

CONTINUATION OF SUMMARY EXPLANATION AND BACKGROUND

Federal regulatory agencies, namely the Securities and Exchange Commission (SEC), and the Municipal Securities Rulemaking Board (MSRB), are prohibited by law from directly regulating issuers of municipal securities, such as The School Board of Broward County, Florida (SBBC). However, using its authority to regulate underwriters of municipal securities and its oversight in connection with the offer, purchase or sale of securities, the SEC adopted Rule 15c2-12 (the Rule) in 1989. The Rule required underwriters to review issuer's Official Statements before underwriting their securities and to provide such Official Statements to investors. The Rule was amended in 1994, to improve disclosure in the secondary market. This change prohibited underwriters from underwriting municipal securities, unless the underwriter had reasonably determined that the issuer had committed in a written undertaking for the benefit of investors, to provide: (1) continuing disclosure, in the nature of annual financial information, and operating data included in its original Official Statement, and (2) timely notices of certain enumerated material events affecting the issuer.

Currently, the underwriter's counsel prepares the Official Statement on behalf of SBBC, disclosing all information pertinent to a potential bond investor. However, SBBC is ultimately responsible for the completeness and accuracy of the Official Statement. The District has several underwriters. Each underwriter's counsel may have different requirements for the Official Statement and, therefore, it would be prudent to have the District's own disclosure counsel draft the Official Statement, in order to ensure uniformity in disclosure and continuing disclosure requirements.

In response to the increasing demands of regulatory requirements relating to disclosure and continuing disclosure, specifically, the District is in need of a Disclosure Counsel. This counsel will be responsible for preparing the Official Statement, and will provide continuity and consistency with respect to the Official Statement and continuing disclosure undertakings. In addition, the disclosure counsel will also ensure that all SEC, MSRB, and other regulatory agency requirements are met.

SBBC staff intends to prepare and send out an RFP, before the termination of this contract, to select its own Disclosure Counsel. However, the District should "piggyback" on Miami-Dade Public School's Debt Counsel Contract No. 007-MM10, to avoid any lapse in coverage for certain upcoming financings. SBBC's Agreement with Nabers, Giblin and Nickerson, P.A. will provide Disclosure Counsel Services until December 31, 2015.