

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: APPROVAL OF RESOLUTION NO. 13-130 AUTHORIZING THE AMENDMENT AND RESTATEMENT OF THE \$57,440,000 COP SERIES 2008C FLOATING RATE NOTE WITH PNC BANK TO REDUCE THE INTEREST RATE PRICING

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

Approval is being requested for Resolution 13-130 authorizing the amendment and restatement of the \$57,440,000 COP Series 2008C, Floating Rate Note with PNC Bank, NA to reduce the interest rate pricing.

On March 7, 2012 the School Board approved the issuance of a 5 year Floating Rate Note (FRN) with PNC Bank priced at 90 basis points beginning August 1, 2012. Due to current market conditions and the favorable terms under the agreement, the District requested a rate reduction from PNC to reflect the shorter term of 3.5 years left on the agreement. PNC Bank has agreed to revise the current pricing down by 10 basis points to a total of 80 basis points for the duration of the agreement.

PFM, the District's Financial Advisor, reviewed the pricing adjustment offered by the bank, and determined it is reflective of the current market for a similar length FRN of this credit type. In PFM's opinion, the District is receiving the benefit of revising the agreement to match the remaining life while preserving the favorable terms in the agreement. The Treasury Advisory Committee reviewed the proposed pricing amendment and recommended that Board approve the pricing reduction. It is estimated that the pricing reduction will provide \$205,000 in interest expense savings for the remaining term of the FRN inclusive of an estimated cost of issuance totaling approximately \$6,000.

On April 3, 2006, the District entered into a Forward Interest Rate Swap's associated with the 2008C COPs paying a fixed rate of 3.91% and receiving 70% of LIBOR. Under the terms of the associated swap the COP is effectively hedged by receiving the 70% of LIBOR and paying under the terms of the FRN 70% of LIBOR, in addition to the 80 basis points. As a result basis risk is eliminated from the hedge during the term of the FRN and the all-in rate of both the Swap and the associated COP 2008C is reduced to 4.71%.

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Exhibits to Resolution No. 13-130 will be distributed under separate cover.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, approve Resolution No. 13-130 authorizing the amendment and restatement of the \$57,440,000 COP series 2008C Floating Rate Note with PNC Bank to reduce the interest rate pricing.

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

RESOLUTION 13-130

A RESOLUTION OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA APPROVING AN AMENDMENT TO THE AMENDED AND RESTATED SERIES 2008C SUPPLEMENTAL TRUST AGREEMENT TO EFFECTUATE A REDUCTION IN THE INTEREST RATE OF THE INTEREST PORTION OF BASIC LEASE PAYMENTS REPRESENTED BY THE SERIES 2008C CERTIFICATES; AUTHORIZING SUCH FURTHER AGREEMENTS AND AMENDMENTS TO OTHER AGREEMENTS AS SHALL BE NECESSARY OR DESIRABLE TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; 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 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, Certificates of Participation, Series 1998B (the "Series 1998B Certificates") were issued in the aggregate principal amount of \$69,605,000 pursuant to the Master Trust Agreement, as supplemented by a Series 1998B Supplemental Trust Agreement,

each representing undivided proportionate interests in the principal portion and interest portion of the basic lease payments to be made by the School Board pursuant to Schedule 1998B-1 to the Master Lease, dated as of June 1, 1998, as amended and restated as of January 1, 2002, as further amended and restated as of March 1, 2003, as of April 1, 2006, as of August 1, 2008, and as of May 1, 2012, and Schedule 1998B-2 to the Master Lease, dated as of June 1, 1998, as amended and restated as of March 1, 2003, as of April 1, 2006, and as of August 1, 2008 (which Schedules together with the Master Lease are herein collectively referred to as the "Series 1998B Lease"); and

WHEREAS, the School Board refunded the Series 1998B Certificates and, pursuant to the Series 2003A Supplemental Trust Agreement dated as of March 1, 2003, as subsequently amended by the First Amendment dated as of April 1, 2006, each between the Foundation and the Trustee, Certificates of Participation, Series 2003A, in the aggregate principal amount of \$63,633,332.30 (the "Series 2003A Certificates"), were issued; and

WHEREAS, a portion of the Series 2003A Certificates were refunded with proceeds of the issuance of Certificates of Participation, Series 2008C, in the aggregate principal amount of \$57,770,000 (the "Series 2008C Certificates"), pursuant to the Series 2008C Supplemental Trust Agreement dated as of August 1, 2008 between the Foundation and the Trustee, 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 Series 1998B Lease equally and ratably with the portion of the Series 2003A Certificates which were not refunded or prepaid; and

WHEREAS, pursuant to an Amended and Restated Series 2008C Supplemental Trust Agreement dated as of May 1, 2012 between the Foundation and the Trustee, the interest rate mode related to the Series 2008C Certificates was converted to an index floating rate mode, which Certificates were sold in a remarketing to PNC Bank, National Association ("PNC"); and

WHEREAS, PNC has agreed to reduce the formula used to determine the interest portion of Basic Lease Payment represented by the Series 2008C Certificates while in an index floating rate mode; and

WHEREAS, the School Board wishes to amend the Amended and Restated Series 2008C Supplemental Trust Agreement to effectuate the reduction of the formula used to determine the interest portion of Basic Lease Payment represented by the Series 2008C Certificates while in an index floating rate mode; and

WHEREAS, the Amended and Restated Series 2008C Supplemental Trust Agreement may be amended as contemplated hereby with (a) the consent of the holders of all of the Series 2008C Certificates and (b) an opinion of counsel stating that the amendment of the Amended and Restated Series 2008C Supplemental Trust Agreement has been duly and lawfully entered into by the parties thereto and filed with the School Board, the Trustee and the Foundation in accordance with the provisions of the Master Trust Agreement, is authorized or permitted by the Master Trust Agreement, and is valid and binding upon the parties thereto in accordance with its terms; and

WHEREAS, PNC, the owner of all of the Outstanding Series 2008C Certificates has given its written consent to the Amendment and the opinion of counsel described in clause (b) above has been rendered;

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

Section 1. Unless otherwise herein provided and unless the context or use indicates another or different meaning or intent, capitalized words and terms used in this Resolution, including the recitals to this Resolution, and not defined herein or in the recitals to this Resolution, shall have the same meanings as such words and terms are given in the applicable Amended and Restated Series 2008C Trust Agreement.

Section 2. The recitals to this Resolution are incorporated in this Resolution as findings.

Section 3 The form of the Amendment to Amended and Restated Series 2008C Supplemental Trust Agreement between the Foundation and the Trustee, 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 to effectuate the change in the formula used to determine the interest portion of Basic Lease Payments represented by the Series 2008C Certificates, and the Chair or Vice Chair and the Secretary, upon such approval by the Superintendent, are each hereby authorized and directed to execute the Amendment to Amended and Restated Series 2008C Supplemental Trust Agreement. The execution and delivery of the Amendment to Amended and Restated Series 2008C Supplemental Trust Agreement by the Chair or Vice Chair and the Secretary shall constitute conclusive evidence of the approval thereof.

Section 4 The Chair, the Vice Chair, the Secretary, the Superintendent, the Chief Financial Officer, the Treasurer and the School Board Attorney are each authorized and directed to execute and deliver all additional documents, contracts, instruments and certificates on behalf of the School Board which are necessary or desirable to effectuate the change in the formula used to determine the interest portion of Basic Lease Payments represented by the Series 2008C Certificates and the execution and delivery and compliance with the provisions of the Amendment to Amended and Restated Series 2008C Supplemental Trust Agreement.

Section 5 It is hereby found and determined that all formal actions of the School Board concerning and relating to the adoption of this Resolution and the consummation of the transactions contemplated by this Resolution were adopted in open meetings of the School Board, and that all deliberations of the School Board that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements.

Section 6 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 7 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 8. This Resolution shall take effect immediately upon its adoption.

Adopted this 11th day of December, 2013.

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