



School District of Broward County, Florida

Financial Advisory Committee Meeting

May 17, 2024

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Agenda

- I. Market Update
- II. Tax Anticipation Notes, Series 2024
- III. Energy Lease

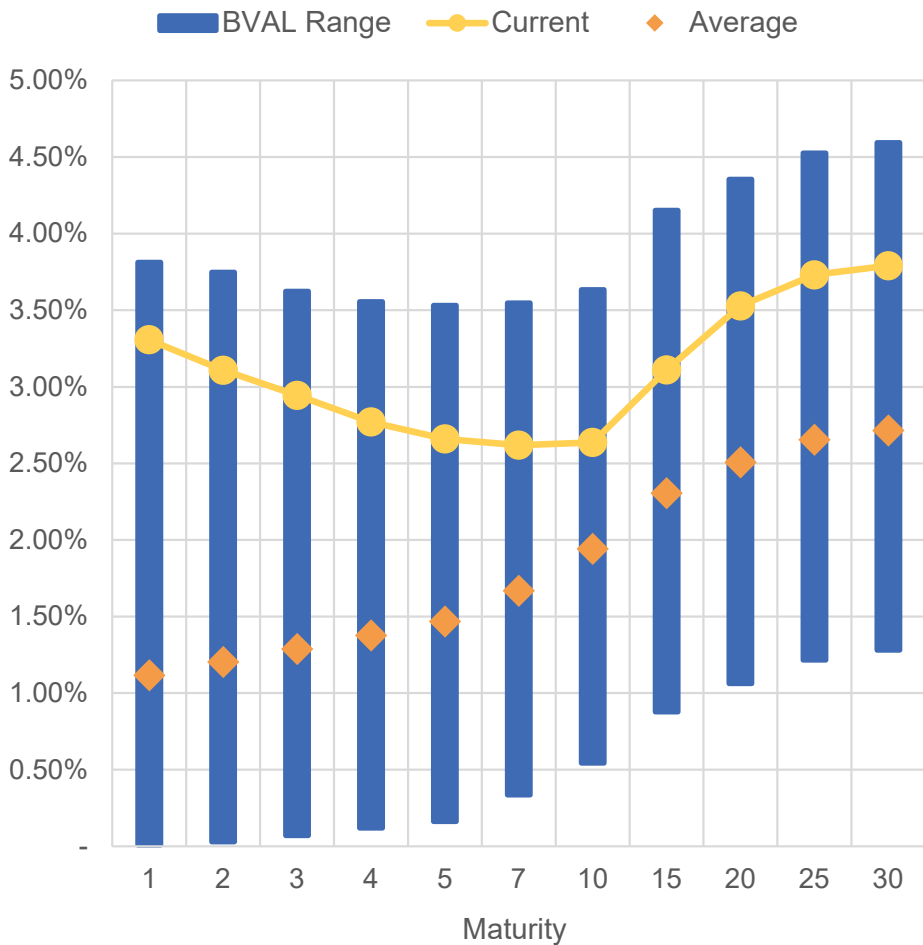


I. Market Update

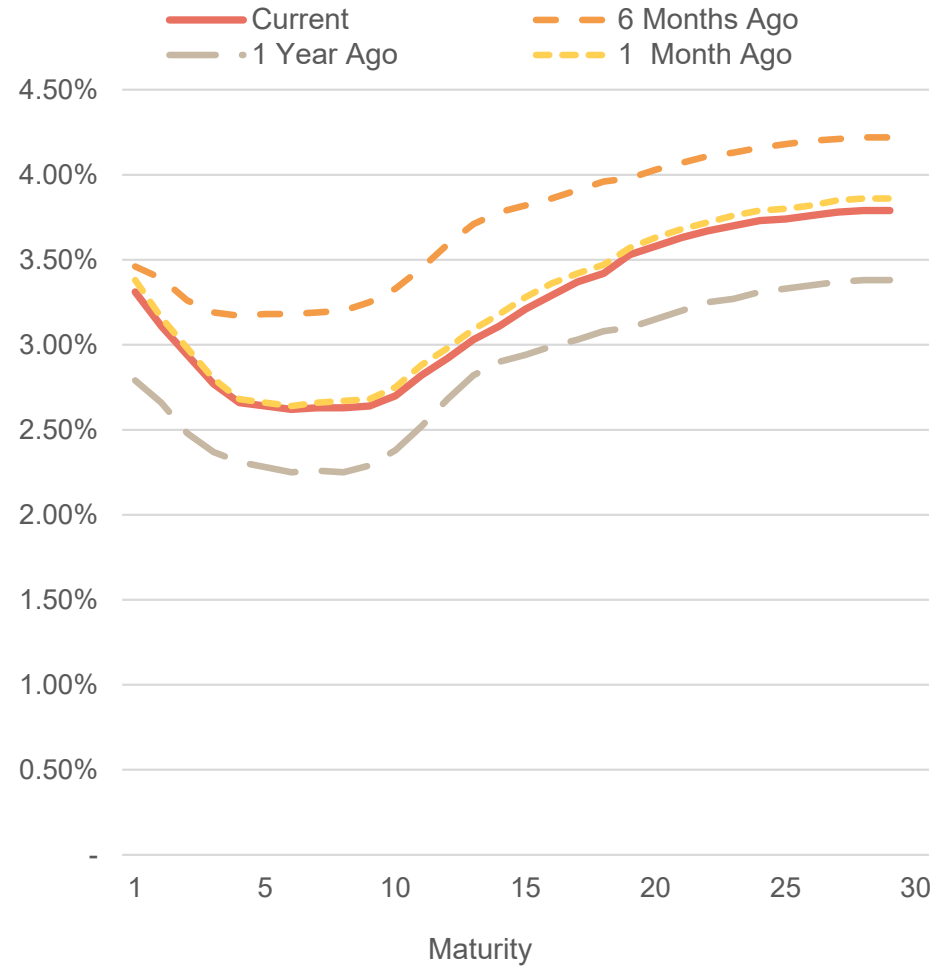


Tax-Exempt Interest Rates

BVAL Ranges Over Past 10 Years



BVAL AAA Curve



Rates as of May 10, 2024



Bloomberg BVAL AAA Callable Curve

- BVAL means the Bloomberg Valuation Service and the Bloomberg BVAL AAA Callable Curve (“BVAL”) is the primary market yield curve being used in lieu of the Refinitiv MMD AAA Curve (“MMD”)
- BVAL serves as a 30-year benchmark for the highest-rated tax-exempt bonds with a traditional 10-year par call, and it uses current and recent bond sales to reflect movement in the municipal market
- BVAL AAA Callable Curve provides:
 - Accessibility – publicly accessible through MSRB’s EMMA website
 - Transparency – displays eligible trades and shows movement from source
 - Objectivity – use real-time trades and contributed sources / monitored on an hourly basis by BVAL’s team of municipal evaluators
 - Methodology – constructed using trades from the MSRB and contributed data
 - Supporting Data – trade data algorithmic based model with viewable observations that have been incorporated into the curve
 - Timeliness – publication is dependable and predictable, produced hourly from 9am – 4pm
- Why Transition?
 - The legacy curve does not offer the accessibility, transparency, objectivity, methodology, supporting data, or timeliness needed to meet the demands of today’s market
- Additional attributes:
 - Constant maturity – no monthly rolls
 - 32 tenor points – 3 & 6 month tenor and every year from 1-30, allowing for better benchmarking inside of 12 months



Market Conditions

10-Year & 30-Year UST vs. AAA BVAL Rates (Last 3 Years)





II. Tax Anticipation Notes, Series 2024



Tax Anticipation Notes, Series 2024 – Overview

- The District anticipates issuing Tax Anticipation Notes, Series 2024 (the “2024 TAN”) to provide funds for paying operational expenditures of the District during the 2024-25 fiscal year, pending the collection of ad valorem taxes and certain state funds
 - The 2024 TAN would be a short-term borrowing maturing no later than June 30, 2025
- The District has historically issued a TAN each year via a competitive sale. A summary of the bid results during the last six (6) years is provided in the table below:

Series	Principal Bid Amount	Winning Bidder	Final Net Interest Cost (NIC)
2018 TAN	\$125,000,000	Bank of America Merrill Lynch	1.89%
2019 TAN	\$160,000,000	J.P. Morgan Securities LLC	1.19%
2020 TAN	\$160,000,000	Morgan Stanley & Co, LLC	0.28%
2021 TAN	\$160,000,000	J.P. Morgan Securities LLC	0.09%
2022 TAN	\$160,000,000	J.P. Morgan Securities LLC	1.70%
2023 TAN	\$200,000,000	J.P. Morgan Securities LLC	3.53%



Short-Term Rates

- The graph below shows current values for tax-exempt short-term rates over the past year



Rates as of May 10, 2024



Tax Anticipation Notes, Series 2024 – Next Steps

- Over the next couple weeks, PFM will work with District staff to develop the timetable for the financing, targeting specific dates for the following key events:

May						
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	

- Prepare Draft Financing Documents
- Cash Flow Analysis

June						
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						

- Board Approval of Financing Documents
- Request Short-Term Rating from Moody's

July						
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			

- Competitive Sale
- Closing



III. Energy Lease



Overview

- Last meeting, the Committee provided approval to proceed with an RFP for a new Master Energy Lease
- The RFP was released on April 9th and responses were due on April 29th
- The District received five (5) responses
- A summary of the proposals is provided on following slide



Summary of Proposals

	Banc of America Public Capital Corp	BMO Bank N.A.	Capital One Public Funding, LLC	JPMorgan Chase Bank, N.A.	Webster Bank
Funding Amount	\$16,250,000	\$16,250,000	\$16,250,000	Up to \$70,000,000 for Master Lease \$16,250,000 for Initial Draw	\$16,250,000
Term	8 Years 10 Years 12 Years	12 Years	12 Years	8 Years 10 Years 12 Years	12 Years
Interest Rates	8 Yrs: 4.465% (indicative) 10 Yrs: 4.405% (indicative) 12 Yrs: 4.429% (locked) or 4.429% (indicative)	4.971% (indicative)	4.670% (indicative)	8 Yrs: 4.491% (indicative) 10 Yrs: 4.459% (indicative) 12 Yrs: 4.417% (indicative)	4.55% (locked)
Rate Set Formula	8 Yrs: 79% of 4-yr SOFR + 79.9 bps 10 Yrs: 79% of 5-yr SOFR + 81.8 bps 12 Yrs: 79% of 6-yr SOFR + 89 bps	Interpolated Average Life Term SOFR Rate for 6.8748 yrs * Lease Rate Factor Lease Rate Factor = 1.16 (Equal to 5.5906% of Cost)	No change if the 10-year USD SOFR Overnight Indexed Swap is between 4.21% and 4.41%; Otherwise, rate to be adjusted +/- 1 basis point for every basis point movement outside the collar	8 Yrs: 79% of 4-yr SOFR + 98.103 bps 10 Yrs: 79% of 5-yr SOFR + 99.959 bps 12 Yrs: 79% of 6-yr SOFR + 99.235 bps	N/A
Rate Locked to Closing, or Date to be Set	Fixed rate will be held until for 90 days Indicative rates quoted for future schedules will be set no more than 8 days prior to closing; Formulas are valid for 1 year	Not Specified	Rate to be locked District provides final debt service schedule and firm closing date	Final rate to be set on the day of funding	Rate valid through June 20, 2024
Prepayment	Prepayable in whole, but not in part, at 102%, upon 30 days notice	Not Specified	Noncallable until June 1, 2028, and prepayable thereafter, in whole, on any date without penalty, upon 30 days notice	Prepayable in whole on any payment date, subject to Make Whole provision	Noncallable through May 30, 2027; Prepayable from June 1, 2027 through June 30, 2029 at 101%; Prepayable after June 30, 2029 without penalty
Bank Counsel	\$0	\$0	\$0	\$0	\$4,000
Other Conditions & Notes	- Proposal expires May 9, 2024 - Rates converted from Act/360 to 30/360 convention	- Proposal expires May 22, 2024 - BMO anticipates using BNY Mellon as Escrow Agent (\$1,000 fee)	- Proposal expires May 6, 2024	- Proposal expires July 1, 2024 - Future schedules subject to minimum draw amount of \$5,000,000 - Transaction will fund via an initial escrow deposit to a mutually agreeable escrow agent	- Proposal expires May 24, 2024



Next Steps

- PFM recommends proceeding with Banc of America Public Capital Corp (“Bank of America”) as the provider for the energy lease with the 12-year term for the initial draw
- If the Committee approves, below are key dates for next steps:
 - June 17 – Bond Counsel to Provide Draft Documents
 - July 23 – School Board Meeting for Approval
 - July 25 – Closing