

Business Operations
Ofelia San Pedro, Deputy Superintendent

SUBJECT: \$233,400,000 REFUNDING CERTIFICATES OF PARTICIPATION, (COPs) SERIES 2008A FORWARD SETTLEMENT UPDATE AND ADOPTION OF RESOLUTION 08-51 AUTHORIZING AMENDMENTS TO RESOLUTION 06-62, WHICH AUTHORIZED THE REFUNDING OF CERTAIN SERIES 1998A AND 1998C COPs

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

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

The District sold \$233.4 million Refunding (1998A & 1998C) Certificates of Participation (COPs), Series 2008A on a forward settlement basis as authorized by Resolution 06-62, under Agenda Item E-27 at the November 21, 2006 Board Meeting. The present value savings from the refunding were projected to be approximately \$8.5 million. The COPs were sold on December 12, 2006, with a commitment from AMBAC Assurance Corporation to provide credit enhancement. The delivery date of the COPs is June 19, 2008.

Resolution 06-62 required that the insurance provider be rated AAA by all three rating agencies. Recently, AMBAC has been downgraded by Fitch Ratings (Fitch). This downgrade does not affect the pricing of the refunding transaction or the savings that the District will realize from the refunding. The forward purchase contract for the sale of the COPs does not require a rating from Fitch but does require ratings of Aaa and AAA from Moody's Investor Services (Moody's) and Standard & Poor's Ratings Services (S&P). That requirement could be waived by the underwriters. The amendment to Resolution 06-62 will (A) remove the requirement of a rating from Fitch Ratings and, (B) in the event of a downgrade by Moody's and/or S&P, authorize actions necessary to cause the issuance of the AMBAC policy should the underwriters elect to waive the rating requirements in the purchase contract.

The Treasury Advisory Committee reviewed the proposed financing at the April 28, 2008 meeting and recommended that the School Board adopt Resolution 08-51. The Finance Team is monitoring the situation and investigating all possible alternatives available to the District at this time.

RECOMMENDED: That The School Board of Miami-Dade County, Florida approve Resolution 08-51 authorizing amendments to Resolution 06-62, which authorized the refunding of certain Series 1998A and 1998C COPs.

RESOLUTION 08-51

A RESOLUTION OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA AMENDING RESOLUTION 06-62 ADOPTED NOVEMBER 21, 2006 IN CONNECTION WITH THE AUTHORIZATION OF THE ISSUANCE OF REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2008A, FOR THE PURPOSE OF AMENDING THE DEFINITION OF THE SERIES 2008A INSURER CONTAINED THEREIN; 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 Sections 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, has agreed 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, as the same may be amended and supplemented from time to time (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, 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, Resolution 06-62, adopted by the School Board on November 21, 2006, authorized the issuance of Certificates of Participation, Series 2008A (the "Series 2008A Certificates") to current refund on a forward basis all or a portion of the outstanding Series 1998A Certificates and Series 1998C Certificates and in connection therewith authorized the acceptance of an insurance policy from a municipal bond insurance company whose municipal bond insurance policies result in ratings on insured obligations of "Aaa", "AAA", and "AAA", from Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services ("S&P"), and Fitch Ratings ("Fitch"), respectively; and

WHEREAS, pursuant to such authorization, the School Board accepted a commitment to deliver a municipal bond insurance policy from Ambac Assurance Corporation ("Ambac") and sold the Series 2008A Certificates pursuant to a Forward Delivery Contract of Purchase, dated December 13, 2006 between the School Board and Bear, Stearns & Co. Inc. (the "Representative"), acting on its own behalf and on behalf of the other underwriters named therein (the "Purchase Contract") which provides for settlement of the sale and issuance of the Series 2008A Certificates on or about June 19, 2008; and

WHEREAS, at the time of acceptance of the Ambac commitment, Ambac met the rating requirements described above, but subsequent thereto Fitch downgraded Ambac to "AA", while Moody's and S&P maintained their respective ratings of "Aaa" and "AAA"; and

WHEREAS, pursuant to the Purchase Contract the School Board is required to deliver rating letters from Moody's and S&P confirming that they have rated the Series 2008A Certificates insured by the Ambac policy "Aaa" and "AAA", respectively;

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

Section 1. The School Board hereby ratifies and confirms the acceptance of the commitment to provide a municipal bond insurance policy from Ambac (the "Series 2008A Insurer") notwithstanding the downgrade from Fitch Ratings and, in the event the Representative waives the ratings requirement for the municipal bond insurance policy in the Purchase Contract, authorizes the taking of actions necessary to secure the issuance of a municipal bond insurance policy (the "Series 2008A Insurance Policy") from Ambac notwithstanding a downgrade of Ambac by Moody's and/or S&P.

Section 2. 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, documents relating to the issuance by the Series 2008A Insurer of the Series 2008A Insurance Policy, and to take all actions and steps which are necessary or desirable in connection with the issuance of the Series 2008A Insurance Policy which are not inconsistent with the terms and provisions of this Resolution.

Section 3. 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 4. All resolutions or portions thereof previously adopted by the School Board which are inconsistent with the provisions of this Resolution are hereby repealed to the extent of such inconsistency. Except as amended hereby Resolution 06-62 is hereby ratified and confirmed, and is in full force and effect.

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Section 5. This Resolution shall take effect immediately upon its adoption.

Adopted this 21st day of May, 2008.

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

Attest:

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