

Financial Services
Mrs. Judith M. Marte, Chief Financial Officer

SUBJECT: AWARD THE EQUIPMENT LEASE REQUEST FOR PROPOSAL TO BANC OF AMERICA PUBLIC CAPITAL CORP. AND APPROVE RESOLUTION 16-084 AUTHORIZING THE EXECUTION OF ADDITIONAL SCHEDULES TO THE MASTER LEASE PURCHASE AGREEMENT FOR UP TO \$78,900,000 FOR DIGITAL DEVICES AS PART OF THE 21ST CENTURY TECHNOLOGY UPGRADE AND DIGITAL CONVERGENCE INITIATIVE

COMMITTEE: FISCAL ACCOUNTABILITY

LINK TO STRATEGIC BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES

On May 29, 2013, as part of the 21st Century Schools Technology Upgrade and Digital Convergence Initiative, the School Board approved Item A-2 authorizing the equipment lease purchase of digital devices for a total of \$63,450,000. In order to continue this successful program, it is estimated that the District will need up to \$78.9 million to purchase the computers and related equipment necessary to support instruction in both elementary and secondary classrooms in the next three years (the "Plan"). The first equipment lease tranche to be issued in fiscal year 2016-17 will total up to \$27.9 million, with additional tranches of \$24.7 and \$26.3 planned for issuance in the subsequent years.

A total of five financial entities responded to the District's equipment lease Term Sheet and Request for Proposal issued on July 19, 2016 for three separate lease schedules to be issued over a three year period. The best and lowest leasing rate was provided by Banc of America Public Capital Corp. based on a formula applied to an index currently yielding a fixed rate of 1.2986%, as part of a three year Master Lease option. Banc of America is also providing a rate lock until September 29, 2016 with payments totaling approximately \$5.8 million per year for a \$27.9 million 5 year lease.

On August 12, 2016, the Treasury Advisory Committee reviewed and recommended the acceptance of the Banc of America Public Capital Corp proposal to finance up to \$78.8 million of technology equipment under the Master Lease agreement and issue the first tranche of \$27.9 million including cost of issuance this year.

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Should there be a need to purchase digital devices prior to the execution of the equipment lease, the Board must express its intent to reimburse the District for all or a portion of such expenses from the proceeds of the tax exempt obligations (the Lease) as per Treasury Regulations, as included in the below proposed action by the Board.

RECOMMENDED:

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

- 1) award the equipment lease request for proposal to Banc of America Public Capital Corp. and approve resolution 16-084 authorizing the execution of additional schedules to the Master Lease Purchase Agreement with Banc of America Public Capital Corp. for digital devices and related equipment totaling up to \$78,900,000 as needed, with the first financing of up to \$27,900,000 to take place immediately; and
- 2) hereby declare its official intent to reimburse itself from the proceeds of tax exempt lease obligations for expenses incurred with respect to the Plan to the extent permitted by Treasury Regulation 1.150-2. The reimbursement obligations intended to finance the Plan are expected not to exceed \$78,900,000.

RESOLUTION NO. 16-084

A RESOLUTION OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, AUTHORIZING THE EXECUTION AND DELIVERY OF ADDITIONAL SCHEDULES TO THE MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT WITH BANC OF AMERICA PUBLIC CAPITAL CORP. WITH RESPECT TO THE ACQUISITION, PURCHASE, FINANCING AND LEASING OF DIGITAL DEVICES FOR TECHNOLOGY UPGRADES IN AN AGGREGATE AMOUNT NOT EXCEEDING \$78,900,000; AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS REQUIRED IN CONNECTION THEREWITH; DECLARING THE OFFICIAL INTENT OF THE DISTRICT TO REIMBURSE ITSELF FROM THE PROCEEDS OF THE TAX EXEMPT OBLIGATIONS (THE LEASE) FOR CERTAIN EXPENSES TO BE INCURRED WITH RESPECT TO THE EQUIPMENT DESCRIBED HEREIN; 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 digital devices consisting of computers and related equipment to support instruction in both elementary and secondary classrooms in the next three years in an aggregate amount not exceeding \$78,900,000 (the "Project"), which is necessary for Lessee to perform essential governmental functions; and

WHEREAS, Lessee desires for the first equipment lease tranche to be issued in fiscal year 2016-2017 in an amount not to exceed \$27,900,000, with additional tranches of approximately \$24,700,000 and \$26,300,000 planned for issuance in the subsequent two fiscal years; and

WHEREAS, the School Board has received proposals from five financial entities in response to the District's equipment lease Term Sheet and Request for Proposal, issued on July 19, 2016, for three separate lease schedules to be issued over a three year period, each of which has been submitted and reviewed by staff and Public Financial Management, Inc., the School Board's Financial Advisor; and

WHEREAS, the Financial Advisor and District staff have determined that the Proposal

dated August 5, 2016 (the "Proposal") submitted by Banc of America Public Capital Corp. ("BOAPCC") for a fixed rate lease purchase financing of the Project provides the School Board with the most attractive financial structure and enables the School Board to lock in and not be subject to potential increases in interest rates; and

WHEREAS, the Treasury Advisory Committee reviewed and recommended the acceptance of the BOAPCC proposal; and

WHEREAS, Lessee has previously entered into a Master Equipment Lease/Purchase Agreement, dated as of March 3, 2006 (the "Master Lease") with BOAPCC, as assignee of Banc of America Leasing & Capital, LLC ("Lessor"); and

WHEREAS, Lessee and Lessor have executed Schedules of Property Nos. 1-12 to the Master Lease for the financing of eligible equipment, including without limitation school buses, air conditioning units, security cameras, personal computer upgrades, ERP System, classroom digital devices, and vehicles in the aggregate amount of \$242,073,761 to date; and

WHEREAS, the total cost of equipment approved for financing under the Master Lease has been financed under Schedules of Property Nos. 1-12, leaving no capacity available for financing of additional equipment; and

WHEREAS, Lessee wishes to utilize the Master Lease, and to increase the available financing capacity under the Master Lease in order to finance the Project in an amount not to exceed \$78,900,000; and

WHEREAS, Lessee deems it for the benefit of Lessee and for the efficient and effective administration thereof to utilize the Master Lease for the purchase, acquisition and leasing of the Project on the terms and conditions therein provided; and

WHEREAS, the School Board expects to incur expenses for which the School Board may advance internal funds legally available for capital outlay purposes; and

WHEREAS, the School Board intends to reimburse itself for all or a portion of such expenses from the proceeds of tax exempt obligations, including the additional schedules to the Master Lease authorized by this Resolution (the "Reimbursement Obligations");

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

Section 1. Approval of Additional Schedules of Property to the Master Lease. Lessee hereby approves the execution of additional Schedules of Property to the Master Lease in an aggregate amount not to exceed \$78,900,000 to finance the Project, of which the initial Schedule is to be designated "Schedule of Property No. 13". The Chair, Vice Chair, Superintendent, Chief Financial Officer or Treasurer of Lessee is hereby authorized and directed to execute such Schedules, including initially Schedule of Property No. 13 to the Master Lease in order to accomplish such financing.

Section 2. 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 to carry out, give effect to and consummate the transactions contemplated thereby (including the execution and delivery of Schedule of Property No. 13 and additional Schedules of Property, and one or more Acquisition Fund Agreements, 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.

Section 3. 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, 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 4. Appointment of Authorized Lessee Representatives. The Superintendent, the Chief Financial Officer, the Treasurer and the School Board Attorney 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 5. Declaration of Official Intent. The School Board hereby declares the official intent of the School District to reimburse itself from the proceeds of Reimbursement Obligations for expenses incurred and to be incurred with respect to the Project to the extent permitted by Treasury Regulation Section 1.150-2 of the Internal Revenue Code. The Reimbursement Obligations intended to finance such equipment are expected not to exceed an aggregate principal amount of \$78,900,000.

Section 6. 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 7. Repealer. All resolutions or parts thereof, inconsistent herewith, are hereby repealed to the extent of such inconsistency.

Section 8. Effective Date. This Resolution shall be effective immediately upon its approval and adoption.

Adopted this 7th day of September, 2016.

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