

Financial Services
Mr. Ron Y. Steiger, Chief Financial Officer

SUBJECT: APPROVAL OF RESOLUTION 19-006 AUTHORIZING THE FORWARD REFUND OF UP TO \$29 MILLION TO REFUND ALL OR A PORTION OF SERIES 2010B BAB CERTIFICATE OF PARTICIPATION

COMMITTEE: FISCAL ACCOUNTABILITY & GOVERNMENT RELATIONS

LINK TO STRATEGIC BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES

Authorization is being requested to issue up to \$29 million of refunding Certificates of Participation (COPs) to forward refund the outstanding Series 2010B BABS COPs to lock in today's market rates and savings to reduce interest costs and debt payments at today's lower interest rates.

A request for financing alternatives seeking a forward refund of the Series 2010B BABS COPs was issued to the District's authorized underwriters on December 11, 2018, by the District's Financial Advisor. On January 7th, 2019, several responses were reviewed by the District's Financial Advisors and recommended to proceed with the refunding as a direct purchase as proposed by Bank of America, N.A., which provided the lowest True Interest Cost and highest Net Present Value Savings. As a condition of refunding the Series 2010B BABS COPs, net present value savings of at least 12% of refunded principal, which could provide approximately \$3.5 million in savings, estimated cost of issuance is approximately \$149,615. Exhibits referenced in Resolution 19-006 will be distributed to the School Board under separate cover.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, approve Resolution 19-006 authorizing the issuance of up to \$29,000,000 refunding Certificate of Participation to refund on a forward basis all or a portion of the Series 2010B BABS COPs.

RESOLUTION 19-006

A RESOLUTION OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA AUTHORIZING THE CURRENT REFUNDING ON A FORWARD BASIS OF ALL OR A PORTION OF THE CERTIFICATES OF PARTICIPATION SERIES 2010B, AUTHORIZING EXECUTION OF INITIAL AMENDED AND RESTATED SCHEDULE 2010B, AND FURTHER AMENDED AND RESTATED SCHEDULE 2010B, TO THE MASTER LEASE; APPROVING THE FORM OF SERIES 2020A SUPPLEMENTAL TRUST AGREEMENT; APPROVING THE NEGOTIATED SALE OF CERTIFICATES OF PARTICIPATION, SERIES 2020A IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$29,500,000 FOR THE PURPOSE OF REFINANCING ALL OR A PORTION OF THE OBLIGATIONS OF THE SCHOOL BOARD UNDER THE SERIES 2010B LEASE BY CURRENT REFUNDING ON A FORWARD BASIS ALL OR A PORTION OF THE SERIES 2010B CERTIFICATES; APPROVING THE NEGOTIATED SALE OF THE SERIES 2020A CERTIFICATES THROUGH A PRIVATE DIRECT PLACEMENT SALE TO BANK OF AMERICA N.A., OR AN AFFILIATE OR SUBSIDIARY THEREOF; AUTHORIZING THE EXECUTION OF A FORWARD DELIVERY AGREEMENT; AUTHORIZING THE EXECUTION OF SUCH FURTHER AGREEMENTS AND AMENDMENTS 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(11) 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 School Board and the Foundation have entered into a (i) Series 2010B Ground Lease dated as of June 1, 2010, and (ii) Schedule 2010B to the Master Lease, dated as of June 1, 2010 (which Schedule together with the Master Lease is herein referred to as the “Original Series 2010B Lease”), pursuant to which the School Board leased certain real property to the Foundation and subleased from the Foundation such real property and leased the improvements thereon, known as the “Series 2010B Facilities”); 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 Mellon 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, to provide funds for the acquisition and construction of the Series 2010B Facilities, Certificates of Participation, Series 2010B (Build America Bonds - Federally Taxable - Issuer Subsidy) (the “Series 2010B Certificates”) were issued in the aggregate principal amount of \$27,990,000 pursuant to the Trust Agreement, as supplemented by a Series 2010B Supplemental Trust Agreement dated as of June 1, 2010 (the Trust Agreement as so supplemented is referred to herein as the “Series 2010B Trust Agreement”); and

WHEREAS, the Foundation assigned substantially all of its interest in the Series 2010B Ground Lease and the Original Series 2010B Lease to the Trustee pursuant to a Series 2010B Assignment Agreement dated as of June 1, 2010; and

WHEREAS, as a result of the current favorable market conditions for obligations such as the School Board’s obligations under the Original Series 2010B Lease, and in order to achieve savings, the School Board wishes to refinance all or a portion of its obligations under the Original Series 2010B Lease by amending and restating the Series 2010B Lease (the “Amended and Restated Series 2010B Lease”); and

WHEREAS, pursuant to the provisions of Section 7.3 of the Master Lease and Section 302 of the Master Trust Agreement, the Foundation and the School Board may direct the Trustee to issue refunding Certificates; and

WHEREAS, to accomplish such refinancing the Foundation shall enter into a Series 2020A Supplemental Trust Agreement to be dated as of June 1, 2020 (the “Series 2020A Supplemental Trust Agreement” and together with the Trust Agreement, the “Series 2020A Trust Agreement”) with the Trustee providing for the issuance of Certificates of Participation, Series 2020A (the “Series 2020A Certificates”) to current refund on a forward basis all or a portion of the outstanding Series 2010B Certificates (the “Refunded Series 2010B Certificates”), which Series 2020A Certificates will represent undivided proportionate interests in the principal portion and interest portion of a portion of the basic lease payments to be made under the Series 2010B Lease; and

WHEREAS, the Series 2010B Certificates are initially callable on June 15, 2020, and may be refunded on a tax-exempt basis not earlier than 90 days prior to June 15, 2020; and

WHEREAS, the School Board will benefit from locking in a fixed rate for the interest portion of its basic lease payments to be represented by the Series 2020A Certificates based on current market conditions to avoid potential increases in interest rates over the next year; and

WHEREAS, the School Board has received proposals for a direct purchase, on a forward delivery basis, of the Series 2020A Certificates, each of which has been submitted and reviewed by staff and PFM Financial Advisors, LLC, the School Board’s Financial Advisor; and

WHEREAS, the Chair and Superintendent, based on information provided by the School Board’s Financial Advisor, are authorized to determine the proposal for the direct purchase of the Series 2020A Certificates which will provide the most favorable financing terms available to the School Board and will result in the lowest possible risk and costs associated with the Series 2020A Certificates; and

WHEREAS, the Financial Advisor and District staff have determined that the Proposal dated January 7, 2019 (the “Proposal”), submitted by Bank of America, N.A. for a direct placement forward refunding to be purchased by Bank of America, N.A. or any other direct or indirect wholly owned subsidiary of Bank of America Corporation (the “Purchaser”) 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, Greenberg Traurig, P.A., the School Board’s Special Tax Counsel, has reviewed and approved the legality of the Proposal; and

WHEREAS, the interest rate would be set on the date of execution of a Forward Delivery Agreement (as hereinafter defined), which provides for payment of a breakage fee in the event of a “Break Funding Event” (as defined in the Forward Delivery Agreement) which includes the School Board’s election not to close the transaction with the Purchaser, in which

event the School Board would be obligated to pay the Purchaser a breakage fee to be calculated as provided in the Forward Delivery Agreement and set forth as an Additional Lease Payment under the Series 2010B Lease; and

WHEREAS, the School Board deems it to be in the best interests of the District to cause the negotiated sale of the Series 2020A Certificates to the Purchaser on the terms and conditions of the Forward Purchase Agreement; and

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

Section 1. The School Board hereby authorizes the refinancing of all or a portion of the obligations of the School Board under the Series 2010B Lease by the current refunding of the Refunded Series 2010B Certificates through the issuance of and the sale, on a forward delivery basis, of the Series 2020A Certificates in an aggregate principal amount not to exceed \$29,500,000.

Section 2. Schedule 2010B, as amended and restated in connection with the execution and delivery of the Forward Delivery Agreement, to provide for the payment of a breakage fee as an Additional Lease Payment upon the occurrence of a Break Funding Event as defined in the Forward Delivery Agreement substantially in the form submitted to this meeting and attached hereto as **Exhibit A-1** (the “Initial Amended and Restated Schedule 2010B”), and Schedule 2010B as further amended and restated upon the issuance of the Series 2020A Certificates (the “Amended and Restated Schedule 2010B”, which together with the Master Lease shall constitute the “Series 2010B Lease”), substantially in the form submitted to this meeting and attached hereto as **Exhibit A-2**, are hereby approved, with such insertions, modifications and changes as may be approved by the Superintendent both at the time of execution of the Forward Delivery Agreement, and upon the issuance of the Series 2020A Certificates (including, without limitation, approval of changes to the documents herein approved), and the Chair or Vice Chair and the Secretary, upon such approval by the Superintendent, are hereby authorized and directed to execute and deliver the Initial Amended and Restated Schedule 2010B and the further Amended and Restated Schedule 2010B. The execution of the Initial Amended and Restated Schedule 2010B and the further Amended and Restated Schedule 2010B by the Chair or Vice Chair and the Secretary shall constitute conclusive evidence of the approval thereof.

Section 3. The form of Series 2020A Supplemental Trust Agreement between the Foundation and the Trustee 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 Series 2010B Supplemental Trust Agreement by the Foundation and the Trustee shall constitute conclusive evidence of the approval thereof.

Section 4. It is hereby found and declared that a negotiated direct placement sale of the Series 2020A Certificates to the Purchaser on a forward delivery basis 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) the volatility of the municipal market, including the market for “annual appropriation” tax-exempt securities such as the Amended and Restated Series 2010B Lease, as represented by the Series 2020A Certificates, requires flexibility in order to permit the School Board to enter the market at the most advantageous time, rather than at a specific advertised date, thereby permitting the School Board to obtain the best possible price and interest rate with respect to the Series 2020A Certificates and achieve its savings goals, and any lack of flexibility in the sale of the Series 2020A Certificates could be prejudicial to the School Board and to the public;

(ii) the Proposal for a direct placement forward refunding submitted by Bank of America, N.A. to be purchased by the Purchaser 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 over the next thirteen months;

(iii) the nature of the refinancing of the School Board’s obligations under the Series 2010B Lease and the refunding of the Series 2010B Certificates is a complex transaction and the structure of the issue and the current demand for this type of security support a negotiated sale; and

(iv) the School Board will not be adversely affected if the Series 2020A Certificates are not sold pursuant to a competitive sale.

Section 5. The form of the Forward Delivery Agreement among the Purchaser, the Foundation and the School Board (the “Forward Delivery Agreement”) submitted to this meeting and attached hereto as **Exhibit C** and the sale of the Series 2020A Certificates by the Foundation and the Trustee upon the terms and conditions set forth therein, are 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 the Forward Delivery Agreement, provided, however, that:

(i) the aggregate principal amount of the Series 2020A Certificates shall not exceed \$29,500,000;

(ii) the final maturity of the Series 2020A Certificates shall not be later than June 15, 2032;

(iii) the present value of the total savings anticipated to accrue to the School Board upon the refunding of the Refunded Series 2010B Certificates and the issuance of the Series 2020A Certificates, shall be at least five percent (5%) of the aggregate principal amount of the Refunded Series 2010B Certificates calculated using the yield on the Series 2020A Certificates as the discount rate; and

(iv) the Purchaser shall be required to deliver a Purchaser Letter of Representations substantially in the form submitted to this meeting and attached hereto as **Exhibit D**, with such insertions, modifications and changes as may be approved by the Superintendent and Greenberg Traurig, P.A., special tax counsel to the School Board, in connection with the issuance of the Series 2020A Certificates.

The execution and delivery of the Forward Delivery Agreement by the Chair or Vice Chair and the Secretary shall constitute conclusive evidence of the approval thereof.

Section 6. 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 including, without limitation, documents relating to the forward delivery sale and issuance of the Series 2020A Certificates, and documents in connection with a bifurcated “closing” on the Forward Delivery Agreement and the closing and delivery of the Series 2020A Certificates as a result of the forward nature of the current refunding, and to take all actions and steps including, without limitation, to change the dated date of any and all documents or to change the series designation of the Series 2020A Certificates, and to change any and all of the Lease Payment Dates set forth in the forms of Amended and Restated Schedule 2010B in order to maximize the present value of the savings to accrue to the School Board, and which are necessary or desirable in connection with the issuance of the Series 2020A Certificates, the execution and delivery and compliance with the provisions of the Forward Delivery Agreement, the Initial Amended and Restated Series 2010B Lease and the Further Amended and Restated Series 2010B Lease, the Master Lease, the Master Trust Agreement, the Series 2020A Supplemental Trust Agreement or the refinancing of the Series 2010B Facilities, and which are not inconsistent with the terms and provisions of this Resolution.

Section 7. 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. 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 9. 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 10. This Resolution shall take effect immediately upon its adoption.

Adopted this 13th day of February, 2019.

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

EXHIBIT A-1

FORM OF INITIAL AMENDED AND RESTATED SCHEDULE 2010B

EXHIBIT A-2

FORM OF FURTHER AMENDED AND RESTATED SCHEDULE 2010B

EXHIBIT B

FORM OF SERIES 2020A SUPPLEMENTAL TRUST AGREEMENT

EXHIBIT C

FORM OF FORWARD DELIVERY AGREEMENT

EXHIBIT D

FORM OF PURCHASER LETTER OF REPRESENTATIONS

[FDA Closing Date]

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

The Bank of New York Mellon Trust
Company, N.A., as Trustee
Jacksonville, Florida

Miami-Dade County School Board
Foundation, Inc.
Miami, Florida

Re: Certificates of Participation, Series 2020A Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Lease Payments to be made by The School Board of Miami-Dade County, Florida, as Lessee, pursuant to a Master Lease Purchase Agreement with the Miami-Dade County School Board Foundation, Inc., as Lessor

Ladies and Gentlemen:

The undersigned, Bank of America, N.A., a national banking association (the “Purchaser”), hereby acknowledges that pursuant to the Forward Delivery Agreement dated [_____, 2019], among The School Board of Miami-Dade County, Florida, Miami-Dade County School Board Foundation, Inc. and the Purchaser, it has agreed to purchase \$[PAR] in aggregate principal amount of the above-referenced refunding Certificate of Participation, Series 2020A (the “Series 2020A Certificates”). Capitalized terms used, but not defined, herein shall have the meanings assigned thereto in the Master Trust Agreement dated as of August 1, 1994, as the same will be amended and supplemented by the Series 2020A Supplemental Trust Agreement, the form of which is attached as an exhibit to the Forward Delivery Agreement (as so amended and supplemented, collectively, the “Trust Agreement”) between the Miami-Dade County School Board Foundation, Inc. (the “Foundation”) and The Bank of New York Mellon Trust Company, N.A. (successor in interest to NationsBank of Florida, N.A.), as trustee (the “Trustee”).

The undersigned acknowledges that the Series 2020A Certificates will be issued for the purpose of (i) providing for the payment of the principal and interest portions of Basic Lease Payments represented by the Refunded Series 2010B Certificates and (ii) paying costs of issuance of the Series 2020A Certificates, as more particularly described in the Trust Agreement, the Master Lease Purchase Agreement dated as of August 1, 1994, as amended and supplemented (the “Master Lease”), Schedule 2010B to the Master Lease to be amended and restated (which Schedule together with the Master Lease is herein referred to as the “Series 2010B Lease”), and related agreements. The undersigned further acknowledges that the Series

2020A Certificates will be issued under the Trust Agreement and will be secured by and payable solely from the trust estate established for the Series 2020A Certificates described therein (the “Trust Estate”) for the benefit of the Owners of the Series 2020A Certificates.

In connection with the agreement to purchase the Series 2020A Certificates by the Purchaser, the Purchaser hereby makes the following representations upon which you may rely:

1. The Purchaser has authority to purchase the Series 2020A Certificates and to execute this Purchaser’s Letter of Representation and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Series 2020A Certificates.

2. The Purchaser is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act of 1933”).

3. The Purchaser is purchasing the Series 2020A Certificates for its own account and not with a present view to distribute the interest in the Series 2010B Lease represented by the Series 2020A Certificates.

4. The Purchaser understands that the Series 2020A Certificates will not be registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Series 2020A Certificates (a) will not be registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which is not readily marketable.

5. The Purchaser is a national banking association which has sufficient experience in financial and business matters, including the purchase of certificates of participation evidencing undivided proportionate interests of the owners thereof in payments to be made by a political subdivision of the State of Florida (the “State”) wherein the obligation of the political subdivision to make said payments constitutes a special and limited obligation payable solely from current or other legally available funds appropriated by the political subdivision for such purpose, and the Purchaser is able, independently, to evaluate the merits of, and to bear the risk of, the investment represented by the purchase of the Series 2020A Certificates.

6. The Purchaser acknowledges that it (i) has either been furnished with or has had access to all necessary information including, without limitation, the financial statements of the School District of Miami-Dade County, Florida (the “District”), that it desires in order to enable it to make an informed investment decision regarding investment in the Series 2020A Certificates, (ii) had the opportunity to ask questions to and receive answers from representatives of The School Board of Miami-Dade County, Florida (the “School Board”), as the governing body of the District, and the District and other knowledgeable individuals concerning the School Board, the District and the Series 2020A Certificates and the security therefor, and (iii) had such access to such documents and instruments concerning the School Board, the District and the

Series 2020A Certificates and the security therefor as the Purchaser has desired, so that the Purchaser has been able to make an informed decision to purchase the Series 2020A Certificates.

7. The Purchaser understands that no offering or disclosure document relating to the Series 2020A Certificates is being prepared or provided.

8. The Purchaser has made its own inquiry and analysis with respect to the Series 2020A Certificates and the security therefor, and other material factors affecting the security and payment of the Series 2020A Certificates. The Purchaser is aware that “annual appropriation” tax exempt securities such as the Series 2010B Lease involve certain economic variables and risks that could adversely affect the security for the Series 2020A Certificates.

9. The Purchaser understands that (i) Basic Lease Payments are payable from funds appropriated by the School Board for such purpose from current or other funds authorized by law and regulations of the State of Florida Department of Education, (ii) the School Board is not legally required to appropriate moneys for the purpose of making Basic Lease Payments, (iii) the Series 2020A Certificates shall be payable solely from the funds specifically pledged to the payment thereof and shall not constitute a general obligation of the School Board, the District, the State, or any agency or political subdivision thereof, (iv) the Series 2020A Certificates will never represent or constitute a general obligation or a pledge of the faith and credit of the School Board, the District, the State, or any agency or political subdivision thereof, (v) none of the School Board, the District, the State, or any agency or political subdivision thereof shall be obligated to pay, except from appropriated funds, any sums due under the Series 2010B Lease from any source of taxation and none of the Trustee, the Foundation or the Owner of the Series 2020A Certificates may compel the levy of any ad valorem taxes by the School Board, the District, the State, or any agency or political subdivision thereof to pay any sums due under the Series 2010B Lease and (vi) the liability of the District, the School Board, the Foundation or any of their officials, officers, employees or any of their members with respect to the Series 2020A Certificates is subject to further limitations, if any, set forth in the Trust Agreement and the resolution of the School Board authorizing the issuance and sale of the Series 2020A Certificates.

Very Truly Yours,

BANK OF AMERICA, N.A.

By: _____

Name: Holly L. Kuhlman

Title: Senior Vice President