUIDELINES, ADOPTING A CONFLICT-OF-INTEREST CODE, DESIGNATING POSITIONS AND DISCLOSURE CATEGORIES, AND DIRECTING CERTAIN OTHER MATTERS

WHEREAS, the Sacramento City Unified School District (the "District") and the California Statewide Communities Development Authority have heretofore entered into a Joint Exercise of Powers Agreement, dated as of November __, 2013 (the "Joint Powers Agreement"), which Joint Powers Agreement creates and establishes the Sacramento City Schools Joint Powers Financing Authority; and

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and the Joint Powers Agreement, the Authority intends to issue bonds to assist the District; and

WHEREAS, in order to commence operation as a California joint powers authority, the Authority must establish certain policies and make certain determinations; and

WHEREAS, the Board is fully advised in this matter;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE AUTHORITY HEREBY FINDS, DETERMINES, RESOLVES AND DECLARES:

Section 1. Recitals. The foregoing recitals are true and correct and this Board so finds and determines.

Section 2. CEQA Guidelines. The Board of Directors adopts the procedures used by Sacramento City Unified School District (the "District") to implement CEQA (as the same may be amended from time to time) as the Authority's procedures pursuant to Public Resources Code Section 21082 and Section 15022 of Title 14 of the California Administrative Code.

Section 3. Conflict of Interest Code. The Conflict-of-Interest Code of the District is incorporated herein by reference and adopted as the Conflict of Interest Code of the Authority.

Section 4. Designated Positions and Disclosure Categories. The duties of the Authority's Conflict-of-Interest Code shall apply to the Directors and Officers of the Authority based upon the positions they hold as board members, officers and employees of the District.

Section 5. Statements of Economic Interest. Persons holding designated positions shall file their Statements of Economic Interest with the Secretary of the Authority, and the Secretary shall retain the originals as the designated filing officer. A person holding a designated position may satisfy this filing requirement by providing the Secretary with a copy of his or her current Statement of Economic Interests filed with the Board Secretary. Upon receipt of Statements of Economic Interest, the Secretary, or his/her designee shall retain the original as filing officer pursuant to Government Code Section 87500(k), and forward a copy to the Fair Political Practices Commission.

Section 6. Effective Date. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this day, November __, 2013, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

_____

Chair of the Board of Directors
of the Sacramento City Schools Joint Powers Financing Authority

ATTEST:

_____

Secretary of the Board of Directors
of the
Sacramento City Schools Joint Powers Financing Authority

SECRETARY'S CERTIFICATE

I, _____, Secretary of the Board of Directors of the Sacramento City Schools Joint Powers Financing Authority, 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 Directors of said Authority duly and regularly held at the regular meeting place thereof on November __, 2013, and entered in the minutes thereof, of which meeting all of the members of said Board of Directors 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 5735 47th Avenue, Sacramento, California, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda. A copy of said agenda is attached hereto.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office. Said 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 ____ day of _____, 2013.

_____

Secretary of the Board of Directors of
Sacramento City Schools Joint Powers Financing
Authority

OH&S DRAFT
10/29/13

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

RESOLUTION NO. 2766

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF ITS LEASE REVENUE REFUNDING BONDS, SERIES 2013 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $_____, AUTHORIZING THE FORMS OF AND DIRECTING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, A FACILITY LEASE, A FACILITY SUBLEASE AND A CONTINUING DISCLOSURE CERTIFICATE; APPROVING THE FORM OF AND DISTRIBUTION OF A BOND PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT FOR SAID BONDS; AND AUTHORIZING TAKING OF NECESSARY ACTIONS AND EXECUTION OF NECESSARY DOCUMENTS IN CONNECTION THEREWITH

WHEREAS, the Sacramento City Unified School District (the "District") and the California Statewide Communities Development Authority have heretofore entered into a Joint Exercise of Powers Agreement, dated as of November __, 2013 (the "Joint Powers Agreement"), which Joint Powers Agreement creates and establishes the Sacramento City Schools Joint Powers Financing Authority; and

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing public capital improvements whenever there are significant public benefits; and

WHEREAS, the Board of Education of the District has requested that the Authority issue lease revenue bonds in order to refinance certain outstanding certificates of participation of the District (the "Project"); and

WHEREAS, it is proposed that the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), enter into a trust agreement to be dated as of [____ __, 20__] (the "Trust Agreement"), acknowledged by the District, pursuant to which the Authority will issue not to exceed $_____ aggregate principal amount of Lease Revenue Refunding Bonds, Series 2013 (the "Bonds"), and will use the proceeds and certain other funds to finance the Project; and

WHEREAS, it is proposed that the Authority enter into a Facility Lease, to be dated as of [____ __, 20__] (the "Facility Lease"), pursuant to which the District will lease certain real property (the "Leased Property") to the Authority; and

WHEREAS, it is proposed that the Authority enter into a Facility Sublease, to be dated as of [____ __, 20__] (the "Facility Sublease"), pursuant to which it will lease back the Leased Property to the District; and

WHEREAS, under the Facility Sublease, the District would be obligated to make base rental payments to the Authority which the Authority will use to pay debt service on the Bonds; and

WHEREAS, the Authority has full legal right, power and authority under the Constitution and the laws of the State of California to enter into the transactions hereinafter authorized; and

WHEREAS, [Citi] is acting as underwriter (the "Underwriter") for the Bonds and Orrick, Herrington & Sutcliffe LLP is serving as bond and disclosure counsel ("Bond Counsel") in connection with the financing; and

WHEREAS, forms of an Official Statement describing the Bonds and a Bond Purchase Agreement relating to the Bonds, have been presented to this meeting; and

WHEREAS, this Board has been presented with the form of each document referred to herein relating to the Bonds, and each member of the Board has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing; and

WHEREAS, the Board is fully advised in this matter;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE AUTHORITY HEREBY FINDS, DETERMINES, RESOLVES AND DECLARES:

Section 1. The foregoing recitals are true and correct and this Board so finds and determines.

Section 2. The issuance and sale of the Bonds by the Authority, in an aggregate principal amount of not to exceed $_____for the financing of the Project is hereby authorized and approved.

Section 3. The form of Facility Lease, presented to this meeting, is hereby approved. The Chair of the Authority and/or the Vice Chair of the Authority or the Executive Director of the Authority or the Treasurer of the Authority or any designee of such officials are hereby designated as "Authorized Signatories". Any one of the Authorized Signatories are hereby authorized and directed to execute and deliver the Facility Lease in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term thereof (including any extensions) shall not extend beyond the year 20__.

Section 4. The form of Facility Sublease, presented to this meeting, is hereby approved, and any one of the Authorized Signatories are hereby authorized and directed to execute and deliver the Facility Sublease in substantially said form, with such changes therein as

such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Facility Sublease (including any extensions) shall not extend beyond the year 20__.

Section 5. The form of Trust Agreement by and between the Trustee and the Authority, on file with the Secretary, is hereby approved. Any one of the Authorized Signatories are hereby authorized and directed to execute and deliver the Trust Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The form of Preliminary Official Statement describing the Bonds, presented to this meeting, is hereby approved and the Executive Director or his designee, is hereby authorized and directed to execute and deliver a final Official Statement in substantially said form with such additions, corrections and revisions as may be determined to be necessary or desirable by the Underwriter, Bond Counsel or the Authority's general counsel. The Underwriter is hereby authorized and directed to cause to be supplied to prospective purchasers of the Bonds copies of a preliminary official statement in such form, and to supply the purchaser of the Bonds with copies of a final official statement, completed to include, among other things the interest rate or rates, and final sale information for the Bonds. The Authorized Signatories, or a designee of either, is hereby authorized and directed to execute a certificate confirming that the Preliminary Official Statement has been "deemed final" by the Authority for purposes of Securities and Exchange Commission Rule 15c2-12.

Section 7. The proposed form of the Bond Purchase Agreement (the "Bond Purchase Agreement") among the Authority, the District and the Underwriter, presented to this meeting, is hereby approved and adopted. The Authorized Signatories are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided (i) that the underwriter's discount shall not exceed __% of the principal amount of the Bonds and (ii) the net present value savings achieved by the refunding shall be at least __%.

Section 8. The proposed form of Continuing Disclosure Certificate to be executed by the District and dated the date of issuance of the Bonds, presented to this meeting, is hereby approved, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, including, but not limited to, executing and delivering signature certificates, no-litigation certificates, tax and rebate certificates and certificates concerning the contents of the Official Statement distributed in connection with the sale of the Bonds. The Authorized Signatories and other appropriate officers of the Authority are hereby authorized and directed to execute and deliver any and all certificates, instructions as to investments, investment agreements, written requests and other certificates necessary and desirable to administer the Bonds and the Trust Agreement or other documents authorized

hereunder including executing Written Requests of the Authority authorizing disbursements from the Costs of Issuance Fund for payment of cost of issuance such as legal and financial advisor fees, trustee's fees, title insurance premiums, publication and printing costs, rating agency fees and similar expenses of the bond financing.

Section 10. All actions heretofore taken by the officers and agents of the Authority with respect to the issuance and sale of the Bonds are hereby approved and confirmed.

Section 11. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this day, November __, 2013, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

_____

Chair of the Board of Directors
of the Sacramento City Schools Joint Powers
Financing Authority

ATTEST:

_____

Secretary of the Board of Directors of
the Sacramento City Schools Joint Powers
Financing Authority

SECRETARY'S CERTIFICATE

I, _____, Secretary of the Board of Directors of the Sacramento City Schools Joint Powers Financing Authority, 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 Directors of said Authority duly and regularly held at the regular meeting place thereof on November __, 2013, and entered in the minutes thereof, of which meeting all of the members of said Board of Directors 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 5735 47th Avenue, Sacramento, California, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda. A copy of said agenda is attached hereto.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office. Said 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 ____ day of _____, 2013.

_____
Secretary of the Board of Directors of
Sacramento City Schools Joint Powers Financing Authority

JOINT EXERCISE OF POWERS AGREEMENT

by and between

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

and

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Dated as of November __, 2013

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

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JOINT EXERCISE OF POWERS AGREEMENT

THIS JOINT EXERCISE OF POWERS AGREEMENT (this "Agreement"), dated as of November __, 2013, is by and between the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), and the SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, a school district organized and existing under the laws of the State of California (the "District").

W I T N E S S E T H:

WHEREAS, agencies formed under the Joint Exercise of Powers Act, Section 6500 *et seq.* of the California Government Code (the "Joint Powers Act"), are permitted to provide financing for any of their members or other local agencies in the State of California in connection with the acquisition, construction and improvement of public capital improvements or working capital requirements of such members or other local agencies; and

WHEREAS, the Authority and the District desire to form an agency under the Joint Powers Act, to be known as the Sacramento City Schools Joint Powers Financing Authority, for the purpose of providing an entity which can assist in providing financing for purposes which are authorized under the Joint Powers Act;

NOW, THEREFORE, in consideration of the above premises and of the mutual promises herein contained, the Authority and the District do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the words and terms defined in this Article shall, for the purposes hereof, have the meanings herein specified.

"Agreement" means this Joint Exercise of Powers Agreement, as originally executed and as it may from time to time be amended in accordance with the provisions hereof.

"Authority" means the Sacramento City Schools Joint Powers Financing Authority, a joint exercise of powers agency organized and existing under and by virtue of the laws of the State of California, established pursuant to Section 2.02 hereof.

"Board of Directors" means the Board of Directors of the Authority, which shall be, *ex officio*, the Board of Education of the District.

"Bond Law" means the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 of the Joint Powers Act), as now in effect or hereafter amended, Article 2 of the Joint Powers Act, as now in effect or hereafter amended, or any other law available for use by the Authority in the authorization and issuance of Revenue Bonds to provide for the financing or refinancing of Public Capital Improvements for, or Working Capital Requirements of, a Local Agency.

"Bond Purchase Agreement" means an agreement between the Authority and a Local Agency, pursuant to which the Authority agrees to purchase Obligations from a Local Agency.

"Chief Business Officer" means the Chief Business Officer of the District or, if at any time there is no Chief Business Officer of the District, the officer of the District that performs functions for the District similar to those performed by the Chief Business Officer of the District as of the date of this Agreement.

"CSCDA" means the California Statewide Communities Development Authority, a school district organized and existing under the laws of the State of California, and its successors.

"Fiscal Year" means the period from July 1 in any calendar year to and including June 30 in the succeeding calendar year.

"District" means the Sacramento City Unified School District, a school district organized and existing under and by virtue of the laws of the State of California.

"Joint Powers Act" means the Joint Exercise of Powers Act, Section 6500 *et seq.* of the California Government Code.

"Local Agency" means the Authority, the District or any other school district of the State of California.

"Obligations" has the meaning ascribed to the term "Bonds" in Section 6585(c) of the Joint Powers Act.

"Public Capital Improvements" has the meaning ascribed to such term in Section 6585(g) of the Joint Powers Act.

"Revenue Bonds" means bonds, notes, commercial paper, floating rate and variable maturity securities, and any other evidences of indebtedness of the Authority and also includes certificates of participation and lease purchase agreements.

"Superintendent" means the Superintendent of the District or, if at any time there is no Superintendent of the District, the officer of the District that performs functions for the District similar to those performed by the Superintendent of the District as of the date of this Agreement.

"Working Capital Requirements" means the requirements of any Local Agency for funds to be used by, or on behalf of, such Local Agency for any purpose for which such Local Agency may borrow money pursuant to Section 53852 of the California Government Code.

ARTICLE II

GENERAL PROVISIONS

Section 2.01. Purpose. This Agreement is made pursuant to the Joint Powers Act providing for the joint exercise of powers common to CSCDA and the District, and for other purposes as permitted under the Joint Powers Act and the Bond Law. The purpose of this Agreement is to provide for the financing or refinancing of Public Capital Improvements for, and Working Capital Requirements of, any Local Agency through the acquisition by the Authority of such Public Capital Improvements, the purchase by the Authority of Obligations of any Local Agency pursuant to Bond Purchase Agreements, the lending of funds by the Authority to a Local Agency or the entering into of contractual arrangements by the Authority with a Local Agency.

Section 2.02. Creation of Authority. Pursuant to the Joint Powers Act, there is hereby created a public entity to be known as the "Sacramento City Schools Joint Powers Financing Authority." The Authority shall be a public entity separate and apart from CSCDA and the District, and shall administer this Agreement.

Section 2.03. Principal Office. The principal office of the Authority for the transaction of business shall be c/o District, 5735 47th Avenue, Sacramento, California. The Board of Directors may from time to time, by resolution, change the principal office of the Authority from one location to another. Any such change of the principal office of the Authority shall not be deemed to be an amendment of this Agreement.

Section 2.04. Fiscal Year. The Fiscal Year of the Authority shall commence on the 1st day of July of each year and shall end on the 30th day of June of the next succeeding year.

Section 2.05. Non-Liability For Obligations of Authority. The debts, liabilities and obligations of the Authority shall not be the debts, liabilities or obligations of CSCDA or the District. No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or premium or interest on any obligations of the Authority or be subject to any personal liability or accountability by reason of any obligations of the Authority; provided, however, that nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by the instruments authorizing the issuance of any obligations of the Authority.

Section 2.06. Indemnity by Authority for Litigation Expenses of Officer, Director or Employee. Should any director, officer or employee of the Authority be sued, either alone or with others, because he or she is or was a director, officer or employee of the Authority, in any proceeding arising out of his or her alleged misfeasance or nonfeasance in the performance of his or her duties or out of any alleged wrongful act against the Authority or by the Authority, indemnity for such person's reasonable expenses, including attorneys' fees incurred in the defense of the proceedings, may be assessed against the Authority or its receiver by the court in the same or a separate proceeding if the person sued acted in good faith and in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was

unlawful. The amount of such indemnity shall equal the amount of the expenses, including attorneys' fees, incurred in the defense of the proceeding.

ARTICLE III

BOARD OF DIRECTORS

Section 3.01. Board of Directors. The Authority shall be administered by the Board of Directors, which shall be, *ex officio*, the Board of Education of the District ("Board of Education").

Each member shall assume membership on the Board of Directors upon his or her becoming a member of the Board of Education without any further act by any person, body or entity. Each member shall hold membership on the Board of Directors until he or she resigns from, is removed from or for any other reason no longer serves as a member of the Board of Education, without any further act by any person, body or entity.

The President and Vice-President of the Board of Education shall be the Chair and Vice-Chair, respectively of the Board of Directors and the Chair shall preside at all meetings of the Board of Directors. The Vice Chair shall preside at meetings of the Board of Directors during the absence or disability of the Chair. The Secretary and other officers and employees of the Board of Education shall serve in the same capacity for the Board of Directors.

Section 3.02. Powers. Subject to the limitations of this Agreement and the laws of the State of California, the powers of the Authority shall be vested in and exercised by and its property controlled and its affairs conducted by the Board of Directors of the Authority.

Section 3.03. Compensation. Members of the Board of Directors shall serve without compensation.

Section 3.04. Meetings of the Board of Directors. (a) *Call, Notice and Conduct of Meetings*. All meetings of the Board of Directors, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, Section 54950 *et seq.* of the California Government Code. The procedures of the Board of Directors shall be, as nearly as possible, the procedures of the Board of Education of the District.

(b) *Regular Meetings*. Regular meetings of the Board of Directors shall be scheduled for the same time and place as the regular meetings of the Board of Education of the District, except that if no agenda items are scheduled for the Board of Directors' regular meeting, the meeting will be deemed to be cancelled without further action. No notice of any regular meeting of the Board of Directors need be given to the members of the Board of Directors.

(c) *Special Meetings*. Special meetings of the Board of Directors shall be held whenever called by the Chair of the Board of Directors, the Executive Director of the Authority or by a majority of the members of the Board of Directors.

(d) *Quorum*. A majority of the members of the Board of Directors shall constitute a quorum at any meeting of the Board of Directors.

Section 3.05. Actions of Board of Directors. Every act or decision done or made by a majority of the members of the Board of Directors present at, or otherwise participating in, any meeting duly called, noticed, held and conducted at which a quorum is present shall be the act or decision of the Board of Directors.

ARTICLE IV

OFFICERS, EMPLOYEES AND AGENTS

Section 4.01. Officers. The officers of the Authority shall be an Executive Director, an Associate Executive Director, a Treasurer, a Secretary and such other officers as the Board of Directors may appoint.

Section 4.02. Designation of Officers. The Superintendent shall be the Executive Director of the Authority. The Executive Director of the Authority shall always be the person then serving as the Superintendent, and each person who, currently or in the future, serves as the Superintendent shall be, during the period in which he or she serves in such capacity, Executive Director of the Authority. A person shall become Executive Director of the Authority upon his or her becoming the Superintendent, without any further act by any person, body or entity. A person shall serve as Executive Director of the Authority until he or she resigns from the position of, is removed or for any other reason no longer serves as, the Superintendent, without any further act by any person, body or entity.

The Chief Business Officer of the District shall be the Treasurer of the Authority. The Treasurer of the Authority shall always be the person then serving as the Chief Business Officer of the District, and each person who, currently or in the future, serves as the Chief Business Officer of the District shall be, during the period in which he or she serves in such capacity, Treasurer of the Authority. A person shall become Treasurer of the Authority upon his or her becoming the Chief Business Officer of the District, without any further act by any person, body or entity. A person shall serve as Treasurer of the Authority until he or she resigns from the position of, is removed or for any other reason no longer serves as, the Chief Business Officer of the District, without any further act by any person, body or entity.

The Superintendent shall be the Secretary of the Authority. The Secretary of the Authority shall always be the person then serving as the Superintendent, and each person who, currently or in the future, serves as the Superintendent shall be, during the period in which he or she serves in such capacity, Secretary of the Authority. A person shall become Secretary of the Authority upon his or her becoming the Superintendent, without any further act by any person, body or entity. A person shall serve as Secretary of the Authority until he or she resigns from the position of, is removed or for any other reason no longer serves as, the Superintendent, without any further act by any person, body or entity.

Section 4.03. Subordinate Officers. The Board of Directors may appoint such officers other than those hereinabove mentioned as the business of the Authority may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in this Agreement, or as the Board of Directors from time to time may authorize or determine.

Section 4.04. Executive Director. The Executive Director shall be the chief executive officer of the Authority and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Authority. He or she shall

have the general powers and duties of management of the Authority and shall have such other powers and duties as may be prescribed by the Board of Directors or this Agreement.

Section 4.05. Treasurer. Subject to the applicable provisions of any Agreement or resolution providing for a trustee or other fiscal agent, the Treasurer is designated as the depository of the Authority to have custody of all the money of the Authority, from whatever source and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Powers Act. The Treasurer is hereby designated as controller of the Authority and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Powers Act. The controller of the Authority shall draw checks to pay demands against the Authority when the demands have been approved by the Authority.

The Treasurer is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond in the amount of $25,000 as required by Section 6505.1 of the Act; provided, that such bond shall not be required if the Authority does not possess or own property or funds with an aggregate value of greater than $500.00 (excluding amounts held by a trustee or other fiduciary in connection with any Revenue Bonds). Such bond may be maintained as a part of or in conjunction with any other bond maintained on such person by the District, it being the intent of this Section not to require duplicate or overlapping bonding requirements from those bonding requirements which are otherwise applicable to the District.

Section 4.06. Secretary. The Secretary shall keep or cause to be kept a book of minutes at the principal office of the Authority or at such other place as the Board of Directors may order, of all meetings of the Board of Directors, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Board of Directors meetings and the proceedings thereof. The Secretary shall give or cause to be given notice of all meetings of the Board of Directors, shall keep the Authority records in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or this Agreement.

Section 4.07. Assistant Officers. The Board of Directors may appoint such assistants to act in the place of the Treasurer, Secretary or other officers of the Authority as the Board of Directors shall from time to time deem appropriate.

Section 4.08. Employees, Agents and Independent Contractors. The Board of Directors shall have the power to engage such employees as may be necessary or appropriate for the purposes of this Agreement. The Board of Directors shall also have the power to engage such agents and independent contractors as may be necessary or appropriate for purposes of this Agreement.

Section 4.09. Privileges and Immunities; No Employment by the District, the Authority or the District. All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents or employees of a public agency when performing their respective functions shall apply to them to the same degree and extent while engaged in the performance of any of the functions and other duties under this Agreement.

None of the officers, employees, agents or independent contractors employed or engaged by the Authority shall be deemed, by reason of his or her employment or engagement by the Authority to be employed or engaged by the District, the Authority or the District or, by reason of his or her employment or engagement by the Authority, to be subject to any of the requirements of the District, the Authority or the District.

ARTICLE V

POWERS

Section 5.01. General Powers. The Authority shall exercise in the manner herein provided the powers common to the Authority and the District, or as otherwise permitted under the Joint Powers Act, and necessary to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 5.04 hereof.

As provided in the Joint Powers Act, the Authority shall be a public entity separate from CSCDA and the District. The Authority shall have the power to finance or refinance Public Capital Improvements for, and Working Capital Requirements of, any Local Agency through the acquisition by the Authority of such Public Capital Improvements, the purchase by the Authority of Obligations of any Local Agency pursuant to Bond Purchase Agreements, the lending of funds by the Authority to a Local Agency or the entering into of contractual arrangements by the Authority with a Local Agency.

Section 5.02. Power to Issue Revenue Bonds. The Authority shall have all of the powers provided in the Joint Powers Act, including Article 4 of the Joint Powers Act, and including the power to issue Revenue Bonds under the Bond Law.

Section 5.03. Specific Powers. The Authority is hereby authorized, in its own name, to do all acts necessary for the exercise of the foregoing powers, including but not limited to, any or all of the following:

(a) to make and enter into contracts;

(b) to employ agents or employees;

(c) to acquire, construct, manage, maintain or operate any Public Capital Improvement;

(d) to sue and be sued in its own name;

(e) to issue Revenue Bonds and otherwise to incur debts, liabilities or obligations, provided that no such Revenue Bond, debt, liability or obligation shall constitute a debt, liability or obligation of the Authority or the District;

(f) to apply for, accept, receive and disburse grants, loans and other aids from any agency of the United States of America or of the State of California;

(g) to invest any money in the treasury pursuant to Section 6505.5 of the Joint Powers Act that is not required for the immediate necessities of the Authority, as the Authority determines is advisable, in the same manner and upon the same conditions as local agencies, pursuant to Section 53601 of the California Government Code;

(h) to apply for letters of credit or other forms of financial guarantees in order to secure the repayment of Revenue Bonds and enter into agreements in connection therewith;

(i) to carry out and enforce all the provisions of this Agreement;

(j) to make and enter into Bond Purchase Agreements;

(k) to purchase Obligations of any Local Agency;

(l) to engage the services of private consultants to render professional and technical assistance and advice in carrying out the purposes of this Agreement;

(m) as provided by applicable law, to employ and compensate bond counsel, financial consultants, and other advisers determined necessary by the Authority in connection with the issuance and sale of any Revenue Bonds;

(n) to take title to, and sell by installment sale or otherwise, lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and other interests in lands which are located within the State of California which the Authority determines are necessary or convenient for the financing or refinancing of Public Capital Improvements, or any portion thereof;

(o) to lease to and to lease from a Local Agency, lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and other interests in lands which are located within the State of California which the Authority determines are necessary or convenient for the financing or refinancing of Public Capital Improvements, or any portion thereof; and

(p) to exercise any and all other powers as may be provided in the Joint Powers Act.

Section 5.04. Manner of Exercising Powers. The powers of the Authority shall be exercised in the manner provided in the Joint Powers Act and shall be subject (in accordance with Section 6509 of the Joint Powers Act) to the restrictions upon the manner of exercising such powers of the District.

Section 5.05. Execution of Contracts. The Board of Directors may authorize any officer, employee or agent of the Authority to enter into any contract or execute any contract or instrument in the name of and on behalf of the Authority and such authority may be in general or confined to specific instances and, unless so authorized by the Board of Directors, no such officer, employee or agent shall have any power or authority to bind the Authority by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

ARTICLE VI

CONTRIBUTION; ACCOUNTS AND REPORTS; FUNDS

Section 6.01. Contributions. The Authority and the District may in the appropriate circumstance when required hereunder (a) make contributions from their treasuries for the purposes set forth herein, (b) make payments of public funds to defray the cost of such purposes, (c) make advances of public funds for such purposes, such advances to be repaid as provided herein, or (d) use their personnel, equipment or property in lieu of other contributions or advances.

Section 6.02. Accounts and Reports. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice. The books and records of the Authority shall be open to inspection at all reasonable times by the Authority and the District and their representatives.

The Treasurer, as controller of the Authority, shall either make or contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the California Government Code and shall conform to generally accepted auditing standards. When such an audit of an account and record is made by a certified public accountant or public accountant, a report thereof shall be filed as public records with the District and with the county auditor of Sacramento County, and shall be sent to any public agency or person in the State of California that submits a written request to the Authority. Such report shall be filed within 12 months of the end of the Fiscal Year under examination. By unanimous request of the Board of Directors, the annual special audit may be replaced with an audit covering a two-year period.

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants, in making an audit pursuant to this Section shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for the purpose.

Section 6.03. Funds. Subject to the applicable provisions of any instrument or agreement into which the Authority may enter, which may provide for a trustee or other fiscal agent to receive, have custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have custody of and disburse Authority funds.

ARTICLE VII

TERM; DISSOLUTION

Section 7.01. Term. This Agreement shall become effective, and the Authority shall come into existence, on the date of execution and delivery hereof, and this Agreement shall thereafter continue in full force and effect until terminated pursuant to Section 7.02 hereof.

Section 7.02. Termination. This Agreement may be terminated by agreement of CSCDA and the District; provided, however, that this Agreement shall not be terminated so long as Revenue Bonds of the Authority are outstanding or so long as the Authority is a party to any material contract remaining in effect. Upon termination of this Agreement, the Authority shall be dissolved and, after payment or provision for payment of all debts and liabilities, the assets of the Authority shall be distributed to CSCDA and the District in such manner as shall be agreed upon by CSCDA and the District.

Each of CSCDA and the District agrees that it will not dissolve or otherwise terminate its existence so long as Revenue Bonds of the Authority are outstanding or so long as the Authority is a party to any material contract remaining in effect.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.01. Notices. Notices hereunder shall be in writing and shall be sufficient if delivered to each party hereto at the address set forth below or at such other address as is provided by a party hereto in writing to the other party hereto.

c/o District
5735 47th Avenue
Sacramento, California

Section 8.02. Section Headings. All Section headings in this Agreement are for convenience of reference only and are not to be construed as modifying or governing the language in the Section referred to or to define or limit the scope of any provision of this Agreement.

Section 8.03. Law Governing. This Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 8.04. Amendments. This Agreement may be amended at any time, or from time to time, except as limited by contract with the owners of Revenue Bonds issued by the Authority or the owners of certificates of participation in payments to be made by the Authority, CSCDA, the District or a Local Agency or by applicable regulations or laws of any jurisdiction having authority, by one or more amendments executed by the Authority and the District.

Section 8.05. Enforcement by Authority. The Authority is hereby authorized to take any or all legal or equitable actions, including but not limited to injunction and specific performance, necessary or permitted by law to enforce this Agreement.

Section 8.06. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Agreement.

Section 8.07. Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the Authority and the District. No party hereto may assign any right or obligation hereunder without the written consent of the other party hereto.

Section 8.08. Conflict-of-Interest Code. The Conflict-of-Interest Code of the Districtis adopted as the Conflict-of-Interest Code for the Authority. The duties of the Authority's Conflict-of-Interest Code shall apply to the Directors and Officers of the Authority based upon the positions they hold as board members, officers and employees of the District.

IN WITNESS WHEREOF, the parties hereto have caused this Joint Exercise of Powers Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first written above.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: _____
Authorized Representative, California Statewide Communities Development Authority

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____
Authorized Representative, Sacramento City Unified School District