

Financial Affairs
Edward Marquez, Chief Financial Officer

**SUBJECT: SERIES 2003 – QUALIFIED ZONE ACADEMY BONDS (QZAB)
CERTIFICATES OF PARTICIPATION (COP)**

COMMITTEE: BUSINESS AND FINANCIAL SERVICES

The District has obtained approval from the State of Florida to issue \$9,743,635 in Qualified Zone Academy Bonds (QZAB). Interest on the QZAB, in the form of income tax credits, will be paid by the Government of the United States. Principal will be the responsibility of the District.

The QZAB will be issued as a Certificate of Participation under the District's Master Lease. In so doing it provides investors with an acceptable credit by way of the all-or-none appropriation mechanism to which the Master Lease is subject. The approving resolution # 03-53 is attached.

Approval is requested of a financing under the Master Lease to be provided in a Resolution authorizing execution of Schedule 2003-QZAB to the Master Lease in order to fund projects which qualify under the QZAB Rules and have been approved by the Florida Department of Education; approving the form of a Series 2003-QZAB Supplemental Trust Agreement and a Series 2003-QZAB Assignment Agreement; authorizing the distribution and use of a request for proposals in connection with the offering for sale of the Series 2003-QZAB Certificates; approving the negotiated sale of Certificates of Participation, Series 2003-QZAB in an aggregate principal amount not exceeding \$9,743,635 to the provider or providers of the best overall proposal to the School Board; designating the Series 2003-QZAB Lease and the Series 2003-QZAB Certificates as QZABs; providing for incidental action; and providing for an effective date.

The Resolution delegates authority to the Superintendent to negotiate the terms of sale of such Series of Certificates to the purchaser selected by the School Board, within certain parameters set forth in the Resolution.

QZAB Rules provide for a maximum term for QZABs, which currently is 14 years. The basic lease payments represented by the Series 2003-QZAB Certificates will be paid only upon maturity; however, moneys will be set aside each year by the School Board with the Trustee in amounts which when invested in eligible investments under the Master Trust Agreement will enable the basic lease payments and the Series 2003-QZAB Certificates to be paid at maturity.

RECOMMENDED: That The School Board of Miami-Dade County, Florida approve Resolution #03-53 authorizing the issuance of the Series 2003-QZAB.

RESOLUTION 03-53

A RESOLUTION OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, AUTHORIZING EXECUTION OF SCHEDULE 2003-QZAB TO THE MASTER LEASE PURCHASE AGREEMENT; APPROVING THE FORM OF A SERIES 2003-QZAB SUPPLEMENTAL TRUST AGREEMENT AND A SERIES 2003-QZAB ASSIGNMENT AGREEMENT; APPROVING THE NEGOTIATED SALE OF CERTIFICATES OF PARTICIPATION, SERIES 2003-QZAB IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$9,743,635 TO ONE OR MORE QUALIFIED BUYERS PROVIDING THE BEST OVERALL PROPOSAL TO THE SCHOOL BOARD; DESIGNATING THE SERIES 2003-QZAB LEASE AND THE SERIES 2003-QZAB CERTIFICATES AS A "QUALIFIED ZONE ACADEMY BOND"; 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 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 been formed to lease purchase certain real property, educational facilities, buses and equipment to the School Board; and

WHEREAS, the Foundation and the School Board have provided for the lease-purchase financing of certain real property and educational facilities and buses and equipment (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 will be identified on separate Schedules (each a "Schedule") attached to the Master Lease; and

WHEREAS, pursuant to Section 1397E of the Internal Revenue Code of 1986, as amended, and the regulations of the Internal Revenue Service promulgated thereunder, and Section 14101 of the Elementary and Secondary Education Act of 1965 (collectively, the

“QZAB Rules”), subject to the limitations therein and certain other conditions imposed by the QZAB Rules, an “eligible local education agency” (as such term is defined in the QZAB Rules), which includes the School Board, is authorized to issue bonds or other obligations called “qualified zone academy bonds” (“QZABs”) for certain purposes which include rehabilitation and repair, provision of equipment, development of course materials and training, for any “qualified zone academy” (as such term is defined in the QZAB Rules) which includes any public school or academic program below the post-secondary level (i) which is designed to increase graduation and employment rates and prepare students for college and the work force, (ii) whose students are subject to the same academic standards and assessments as other students, (iii) whose comprehensive education plan is approved by the local education agency, and (iv) which is located in an empowerment zone or enterprise community or is reasonably expected to have at least 35% of its students eligible for free or reduced cost lunches under the school lunch program; and

WHEREAS, the School Board by resolution adopted on February 12, 2003 approved a qualified zone academy project list and submitted it on February 26, 2003 to the Florida Department of Education, and by letter dated July 2, 2003 the School Board has received a qualified zone academy bond allocation of \$9,743,635.51 for such projects (the “Series 2003-QZAB Facilities”); and

WHEREAS, the School Board and the Foundation have determined to execute Schedule 2003-QZAB to be dated as of December 1, 2003, for the lease-purchase financing of the Series 2003-QZAB Facilities to be specified therein (the Master Lease together with Schedule 2003-QZAB attached thereto is referred to as the “Series 2003-QZAB 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 of Florida, N.A., as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.), Jacksonville, Florida 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, the Trustee will issue a series of Certificates to finance the costs of the Series 2003-QZAB Facilities, to be designated Certificates of Participation, Series 2003-QZAB (the “Series 2003-QZAB Certificates”), each representing undivided proportionate interests in the principal portion of the basic lease payments to be made by the School Board under the Series 2003-QZAB Lease; and

WHEREAS, the Foundation and the Trustee will enter into a Series 2003-QZAB Supplemental Trust Agreement, to be dated as of December 1, 2003 (the “Series 2003-QZAB Supplemental Trust Agreement”), pursuant to which the Series 2003-QZAB Certificates will be issued; and

WHEREAS, the Foundation and the Trustee will enter into an Assignment Agreement to be dated as of December 1, 2003 (the “Series 2003-QZAB Assignment Agreement”) pursuant to

which the Foundation will unconditionally and irrevocably assign, without recourse, all of its right, title and interest as lessor of the Series 2003-QZAB Facilities under the Series 2003-QZAB Lease, except for certain rights to indemnification and to receive notices, to the Trustee for the benefit of the Series 2003-QZAB Certificate holders; and

WHEREAS, all necessary approvals of the Department of Education have been received with respect to the Series 2003-QZAB Facilities to be leased thereunder and the use of the State of Florida's QZAB allocation with respect to the financing of the Series 2003-QZAB Facilities; and

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

Section 1. Schedule 2003-QZAB. Schedule 2003-QZAB which together with the Master Lease constitutes the Series 2003-QZAB Lease, substantially in the form 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, and the Chair or Vice Chair and the Secretary, upon such approval by the Superintendent, are hereby authorized and directed to execute Schedule 2003-QZAB. The execution of Schedule 2003-QZAB by the Chair or Vice Chair and the Secretary shall constitute conclusive evidence of the approval thereof.

Section 2. Series 2003-QZAB Supplemental Trust Agreement. The form of Series 2003-QZAB Supplemental Trust 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 execution and delivery of the consent of the School Board to the Series 2003-QZAB Supplemental Trust Agreement shall constitute conclusive evidence of the approval thereof.

Section 3. Series 2003-QZAB Assignment Agreement. The form of Series 2003-QZAB Assignment Agreement between the Foundation and the Trustee submitted to this meeting and attached hereto as **Exhibit C** is hereby approved, with such insertions, modifications and changes as may be approved by the Superintendent. The execution and delivery of Schedule 2003-QZAB shall constitute conclusive evidence of the approval of the Series 2003-QZAB Assignment Agreement.

Section 4. Negotiated Sale. It is hereby found and declared that a negotiated sale of the Series 2003-QZAB Certificates is in the best interest of the School Board and is found to be necessary on the basis of the following reasons, as to which specific findings are hereby made:

(i) Due to the volatility of the market for "annual appropriation" securities such as the Series 2003-QZAB Lease and the Series 2003-QZAB Certificates, (ii) the unfamiliarity of the market with QZABs and (iii) the limited number of purchasers for QZABs (which include only banks, insurance companies and corporations actively engaged in the business of lending money), the School Board must be able to enter the market at the most advantageous times, rather than at specific advertised dates, thereby permitting the School Board to obtain the best possible price and other terms for the Series 2003-QZAB Certificates.

The Chair, the Vice Chair, the Superintendent, the Chief Financial Officer and the Treasurer are authorized to negotiate with prospective purchasers of the 2003-QZAB Certificates with respect to the terms and conditions of such sale and are further authorized to sell the Series 2003-QZAB Certificates to such purchaser and upon such terms as he or she shall deem to be in the best interest of the School Board, including the awarding of an investment agreement to the selected purchaser, and to execute all appropriate documents to evidence such sale; provided that:

(i) the principal amount of the Series 2003-QZAB Certificates shall not exceed \$9,743,635,

(ii) the final maturity of the Series 2003-QZAB Certificates shall not exceed the maximum term permitted for "qualified zone academy bonds" pursuant to the QZAB Rules at the time of sale (which maximum term is currently 16 years),

(iii) the price at which the Series 2003-QZAB Certificates shall be sold to the initial purchaser or purchasers shall not be less than 100% of the face amount thereof,

(iv) the Series 2003-QZAB Certificates shall not be subject to prepayment prior to maturity at the option of the School Board, except in the case where the Series 2003-QZAB Certificates are no longer deemed to be "qualified zone academy bonds".

The execution and delivery of the Schedule 2003-QZAB by the Chair or Vice Chair shall constitute conclusive evidence of the approval of the sale of the Series 2003-QZAB Certificates and approval of related documents evidencing same.

Section 5. QZAB Designation. The School Board hereby designates the Series 2003-QZAB Lease and the Series 2003-QZAB Certificates as "qualified zone academy bonds" for purposes of the QZAB Rules.

Section 6. Execution of Additional Documents. The Chair, Vice Chair, Secretary, Superintendent, Chief Financial Officer, Treasurer 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 of the Series 2003-QZAB Certificates, and to take all actions and steps, including without limitation to change the series designation or the dated date of any and all documents in the event of a delay in the issuance of the Series 2003-QZAB Certificates, on behalf of the School Board which are necessary or desirable in connection with the issuance of the Series 2003-QZAB Certificates, the execution and delivery and compliance with the provisions of the Master Lease, Schedule 2003-QZAB, the Master Trust Agreement, the Series 2003-QZAB Supplemental Trust Agreement, the Series 2003-QZAB Assignment Agreement, or the acquisition, construction, renovation and financing of the Series 2003-QZAB Facilities, and which are not inconsistent with the terms and provisions of this Resolution.

Section 7. Severability. 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 8. Repeal of Inconsistent Documents. 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.

Section 9. Effective Date. This Resolution shall take effect immediately upon its adoption.

Adopted this 19th day of November, 2003.

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

Attest:

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

EXHIBIT A

FORM OF SCHEDULE 2003-QZAB

EXHIBIT B

FORM OF SERIES 2003-QZAB SUPPLEMENTAL TRUST AGREEMENT

EXHIBIT C

FORM OF SERIES 2003-QZAB ASSIGNMENT AGREEMENT