

Business Operations
Ofelia San Pedro, Deputy Superintendent

SUBJECT: ISSUANCE OF A REQUEST FOR BID AND EXECUTION OF AN UP TO \$197,830,000 FORWARD INTEREST RATE SWAP PROGRAM PURSUANT TO RESOLUTION 06-22

Revised

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

Authorization to issue a Request For Bid and to execute a Forward Interest Rate Swap Program pursuant to Resolution 06-22 is being requested for the issuance of up to three interest rate swap transactions with a total notional amount of up to \$197,830,000 in connection with existing floating-rate and multimodal Certificates of Participation (COP), Series 2002A, 2002B, and 2003A respectively. In anticipation of the 2006/2007 fiscal year COP issuances of over \$400 million the Forward Interest Rate Swap Program will allow the School Board to hedge approximately 50% of next year's issuance by locking in historically low current interest rates. As a result the Board is reducing future interest rate risks of its debt portfolio by having certainty over what interest amounts it will pay in the future. The forward swap will synthetically fix the existing floating rate debt by April 1, 2007 and provide the added flexibility to issue additional floating rate debt in the future. By including a forward option the Board will continue to enjoy the lower floating rates until it will be ready to issue next fiscal year's COP series. The Board could also save approximately 75 basis points in annual costs in comparison to conventional tax-exempt bond issuance by using this type of financing.

Revised

While the District has experienced relatively low long-term interest rates over the past several years and continues to see relatively lower interest rates in the current market, there is a greater risk that rates will trend higher; especially in light of the current inverted yield curve (short term rates are higher than longer term rates). In the opinion of our Derivative Financial Advisor, Swap Financial Group, the forward swap will be a risk reducing transaction for the Board because interest rates could rise significantly in the next year from today's historically low levels.

District staff, the District's Financial Advisor, DeLara and Associates, and Swap Financial Group considered current market conditions, low forward premiums, transaction rationale that considered three principal alternatives and the risk-reward trade-off for LIBOR (London Interbank Offered Rate)-based swaps in developing this program. In addition, the Board's Special Tax Counsel, Greenberg Traurig, P.A., reviewed the three principal alternatives to determine the tax and legal ramifications of each of the proposed alternative transactions. The most straightforward and elegant alternative, with the fewest legal complications and least downside risk was determined to be a forward interest rate swap that would be tied to existing floating rate COP's, but would commence payments by April 2007.

The School Board's Treasury Advisory Committee at its meeting of February 3, 2006 reviewed a draft of the attached Term Sheet, a Memorandum from Swap Financial Group delineating the transaction and the proposed Debt Management Policies, which include policies related to Swaps. Swap Financial Group conducted a presentation of the risks-reward relationship of the

proposed swap. As part of the Committee's review a discussion of the risks inherent in the proposed Forward Interest Rate Swap was conducted as follows:

- Interest rate risks were considered as to current market conditions under an inverted yield curve environment.
- Basis risks were considered as it relates to a LIBOR based Swap, whereby there could be a mismatch between the floating taxable rate the Board would receive and the floating tax-exempt rate the Board would pay.
- Counter party risks were considered as to credit quality standards required for potential bidders.
- Uncertainty over sizing and timing of future issuance were considered in determining notional amounts to be hedged and whether to tie the Swap to existing debt or future debt issuances.

The rewards as highlighted in the initial paragraph are highly favorable as determined by Swap Financial Group.

In addition the risk-reward relationship was quantified utilizing "What if" scenarios for both a Moderate Case and a Worst Case scenario analysis. Although the analysis is indicative only, it provides a reasonable basis for decision making regarding the trade-offs for using a LIBOR-based swap. Swap Financial Group determined that a LIBOR-based Swap, properly structured, would be suitable for the Board. The risks are outweighed by the potential rewards, which is why a large majority of municipal swap users employ LIBOR based swaps.

After the presentation from Swap Financial Group, the Treasury Advisory Committee approved recommending that the School Board issue the Request For Bid, Forward Interest Rate Swap Program.

We are requesting authority to issue a request for bids and to execute up to \$197,830,000 aggregate notional amount of Forward Interest Rate Swaps. Having the ability to lock in rates immediately upon award will allow for more favorable pricing from the Swap Providers (counter parties) because it decreases uncertainty on their side of the transaction. A report will be provided at the April Board Meeting of the results of awarding the swap. Resolution 06-22 includes parameters that the swap will not exceed the term of the underlying certificates (8/1/2027), and that the synthetic fixed rates will not exceed 4.00%.

Although the fundamental objective of the transaction is not savings driven, but replacing uncertainty with certainty for a portion of the District's future financings for the Capital Plan, the following analysis was provided by Swap Financial Group:

- Issuance of a synthetic fixed forward swap as opposed to conventional tax-exempt COP's with a forward contract as of March 8, 2006 on a notional amount of \$197,830,000 could generate estimated present value savings of \$13,082,076.
- The current cost of the forward premium under current market conditions is substantially less than what the forward premium would have cost as recently as 2-3 years ago, when the cost of the premium could have been estimated to be over \$5.5 million. Currently the estimates for a forward premium are approximately \$350,000.
- Future savings related to exchanging the District's variable rate debt for fixed rate debt cannot be determined because we cannot predict future interest rates. However, since June 2004 short term taxable rates (Fed Funds) have increased from 1% to 4.50%. As

Added

part of the District's due diligence and best practices included in the Debt Management Policies in the proposed revision to Board Rule 6Gx13- 3A-1.012 an annual report to the Board on all Outstanding Swaps will include a cash flow analysis which will compare payments received against payments made.

The transaction is not structured as a bet on future interest rates, but a reduction of interest rate risks. If rates are lower during the 2nd quarter of 2007 when the future COP issuances are being planned, then the District may issue fixed rate COP's, taking advantage of the lower rate environment and saving our variable rate capacity for future issuances when rates are higher. If rates are higher during the same time period, then the District will have the capacity to issue variable rate debt providing additional savings to the District. The Forward Interest Rate Swap Program being proposed is structured to provide financial flexibility for the management of the District's debt portfolio in addition to adding certainty to future financings.

Added

RECOMMENDED: That The School Board of Miami-Dade County, Florida approve Resolution 06-22 authorizing the issuance of bids and execution of up to \$197,830,000 aggregate notional amount of interest rate swaps pursuant to the District's Forward Interest Rate Swap Program.

Revised

Swap Financial Group

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February 27, 2006

School Board of Miami-Dade County Forward Interest Rate Swap Program

Term Sheet

OVERVIEW OF FINANCING PLAN

The School Board of Miami-Dade County ("the Board") is seeking to enter into two forward starting swaps (Swap I and Swap II) in connection with the Board's existing floating-rate and multimodal certificates (the "Bonds"). Under this program, the Board will enter into the forward-starting, fixed-payer swaps, as detailed below. The associated Bonds for Swap I are insured auction rate bonds, known as Certificates of Participation Series 2002A and 2002B. The associated Bonds for Swap II are insured multimodal bonds known as Certificates of Participation Series 2003A (Put Date 8/1/2008). The insurers on the Bonds, Ambac and MBIA, respectively, have agreed to provide insurance on the swaps, which will cover scheduled swap payments (but not termination payments unless authorized by the insurer). Full details of the swap insurance are available separately.

Bidding for Swap I is scheduled for _____ .m. Eastern time on ___ day, _____, 2006.* Bidding for Swap II will occur 15 minutes after the award of Swap I. Bids should be submitted as the lowest fixed rate to be paid by the Board in the swaps. For the purpose of counterparty diversification, the winning counterparty for Swap I will be precluded from bidding on Swap II.

Your firm is in the process of being approved as a potential counterparty for the transaction contemplated in this program. Swap Financial Group has been retained by the Board to work with it for the bidding of the swaps for this program.

*subject to change

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The table below shows the initial notional amounts, forward effective dates, and termination dates for Swap I and II.

	Bonds	Initial Notional	Effective Date	Termination Date
Swap I	2002A	\$69,765,000*	4/1/2007*	8/1/2027*
	2002B	\$70,115,000*	4/1/2007*	8/1/2027*
Total		\$139,880,000*		

	Bonds	Initial Notional	Effective Date	Termination Date
Swap II	2003A	\$57,440,000*	8/1/2008*	8/1/2027*

SWAP TRANSACTION SPECIFICS

Fixed Rate Payer: School Board of Miami-Dade County

Floating Rate Payer: Counterparty (winning bidder). Minimum rating of at least Aa3 (Moody's) or AA-minus (S&P) is required.

Notional Amounts: Initially, a total amount of \$139,880,000* for Swap I and \$57,440,000* for Swap II. Amounts will amortize as shown in the schedules in Attachment A.

Trade Date: _____, 2006

Effective Dates: As shown in the table above*

Termination Dates: As shown in the table above*

Fixed Rate Provisions:

Fixed Rate: Rate provided by winning bidder

*subject to change

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Fixed Rate Day Count Fraction:	30/360
Fixed Rate Period End Dates:	Semiannually, each May 1 and November 1 during the term of the transaction, not subject to adjustment
Fixed Rate Payment Dates:	Semiannually, each May 1 and November 1 during the term of the transaction, subject to adjustment in accordance with Following Business Day Convention

Floating Rate Provisions:

Floating Rate:	70% of One-Month USD LIBOR, reset two London business days prior to commencement of each floating rate period.
Floating Rate Day Count Fraction:	Actual/360
Floating Rate Period End Dates:	Matching the reset period on the corresponding bonds during the term of the transaction, not subject to adjustment
Floating Rate Payment Dates:	Same as payment dates on the corresponding Bonds, subject to adjustment in accordance with Following Business Day Convention

DOCUMENTATION PROVISIONS

Schedule to the ISDA Master Agreement (1992 Local Currency, Single Jurisdiction)

*subject to change

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Specified Indebtedness:	With respect to the Board, only includes obligations secured on parity with the Bonds and payable from the same source of revenues.
Cross Default Threshold:	With respect to the Board, limited to defaults under the general indenture under which the Bonds are issued. With respect to Counterparty, lowest amount specified under master agreements currently being entered into.
Payments on Early Termination:	Market Quotation, Second Method
Additional Termination Events:	Counterparty's ratings (measured in reference to its senior, unsecured debt or other similar obligation) fall below A3 (Moody's) and A-minus (S&P), (Counterparty as Affected Party). Board's ratings fall below Baa3 (Moody's) and BBB-minus (S&P), (Board as Affected Party).
Governing Law:	Swap agreement to be governed by New York law; Board's powers and sovereign immunity to be governed by Florida law. Generally, Florida law provides that sovereign immunity cannot be waived only with respect to tort law.
Jurisdiction:	Appropriate federal court in New York or Florida.

*subject to change

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Netting of Payments: Section 2(c)(ii) will apply (no netting across transactions)

Compliance with Covered Indenture: Will apply, but "Incorporated Provisions" will be limited solely to those bearing on the creditworthiness of the Board or the Bonds.

Appropriation Requests. The Board shall, in connection with all requests for appropriations for funds to meet its obligations under the Covered Indenture, include an appropriation of funds to meet its obligations, if any, to the Floating Rate Payer hereunder. Additionally, in the event any amount is payable by the Board under Section 6(e) of the Swap Agreement following the designation of an Early Termination Date under the Swap Agreement, the Board shall take any and all steps reasonably necessary to submit a request for appropriation of such amount in accordance with applicable Florida law as soon as possible (and in no event any later than the next meeting of The School Board of Miami-Dade County, Florida, unless such next meeting is within 10 days of the applicable Early Termination Date, in which case the request for appropriation shall be submitted no later than the date of the second meeting of The School Board of Miami-Dade County, Florida occurring after the applicable Early Termination Date) after such Early Termination Date.

*subject to change

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Security and Source of Payments:

Payments to be made by the Board in respect of any Transaction under the Swap Agreement are payable as Additional Lease Payments under Section 3.1 of the Master Lease Purchase Agreement, as supplemented and amended with respect to a Series of Certificates by the applicable Lease Schedule. Such Additional Lease Payments are subject to and dependent upon appropriation of funds being duly made from time to time by the Board, as described in the Master Lease Purchase Agreement. Pursuant to the Master Lease Purchase Agreement, however, the Board is obligated to budget and appropriate funds for all Leases (including Additional Lease Payments) or none of them and may not budget and appropriate funds to make Lease Payments selectively on a Lease by Lease basis. In the event that funds so appropriated are not sufficient to pay all such Lease Payments when due, the Trustee shall apply any amounts available to it to the payment of the items set forth in Section 504(a) of the Master Trust Agreement in the manner and with the order of priority set forth in such Section 504(a) of the Master Trust Agreement, as so amended, and with the same force and effect as if amounts due under the Swap Agreement were specifically set forth in a Lease Schedule.

Transfer Language:

The Board will have the right to transfer or assign its position in any swap, in whole or in part, to another swap dealer with whom

*subject to change

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the original Counterparty has trading lines, subject to an enumerated list of criteria for approval by the Counterparty

Optional Early Termination:

The Board will have the right to optionally terminate the Swap Agreement "at market" (second method, market quotation) at any time over the term of the agreement. The counterparty will have no similar right.

Deferral of Termination Payments:

Notwithstanding Section 6(d)(ii) of the Swap Agreement to the contrary, in the event an amount is payable by the Board under Section 6(e) of the Swap Agreement following the designation of an Early Termination Date then the following provision shall apply:

(i) if such Early Termination Date has been designated pursuant to (A) [Insurer fails to meet payment obligations under Swap Insurance Policy], (B) [Insurer Event occurs and a Payment Event occurs with respect to Party B], or (C) [a right of optional termination by the Board], then the amount payable by the Board shall become due and payable by the Board in accordance with the terms of the Swap Agreement;

(ii) if such Early Termination Date has been designated pursuant to (A) [Insurer Event occurs and a Credit Event occurs with respect to the Board], or (B) [Insurer Event occurs and the Board has been give 30 days notice without providing a Credit Support

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Provider or confirmation of ratings], then the amount payable by the Board shall not become due and payable by the Board until the earlier of: (1) the 7th Business Day following the Board's appropriation of funds to pay such amount; (2) the date on which the Board determines that it shall not appropriate funds to pay such amount; and (3) that certain date which is thirty (30) days following the Early Termination Date;

(iii) if such Early Termination Date has been designated pursuant to [anything not covered by clauses (i) or (ii)], then the amount payable by the Board shall not become due and payable by the Board until the earlier of: (1) the 7th Business Day following the Board's appropriation of funds to pay such amount; (2) the date on which the Board determines that it shall not appropriate funds to pay such amount; and (3) that certain date which is sixty (60) days following the Early Termination Date.

Credit Support Annex

Mark-to-market frequency:

Daily, for value of both collateral and swap exposure.

Eligible collateral:

US Treasury and Agency securities, excluding specialized securities such as interest-only and principal-only securities.

*subject to change

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Collateral Thresholds: As shown in the table below. Collateral posting is one-way; the Board cannot legally post collateral under Florida law.

Senior Unsecured Debt or Counterparty Ratings and Threshold Amounts

Moody's	S&P	Counterparty Threshold
Aa3 and above	AA- and above	Infinity (no collateral required)
A1	A+	\$10,000,000
A2	A	\$5,000,000
A3	A-	0
Baa1	BBB+	0
Baa2	BBB	0
Baa3	BBB-	0
Below Baa3	Below BBB-	0

Insurance Provisions: Separately available. Trigger for "Additional Termination Event" requirement for the Board. "Insurer Event" credit threshold will be below A3/A-minus.

Opinions: Both parties will provide enforceability opinions and such other documents as are required in the master agreement and schedule, including an opinion of the Issuer that it is legally authorized to enter into the transaction, and that the transaction is valid and binding.

Basis of Award: Lowest fixed rate payable by the Issuer. However, the Board reserves the right to reject any and all bids, to waive any irregularity or informality in any bid, to take

*subject to change

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any action adjourning or postponing the award of the bids, or to take any other action it may deem to be in the Board's best interest.

Swap Financial Group has prepared this term sheet from information available to us which we believe to be correct, but this term sheet is not a substitute for your complete review of the appropriate documents relative to this financing. In the event of any conflict between the term sheet and such documentation, the documentation will control.

Your interest in the above transactions is appreciated. Further information regarding the structuring of these transactions will be communicated to you as it develops. Any questions concerning the above should be directed to Peter Shapiro, John Keenan, Lillian Chern or James Murphy of Swap Financial Group (973) 378-5500. We look forward to working with you and welcome any comments or suggestions regarding this placement process.

*subject to change

RESOLUTION NO. 06-22

A RESOLUTION OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, AUTHORIZING A FORWARD INTEREST RATE SWAP PROGRAM TO ASSIST THE SCHOOL BOARD IN THE MANAGEMENT OF INTEREST RISK IN ITS DEBT PORTFOLIO AND ASSOCIATED WITH THE SERIES 2002A CERTIFICATES, SERIES 2002B CERTIFICATES AND SERIES 2003A CERTIFICATES ISSUED UNDER THE MASTER LEASE PROGRAM; AUTHORIZING THE AWARD OF INTEREST RATE EXCHANGE AGREEMENTS TO THE SUCCESSFUL BIDDERS THEREFOR; AUTHORIZING EXECUTION OF INTEREST RATE EXCHANGE AGREEMENTS AND RELATED INSTRUMENTS; AUTHORIZING THE INCURRENCE OF OBLIGATIONS AND THE EXPENDITURE OF FUNDS IN CONNECTION WITH THE INTEREST RATE EXCHANGE AGREEMENT; PROVIDING FOR INCIDENTAL ACTION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, The School Board of Miami-Dade County, Florida (the "School Board") as the governing body of the School District of Miami-Dade County, Florida (the "District"), has determined to finance and refinance certain of its capital needs through a master lease-purchase agreement pursuant to Sections 1001.42 and 1013.15, Florida Statutes; and

WHEREAS, the School Board has the power under Section 1001.42(2), Florida Statutes, to receive, purchase, acquire, lease, sell, hold, transmit and convey title to real and personal property for educational purposes, and under Section 1001.42(9) and 1013.15(2), Florida Statutes, to enter into leases or lease-purchase arrangements of sites and educational facilities for school purposes; and

WHEREAS, Miami-Dade County School Board Foundation, Inc. (the "Foundation"), a not-for-profit corporation organized and existing under the laws of the State of Florida, has been formed to lease purchase certain real property, educational facilities and equipment to the School Board; and

WHEREAS, the Foundation and the School Board have provided for the lease-purchase financing and refinancing of certain real property, educational facilities and equipment ("Facilities") from time to time by entering into a Master Lease Purchase Agreement dated as of August 1, 1994 (the "Master Lease"), and related leases; and

WHEREAS, the Facilities to be leased from time to time are identified on separate Schedules (each a "Schedule") attached to the Master Lease; and

WHEREAS, the School Board and the Foundation have heretofore entered into Schedule 2002-1 dated as of December 1, 2002, to the Master Lease for the lease-purchase financing of the Series 2002-1 Facilities specified therein (the Master Lease together with Schedule 2002-1, the "Series 2002-1 Lease") and Schedule 2002-2 dated as of December 1, 2002, to the Master Lease for the lease-purchase financing of the Series 2002-2 Facilities specified therein (the Master Lease together with Schedule 2002-2, the "Series 2002-2 Lease" and the Series 2002-2 Lease together with the Series 2002-1 Lease, the "Series 2002 Leases"); and

WHEREAS, the School Board and the Foundation have heretofore entered into Schedule 1998B-1 dated as of June 1, 1998, as amended and restated as of March 1, 2003, to the Master Lease for the lease-purchase financing of the Series 1998B-1 Facilities specified therein (the Master Lease together with Schedule 1998B-1, the "Series 1998B-1 Lease") and Schedule 1998B-2 dated as of June 1, 1998, as amended and restated as of March 1, 2003, to the Master Lease for the lease-purchase financing of the Series 1998B-2 Facilities specified therein (the Master Lease together with Schedule 1998B-2, the "Series 1998B-2 Lease" and the Series 1998B-2 Lease together with the Series 1998B-1 Lease, the "Series 1998B Leases"); and

WHEREAS, the Foundation has entered into a Master Trust Agreement dated as of August 1, 1994 (the "Trust Agreement"), with The Bank of New York Trust Company, N.A. (successor in interest to NationsBank of Florida, N.A.), as trustee (the "Trustee") providing for the issuance of series of Certificates of Participation to the public from time to time, representing undivided proportionate interests in the principal portion and interest portion of the basic lease payments to be made by the School Board under the Master Lease and the Schedule or Schedules relating to such series of Certificates; and

WHEREAS, to accomplish the lease-purchase financing of the Series 2002-1 Facilities and the Series 2002-2 Facilities, the School Board caused the issuance of two series of Certificates of Participation representing undivided proportionate interests in the principal portion and interest portion of the basic lease payments to be made by the School Board under the Series 2002 Leases (the "Series 2002A Certificates" and the "Series 2002B Certificates") pursuant to the Series 2002 Supplemental Trust Agreement dated as of December 1, 2002, between the Foundation and the Trustee (the "Series 2002 Supplemental Trust Agreement"); and

WHEREAS, to accomplish the refinancing of the lease-purchase of the Series 1998B-1 Facilities and the Series 1998B-2 Facilities, the School Board caused the issuance of Certificates of Participation representing undivided proportionate interests in the principal portion and interest portion of the basic lease payments to be made by the School Board under the Series 1998B Leases (the "Series 2003A Certificates") pursuant to the Series 2003A Supplemental Trust Agreement dated as of March 1, 2003, between the Foundation and the Trustee (the "Series 2003A Supplemental Trust Agreement"); and

WHEREAS, the interest portion of the lease payments under the Series 2002 Leases and the interest portion payable to holders of the Series 2002A Certificates and the Series 2002B Certificates is calculated at an auction rate, as determined from time to time; and

WHEREAS, the interest portion of the lease payments under the Series 1998B Leases and the interest portion payable to holders of the Series 2003A Certificates is calculated at a rate that will be subject to change on August 1, 2008; and

WHEREAS, the School Board has determined that it is in its best interests to exchange its current variable rate obligations for fixed rate obligations in order to provide the flexibility in future financings to issue additional variable rate debt and to manage the interest rate risk associated with the Series 2002 Leases and the Series 2002A Certificates and Series 2002B Certificates and the Series 1998B Leases and the Series 2003A Certificates by soliciting bids to enter into one or more forward interest rate exchange agreements with respect to the Series 2002 Leases and the Series 2002A Certificates and Series 2002B Certificates (collectively, the "Series 2002 Swap") and a forward interest rate exchange agreement with respect to the Series 1998B Leases and the Series 2003A Certificates (the "Series 2003A Swap") with the School Board pursuant to The School Board of Miami-Dade County Forward Interest Rate Swap Program Term Sheet attached hereto as Exhibit A (the "Swap Term Sheet"); and

WHEREAS, because of the volatility of the market and the necessity for the successful bidders to hedge their agreements immediately, it is necessary to delegate the authority to award the Series 2002 Swap and the Series 2003A Swap to the successful bidders and authorize the execution and delivery of an ISDA Master Agreement, together with a schedule, credit support annex, and confirmation thereto (collectively, an "Interest Rate Exchange Agreement") with each of the successful bidders to fix certain details of the Series 2002 Swap (collectively, the "Series 2002 Interest Rate Exchange Agreement") and the Series 2003A Swap (the "Series 2003A Interest Rate Exchange Agreement"), subject to certain restrictions; and

WHEREAS, payments due from the School Board to the counterparty under the Series 2002 Interest Rate Exchange Agreement will be secured by one or more policies (collectively, the "Series 2002 Swap Policy") issued by Ambac Assurance Corporation (the "Series 2002 Swap Insurer"), the issuer of the municipal bond insurance policy for the Series 2002A Certificates and Series 2002B Certificates and under the Series 2003A Interest Rate Exchange Agreement will be secured by a policy (the "Series 2003A Swap Policy" and together with the Series 2002 Swap Policy, the "Swap Policies") issued by MBIA Insurance Corporation (the "Series 2003A Swap Insurer" and together with the Series 2002 Swap Insurer, the "Swap Insurers"), the issuer of the financial guaranty insurance policy for the Series 2003A Certificates;

NOW THEREFORE, BE IT RESOLVED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA THAT:

Section 1. The School Board hereby authorizes the solicitation of bids in accordance with the Swap Term Sheet, the form of which is attached hereto as **Exhibit A**, and subject to the conditions for award set forth in Section 3 hereof. The School Board hereby authorizes and

directs the Superintendent to award the Series 2002 Swap and the Series 2003A Swap to the respective successful bidders pursuant to the terms of the Swap Term Sheet and the conditions set forth in Section 3 hereof.

Section 2. The form of the Interest Rate Exchange Agreement submitted to this meeting and attached hereto as **Exhibit B** is hereby approved, with such insertions, modifications and changes with respect to each of the Series 2002 Swap and the Series 2003A Swap as may be approved by the Superintendent. The Chair, Vice Chair, Superintendent or Deputy Superintendent, Business Operations and the Secretary, upon such approval by the Superintendent, are each hereby authorized and directed to execute the Series 2002 Interest Rate Exchange Agreement and the Series 2003A Interest Rate Exchange Agreement. The execution and delivery of such Interest Rate Exchange Agreements by the Chair, Vice Chair, Superintendent or Deputy Superintendent, Business Operations and the Secretary shall constitute conclusive evidence of the approval thereof.

Section 3. The Superintendent or Deputy Superintendent, Business Operations, upon the advice of the School Board's Swap Advisor, Financial Advisor and the School Board's Special Tax Counsel, are hereby directed to negotiate the terms of the Interest Rate Exchange Agreement, subject to the following conditions:

With respect to the Series 2002 Interest Rate Exchange Agreement:

- (i) The synthetic fixed rate shall not exceed 4.00% per annum;
- (ii) The aggregate notional amount of the Series 2002 Interest Rate Exchange Agreement shall not exceed \$139,880,000; and
- (iii) The stated termination date of the Series 2002 Interest Rate Exchange Agreement shall be no later August 1, 2027.

With respect to the Series 2003A Interest Rate Exchange Agreement:

- (i) The synthetic fixed rate shall not exceed 4.00% per annum;
- (ii) The notional amount of the Series 2003A Interest Rate Exchange Agreement shall not exceed \$57,950,000; and
- (iii) The stated termination date of the Series 2003A Interest Rate Exchange Agreement shall be no later August 1, 2027.

Section 4. The Chair, Vice Chair, Superintendent and Deputy Superintendent, Business Operations are each further authorized to identify the details of the Series 2002 Interest Rate Exchange Agreement and Series 2003A Interest Rate Exchange Agreement for purposes of Treasury Regulation §1.148-4(h)(2)(viii), by executing an Identification of Hedge.

Section 5. The Superintendent or Deputy Superintendent, Business Operations, are hereby authorized to negotiate the terms of the Swap Policies and to execute and deliver such credit enhancement agreements with the Swap Insurers as are necessary or desirable with respect to the issuance of the Swap Policies.

Section 6. The Chair, Vice Chair, Secretary, Superintendent, Chief Financial Officer, Treasurer, Deputy Superintendent, Business Operations and School Board Attorney are each authorized and directed to execute and deliver all additional documents, contracts, instruments and certificates, including, without limitation, amendments, supplements, restatements or other modifications to the Series 2002 Leases, the Series 1998B Leases, the Series 2002 Supplemental Trust Agreement, the Series 2003A Supplemental Trust Agreement and any other documents related to the Series 2002 Certificates and the Series 2003A Certificates and to take all actions and steps, including without limitation to change the dated date of any and all documents, and to incur such costs on behalf of the School Board which are necessary or desirable in connection with the Series 2002 Interest Rate Exchange Agreement, the Series 2003A Interest Rate Exchange Agreement, the Series 2002 Swap Policy and the Series 2003A Swap Policy and which are not inconsistent with the terms and provisions of this Resolution.

Section 7. This Resolution shall take effect immediately upon its adoption.

Adopted this 15th day of March, 2006.

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

Attest:

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

EXHIBIT A

FORWARD INTEREST RATE SWAP PROGRAM TERM SHEET

EXHIBIT B

FORM OF INTEREST RATE EXCHANGE AGREEMENT

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