

Business Operations
Ofelia San Pedro, Deputy Superintendent

- SUBJECT: REQUEST FOR APPROVAL OF RESOLUTION 06-55 AUTHORIZING:**
- 1. AWARD REQUEST FOR BID (RFB) – \$124,000,000 TO SUNTRUST BANK (\$62,000,000) AND WACHOVIA BANK, N.A. (\$62,000,000) TO PROVIDE INTERIM FINANCING BY THE CITY OF NORTH MIAMI FOR NORTH MIAMI SENIOR HIGH SCHOOL REPLACEMENT (S/S “BBB1”) & A NEW SENIOR HIGH SCHOOL AT BISCAYNE LANDING (S/S “QQQ1”); AND**
 - 2. AUTHORIZE THE EXECUTION IN SUBSTANTIAL FINAL FORM WITH SUCH CHANGES AS ARE NECESSARY OR DESIRABLE OF THE FOLLOWING DOCUMENTS:**
 - a) THE AMENDED & RESTATED INTERLOCAL AGREEMENT BETWEEN THE SCHOOL BOARD AND THE CITY OF NORTH MIAMI FOR FINANCING AND CONSTRUCTION OF AN UP TO 3,660-SEAT REPLACEMENT OF NORTH MIAMI SENIOR HIGH SCHOOL (S/S “BBB1”) AND A NEW APPROXIMATE 1,560-SEAT HIGH SCHOOL (S/S “QQQ1”) ON CITY-OWNED LAND, UNDER A LONG-TERM LEASE AGREEMENT WITH THE CITY, AND CONSTRUCTION OF A NEW ELEMENTARY AND REPLACEMENT FACILITY FOR NORTH MIAMI MIDDLE SCHOOL (S/S “E1”) ON SCHOOL BOARD-OWNED LAND; AND**
 - b) THE MULTIPARTY AGREEMENT REGARDING THE CONSTRUCTION, FINANCING AND ACQUISITION OF CERTAIN EDUCATIONAL FACILITIES; AND**
 - c) THE GROUND LEASE AGREEMENTS, JOINT USE AGREEMENTS AND ANY OTHER AGREEMENTS CONTEMPLATED OR REQUIRED BY THE AMENDED AND RESTATED INTERLOCAL AGREEMENT BETWEEN THE SCHOOL BOARD AND THE CITY OF NORTH MIAMI TO FACILITATE THE CONSTRUCTION AND SUBSEQUENT JOINT USE OF LAND, RECREATIONAL AND ANCILLARY FACILITIES TO BE BUILT AS PART OF S/S “BBB1”, S/S “QQQ1” AND S/S “E1”**

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

At its meeting of October 19, 2005, the School Board approved the Interlocal Agreement between the School Board and the City of North Miami (City) in connection with the construction and financing of State Schools “BBB1”, “QQQ1” and “E1”. Subsequent to the execution of the Interlocal Agreement the City and District staff agreed that the School Board was in the best position to oversee the development and construction of the North Miami Senior High School Replacement (S/S “BBB1”) and the new Senior High School at Biscayne Landings (S/S “QQQ1”), and are proposing that an amended and restated Interlocal Agreement be entered into. Under the terms of the Interlocal Agreement, the City is still providing the interim financing for a portion of both schools in the aggregate amount of \$124 million.

It is in the School Board's best interest to have the City provide the interim financing because incorporating these projects into the current 2006/2007 financing plan would require other projects to be deferred to later years. Deferring construction of projects will increase the overall costs of funding the District's Five Year Capital Plan because of the projected increase in construction costs. Capital projects to be financed in 2006/2007 total approximately \$934 million, including the proposed North Miami Interim Financing Plan of \$124 million. That is \$309 million over the prior fiscal year and \$609 million more than any year prior to 2005/2006 since the School Board financed the first Certificates of Participation in 1988. The School Board has embarked on a very aggressive Capital Plan to meet the Class Size Reduction Amendment and renovate our aging campuses. In order to meet these needs, alternative and innovative forms of financing, such as the one contemplated in this Board Item are being pursued and implemented.

Interim financing by the City for construction of S/S "BBB1" and S/S "QQQ1"

After extensive negotiations with the City and several financial institutions, the School Board has achieved several beneficial objectives in crafting the interim financing plan that is acceptable to the City, while providing the lowest cost of funds and significantly increasing the School Board's funding capabilities. Following is a summary of the proposal and its benefits:

- Provides the necessary funding to allow both schools to be constructed on parallel track by accelerating the construction of S/S "QQQ1", and addresses the City's desire and the School Board's commitment to eliminate overcrowding and better meet the educational needs of the children.
- Adds a new interim financing structure to the Board's debt management program, which essentially expands the use of the Line of Credit/Revenue Anticipation Notes without infringing on the Board's debt capacity limits as it relates to the Local Optional Millage Levy.
- Having the City provide the financing as the borrower, increases the District's funding capabilities within the requirements of Florida law with respect to School Districts and provides added flexibility in structuring the terms.
- Costs are comparable to the Line of Credit, given the unsecured nature of the transaction. The pledge being provided to the banks is that the School Board will purchase both schools on or before August 1, 2009, subject to inclusion of a provision in the then current annual budget by the Board. Proceeds from the purchase will enable the City to repay the obligation to the banks. The District's Five Year Capital Plan provides for the issuance of Certificates of Participation in 2008-2009 to purchase the schools. Neither the City's nor the School Board's revenues are pledged during the construction period of the schools.
- Several favorable and beneficial conditions are being agreed to by the City and the School Board in the Ground Lease Agreements and Joint Use Agreements, whereby the schools are being built on City owned land.

On behalf of the City and the School Board, the District's Financial Advisor, DeLara Associates, issued the Request for Bid for Interim Financing. Nine firms were solicited and the following eight responded:

Bank of America	Merrill Lynch
Bear Stearns	Regions Bank
Goldman Sachs	SunTrust Bank
JP Morgan/Chase	Wachovia

The bid evaluation and/or subsequent negotiations with selected banks were performed by the School Board's Treasurer, Financial Advisor and Bond Counsel and by the City's Finance Director, Financial Advisor and Bond Counsel. SunTrust bid provided the lowest cost of funds and was chosen as the lead bank. However, since SunTrust proposed underwriting only 50% of the amount to be financed, a second bank needed to be selected for the other 50%. After extensive negotiations Wachovia was selected as providing the lowest cost of funds with terms that were acceptable to both the City and the School Board. The details are as follows:

SunTrust Bank: $63.7\% \text{ of } 1\text{-Month LIBOR} = (0.637 * 5.40\%) + 0.50\% = 3.94\%$

Wachovia : $\text{BMA} + 0.47825\% = 3.64\% + 0.47625\% = 4.12\%$

LIBOR = London Interbank Offered Rate

BMA = Bond Market Association

Both bank notes will be floating rate and index calculations are indicative of rates as of 7/27/06. In comparison the Line of Credit variable rate reset to 3.89% on August 1, 2006. It is estimated that the net interest cost (interest expense less allowable interest earnings on proceeds) to the School Board will be under \$9 million.

The transaction is categorized as conduit debt obligation for the City and as such will be recognized by the District in the Financial Statements.

The cost of issuance will not exceed \$500,000, which includes financing costs and the preparation and/or negotiations of the Interlocal Agreement, Ground Leases, and Joint Use Agreements.

The Treasury Advisory Committee at the August 31st, 2006 meeting reviewed the transaction and recommended that the School Board approve this transaction.

Amended and Restated Interlocal Agreement

The Interlocal Agreement will provide for the construction of a new replacement school for North Miami Senior High School on City-owned land, construction of a new Senior High School on City-owned land at Biscayne Landing, and construction of a new elementary and replacement of North Miami Middle School on Board-owned land along with redevelopment of the City's Cagni Park as part of the North Miami Senior High School Replacement.

Ground Lease and Joint Use Agreements to facilitate the construction and subsequent joint use of land, recreational and ancillary facilities to be built as part of S/S "BBB1", S/S "QQQ1" and S/S "E1"

The District and City will enter into individual ground lease agreements for City-owned land used to site at new Senior High School at Biscayne Landing and a portion of the North Miami Senior High School replacement, and individual Joint Use Agreements for North Miami Senior High School/Cagni Park, Senior High School at Biscayne Landing/North Miami Stadium, and the new elementary and replacement North Miami Middle School campus.

The Amended and Restated Interlocal Agreement, the Multiparty Agreement, the Ground Lease Agreements, and the Joint Use Agreements and any other agreements contemplated or required by or as a result of the Amended and Restated Interlocal Agreement between the School Board and the City of North Miami will be submitted to the Board under separate cover.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida approve Resolution 06-55 authorizing:

1. award Request for Bid (RFB) - \$124,000,000 to SunTrust Bank (\$62,000,000) and Wachovia Bank, N.A. (\$62,000,000) to provide interim financing by the City of North Miami for North Miami Senior High School Replacement (S/S "BBB1") & the new Senior High School at Biscayne Landing (S/S "QQQ1"); and
2. authorize the execution in substantial final form with such changes as are necessary or desirable of the following documents:
 - a) the Amended & Restated Interlocal Agreement between the School Board and the City of North Miami; and
 - b) the Multiparty Agreement regarding the construction, financing, and acquisition of the certain educational facilities; and
 - c) the Ground Lease Agreements and the Joint Use Agreements and any other agreements contemplated or required by the Amended and Restated Interlocal Agreement between the School Board and the City of North Miami.

RESOLUTION NO. 06-55

A RESOLUTION OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA (THE "SCHOOL BOARD"), APPROVING AND AUTHORIZING THE EXECUTION OF AN AMENDED AND RESTATED INTERLOCAL AGREEMENT WITH THE CITY OF NORTH MIAMI, FLORIDA (THE "CITY"), SETTING FORTH THE AGREEMENT BETWEEN THE SCHOOL BOARD AND THE CITY, WITH RESPECT TO, AMONG OTHER THINGS, THE CONSTRUCTION AND FINANCING OF NORTH MIAMI SENIOR HIGH SCHOOL REPLACEMENT AND S/S QQQ1 A NEW SENIOR HIGH SCHOOL BY BISCAYNE LANDING; APPROVING AND AUTHORIZING THE EXECUTION OF AN "AGREEMENT REGARDING THE CONSTRUCTION, FINANCING AND ACQUISITION OF CERTAIN EDUCATIONAL FACILITIES", WITH THE CITY, PROVIDING FOR THE TERMS OF THE ISSUANCE OF NOTES BY THE CITY, AND THE USE OF THE PROCEEDS OF THE SALE OF THE NOTES TO FINANCE A PORTION OF THE COST OF CONSTRUCTION OF NORTH MIAMI SENIOR HIGH SCHOOL REPLACEMENT AND S/S QQQ1 THE NEW SENIOR HIGH SCHOOL BY BISCAYNE LANDING; AWARDING \$124,000,000 AGGREGATE PRINCIPAL AMOUNT OF INTERIM FINANCING BY THE CITY FOR THE CONSTRUCTION OF NORTH MIAMI SENIOR HIGH SCHOOL REPLACEMENT AND S/S QQQ1 THE NEW SENIOR HIGH SCHOOL AT BISCAYNE LANDING TO THE SUCCESSFUL BIDDERS THEREFOR PURSUANT TO A REQUEST FOR BIDS; APPROVING AND AUTHORIZING THE EXECUTION OF GROUND LEASES AND JOINT USE AGREEMENTS AND OTHER DOCUMENTS WITH RESPECT TO THE FACILITIES TO BE CONSTRUCTED IN ACCORDANCE WITH THE AMENDED AND RESTATED INTERLOCAL AGREEMENT AND RELATED INSTRUMENTS; AUTHORIZING THE INCURRENCE OF OBLIGATIONS AND THE EXPENDITURE OF FUNDS IN CONNECTION WITH SUCH DOCUMENTS AND THE PERFORMANCE OF THE SCHOOL BOARD'S OBLIGATIONS THEREUNDER; 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 heretofore entered into an Interlocal Agreement, dated as of December 13, 2005, as amended by a First Amendment to Interlocal Agreement dated as of March 1, 2006 (the "Original Interlocal Agreement") with the City of North Miami, Florida (the "City"), which addressed the general terms and conditions relating to, among other things, the replacement of North Miami Senior High School ("NMHS"), the construction of S/S QQQ1 a New Senior High School at Biscayne Landing ("BLHS") and the development and construction of a new K through 8 educational center in the City, construction of an elementary school and the replacement of North Miami Middle School (the "K through 8 Campus") and renovation of certain amenities comprising the facilities know as the North Miami Stadium (the "North Miami Stadium") and redevelopment of Cagni Park located in the City ("New Cagni Park" and together with BLHS, NMHS, the K through 8 Campus, and the North Miami Stadium, the "Improvements"); and

WHEREAS, the School Board has determined that it is in the best interest of the District to restructure the terms and conditions of the Original Interlocal Agreement pursuant to an Amended and Restated Interlocal Agreement (the "Amended and Restated Interlocal Agreement"), to better reflect the agreement between the School Board and the City with respect to the administration of the design, development, construction, renovation, redevelopment and financing of the contemplated Improvements; and

WHEREAS, the School Board has agreed to be responsible for the design, development and construction of NMHS and BLHS and the City has agreed to issue its Educational Facilities Construction Notes, Series 2006 (the "Notes"), to provide financing for a portion of the construction costs of NMHS and BLHS; and

WHEREAS, the School Board has heretofore solicited bids from financial institutions to provide financing for NMHS and BLHS; and

WHEREAS, the School Board believes it to be in the best interest of the District to enter into an Agreement Regarding The Construction, Financing And Acquisition Of Certain Educational Facilities (the "Multiparty Agreement") with the City, and SunTrust Bank and Wachovia Bank, National Association, the successful bidders for the financing of NMHS and BLHS (collectively, the "Banks") to set forth the terms of the Notes and other provisions with respect to the purchase of the Notes by the Banks and the obligation of the School Board, subject to appropriation in the annual budget, to provide permanent financing for NMHS and BLHS on or before August 1, 2009; and

WHEREAS, NMHS will be built partially on lands ground leased by the City to the School Board pursuant to a Ground Lease Agreement (the "NMHS Ground Lease") and BLHS will be built on lands ground leased by the City to the School Board pursuant to a Ground Lease Agreement (the "BLHS Ground Lease"); and

WHEREAS, the School Board believes it to be in the best interest of the District to enter into a Joint Use Agreement with respect to the joint use by the School Board and the City of (a)

NMHS and Cagni Park (the "NMHS/Cagni Park Joint Use Agreement"), (b) of the K through 8 Campus (the "K through 8 Campus Joint Use Agreement"), and (c) of BLHS and the North Miami Stadium (the "BLHS/North Miami Stadium Joint Use Agreement");

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

Section 1. The form of the Amended and Restated Interlocal Agreement submitted to this meeting and attached hereto as **Exhibit A** is hereby approved, with such insertions, modifications and changes 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 Amended and Restated Interlocal Agreement. The execution and delivery of the Amended and Restated Interlocal Agreement by the Chair, Vice Chair, Superintendent or Deputy Superintendent, Business Operations and the Secretary shall constitute conclusive evidence of the approval thereof.

Section 2. The School Board hereby ratifies and confirms the solicitation of bids from financial institutions for the financing of NMHS and BLHS, and subject to the successful negotiation of the financing terms, awards the financing to the Banks, as the successful bidders pursuant to the terms of the request for bids.

Section 3. The form of the Multiparty Agreement submitted to this meeting and attached hereto as **Exhibit B** is hereby approved, with such insertions, modifications and changes 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 Multiparty Agreement. The execution and delivery of the Multiparty Agreement by the Chair, Vice Chair, Superintendent or Deputy Superintendent, Business Operations and the Secretary shall constitute conclusive evidence of the approval thereof.

Section 4. The forms of the NMHS Ground Lease and BLHS Ground Lease submitted to this meeting and attached hereto as **Exhibit C-1** and **Exhibit C-2**, respectively, are hereby approved, with such insertions, modifications and changes 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 NMHS Ground Lease and BLHS Ground Lease. The execution and delivery of the NMHS Ground Lease and BLHS Ground Lease by the Chair, Vice Chair, Superintendent or Deputy Superintendent, Business Operations and the Secretary shall constitute conclusive evidence of the approval thereof.

Section 5. The form of the NMHS/Cagni Park Joint Use Agreement submitted to this meeting and attached hereto as **Exhibit D**, is hereby approved, with such insertions, modifications and changes as may be approved by the Superintendent. A K through 8 Campus Joint Use Agreement and BLHS/North Miami Stadium Joint Use Agreement shall be

substantially in the form of Exhibit D hereto, with such insertions, modifications and changes as are necessary or advisable to provide for the appropriate terms and conditions for the joint use of the K through 8 Campus and BLHS and the North Miami Stadium, respectively, 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 NMHS/Cagni Park Joint Use Agreement, the K through 8 Campus Joint Use Agreement, and the BLHS/North Miami Stadium Joint Use Agreement. The execution and delivery of the NMHS/Cagni Park Joint Use Agreement, the K through 8 Campus Joint Use Agreement, and the BLHS/North Miami Stadium Joint Use Agreement by the Chair, Vice Chair, Superintendent or Deputy Superintendent, Business Operations and the Secretary shall constitute conclusive evidence of the approval thereof.

Section 6. The Chair, Vice Chair, Secretary, Superintendent, Deputy Superintendent, Business Operations and School Board Attorney are each authorized and directed to execute and deliver all additional documents, contracts, instruments and certificates, related to the Amended and Restated Interlocal Agreement, the Notes, the Multiparty Agreement, the NMHS Ground Lease, the BLHS Ground Lease, the NMHS/Cagni Park Joint Use Agreement, the K through 8 Campus Joint Use Agreement, and the BLHS/North Miami Stadium Joint Use Agreement 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 Amended and Restated Interlocal Agreement, the Notes, the Multiparty Agreement, the NMHS Ground Lease, the BLHS Ground Lease, the NMHS/Cagni Park Joint Use Agreement, the K through 8 Campus Joint Use Agreement, and the BLHS/North Miami Stadium Joint Use Agreement and which are not inconsistent with the terms and provisions of this Resolution.

Section 7. If any one or more of the provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Resolution and shall in no way affect the validity of any of the other provisions hereof.

Section 8. This Resolution shall take effect immediately upon its adoption.

Adopted this 13th day of September, 2006.

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

Attest:

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

Approved as to form and content:

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

EXHIBIT A

AMENDED AND RESTATED INTERLOCAL AGREEMENT

EXHIBIT B

FORM OF MULTIPARTY AGREEMENT

APPENDIX C-1

FORM OF NMHS GROUND LEASE

APPENDIX C-2

FORM OF BLHS GROUND LEASE

APPENDIX D

FORM OF JOINT USE AGREEMENT

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