

Business Operations  
Ofelia San Pedro, Deputy Superintendent

**SUBJECT:           ADOPT RESOLUTION 08-38 ACCEPTING THE OFFER OF A LETTER OF CREDIT AS LIQUIDITY AND CREDIT SUPPORT FOR THE CONVERSION AND REMARKETING OF \$57,950,000 SERIES 2003A MULTI-MODAL CERTIFICATES OF PARTICIPATION SUBJECT TO TERMS ACCEPTABLE TO THE SCHOOL BOARD AND OTHER CONDITIONS, AND APPOINTING WACHOVIA BANK, NA AS LETTER OF CREDIT PROVIDER, AND REMARKETING AGENT**

**COMMITTEE:       INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS**

**LINK TO DISTRICT  
STRATEGIC PLAN: IMPROVE FINANCIAL SERVICES**

On March 1, 2003, the Series 2003A Multi-Modal Certificates of Participation (COPs) were issued with a mandatory tender date of August 1, 2008. On April 3, 2006, the District entered into a Forward Interest Rate Swap associated with the Series 2003A COPs.

On January 22, 2008, bids were accepted for the provision of liquidity facility to be used in the remarketing of outstanding auction rate Certificates of Participation of the School Board to variable rate demand notes. Wachovia Bank NA provided the lowest bid for a letter of credit to be used as liquidity and credit support for the issuance of variable rate demand obligations, as follows:

- 35 basis points per annum for a one-year commitment
- 38 basis points per annum for a two-year commitment

In the interim since bids were received, the cost of letters of credit has increased substantially. Wachovia has agreed to extend its proposal to the Series 2003A Multi-Modal COPs subject to Board Approval of Resolution 08-38.

The Treasury Advisory Committee reviewed the proposed financing at the March 26, 2008 meeting and recommended that the School Board adopt Resolution 08-38 accepting the Wachovia Proposal and appointing Wachovia Bank NA as the Letter of Credit Provider and Remarketing Agent for the remarketing and conversion of the Series 2003A Multi-Modal Certificates of Participation, subject to terms satisfactory to the School Board that include:

- Selection of interest rate mode requiring the Letter of Credit
- Acceptable Credit Facility and Reimbursement Agreement Terms
- Consent of MBIA as insurer
- Consent of Merrill Lynch as swap counterparty

Prior to the August 1, 2008 remarketing of the 2003A COPs, the Board will need to adopt an additional resolution fixing the details of the Series 2003A COPs, approving the form and authorizing the execution of documents.

Nabors, Giblin & Nickerson, P.A. will provide Disclosure Counsel services for the 2003A Multi-Modal COP conversion and remarketing as authorized under Agenda Item E-144 approved at the February 13, 2008 Board Meeting.

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

- 1) approve Resolution 08-38 accepting the offer of a Letter of Credit as Liquidity and Credit Support for the conversion and remarketing of \$57,950,000 Series 2003A Multi-Modal Certificates of Participation subject to terms satisfactory to the School Board and other conditions; and
- 2) appoint Wachovia Bank NA as Letter of Credit Provider and Remarketing Agent

RESOLUTION 08-38

**A RESOLUTION OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, ACCEPTING THE OFFER OF A LETTER OF CREDIT AS LIQUIDITY AND CREDIT SUPPORT IN CONNECTION WITH THE REMARKETING TO A VARIABLE RATE MODE ON AUGUST 1, 2008, OF THE \$57,950,000 AGGREGATE OUTSTANDING PRINCIPAL AMOUNT OF THE CERTIFICATES OF PARTICIPATION, SERIES 2003A CURRENTLY IN A TERM RATE MODE, WHICH ENDS ON JULY 31, 2008, SUBJECT TO NEGOTIATION WITH THE PROVIDER OF THE LETTER OF CREDIT AND WITH THE INSURER OF THE SERIES 2003A CERTIFICATES; 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 and educational facilities (the "Facilities") from time to time by entering into a Master Lease Purchase Agreement dated as of August 1, 1994 (the "Master Lease"), and related agreements; 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**, provision for the payment of the cost of acquiring, constructing and installing such Facilities may be made by the issuance and sale from time to time of one or more Series (as defined in the hereinafter described Trust Agreement) of Certificates of Participation issued under the Trust Agreement (the "Certificates"), which shall be secured by and be payable from Basic Lease Payments to be made by the School Board pursuant to the Master Lease and related Schedules; 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"), and a Series 2003A Supplemental Trust Agreement dated March 1, 2003, between the Foundation and the Trustee, pursuant to which refunding Certificates of Participation, Series 2003A, were issued in the aggregate principal amount of \$63,633,332.30 (the "Series 2003A Certificates"), representing undivided proportionate interests of the

owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Series 1998B Leases as defined in the Series 2003A Supplemental Trust Indenture; and

**WHEREAS**, the Series 2003A Certificates are currently in a term rate mode which will end on July 31, 2008, requiring a conversion of the interest rate mode and a remarketing of the Series 2003A Certificates on August 1, 2008 (the "Conversion"); and

**WHEREAS**, the School Board has entered into an ISDA Master Agreement and Schedule, each dated April 3, 2006, and related Confirmation dated April 3, 2006 and effective August 1, 2008, with Merrill Lynch Capital Services, Inc. (the "Swap Provider") in connection with the Series 2003A Certificates (collectively, the "Swap Agreement"); and

**WHEREAS**, the School Board may determine that it is in its best interest to convert the term rate mode to a variable rate mode so that the Series 2003A Certificates may be calculated at a daily rate or weekly rate; and

**WHEREAS**, in connection with the Conversion, the School Board may, if it deems advisable, obtain liquidity support or liquidity and credit support for the Series 2003A Certificates following the Conversion (the "Credit Facility") if applicable for the mode to which the Series 2003A Certificates are to be converted from a financial institution with a short-term rating in the one of the two highest short-term rating categories from Standard & Poor's Ratings Service and in the highest short-term rating category from Moody's Investors Service (the "Credit Provider"); and

**WHEREAS**, the School Board has received an offer from Wachovia Bank, National Association (the "Proposed Credit Provider") to provide for a Credit Facility in support of the Series 2003A Certificates upon Conversion (the "Proposed Credit Facility"); and

**WHEREAS**, the School Board wishes to accept the offer from the Proposed Credit Provider, subject to (a) the selection of an interest rate mode which would require a Credit Facility of the nature proposed by the Proposed Credit Provider, (b) negotiation of the terms of the Proposed Credit Facility and a reimbursement agreement acceptable to the School Board, (c) the consent of MBIA Insurance Corporation ("MBIA"), the provider of a financial guaranty insurance policy (the "Policy") as credit support for the Series 2003A Certificates and (d) the Swap Provider; and

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

**Section 1.** The recitals to this Resolution are incorporated in this Resolution as findings.

**Section 2,** The School Board hereby (a) accepts the offer of the Proposed Credit Facility from the Proposed Credit Provider to be effective upon Conversion of the Series 2003A Certificates, subject to (i) the selection of an interest rate mode which would require a Credit Facility of the nature offered by the Proposed Credit Provider, (ii) negotiation of the terms of the Proposed Credit Facility and a reimbursement agreement acceptable to the School Board and (iii) the consents of MBIA and the Swap Provider and (b) authorizes negotiations with the Proposed Credit Provider and MBIA with respect to the Proposed Credit Facility.

**Section 3.** Notwithstanding anything to the contrary contained herein, the Series 2003A Certificates will not be remarketed until the School Board adopts a subsequent resolution fixing the

details of the Series 2003A Certificates and approving the form and execution of documents necessary to such remarketing and Conversion.

**Section 4.** This Resolution shall take effect immediately upon its adoption.

**Section 5.** If any section, paragraph, clause or provision of this Resolution shall be held invalid by any court of competent jurisdiction, such holding shall not affect any other section, paragraph, clause or provision of this Resolution.

**Section 6.** All resolutions or portions thereof previously adopted by the School Board which are inconsistent with the terms and provisions of this Resolution are hereby repealed to the extent of such inconsistency.

Adopted this 16<sup>th</sup> day of April, 2008.

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

Attest:

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