

Business Operations
Ofelia San Pedro, Deputy Superintendent

**SUBJECT: AWARD REQUEST FOR PROPOSAL (RFP) – UP TO \$120,000,000
FINANCING OF EQUIPMENT ACQUIRED UNDER MASTER LEASE
AGREEMENT AND APPROVE EQUIPMENT MASTER LEASE
AGREEMENT, SERIES 2006 RESOLUTION 06-04 AUTHORIZING THE
SALE, ISSUANCE AND APPLICATION OF PROCEEDS**

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

At its meeting of December 14, 2005, the School Board approved the initial issuance of a RFP for up to \$120 Million Master Equipment Lease Program. The Master Equipment Lease Program is being implemented to allow the District to use more Certificates of Participation (COP's) capacity for construction purposes. Not only has the District achieved this objective, but the Master Equipment Lease Program is providing a lower cost of funds than other financing alternatives, including the issuance of COP's, the district's traditional funding source for these assets.

The District will save approximately \$1.9 million over the lease term by entering into a negotiated rate lock on the 2005/2006 initial funding when compared to the rates on a COP sale held on January 5th, 2006. The low interest cost on the Equipment Lease Program is especially significant in light of the fact that neither credit enhancement nor the cross default terms applicable to COP's were needed.

Seven RFP were issued and seven proposals were received from the following financial institutions on January 10, 2006:

Balboa Capital Affiliate/Eltekon Capital
Banc of America Leasing & Capital, LLC
Carlyle Financial Services, Inc.
Citigroup
Koch Financial Corporation
SunTrust Leasing Corporation
Wachovia Bank, N.A.

Banc of America Leasing & Capital, LLC (BOA), as the result of negotiations, provided the lowest cost of funds to the District. Bids were received as an indexed rate (percentage of) 5 and 10 year Treasury Note rates.

Upon consultation with the District's Financial Advisor(s), DeLara & Associates and Swap Financial Group it was deemed to be in the best interest of the School Board to negotiate a rate lock through March 31, 2006 for the initial \$63 million based on the uncertainty of interest rates increasing before closing.

The negotiated rate lock is 3.468% for the 5 year lease and 3.587% for the 10 year lease.

Staff also negotiated a lower rate on the final \$57 million to be funded in the 2006-2007 fiscal year, as follows:

\$ 32 Million - 5 year Leases: 80.702% of 5 year Treasury Federal Reserve H.15 Index
\$ 25 Million- 10 year Leases: 82.110% of 10 year Treasury Federal Reserve H.15 Index

The negotiated reduction in the 10 year lease translates to savings of approximately \$270,000. The actual rate on the final \$57 million will be determined at the time of funding of the lease schedule.

It is requested that the School Board approve the attached Resolution 06-04 Equipment Master Lease Agreement, Series 2006 authorizing the issuance, sale, and application of proceeds.

The following projects schedules and up to amounts will be included under the Equipment Master Lease Agreement:

10 Year Lease	Buses	(2005/06)	\$ 25 Million
10 Year Lease	Air Conditioning Systems	(2005/06)	22 Million
5 Year Lease	Security Cameras	(2005/06)	11 Million
5 Year Lease	PC's Technology Upgrades	(2005/06)	5 Million
10 Year Lease	Buses	(2006/07)	25 Million
5 Year Lease	ERP System	(2006/07)	27 Million
5 Year Lease	PC's Technology Upgrades	(2006/07)	5 Million

All projects with the exception of the ERP, will be funded with the Local Optional Millage Levy (LOML). Under State Law the ERP System does not qualify for LOML funding and as such will be funded by the General Fund.

There will be no escrow related fees and the District will earn Fed Funds less 5 basis points on the funds held in escrow.

It is estimated that the Cost of Issuance will not exceed \$65,000.

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

- 1) award RFP No. 051-FF10 Financing of Equipment Acquired Under a Master Lease Agreement to the Banc of America Leasing & Capital, LLC; and
- 2) approve Resolution 06-04 authorizing the issuance, sale, and application of the proceeds of up to \$120 million Equipment Master Lease Agreement, Series 2006.

RESOLUTION NO. 06-04

A RESOLUTION OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT WITH BANC OF AMERICA LEASING & CAPITAL, LLC WITH RESPECT TO THE ACQUISITION, PURCHASE, FINANCING AND LEASING OF CERTAIN BUSES AND EQUIPMENT IN AN AGGREGATE AMOUNT NOT EXCEEDING \$120,000,000; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ACQUISITION FUND AGREEMENT AND RELATED DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AUTHORIZING INCIDENTAL ACTION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, The School Board of Miami-Dade County, Florida ("Lessee"), as the governing body of the School District of Miami-Dade County, Florida (the "District"), a political subdivision of the State of Florida, is authorized by the laws of the State of Florida and in particular Sections 1001.32(2) and 1001.42(2) to purchase, acquire and lease personal property for the benefit of Lessee and the District and to enter into contracts with respect thereto; and

WHEREAS, Lessee desires to purchase, acquire and lease certain school buses, air-conditioning systems, security cameras, ERP system and PC upgrades in an aggregate amount not exceeding \$120,000,000 constituting personal property necessary for Lessee to perform essential governmental functions (the "Project"); and

WHEREAS, in order to acquire the Project, Lessee proposes to enter into a Master Equipment Lease/Purchase Agreement (the "Master Lease") with Bank of America Leasing & Capital, LLC ("Lessor"), a Delaware limited liability company, the form of which has been presented to the Lessee at this meeting; and

WHEREAS, the funds made available under the Master Lease will be deposited with Bank of America, N.A., a national banking association (the "Acquisition Fund Custodian") pursuant to an Acquisition Fund Agreement among Lessee, Lessor and the Acquisition Fund Custodian (the "Acquisition Fund Agreement"), the form of which has also been presented to the Lessee at this meeting;

WHEREAS, such funds deposited with the Acquisition Fund Custodian will be applied to the acquisition of the Project in

accordance with the Acquisition Fund Agreement;

WHEREAS, Lessee deems it for the benefit of Lessee and for the efficient and effective administration thereof to enter into the Master Lease and the Acquisition Fund Agreement for the purchase, acquisition and leasing of the Project therein described on the terms and conditions therein provided;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by The School Board of Miami-Dade County, Florida as follows:

Section 1. **Approval of Master Lease.** Lessee hereby approves the execution of the Master Lease for an amount not to exceed \$120,000,000. The form, terms and provisions of the Master Lease as provided therein are hereby approved in substantially the form presented at this meeting as Exhibit A, with such insertions, omissions and changes as shall be approved by the Superintendent of Schools of Lessee, the execution of such document being conclusive evidence of such approval; and the Chair of Lessee is hereby authorized and directed to execute, and the Secretary of Lessee is hereby authorized and directed to attest and countersign, the Master Lease and to deliver the Master Lease to the respective parties thereto, and the Secretary of Lessee is hereby authorized to affix the seal of Lessee to such document.

Section 2. **Approval of Acquisition Fund Agreement.** The form, terms and provisions of the Acquisition Fund Agreement as provided therein are hereby approved in substantially the form presented at this meeting as Exhibit B, with such insertions, omissions and changes as shall be approved by the Superintendent of Schools of Lessee, the execution of such document being conclusive evidence of such approval; and the Chair of Lessee is hereby authorized and directed to execute, and the Secretary of Lessee is hereby authorized and directed to attest and countersign, the Acquisition Fund Agreement and to deliver the Acquisition Fund Agreement to the respective parties thereto, and the Secretary of Lessee is hereby authorized to affix the seal of Lessee to such document.

Section 3. **Private Negotiated Sale.** It is hereby found and declared that a private negotiated sale of the Master Lease pursuant to Request for Proposals No. 051-FF10 is in the best interest of Lessee and is found to be necessary on the basis of the following reasons, as to which specific findings are hereby made:

Due to the volatility of the market for "annual appropriation" securities such as the Master Lease and (ii) the limited number of institutions engaged in the business of financing equipment leases, the Lessee must be able to execute

transactions at the most advantageous times, rather than at specific advertised dates, thereby permitting Lessee to obtain the best possible price and other terms for the Master Lease.

Section 4. **Other Actions Authorized.** The officers and employees of Lessee including, without limitation, the Chair, Vice Chair, Secretary, Superintendent, the Chief Financial Officer, the Treasurer and the School Board Attorney are hereby authorized to take all action necessary or reasonably required by the parties to the Master Lease and the Acquisition Fund Agreement to carry out, give effect to and consummate the transactions contemplated thereby (including the execution and delivery of one or more Schedules of Property, Acceptance Certificates, Incumbency Certificates, Payment Schedules, and any tax certificates and agreements, as contemplated in the Master Lease) and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Master Lease and the Acquisition Fund Agreement.

Section 5. **No General Liability.** Nothing contained in this Resolution, the Master Lease nor any other instrument shall be construed with respect to Lessee as incurring a pecuniary liability or charge upon the general credit of Lessee or against its taxing power, nor shall the breach of any agreement contained in this Resolution, the Master Lease, the Acquisition Fund Agreement or any other instrument or document executed in connection therewith impose any pecuniary liability upon Lessee or any charge upon its general credit or against its taxing power, except to the extent that the rental payments payable under the Master Lease are special limited obligations of Lessee as provided in the Master Lease.

Section 6. **Appointment of Authorized Lessee Representatives.** The Superintendent, the Chief Financial Officer and the Treasurer of Lessee are each hereby designated to act as authorized representatives of Lessee for purposes of the Master Lease until such time as Lessee shall designate any other or different authorized representative for purposes of the Master Lease.

Section 7. **Severability.** If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 8. **Repealer.** All resolutions or parts thereof, inconsistent herewith, are hereby repealed to the extent of such

inconsistency.

Section 9. **Effective Date.** This Resolution shall be effective immediately upon its approval and adoption.

Adopted this 15th day of February, 2006.

Chair, The School Board of
Miami-Dade County, Florida

Attest:

Secretary, The School Board
of Miami-Dade County, Florida

Approved as to form:

School Board Attorney

EXHIBIT A

Form of Master Lease

EXHIBIT B

Form of Acquisition Fund Agreement