CHICO UNIFIED SCHOOL FINANCING CORPORATION
BOARD OF DIRECTORS ANNUAL MEETING
September 20, 2006
Immediately following the Open Session of the Board of Education
Regular meeting which begins at 7:00 p.m.

Chico City Council Chambers

AGENDA

1. CALL TO ORDER

2. INFORMATION AND DISCUSSION
   2.1 Annual Financial Report/Status Update

3. ACTION CALENDAR
   3.1 Minutes of Annual Meeting – September 7, 2005

6. ADJOURNMENT

Rick Rees, President
Board of Education
Chico Unified School District
Background Information

The CUSD Financing Corporation was formed to facilitate the use of debt financing for specific projects through out the district. The first projects occurred in 1996 when the Financing Corporation issued $2,995,000 in debt in the form of Certificates of Participation (COPS) to finance lighting and HVAC system retro-fits in almost every site in the district. In 2004, we refinanced the COPS in an economic environment of low cost interest. The principal for the refinancing was $2,705,000. The amortization period remaining is eleven-years.

The second major project occurred in 2005, when the Financing Corporation issued COPS in the amount of $945,620 to fund a Solar Photovoltaic System on the roof of the Little Chico Creek Elementary Site. The amortization period for this project is twenty-years.

Education Implications

The solar array located at LCC has been setup for the benefit of our students now and in the future. Not only will the project ultimately keep thousands of pounds of green house gases out of our atmosphere, save the District thousands of dollars per year, but it will serve as a science lab for students through out the District. We have installed a Kiosk in the Library where children can watch the system producing energy. They can see the value from an environmental standpoint, watch the number of kilowatts being generated in real time and can see the historical output of the system.

Fiscal Implications

None

Additional Information

DO Recommendation: Recommend you approve the CUSD Financing Corporation Annual Report.
CHICO UNIFIED SCHOOLS FINANCING CORPORATION
BOARD OF DIRECTORS
ANNUAL MEETING
AS OF SEPTEMBER 20, 2006

1996 FINANCING PROJECT

SOURCES AND USES OF FUNDS:

SOURCES:

COPS FINANCING

$2,995,000

USES:

COST OF HVAC/LIGHTING RETRO-FITS $2,222,985

COST OF FINANCING:

COST OF ISSUANCE $174,087
ADMINISTRATION COSTS $18,608 $192,695

LEASE PAYMENT FUND:
DEFERRED PAYMENTS
09/96-09/98 $270,669

RESERVE FUND:
LEGAL REQUIREMENT $308,451

TOTAL USES

$2,995,000

PROJECTS COMPLETED:

CJHS $374,778
COHASSET $119,349
HOOKER OAK $141,154
MARIGOLD $338,246
CHAPMAN $39,798
MCMANUS $251,314
PARKVIEW $3,033
JAY PARTRIDGE $493,057
SIERRA VIEW $197,745
BJHS $41,942
LIGHTING PROJECTS-VARIOUS SITES $222,569

TOTAL PROJECT COSTS $2,222,985
$2,705,000
2004 CERTIFICATES OF PARTICIPATION
(2004 CAPITAL PROJECTS)
Evidencing And Representing A Proportionate Interest Of The
Registered Owners Thereof In Rental Payments To Be Made By The
CHICO UNIFIED SCHOOL DISTRICT
(BUTTE COUNTY, CALIFORNIA)
Pursuant To A Facilities Lease With The
CHICO UNIFIED SCHOOLS FINANCING CORPORATION

DATED: Date of Delivery

The 2004 Certificates of Participation (the “Certificates”) are being executed and delivered in the aggregate principal amount of $2,705,000. The Certificates are being sold for the purpose of implementing the District’s 2004 Capital Projects. See “2004 Capital Projects” herein.

The Certificates evidence and represent the fractional undivided interests of the Owners thereof in Rental Payments (as defined herein) to be made by the Chico Unified School District (the “District”) pursuant to a Facilities Lease dated October 1, 2004 (the “Facilities Lease”), between the Chico Unified Schools Financing Corporation, a California nonprofit public benefit corporation (the “Corporation”), and the District. The Certificates are being delivered pursuant to a Trust Agreement dated October 1, 2004 (the “Trust Agreement”), by and among U.S. Bank National Association (the “Trustee”), the Corporation and the District. The Certificates will be payable only on their respective maturity dates and are first payable on September 1, 2005. The Certificates are subject to optional and extraordinary prepayment. See “THE CERTIFICATES—Redemption Provision” herein.

DUE: September 1, as shown below

THE DISTRICT HAS COVENANTED IN THE FACILITIES LEASE TO TAKE SUCH ACTION AS MAY BE NEEDED TO MAINTAIN AND MAINTAIN ALL RENTAL PAYMENTS AS AND WHEN DUE FOR THE FACILITIES LEASE, SUBJECT TO ABATEMENT, AS FURTHER DESCRIBED HEREIN, IN ITS ANNUAL BUDGET AND TO MAKE THE NECESSARY ANNUAL APPROPRIATIONS FOR ALL SUCH RENTAL PAYMENTS. THE OBLIGATION OF THE DISTRICT TO MAKE RENTAL PAYMENTS IS A SPECIAL OBLIGATION OF THE DISTRICT AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR THE COUNTY OF BUTTE OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE CORPORATION HAS NO OBLIGATION OR LIABILITY WHATSOEVER TO THE OWNERS OF THE CERTIFICATES.

Ambac

Payment of the principal of and interest on the Certificates when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Certificates.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF ALL FACTORS RELEVANT TO AN INVESTMENT IN THE CERTIFICATES. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. CAPITALIZED TERMS USED ON THIS COVER PAGE NOT OTHERWISE DEFINED WILL HAVE THE MEANING SET FORTH HEREIN.

MATURE SCHEDULE

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Principal Amount</th>
<th>Coupon Rate</th>
<th>Reoffering Price / Yield</th>
<th>Maturity Date</th>
<th>Principal Amount</th>
<th>Coupon Rate</th>
<th>Reoffering Price / Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 1</td>
<td>2005</td>
<td>2.00%</td>
<td>1.650%</td>
<td>2011</td>
<td>240,000</td>
<td>3.00%</td>
<td>3.125%</td>
</tr>
<tr>
<td>2006</td>
<td>125,000</td>
<td>2.00%</td>
<td>1.900%</td>
<td>2012</td>
<td>255,000</td>
<td>3.25%</td>
<td>3.350%</td>
</tr>
<tr>
<td>2007</td>
<td>185,000</td>
<td>2.00%</td>
<td>100.0%</td>
<td>2013</td>
<td>270,000</td>
<td>3.350%</td>
<td>3.500%</td>
</tr>
<tr>
<td>2008</td>
<td>215,000</td>
<td>2.250%</td>
<td>100.0%</td>
<td>2014</td>
<td>285,000</td>
<td>3.500%</td>
<td>3.600%</td>
</tr>
<tr>
<td>2009</td>
<td>225,000</td>
<td>2.600%</td>
<td>100.0%</td>
<td>2015</td>
<td>300,000</td>
<td>3.625%</td>
<td>3.750%</td>
</tr>
<tr>
<td>2010</td>
<td>235,000</td>
<td>2.900%</td>
<td>100.0%</td>
<td>2016</td>
<td>315,000</td>
<td>3.750%</td>
<td>3.850%</td>
</tr>
<tr>
<td></td>
<td>35,000</td>
<td></td>
<td>4.000%</td>
<td></td>
<td>35,000</td>
<td></td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The Certificates will be offered when, and as and executed and delivered and received by the underwriter, subject to the approval as to their legality by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Special Counsel. It is anticipated that the Certificates, in definitive form, will be available for delivery through the facilities of DTC in New York, New York on or about October 28, 2004.

This Official Statement is dated October 7, 2004.
Estimated Rental Payments

Rental Payments are required to be made in semiannual installments by the District under the Facilities Lease on or before January 15 and August 15 of each year the Certificates are outstanding, commencing on August 15, 2005, for the use and possession of the Facilities.

The Facilities Lease requires that Rental Payments be deposited in the Certificate Fund maintained by the Trustee. On each Principal Payment Date, the Trustee will withdraw from the Certificate Fund the aggregate amount necessary to make annual principal and semiannual interest payments with respect to the Certificates, as shown in the following exhibit of the Rental Payment Schedule.

Rental Payment Schedule
2004 Certificates of Participation

<table>
<thead>
<tr>
<th>Date</th>
<th>Principal</th>
<th>Interest Rate Coupon</th>
<th>Interest</th>
<th>Semi-Annual Debt Service</th>
<th>Gross Annual Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep 1, 2005</td>
<td>$20,000</td>
<td>2.000%</td>
<td>$69,603.73</td>
<td>$89,603.73</td>
<td>$89,603.73</td>
</tr>
<tr>
<td>Mar 1, 2006</td>
<td></td>
<td></td>
<td>$41,148.75</td>
<td>$41,148.75</td>
<td></td>
</tr>
<tr>
<td>Sep 1, 2006</td>
<td>$125,000</td>
<td>2.000%</td>
<td>$41,148.75</td>
<td>$166,148.75</td>
<td>$207,297.50</td>
</tr>
<tr>
<td>Mar 1, 2007</td>
<td></td>
<td></td>
<td>$39,898.75</td>
<td>$39,898.75</td>
<td></td>
</tr>
<tr>
<td>Sep 1, 2007</td>
<td>$185,000</td>
<td>2.000%</td>
<td>$39,898.75</td>
<td>$224,898.75</td>
<td>$264,797.50</td>
</tr>
<tr>
<td>Mar 1, 2008</td>
<td></td>
<td></td>
<td>$38,048.75</td>
<td>$38,048.75</td>
<td></td>
</tr>
<tr>
<td>Sep 1, 2008</td>
<td>$215,000</td>
<td>2.250%</td>
<td>$38,048.75</td>
<td>$253,048.75</td>
<td>$291,097.50</td>
</tr>
<tr>
<td>Mar 1, 2009</td>
<td></td>
<td></td>
<td>$35,630.00</td>
<td>$35,630.00</td>
<td></td>
</tr>
<tr>
<td>Sep 1, 2009</td>
<td>$225,000</td>
<td>2.600%</td>
<td>$35,630.00</td>
<td>$260,630.00</td>
<td>$296,260.00</td>
</tr>
<tr>
<td>Mar 1, 2010</td>
<td></td>
<td></td>
<td>$32,705.00</td>
<td>$32,705.00</td>
<td></td>
</tr>
<tr>
<td>Sep 1, 2010</td>
<td>$235,000</td>
<td>2.900%</td>
<td>$32,705.00</td>
<td>$267,705.00</td>
<td>$300,410.00</td>
</tr>
<tr>
<td>Mar 1, 2011</td>
<td></td>
<td></td>
<td>$29,297.50</td>
<td>$29,297.50</td>
<td></td>
</tr>
<tr>
<td>Sep 1, 2011</td>
<td>$240,000</td>
<td>3.000%</td>
<td>$29,297.50</td>
<td>$269,297.50</td>
<td>$298,595.00</td>
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<tr>
<td>Mar 1, 2012</td>
<td></td>
<td></td>
<td>$25,697.50</td>
<td>$25,697.50</td>
<td></td>
</tr>
<tr>
<td>Sep 1, 2012</td>
<td>$255,000</td>
<td>3.250%</td>
<td>$25,697.50</td>
<td>$280,697.50</td>
<td>$306,395.00</td>
</tr>
<tr>
<td>Mar 1, 2013</td>
<td></td>
<td></td>
<td>$21,553.75</td>
<td>$21,553.75</td>
<td></td>
</tr>
<tr>
<td>Sep 1, 2013</td>
<td>$270,000</td>
<td>3.350%</td>
<td>$21,553.75</td>
<td>$291,553.75</td>
<td>$313,107.50</td>
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<tr>
<td>Mar 1, 2014</td>
<td></td>
<td></td>
<td>$17,031.25</td>
<td>$17,031.25</td>
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<tr>
<td>Sep 1, 2014</td>
<td>$285,000</td>
<td>3.500%</td>
<td>$17,031.25</td>
<td>$302,031.25</td>
<td>$319,062.50</td>
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<tr>
<td>Mar 1, 2015</td>
<td></td>
<td></td>
<td>$12,043.75</td>
<td>$12,043.75</td>
<td></td>
</tr>
<tr>
<td>Sep 1, 2015</td>
<td>$300,000</td>
<td>3.625%</td>
<td>$12,043.75</td>
<td>$312,043.75</td>
<td>$324,087.50</td>
</tr>
<tr>
<td>Mar 1, 2016</td>
<td></td>
<td></td>
<td>$6,606.25</td>
<td>$6,606.25</td>
<td></td>
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<tr>
<td>Sep 1, 2016</td>
<td>$315,000</td>
<td>3.750%</td>
<td>$6,606.25</td>
<td>$321,606.25</td>
<td>$328,212.50</td>
</tr>
<tr>
<td>Mar 1, 2017</td>
<td></td>
<td></td>
<td>$700.00</td>
<td>$700.00</td>
<td></td>
</tr>
<tr>
<td>Sep 1, 2017</td>
<td>$35,000</td>
<td>4.000%</td>
<td>$700.00</td>
<td>$35,700.00</td>
<td>$36,400.00</td>
</tr>
</tbody>
</table>

$2,705,000          $670,326.23          $3,375,326.23          $3,375,326.23
1. **CALL TO ORDER**
   1.1 Rick Rees called the September 7, 2005, Annual Meeting to order at 9:22 p.m. in the City Council Chambers at 411 Main Street, Chico, CA.

   Present: Rees, Reed, Huber, Anderson, Watts
   Absent: None

2. **INFORMATION AND DISCUSSION – Status Update**
   2.1 Randy Mecker, Assistant Superintendent – Business Services, gave an update on Certificates of Participation, which since 1997 were issued through the Financing Corporation and require annual status updates through 2017. Projects completed include lighting retrofits and HVAC systems installed in schools that didn’t have them. There were no comments or questions from the public.

3. **ACTION CALENDAR**
   3.1 **Minutes of Annual Meeting – 02/05/03**
   A motion was made by Anthony Watts and seconded by Scott Huber to approve the minutes of February 5, 2003.

   AYES: Anderson, Huber, Rees, Watts
   NOES: None
   ABSTAIN: Reed

   3.2 **Resolution #939-05 – Approving the Form of and Authorizing the Execution and Delivery of a Site Lease, a Lease/Purchase Agreement, and an Assignment Agreement and Authorizing Certain Additional Actions.**
   A motion was made by Scott Huber and seconded by Jann Reed to approve Resolution #939-05. Superintendent Brown stated his reservations surrounding this project.

   AYES: Huber, Reed, Rees, Watts
   NOES: Anderson
   ABSTAIN: None

4. **ADJOURNMENT**
   At 9:29 p.m. Rick Anderson adjourned the meeting.

APPROVED:

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Board of Education

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Administration