

Financial Services
Richard H. Hinds, Chief Financial Officer

**SUBJECT: RATIFY RELEASE OF PARTICIPATING COUNTERPARTY
 UNDER SETTLEMENT AGREEMENT WITH UBS FOR
 DAMAGES RELATING TO INVESTMENT OF ESCROW FUNDS
 UNDER FORWARD PURCHASE AGREEMENT FOR THE
 REFUNDING COP SERIES 2003B**

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

The Attorney General for the State of Florida, along with other States Attorneys General has reached an Out-of-Court Settlement totaling \$63.3 million with UBS AG (UBS). The settlement is the result of an investigation concerning alleged violations of state and federal antitrust and other laws by UBS and other providers, brokers and advisors, involving the marketing, sale and placement of Municipal Bond Derivatives. The State Attorneys General alleged in the Settlement Agreement that certain UBS employees participated in an illegal scheme where unjust profits resulted by setting artificially rates or yields on Municipal Bond Derivative transactions.

UBS was Co-Manager in the underwriting team for the Refunding COP Series 2003B. Although COP Series 2003 Agenda Item G-31 approved by the School Board on January 15, 2003 authorized the Superintendent to enter into an option to have Lehman Brothers place the School Board into a floating-to-fixed swap in the future, it was not executed after discussion with the Treasury Advisory Committee (Formerly Investment Advisory Committee). The district did enter into a Forward Purchase Agreement on investment of escrow proceeds with Lehman Brothers Special Financing Inc. (Lehman) that was transacted on February 20, 2003 for the COP Series 2003B. The investment agreement was needed because the U.S. Treasury Department suspended the sale of State and Local Government Series securities normally utilized for escrow funds investments on February 19, 2003 at 2pm.

The Forward Purchase Agreement does qualify for damages totaling \$91,450.05, as a Municipal Reinvestment Product, which along with Municipal Interest Rate Risk Management products under the settlement agreement is referred to collectively as Municipal Bond Derivatives. To qualify for damages UBS would have been involved as the provider or broker in this transaction. The Forward Purchase Agreement allowed Lehman to utilize any Qualified Dealer to deliver to the Escrow Agent on Closing Date Qualified Eligible Securities.

Due to the short time constraints and uncertainty as to the applicable transaction the District requested an extension of the deadline to file the Release. On October 9, 2012 an Assistant Attorney for the State of Florida indicated that the extension had not been approved yet and verified that the applicable transaction related to the COP Series 2003B. Although a recovery against UBS in a lawsuit, if any, could be greater or less than the share under the Settlement Agreement, it was determined to be in the district's best interest to participate in the settlement with UBS, as recommended by the School Board Attorney's Office, outside Bond Counsel at Greenberg Traurig, and the School Board Treasurer.

RECOMMENDED: That The School Board of Miami-Dade County, Florida ratify Release of Participating Counterparty under Settlement Agreement with UBS for damages relating to investment of escrow funds under Forward Purchase Agreement for the Refunding COP Series 2003B.

UBS Muhi Bond Derivative Settlement
c/o GCG
P.O. Box 9798
Dublin, OH 43017-5698
(800) 515-4034



UBS0200013128



SCHOOL BOARD OF MIAMI-DADE COUNTY
1450 N.E. 2ND AVENUE
MIAMI, FL 33132

**ELECTION BY ELIGIBLE COUNTERPARTY TO
PARTICIPATE IN SETTLEMENT WITH UBS**

SCHOOL BOARD OF MIAMI-DADE COUNTY 1450 N.E. 2ND AVENUE MIAMI, FL 33132, hereby elects to participate in the Settlement Agreement Among the Attorneys General of the States and Commonwealths of Alabama, California, Colorado, Connecticut, District of Columbia, Florida, Idaho, Illinois, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Tennessee and Wisconsin and UBS AG, dated May 4, 2011.

By signing below, I am confirming that: (1) I have authority to act on behalf of the Participating Counterparty; (2) the Participating Counterparty was the counterparty to each of the Covered Derivatives listed in the Release; and (3) the Participating Counterparty has not assigned, sold, or otherwise transferred its rights to any of the covered Derivatives (or did not assign, sell, or transfer its rights prior to termination of any of the transactions).

**SCHOOL BOARD OF MIAMI-DADE COUNTY 1450
N.E. 2ND AVENUE MIAMI, FL 33132**
The School Board of Miami-Dade County, FL
Print or Type Name of Counterparty

59-6000572
Tax Identification Number

1450 N. E. 2nd Avenue, Room 615
Counterparty Address

Miami, FL 33132
City, State and Zip

Signature

Date

Dr. Richard H. Hinds
Print Name of Person Signing

Chief Financial Officer
Title and Capacity of Person Signing

305-995-1225
Phone Number

rhinds@dadeschools.net
Email Address



Claim No: 1000195

UBS0200013128



SCHOOL BOARD OF MIAMI-DADE COUNTY
1450 N.E. 2ND AVENUE
MIAMI, FL 33132

RELEASE BY PARTICIPATING COUNTERPARTY

This release executed this 15 day of October, 2012 by the Releasor (as defined below) in favor of the Releasee (as defined below).

DEFINITIONS

- A. "Releasor" shall mean SCHOOL BOARD OF MIAMI-DADE COUNTY 1450 N.E. 2ND AVENUE MIAMI, FL 33132 and any of its affiliates, subsidiaries, divisions, groups, associates, general or limited partners or partnerships, predecessors, successors or assigns, including, without limitation, any of their respective present officers, trustees, employees, agents, attorneys, representatives and shareholders, affiliates, associates, general or limited partners or partnerships, heirs, executors, administrators, predecessors, successors, assigns or insurers acting on behalf of Releasor.
- B. "Releasee" refers to UBS AG, and all of its successors, assigns, subsidiaries, divisions, groups, affiliates and partnerships, including, without limitation, any of their respective past or current officers, directors, and employees (collectively, "UBS").
- C. "Relevant Conduct" shall mean, except as provided below, UBS engaging in any of the following conduct from January 1, 2001 through December 31, 2006, whether by itself or in concert with others: (i) rigging bids or fixing the prices or other terms and conditions of any Municipal Bond Derivatives; (ii) agreeing not to bid for any Municipal Bond Derivatives; (iii) engaging in any other anticompetitive, deceptive, unfair or fraudulent conduct, including misrepresenting or omitting material facts, relating to any Municipal Bond Derivatives. Notwithstanding the foregoing, Relevant Conduct does not include attempts to manipulate underlying interest rates used in the pricing of Municipal Bond Derivatives.
- D. "Municipal Bond Derivatives" shall mean: (i) contracts involving the reinvestment of the proceeds of tax-exempt bond issues, Qualified Zone Academy Bonds, or bonds issued by or on behalf of any governmental or quasi-governmental or non-profit entity in the United States of America, including but not limited to, states, cities, towns, counties, villages, parishes, school districts, clubs, or various economic development, redevelopment, financing, lottery, parking, housing, educational, medical, religious, public safety, building, water, sewer, hospital, transportation, public works, waste management, environmental, port, park, airport, telecommunications and power authorities, corporation or boards; and (ii) related transactions involving the management or transfer of the interest rate risk associated with those bond issues including, but not limited to, guaranteed investment contracts, forward supply, purchase, or delivery agreements, repurchase agreements, escrow agreements, security sales, swaps, caps, options, and swaptions. Notwithstanding the foregoing, Municipal Bond Derivatives does not include (i) contracts to underwrite the issuance of municipal bonds; (ii) credit default products, such as credit default swaps and credit default options; (iii) swaps, or other agreements between Providers to hedge, manage or otherwise share or transfer their risk on a Municipal Bond Derivative, except to the extent used to facilitate any improper, undisclosed payments to Brokers or the rigging of bids for the reinvestment or management of bond proceeds.
- E. "Provider(s)" shall mean banks, insurance companies, other financial institutions and any other persons or entities that engage in or offer to engage in the business of buying, selling or entering into Municipal Bond Derivatives with Municipal Bond Derivatives Counterparties.



- F. "Settlement Agreement" shall mean the Agreement Among the Attorneys General of the States and Commonwealths of Alabama, California, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Tennessee, and Wisconsin and UBS AG, dated May 4, 2011.
- G. "Effective Date" shall mean the Effective Date of the Settlement Agreement.

RELEASE

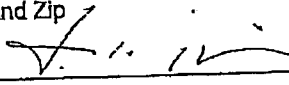
1. In consideration of the receipt by Releasor of \$91,450.05 for damages relating to the SECURITIES SALE (approximate trade date 02/20/2003), total payment of which is made by UBS in accordance with the terms of the Settlement Agreement, Releasor does hereby fully release, waive and forever discharge Releasee from all civil claims, counterclaims, cross-claims, damages, debts, demands, disputes, rights, causes of action of any type (whether common law, equitable, statutory, regulatory or administrative, class, individual or otherwise in nature, and whether reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured), or liabilities whenever incurred (including joint and several) of any nature whatsoever, including without limitation, costs, fines, debts, expenses, penalties and attorneys' fees, known or unknown, that it has against the Releasee arising from the Relevant Conduct, in relation to the marketing, sale, or placement of Municipal Bond Derivatives, including any claims that have been asserted in *In re Municipal Derivatives Antitrust Litigation*, MDL No. 1950, Master Docket No. 08-2516, any actions pending in the United States District Court for the Southern District of New York captioned *In re Municipal Derivatives Antitrust Litigation*, or any related actions filed in or transferred to the United States District Court for the Southern District of New York that are coordinated with or consolidated into the preceding Civil Action docket.
2. In the event that the total payment referred to in Paragraph 1 is not made for any reason, then this Release shall be null and void, provided that any payments received by Releasor shall be credited to UBS in connection with any claims that (i) Releasor may assert against UBS; (ii) that are asserted against UBS on behalf of Releasor by a class of which Releasor is a member; or (iii) that are asserted by any third party against UBS as to which UBS may assert a setoff under any applicable law.
3. The Releasor intends by this Release to settle with and release only UBS and does not intend this Release, or any part hereof to extend to, to release or otherwise to affect in any way any rights that the Releasor has or may have against any other party or entity whatsoever, other than Releasee.
4. Releasor hereby waives the provisions of California Civil Code Section 1542, which provides: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." This provision shall not be deemed to turn a specific release into a general release.
5. The Releasor represents and warrants that the released claims have not been sold, assigned or hypothecated, in whole or in part.

SCHOOL BOARD OF MIAMI-DADE COUNTY 1450
 N.E. 2ND AVENUE MIAMI, FL 33132
 The School Board of Miami-Dade County, FL
 Print or Type Name of Counterparty

59-6000572
 Tax Identification Number

1450 N. E. 2nd Avenue, Room 615
 Counterparty Address

Miami, FL 33132
 City, State and Zip


 Signature

10-15-2012
 Date

Dr. Richard H. Hinds
 Print Name of Person Signing

Chief Financial Officer
 Title and Capacity of Person Signing

305-995-1225
 Phone Number

rhinds@dadeschools.net
 Email Address