



AGENDA REQUEST FORM

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

ITEM No.:
1.

MEETING DATE	2017-12-12 12:30 - Leasing Corporation - Special Meeting
AGENDA ITEM	SUPERINTENDENT'S RECOMMENDATION
CATEGORY	Superintendent's Recommendation
DEPARTMENT	Treasurer's Office

Special Order Request <input type="radio"/> Yes <input checked="" type="radio"/> No
Time
Open Agenda <input type="radio"/> Yes <input checked="" type="radio"/> No

TITLE:
Resolution No. 17-02 - Certificates of Participation, Series 2017B - Refunding Series 2009A - BAB

REQUESTED ACTION:
Adopt Resolution No. 17-02 - Certificates of Participation, Series 2017B - Refunding Series 2009A - BAB

SUMMARY EXPLANATION AND BACKGROUND:
Resolution No. 17-02 authorizes the refunding of all or a portion of the outstanding Certificates of Participation (COPs), Series 2009A - BAB (Build America Bonds) through the issuance of refunding Certificates of Participation, Series 2017B in the aggregate principal amount of \$75,000,000; authorizes the execution of one or more Certificate Purchase Contracts; and approves the form of and authorizes the execution, if required, of the documents in the exhibit section below. See Executive Summary for further explanation and background. Copies of the full attachment are available at the Board Members' Office on the 14th Floor of the K. C. Wright Administration Center and available online via the Broward County Public Schools eAgenda at: <https://webappe.browardschools.com/eagenda/>

SCHOOL BOARD GOALS:
 Goal 1: High Quality Instruction Goal 2: Continuous Improvement Goal 3: Effective Communication

FINANCIAL IMPACT:
The District will realize approximately \$6 million in net present value (NPV) savings over the next seventeen (17) years from the refunding COPs Series 2017B. Actual savings may be higher or lower depending upon the market at the time of pricing.

EXHIBITS: (List)
(1) Executive Summary LC 2017B Final (2) Resolution 17-02 (3) Exhibit A-1 Schedule 2009A-1 - ONLINE (4) Exhibit A-2 Schedule 2009A-2 - ONLINE (5) Exhibit B Trust Agreement - ONLINE (6) Exhibit C Purchase Agreement - ONLINE

BOARD ACTION:
ADOPTED
(For Official School Board Records Office Only)

SOURCE OF ADDITIONAL INFORMATION:	
Name: Ivan Perrone	Phone: 754-321-1980
Name:	Phone:

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
Senior Leader & Title

Judith M. Marte - Chief Financial Officer

Signature
Judith M. Marte
12/8/2017, 1:44:36 PM

Approved In Open Board Meeting On: DEC 12 2017
Mona Rupert
School Board Chair

Item No. : 1

**December 12, 2017 – The Broward School
Board Leasing Corporation**

EXECUTIVE SUMMARY

Resolution No. 17-02 – Certificates of Participation, Series 2017B - Refunding Certificates of Participation, Series 2009A - BAB

At the present time, market conditions are favorable for the District to prudently refund all or a portion of the outstanding Certificates of Participation (COPs), Series 2009A – Build America Bonds (BAB) with an aggregate principal amount not to exceed \$75,000,000.

The District was originally considering to bring this item to the December 19, 2017 Regular School Board Meeting and the planned bond sale would have occurred in January 2018. However, the proposed Tax Cut and Job Act (TCJA) has a provision included in both the House and Senate Bills that, if passed into law, would repeal tax-exempt advance refunding of bonds, effective December 31, 2017. This would prevent the District from refunding bonds on an advance basis to obtain savings.

The TCJA caused a paradigm in our initial planning: Do we move forward with our original plan and hope that the repeal of the advance refunding is taken out before it becomes law or expedite the plan to issue the bonds in December 2017, rather than January 2018? Since the District had already commenced the refunding process, staff decided it would be prudent and beneficial for the District to sell the bonds in December 2017 to avoid any potential impacts TCJA may have on savings for the District.

If the market continues at the current levels during the time of pricing (between December 14 - 18), the District would realize substantial savings. Based on a recent analysis, the potential refunding is expected to realize Net Present Value (NPV) debt service dollar savings estimated at \$6,085,000. In accordance with the District's Debt Management Policy, the minimum NPV savings requirement is three (3) percent. This proposed refunding (COPs, Series 2017B) would generate approximately 9.52% NPV savings, far exceeding the minimum three (3) percent requirement.

The COPs, Series 2009A – BAB are subsidized by the Federal Government. Therefore, this advance refunding will be structured as a "crossover" refunding to maintain the federal subsidy. If this structure is not used, the District would forfeit the subsidy.

The proceeds of the refunding certificates (COPs, Series 2017B) would be placed in escrow and used to make debt service payments on the refunding certificates (COPs, Series 2017B) until the call date, July 1, 2019, of the original certificates (COPs, Series 2009A – BAB).

On the call date, July 1, 2019, the refunding certificates (COPs, Series 2017B) 'cross over' and are then used to pay the principal in order to extinguish the original certificates (COPs, Series 2009A – BAB).

Since the opportunity for advance refundings could vanish with the approval of TCJA, the refunding proposal of COPs, Series 2017B was brought before the Financial Advisory Committee on November 29, 2017. A motion was passed unanimously for the District to proceed with the refunding. In addition, staff, along with the District's Financial Advisors and Special Tax Counsel, recommend moving forward with this approach, to avoid the risk that the TCJA may eliminate all advance refundings after December 31, 2017.

**AUTHORIZING RESOLUTION OF
BROWARD SCHOOL BOARD LEASING CORP.
17-02**

BE IT RESOLVED by the Broward School Board Leasing Corp. that:

Section 1. Broward School Board Leasing Corp. (the “Corporation”) has determined to lease-purchase certain real property and educational facilities and to finance and refinance the lease-purchase of certain real property and educational facilities previously financed (collectively, the “Facilities”) from time to time to The School Board of Broward County, Florida (the “School Board”) and has entered into a Master Lease Purchase Agreement dated as of July 1, 1990, as amended (the “Master Lease”), between the Corporation and the School Board, and certain Schedules attached and to be attached thereto in connection with the lease-purchase financing and refinancing of various Facilities from time to time. The Corporation has also determined to enter into ground leases with the School Board and assignment agreements and has entered into a Master Trust Agreement dated as of July 1, 1990, as amended (the “Master Trust Agreement”), with U.S. Bank National Association (successor in interest to First Union National Bank of Florida), as trustee (the “Trustee”) in order to facilitate such financings and refinancings. In order to provide for such lease-purchase financings and refinancings, the Corporation has determined to cause to be issued series of certificates of participation to the public, representing undivided proportionate interests in the principal portion and interest portion of the basic lease payments to be made under the Master Lease and the Schedule or Schedules relating to the Facilities being financed or refinanced by the School Board.

Section 2. The School Board and the Corporation have entered into (i) a Series 2009A Ground Lease dated as of June 1, 2009, as amended as of July 1, 2011, May 1, 2012, February 1, 2014 and August 1, 2015 (the “Series 2009A Ground Lease”), and (ii) Schedule 2009A-1 to the Master Lease dated as of June 1, 2009, as amended and restated as of June 1, 2011, May 1, 2012, February 1, 2014, August 1, 2015 and April 1, 2016 (“Schedule 2009A-1” and together with the Master Lease the “Series 2009A-1 Lease”) pursuant to which the School Board leased certain real property to the Corporation and subleased from the Corporation such real property and leased the improvements thereon, known respectively as the “Series 2009A-1 Facility Sites” and the “Series 2009A-1 Facilities” and (iii) Schedule 2009A-2 to the Master Lease (“Schedule 2009A-2”) dated as of June 1, 2009, as amended and restated as of June 1, 2011, August 1, 2015 and April 1, 2016 (which Schedule together with the Master Lease is referred to herein as the “Series 2009A-2 Lease”), pursuant to which the School Board leased certain educational facilities, improvements and personal property to the Corporation and subleased from the Corporation such educational facilities, improvements and personal property (the “Series 2009A-2 Facilities” and together with the Series 2009A-1 Facilities, the “Series 2009A Facilities”). To provide funds for the acquisition and construction of the Series 2009A Facilities, Certificates of Participation, Series 2009A (the “Series 2009A Certificates”) were issued in the aggregate principal amount of \$133,963,000, of which an aggregate principal amount of (a) \$63,910,000 were issued as Certificates of Participation, Series 2009A-BAB (Federally Taxable-Direct Payment-Build America Bonds) (the “Series 2009A-BAB Certificates”), (b) an aggregate principal amount of \$20,140,000 were issued as Certificates of

Participation, Series 2009A-Tax-Exempt (the "Series 2009A-Tax-Exempt Certificates") and (c) \$49,913,000 were issued as Certificates of Participation, Series 2009A-QSCB (Tax Credit-Qualified School Construction Bonds) (the "Series 2009A-QSCB Certificates"), representing an undivided proportionate interest in a portion of the principal portion and interest portion of the basic lease payments to be made by the School Board under the Series 2009A-1 Lease and the Series 2009A-2 Lease, pursuant to the Master Trust Agreement, as supplemented by a Series 2009A Supplemental Trust Agreement dated as of June 1, 2009, as amended (the Master Trust Agreement, as so supplemented is referred to herein as the "Series 2009A Trust Agreement").

Section 3. The Corporation assigned substantially all of its interest in the Series 2009A-1 Ground Lease, Schedule 2009A-1 and Schedule 2009A-2 to the Trustee pursuant to a Series 2009A Assignment Agreement dated as of June 1, 2009 (the "Series 2009 Assignment Agreement").

Section 4. As a result of a decline in interest rates, the School Board refinanced a portion of its obligations under (1) the Series 2009A-1 Lease by further amending and restating Schedule 2009A-1 and (ii) the Series 2009A-2 Lease by further amending and restating Schedule 2009A-2. In order to accomplish such refinancing of the Series 2009A-1 Lease and the Series 2009A-2 Lease, the Corporation provided for the issuance, pursuant to a Series 2016B Supplemental Trust Agreement, of refunding Certificates of Participation, Series 2016B (the "Series 2016B Certificates"), a portion of which refunded a portion of the Series 2009A-Tax-Exempt Certificates.

Section 5. As a result of the current favorable market conditions for obligations such as the District's obligations under the Series 2009A-1 Lease and the Series 2009A-2 Lease, and in order to achieve savings, the School Board wishes to authorize the refinancing of a portion of its obligations under the (i) the Series 2009A-1 Lease by further amending and restating Schedule 2009A-1 ("Amended and Restated Schedule 2009A-1"), and (ii) the Series 2009A-2 Lease by further amending and restating Schedule 2009A-2 ("Amended and Restated Schedule 2009A-2"), and refunding on an advance crossover basis the outstanding Series 2009A-BAB Certificates (the "Refunded Certificates").

Section 6. In order to accomplish a refinancing of the Series 2009A-1 Lease and the Series 2009A-2 Lease, the Corporation will enter into a Series 2017B Supplemental Trust Agreement (the "Series 2017B Supplemental Trust Agreement" and together with the Trust Agreement, the "Series 2017B Trust Agreement") with the Trustee providing for the issuance of refunding Certificates of Participation, Series 2017B (the "Series 2017B Certificates"), in an original aggregate principal amount not to exceed \$75,000,000 to refund the outstanding Refunded Certificates, which Series 2017B Certificates will represent undivided proportionate interests in a portion of the principal portion and interest portion of the Basic Lease Payments to be made under the Series 2009A-1 and the Series 2009A-2 Lease.

Section 7. The Board of Directors of the Corporation hereby authorizes the execution by the President or Vice President and the Secretary (or any person authorized to sign on his/her behalf) of Amended and Restated Schedule 2009A-1, substantially in the form submitted to this meeting and attached hereto as Exhibit A-1 and Amended and Restated Schedule 2009A-2,

substantially in the form submitted to this meeting and attached hereto as Exhibit A-2, with such insertions, modifications and changes as may be approved by the President or Vice President. The execution and delivery of Amended and Restated Schedule 2009A-1 and the Amended and Restated Schedule 2009A-2 by the President or Vice President and the Secretary (or any person authorized to sign on his/her behalf) shall constitute conclusive evidence of the approval thereof.

Section 8. The Board of Directors of the Corporation hereby authorizes the execution by the President or Vice President and the Secretary (or any person authorized to sign on his/her behalf) of a Series 2017B Supplemental Trust Agreement (the “Series 2017B Supplemental Trust Agreement” and together with the Trust Agreement, the “Series 2017B Trust Agreement”), between the Corporation and the Trustee, substantially in the form submitted to this meeting and attached hereto as Exhibit B, with such insertions, modifications and changes as may be approved by the President or Vice President. The execution and delivery of the Series 2017B Trust Agreement by the President or Vice President and the Secretary (or any person authorized to sign on his/her behalf) shall constitute conclusive evidence of the approval thereof.

Section 9. It is hereby found and declared that a negotiated sale of the Series 2017B Certificates is in the best interest of the District 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 continuing volatility of the municipal market, including the market for “annual appropriation” securities such as the Series 2009A-1 Lease and the Series 2009A-2 Lease, as evidenced by the Series 2017B Certificates, 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 prices and interest rates to be represented by the Series 2017B Certificates;

(ii) The nature of the refinancing of the Series 2009A-1 Lease and the Series 2009A-2 Lease, and the advance refunding on a crossover basis of the Refunded Certificates is a complex transaction which requires the assistance of an underwriter in dealing with prospective investors;

(iii) The Underwriters (hereinafter defined) have participated in structuring the issuance of the Series 2017B Certificates and can assist the School Board in obtaining the most attractive financing for the School Board; and

(iv) The School Board will not be adversely affected if the Series 2017B Certificates are not sold pursuant to a competitive sale.

The form of the Certificate Purchase Agreement for the Series 2017B Certificates (the “Purchase Contract”) among the underwriters named therein (the “Underwriters”), the Corporation and the School Board submitted to this meeting and attached hereto as Exhibit C, and the sale of the Series 2017B Certificates by the Corporation and the Trustee upon the terms and conditions set forth in the Purchase Contract, is hereby approved, with such insertions, modifications and changes as may be approved by the Superintendent, and the President, or Vice President and Secretary (or any person authorized to sign on his/her behalf), upon such approval

by the Superintendent, are hereby authorized and directed to execute the Purchase Contract; provided, however, that:

(i) the aggregate principal amount of the Series 2017B Certificates shall not exceed \$75,000,000;

(ii) the present value of the total savings anticipated to accrue to the School Board upon the refunding of the Refunded Certificates and the issuance of the Series 2017B Certificates, including any amounts contributed to the Escrow Deposit Trust Fund from sources other than Series 2017B Certificate proceeds, shall be at least three percent (3%) of the aggregate principal amount of the Refunded Certificates; and

(iii) the final maturity of the Series 2017B Certificates shall not be later than July 1, 2034; and

(iv) the price at which the Series 2017B Certificates shall be sold to the Underwriters shall not be less than 99.5% of the face amount thereof, exclusive of original issue discount and original issue premium.

The execution and delivery of the Purchase Contract by the President or Vice President and Secretary (or any person authorized to sign on his/her behalf) shall constitute conclusive evidence of the approval thereof. The Trustee is hereby requested to execute and deliver the Series 2017B Certificates to the Underwriters in accordance with the provisions of the Purchase Contract.

Section 10. Each of the President, the Vice President, the Secretary and any other proper officer of the Corporation is authorized and directed to execute and deliver all documents, contracts, instruments and certificates and to take all actions and steps on behalf of the Corporation including, without limitation, amendments to the Series 2009A Assignment Agreement and the Series 2009A Ground Lease that may be necessary or desirable and to take all actions and steps including, without limitation, to change the dated date of any and all documents or the series designation of the Series 2017B Certificates in the event of a delay in the issuance of the Series 2017B Certificates, which are necessary or desirable in connection with the issuance of the Series 2017B Certificates, the execution and delivery and compliance with the provisions of the Master Lease, Amended and Restated Schedule 2009A-1, Amended and Restated Schedule 2009A-2, the Trust Agreement, the Series 2017B Trust Agreement and the Purchase Contract, and which are not inconsistent with the terms and provisions of this Resolution.

Section 11. It is hereby found and determined that all formal actions of the Corporation 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 Corporation, and that all deliberations of the Corporation that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements.


Section 12. This Resolution shall be effective immediately upon its adoption.

Adopted this 12th day of December, 2017.

I, Robert W. Runcie, the duly appointed, qualified and acting Secretary of the Broward School Board Leasing Corp., a not-for-profit corporation organized and existing under the laws of the State of Florida, do hereby certify that the foregoing is a true and correct copy of Resolution 17-02 of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Corporation this 12th day of December, 2017.

[SEAL]



Robert W. Runcie,
Secretary

EXHIBIT A-1

FORM OF AMENDED AND RESTATED SCHEDULE 2009A-1

EXHIBIT A-2

FORM OF AMENDED AND RESTATED SCHEDULE 2009A-2

EXHIBIT B

FORM OF SERIES 2017B SUPPLEMENTAL TRUST AGREEMENT

EXHIBIT C

FORM OF PURCHASE CONTRACT