

**The School Board of Broward County, Florida
FINANCIAL ADVISORY COMMITTEE MEETING MINUTES**

Friday, February 21, 2020
KCW Administration Building
2nd Floor Conference Room

The Financial Advisory Committee of The School Board of Broward County, Florida, met at 10:00AM on Friday, February 21, 2020 in the 2nd Floor Conference Room at the Kathleen C. Wright Administration Building, 600 SE 3rd Avenue, Fort Lauderdale, FL.

Those in Attendance:

Committee Members

Ray Monteleone - Chair, Community
Henry Robinson – Vice Chair, Community
Dane Sheldon – Community
Ian Thomas - Community
Judith Marte – Staff
Ivan Perrone - Staff
Shelley Meloni – Staff

Also in Attendance

Laura Howe – PFM

On the Phone

Steven Alexander - PFM

The purpose of the meeting:

- Approve Minutes of Meeting on December 17, 2019
- Old Business
- New Business

- Present letters from the Superintendent to the new Vice Chair, Mr. Henry Robinson and new Community member, Mr. Ian Thomas

- Investment Advisor - PFM
 - AM – Market Update
 - AM – Quarterly Investment Report

- Financial Advisor – PFM
 - FA – Recent Transactions & Opportunities
 - FA – New Money – COPs 2020

- Other Matters that May Come Before the Committee

Mr. Monteleone, called the meeting to order. Roll call was done.

The first item of business on the agenda was the approval of minutes for the last meeting held on December 17, 2019. A motion was made to approve, seconded and passed unanimously.

The second item of business on the agenda was the presentation of letters from the Superintendent to the new Vice Chair, Mr. Henry Robinson and new community member, Mr. Ian Thomas.

The next item on the agenda was presented by Mr. Steven Alexander, Investment Advisor with PFM. Mr. Alexander gave a thorough market update, reviewed the quarterly investment report and discussed cash flow analysis with the Committee. First, he presented a market update reviewing the District’s portfolio statistics, performance, earnings, sector allocation, distribution and credit quality. Lastly, he reviewed Long Term, 1-3-year Self Insurance, 1-5 year Self Insurance and GOB Series 2015 Funds. Mr. Monteleone, Chair, commented that he would like for Mr. Alexander to discuss the probability of a recession at the next Financial Advisory Committee meeting and how that may impact the District.

The next item on the agenda was presented by Ms. Laura Howe, Financial Advisor with PFM. She presented a market update, recent transactions and a potential refunding opportunity. She discussed Treasury yields during the past 10 years comparing taxable versus tax-exempt interest rates. She reviewed Equipment Lease 21 from February 12, 2020 and summarized the five (5) previous capital leases under the program.

Next, Ms. Howe, PFM, discussed the potential refunding opportunity given the historically low interest rate environment and the elimination of tax-exempt refundings. The District could achieve savings using a Forward Delivery refunding approach that would allow the district to lock in current market rates for a future tax-exempt issuance during the current call window, which mitigates the risk of rising interest rates in the future. PFM conducted a preliminary analysis for a Forward Delivery of COPs 2012A, which is callable on July 1, 2022 in the amount of \$163,890,000. Ms. Howe summarized this analysis and discussed the District's current outstanding callable debt with the Committee. PFM will continue to monitor deals that are callable through 2025 as potential candidates for refunding opportunities. Ms. Marte, CFO, then requested permission to move forward with the refunding in May of 2022. A motion was made, seconded and passed unanimously to move forward with the discretion of the CFO, Treasurer and Chair.

Lastly, a preliminary analysis of several different structuring scenarios was discussed by Ms. Howe with the Committee for the issuance of new money – COPs Series 2020. Interest rates remain near all-time lows, which is an excellent time to issue new debt. The proposed issuance of COPs Series 2020 would provide funding for the major capital projects in the District's current Capital Program. She listed the specific facilities that would benefit from the proceeds. The core goal, defined by PFM and staff, would be to create a structure that takes advantage of the material decline in debt service in 2030, resulting in a very low-cost financing and enhancing future financing capacity for the District. The Committee reviewed these different structuring scenarios presented by PFM. The Chair asked if there were any reasons not to move forward. After reviewing the proposed issuance, the Committee and PFM agreed it was a good time to move forward. At this time, a motion was made to move forward, specifically with Scenario 3, seconded and passed unanimously.

Being no further business, the Chair adjourned the meeting at approximately at 12:00PM.