



# School District of Broward County, Florida

## Financial Advisory Committee Meeting

November 20, 2020

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PFM Financial Advisors LLC

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## Agenda

- I. Market Update
- II. General Obligation School Bonds
- III. Refunding Update

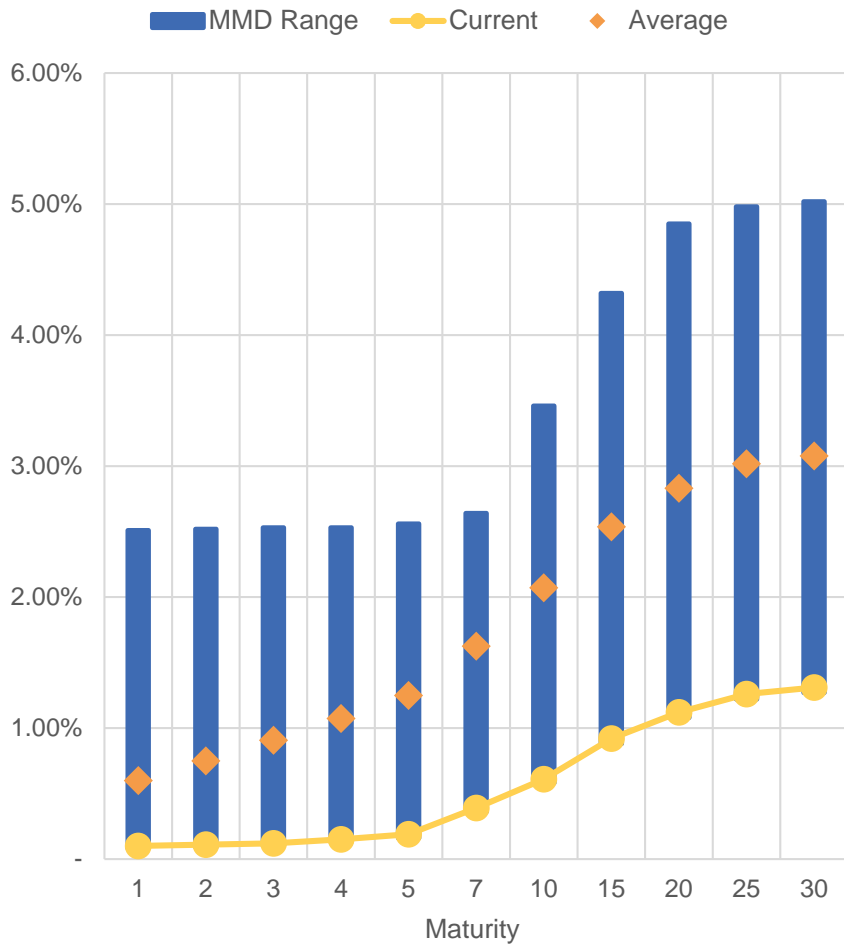


# I. Market Update

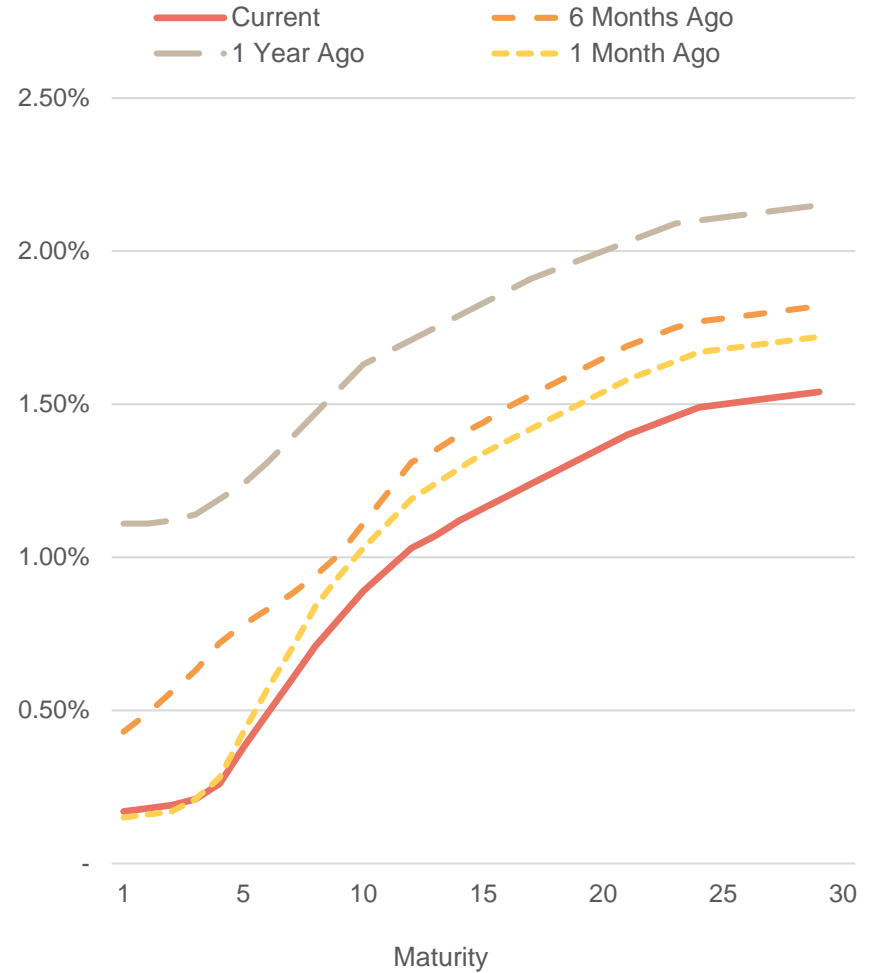


# Tax-Exempt Interest Rates

## MMD Ranges Over Past 10 Years



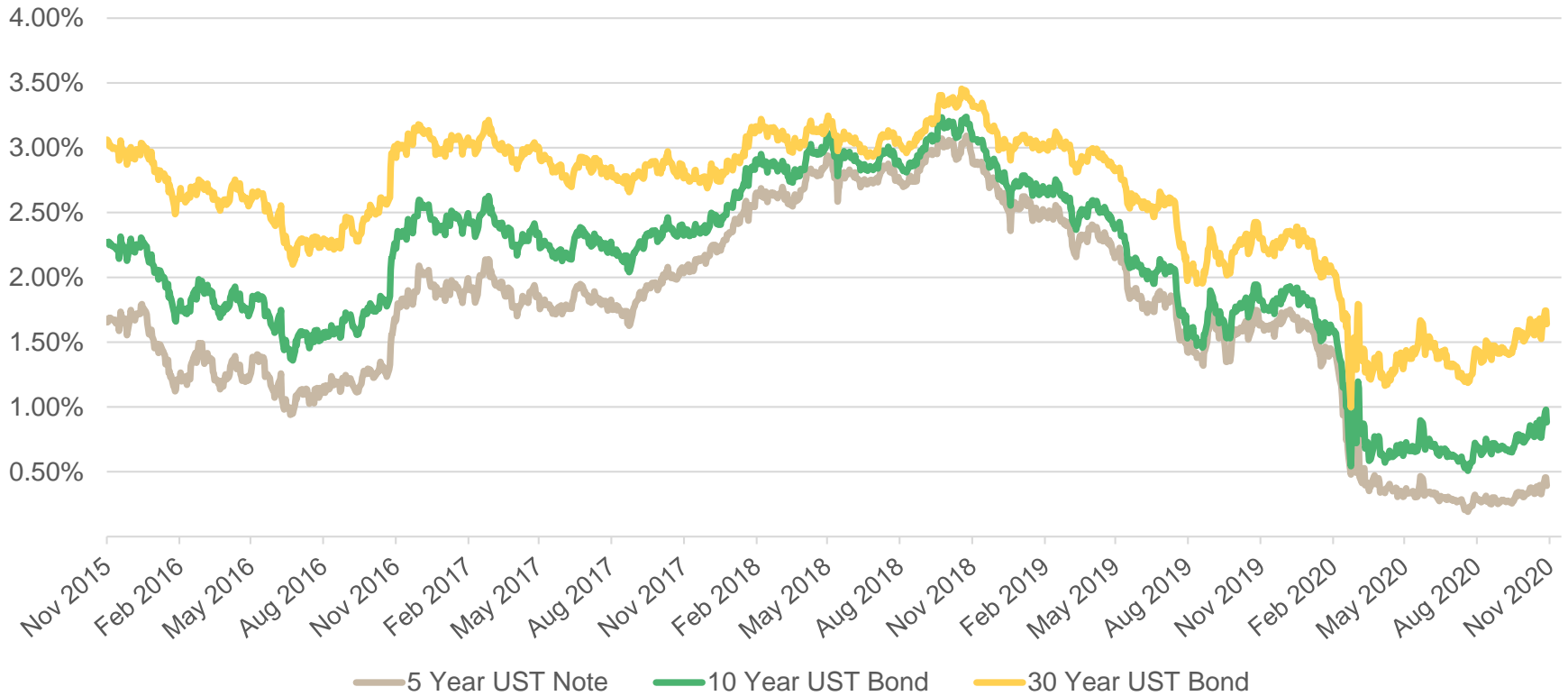
## MMA AAA G.O. Curve





# Taxable Interest Rates

Treasury Yields During Past 5 Years

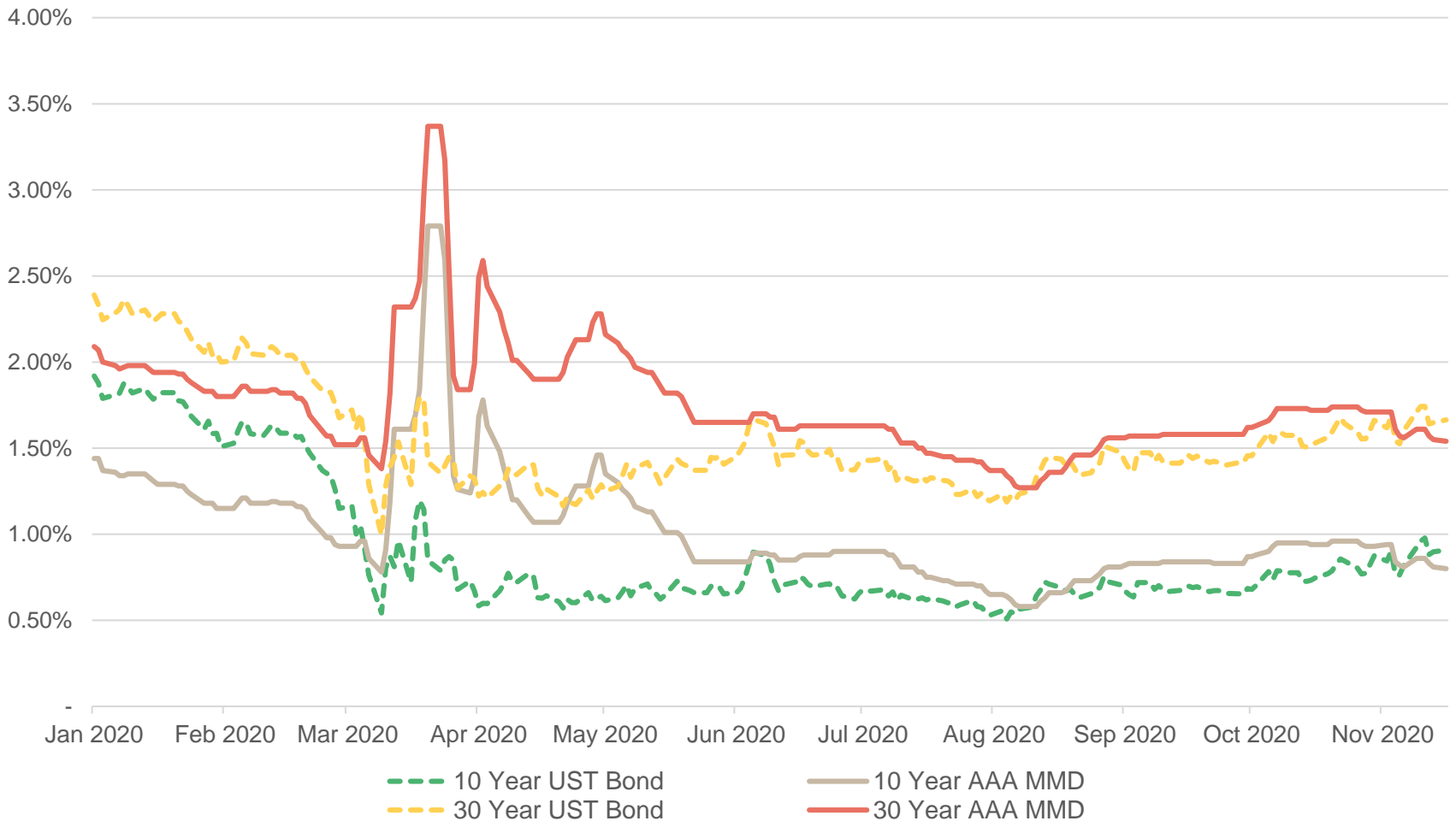


|                      | 5 Year UST Note | 10 Year UST Bond | 30 Year UST Bond |
|----------------------|-----------------|------------------|------------------|
| Current (11/16/2020) | 0.41%           | 0.91%            | 1.66%            |
| Avg. (2015 - 2020)   | 1.73%           | 2.05%            | 2.58%            |
| Difference           | -132 bps        | -115 bps         | -92 bps          |
| Min.                 | 0.19%           | 0.51%            | 1.00%            |
| Max.                 | 3.09%           | 3.24%            | 3.46%            |



# Market Conditions YTD

## 10-Year & 30-Year UST vs. AAA MMD Rates YTD





## **II. General Obligation School Bonds**



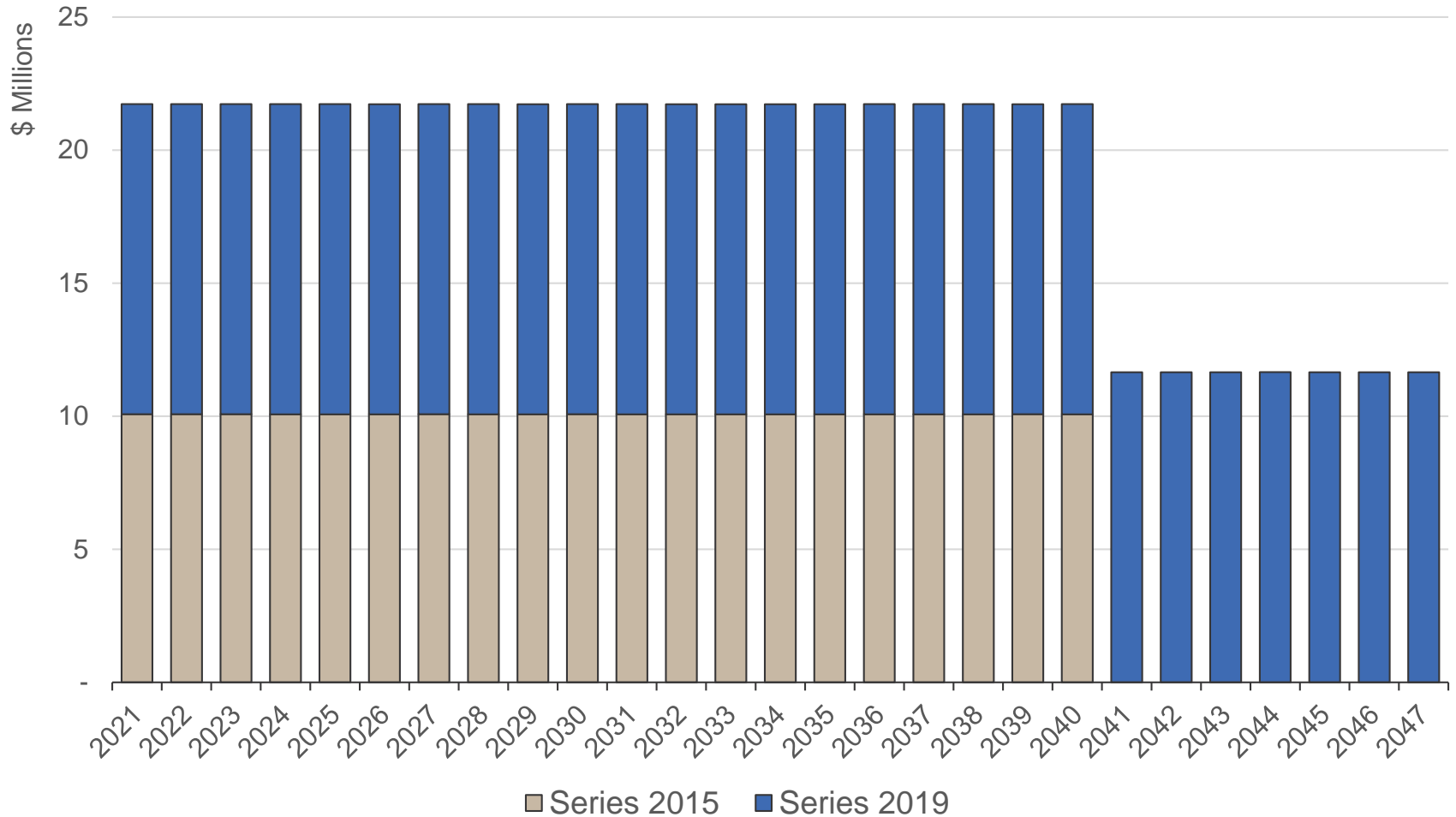
## General Obligation School Bonds – Program Overview

- During the November 2014 election, voters approved a referendum allowing for the issuance by the District of up to \$800 million in general obligation (GO) bonds to finance improvements to school buildings and school grounds, including safety enhancements and instructional technology upgrades
- The District has already issued two tranches of GO Bonds:
  - \$155,055,000 General Obligation School Bonds, Series 2015
    - Moody's: "Aa3"
    - S&P: "A+"
    - Fitch: "AA-"
  - \$174,750,000 General Obligation School Bonds, Series 2019
    - Moody's: "Aa2"
    - Fitch: "AA-"
- Of the total par amount authorized, the District can issue an additional \$470,195,000 in GO bonds





## General Obligation Schools Bonds – Existing Aggregate Debt Service





## General Obligation School Bonds, Series 2021 – Key Dates

| November |     |     |     |     |     |     |
|----------|-----|-----|-----|-----|-----|-----|
| Sun      | Mon | Tue | Wed | Thu | Fri | Sat |
| 1        | 2   | 3   | 4   | 5   | 6   | 7   |
| 8        | 9   | 10  | 11  | 12  | 13  | 14  |
| 15       | 16  | 17  | 18  | 19  | 20  | 21  |
| 22       | 23  | 24  | 25  | 26  | 27  | 28  |
| 29       | 30  |     |     |     |     |     |
|          |     |     |     |     |     |     |

- November 20 – Financial Advisory Committee Meeting
- November TBD – APG Planning Meeting

| December |     |     |     |     |     |     |
|----------|-----|-----|-----|-----|-----|-----|
| Sun      | Mon | Tue | Wed | Thu | Fri | Sat |
|          |     | 1   | 2   | 3   | 4   | 5   |
| 6        | 7   | 8   | 9   | 10  | 11  | 12  |
| 13       | 14  | 15  | 16  | 17  | 18  | 19  |
| 20       | 21  | 22  | 23  | 24  | 25  | 26  |
| 27       | 28  | 29  | 30  | 31  |     |     |
|          |     |     |     |     |     |     |

- December 9 – Send Ratings Packages
- December TBD – Finalize Financing Documents
- December TBD – Board Agenda Deadline

| January |     |     |     |     |     |     |
|---------|-----|-----|-----|-----|-----|-----|
| Sun     | Mon | Tue | Wed | Thu | Fri | Sat |
|         |     |     |     |     | 1   | 2   |
| 3       | 4   | 5   | 6   | 7   | 8   | 9   |
| 10      | 11  | 12  | 13  | 14  | 15  | 16  |
| 17      | 18  | 19  | 20  | 21  | 22  | 23  |
| 24      | 25  | 26  | 27  | 28  | 29  | 30  |
| 31      |     |     |     |     |     |     |

- January (First Board Meeting) – Approval of Financing Documents
- January 18 – Receive Ratings
- January 20 – Publish Summary Notice of Sale
- January 21 – Publish Preliminary Official Statement

| February |     |     |     |     |     |     |
|----------|-----|-----|-----|-----|-----|-----|
| Sun      | Mon | Tue | Wed | Thu | Fri | Sat |
|          | 1   | 2   | 3   | 4   | 5   | 6   |
| 7        | 8   | 9   | 10  | 11  | 12  | 13  |
| 14       | 15  | 16  | 17  | 18  | 19  | 20  |
| 21       | 22  | 23  | 24  | 25  | 26  | 27  |
| 28       |     |     |     |     |     |     |
|          |     |     |     |     |     |     |

- February 2 – Price Bonds
- February 9 – Post/Print Official Statement
- February 16 – Anticipated Closing Date



## III. Refunding Update



## Forward Refunding for Certificates of Participation, Series 2012A

- At the February 21, 2020 meeting, PFM presented preliminary analysis for a Forward Delivery of the Certificates of Participation, Series 2012A (the “2012A COPs”)
- On March 5, 2020, PFM circulated an RFP on behalf of the District to firms interested in providing forward refunding financing alternatives for the callable portion of the Series 2012A COPs
  - Maturities: 7/1/2023 – 7/1/2028
  - Call Date: 7/1/2022
- The District received (3) proposals by the April 8, 2020 deadline. Based on the results received, and following discussions with staff, the decision was made to take no action at the time
- During the past six months, lending appetite among banks has begun to resume and interest rates remain near all-time lows. Accordingly, PFM prepared updated preliminary analysis for a forward delivery bank loan refunding of the 2012A COPs



## Forward Refunding for 2012A COPs – Updated Preliminary Analysis

- PFM has prepared updated preliminary analysis for a forward bank loan refunding of the Series 2012A COPs based on the following assumptions:

- Dated/Delivery Date: April 2, 2022
- Assumed Interest Rate: 2.00%
- Refunded Par: \$74,020,000
- Cost of Issuance: \$150,000
- Escrow: Funded with SLGS (Rates as of 11/11/2020)

- Summary of Refunding Results:

- Par Amount: \$75,025,000
- True Interest Cost (TIC): 2.00%
- All-In TIC: 2.06%
- Gross Cash Flow Savings: \$6,590,538
- Average Annual CF Savings (2023-2028): \$1,015,542
- Net Present Value Savings: \$6,182,595
- NPV Savings as % of Refunded Par: 8.35%
- Value of Negative Arbitrage: \$357,012

