

Board Office Use: Legislative File Info.	
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Enactment Number	12-2359
Enactment Date	9-12-12 <i>AS</i>



OAKLAND UNIFIED  
SCHOOL DISTRICT

Community Schools, Thriving Students

# Memo

**To** Board of Education

**From** Tony Smith, Ph.D., Superintendent  
Vernon Hal, Deputy Superintendent Business and Operations

**Board Meeting Date** September 12, 2012

**Subject** Resolution No. 1213-0017 - **TEMPORARY DISTRICT BORROWING – UP TO \$50 MILLION – COUNTY OF ALAMEDA TREASURY DUE TO ONGOING STATE REVENUE DEFERRALS**

**Action Requested** APPROVAL BY THE BOARD OF EDUCATION OF RESOLUTION 12130017 - TEMPORARY DISTRICT BORROWING – UP TO \$50 MILLION – COUNTY OF ALAMEDA TREASURY DUE TO ONGOING STATE REVENUE DEFERRALS

**Background** The California Constitution and Education Code Section 42620 provide that the Treasurer of the County of Alameda has the power to temporarily transfer funds in the County's custody to provide funds for meeting the obligations incurred for maintenance purposes by any District. Such temporary transfer by the Treasurer of funds requires a request of this Board to the County Board of Supervisors. The funds transferred to the District can not exceed 85% of anticipated revenue accruing to the District, can not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and must be repaid from the revenues accruing to the District before any other obligation of the District. Due to continuing deferrals by the State, the District does not have sufficient cash to meet all its obligations incurred for operating requirements in the current fiscal. The deferrals to date affecting the District's cash flow total \$73.1 million dollars. Approval of this Resolution will enable the District to borrow \$50 million dollars in needed funds as an advance on the State deferred payments to the District.

**Fiscal Impact Recommendation** As funds will be paid within the current fiscal year, no fiscal impact  
APPROVAL BY THE BOARD OF RESOLUTION REQUESTING TEMPORARY TRANSFER OF \$50 MILLION DOLLARS FROM THE ALAMEDA COUNTY TREASURY DUE TO ONGOING STATE REVENUE DEFERRALS

**Attachment** Resolution No. 1213-0017

**RESOLUTION**  
**OF THE**  
**BOARD OF EDUCATION**  
**OF THE**  
**OAKLAND UNIFIED SCHOOL DISTRICT**

**Resolution No. 1213-0017**

**REQUESTING TEMPORARY BORROWING OF AN AMOUNT NOT TO EXCEED \$50 MILLION DOLLARS FROM THE ALAMEDA COUNTY TREASURY DUE TO ONGOING STATE REVENUE DEFERRALS**

WHEREAS, the California Constitution, Article XVI, Section 6 and Education Code Section 42620 provide that the Treasurer of the County of Alameda (Treasurer) shall have the power and it shall be the duty to make such temporary borrowing from the funds in the County's custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by any District whose funds are in its custody and are paid out solely through its office;

WHEREAS, such temporary borrowing of funds shall be made only upon request by the Board of Education to the County Board of Supervisors;

WHEREAS, such temporary transfer of funds shall not exceed 85% of anticipated revenue accruing to the District, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be replaced from the revenues accruing to such District before any other obligation of the District; and

WHEREAS, due to State deferral of \$73 million in revenue to the District, there is not sufficient cash on hand to provide funds for meeting obligations by the District in the current fiscal;

NOW, THEREFORE, BE IT RESOLVED, that pursuant to the provisions of the California Constitution, Article XVI, Section 6, and Education Code Section 42620, the Governing Board of the Oakland Unified School District hereby requests

1. The Board of Supervisors of Alameda County directs the Treasurer to temporary loan from the funds in its custody to the District to meet obligations incurred for maintenance purposes in the amount not to exceed \$50 Million Dollars, which amount does not exceed a total of 85% of anticipated revenue accruing to the District by June 30, 2013.

2. Funds will be transferred to this District by the Treasurer to meet District obligations in an amount not to exceed \$50 Million Dollars.

3. Repayment of the funds is anticipated to be made from the principal apportionments identified by the District, however the District recognizes that the source of repayment may be from other revenues accruing to the District before any other obligation. Interest on any transferred funds will accrue and be payable by the District, at the greater of the same interest rate the County of Alameda Investment Pool is earning or a proxy TRAN cost as determined by the market until the entire amount transferred is repaid. Interest will be charged monthly.

4. Authorize the District Superintendent or designee to sign a Temporary Transfer Agreement consistent with the terms of this Resolution.

**PASSED AND ADOPTED** by the Governing Board of the Oakland Unified School District this 12th day of September, 2012; by the following vote, to wit:

AYES: David Kakishiba, Gary Yee, Christopher Dobbins, Alice Spearman, Vice President Jumoke Hinton Hodge, President Jody London

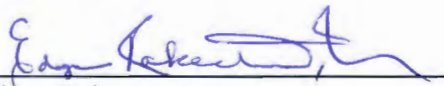
NOES: None

ABSTAIN: None

ABSENT: Noel Gallo

#### CERTIFICATION

I, Edgar Rakestraw, Secretary of the Governing Board of the Oakland Unified School District, Alameda County, State of California, do hereby certify that the foregoing Resolution was duly approved and adopted by the Governing Board of said District at a meeting thereof held on the 12th day of September 2012 with a copy of such Resolution being on file in the Office of the Governing Board of said District.

  
Edgar Rakestraw, Jr.  
Secretary, Governing Board

#### LEGISLATIVE FILE

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