

Extension and Amendment of Standby Bond Purchase Agreement for the District's Variable Rate Unlimited Tax School Building Bonds, Series 2005-A

August 13, 2013

SUMMARY:

This item requests the extension and amendment of the Standby Bond Purchase Agreement between the District and Bank of America, N.A. for the District's Variable Rate Unlimited Tax School Building Bonds, Series 2005-A.

BOARD GOAL:

VI. Growth & Change.....In pursuit of excellence, the District will:
b. create and continuously modify strategies to mitigate increasing stresses on our children, our schools and our community

PREVIOUS BOARD ACTION:

The existing Standby Bond Purchase Agreement with Bank of America, N. A. for the District's Variable Rate Unlimited Tax School Building Bonds, Series 2005-A is scheduled to expire on December 27, 2013.

BACKGROUND INFORMATION:

Pursuant to the original financing documents, rating agency requirements and to ensure the Bonds remain "marketable" to investors at market rates of interest, the District is required to maintain a Standby Bond Purchase Agreement Provider for the Bonds.

When a bond is "tendered" for sale, the Standby Bond Purchase Agreement provider is responsible for purchasing the Bonds from the existing owners in the event they cannot immediately be resold to another investor. As such, the SBPA Provider provides "liquidity" to current bondholders by ensuring a bondholder will receive timely repayment of the Bonds at the time it is "tendered."

SIGNIFICANT ISSUES:

The District's Standby Bond Purchase Agreement (the "Agreement") with Bank of America, NA. is set to expire on December 27, 2013. As such, the District is required to either extend its current Agreement with Bank of America, N. A. or appoint a new Standby Bond Purchase Agreement provider for the Bonds.

FISCAL IMPLICATIONS:

Bank of America, N. A. has agreed to extend the existing Standby Bond Purchase Agreement for an additional 3-year period and lower the annual fee from .55% to .39% - resulting in a saving of \$236,592 over the next 3 years.

BENEFIT OF ACTION:

Will allow the District to maintain the Bonds in a variable rate mode and benefit from a reduced interest rate.

PROCEDURAL AND REPORTING IMPLICATIONS:

Once the amended and restated Agreement is finalized, the District will need to provide notice of the amended and restated Agreement to the Paying Agent, Tender Agent and Remarketing Agent for the Bonds.

SUPERINTENDENT'S RECOMMENDATION:

Recommend the approval of an order authorizing the delegation of authority to the Superintendent or Assistant Superintendent of Administrative Services to execute and deliver amendments to the Liquidity Agreement incorporating the Terms and Conditions subject to the following parameters:

1. The maximum Facility amount shall be as set forth in the Terms and Conditions.
2. The term of the extension shall not exceed three years.
3. The rates to be paid pursuant to the amended Liquidity Agreement shall be as set forth in the Terms and Conditions
4. The security and source of payment of the District's obligations under the amended Liquidity Facility shall be as set forth in the order authorizing the issuance of the Bonds.
5. The delegation made hereby shall expire if not exercised by the Authorized Officer on or prior to December 27, 2013.

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Assistant Superintendent of Administrative Services

ATTACHMENT:

- Order Authorizing Extension to and Amendment of the Standby Bond Purchase Agreement for the District's Variable Rate Unlimited Tax School Building Bonds, Series 2005-A; Delegating Authority to Execute and Deliver such Extensions and Amendment; and Enacting Other Provisions Relating to the Subject
- Memo – BOSC, Inc.

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____

Signature of Superintendent: _____