

June 9, 2014

AA-1

SUMMARY EXPLANATION AND BACKGROUND

The District generates just over \$200 million from millage each year; 73% of that goes towards paying down the Board's Certificates of Participation and 27% is used for a much pared back maintenance program, minimal technology, safety projects, indoor air quality and other uses. As of today, the District has \$45 million in deferred maintenance.

In May 2008, the legislature lowered the 2.0 mill capital outlay millage by 0.25 mills and again in 2009, the legislature reduced the capital outlay millage another 0.25 mills, making the capital outlay millage equal to 1.5 mills. The decline in taxable property values further compounded the problem and many school districts, including Broward, lost hundreds of millions of dollars for capital projects. The District had to cut \$1.8 billion in construction projects, computers, and buses. Before the millage reduction, the District's 5-year building program was \$3.5 billion, now the program has been reduced to \$1.3 billion.

The District has recently prepared an Information Technology Plan estimated to cost over \$200 million. In addition, there is a significant gap in funding for remodeling, repair, replacement and new construction of the District's facilities.

The District and other districts have asked the legislature to restore the capital millage without success. Other school districts have exercised local tax options that require public support to increase school capital funding. Broward County Schools is in need of new investment of capital funds and this item is the next step towards securing that funding source.

The statutory process for approval of the District ability to issue general obligation bonds involves several steps. Because the Broward Supervisor of Elections requires that a November ballot question be submitted to it by mid-June, before the District's Needs Assessment study has been completed, it is necessary to take the approval steps at this time. Upon completion of the Needs Assessment the Board and Superintendent can determine, with input from the citizens of Broward County, which projects should be funded from the Bonds in this first phase of the District's capital program, allowing sufficient flexibility based on changes in circumstances over an estimated six or seven year construction period.

The first step was already taken on May 6, 2014, when the Board adopted Resolution No. 14-85 and the project list (Exhibit A) authorizing the request to the Florida Department of Education (FDOE) for approval of the issuance of general obligation bonds in a total principal amount not to exceed \$800 million for safety enhancements and improvements to schools and technology upgrades, listing most of the schools in the District as potential candidates. On May 16, 2014, the FDOE provided its approval of Resolution No. 14-85, including the project list (Exhibit A).

This item is the next step that requires the Board to approve the ballot question that will be posed to qualified voters during the general election scheduled for Tuesday, November 4, 2014. After the Board approves this agenda item, the ballot question will be transmitted to the Broward County Supervisor of Elections.

Exhibit C includes supplemental information related to the General Obligation Bond process. It has been included as a component of this agenda item to demonstrate some of the supportive planning to date and provide sample documents and assessment data. These documents will continuously be refined as staff collaborates with the School Board on the District's educational plan to promote awareness within the community on the District's significant capital needs, the capital funding gap, and its intended use of the bond proceeds.

The attached document(s) have been reviewed and approved as to form and legal content by Bond Counsel and the Office of the General Counsel.