

# Variable Rate Unlimited Tax School Building Bonds, Series 2006-B Replacement of Existing Standby Bond Purchase Agreement

October 28, 2014

## SUMMARY:

Consider and take action to select a Standby Bond Purchase Agreement (SBPA) provider for the Variable Rate Unlimited Tax School Building Bonds, Series 2006-B.

## BOARD GOAL:

VI. Growth, Change & Fiscal Responsibility...In pursuit of excellence, the district will:  
e. demonstrate effective and efficient management of district resources

## PREVIOUS BOARD ACTION:

On June 12, 2012 the Board authorized the Superintendent and Executive Director of Administrative Service to approve the final terms and conditions, upon consultation with BOSC, Inc. and McCall, Parkhurst & Horton L.L.P. for a substitute Standby Bond Purchase Agreement (SBPA) with Wells Fargo Bank, National Association. Bank of America, N.A. elected to terminate our agreement effective for July 27, 2012 and later extended the agreement for an additional 30 days. The Wells Fargo SBPA was dated August 24, 2012.

## BACKGROUND INFORMATION:

The District's current SBPA with Wells Fargo Bank, National Association and the Bank of New York Mellon Trust Company, N.A. as Tender Agent, dated August 24, 2012 will expire on December 31, 2014.

## SIGNIFICANT ISSUES:

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 SBPA provider for the Bonds.

## FISCAL IMPLICATIONS:

BOSC, Inc. requested bids from qualified SBPA providers, including Bank of America, Bank of Tokyo-Mitsubishi UFJ, JPMorgan Chase Bank, Royal Bank of Canada (RBC), State Street Bank, Sumitomo Mitsui Banking Corporation, US Bank and Wells Fargo Bank. The bids were evaluated based on the proposed fee and the ratings and perceived financial stability of the financial institutions submitting a bid. It is the recommendation of our financial advisors that the best combination of the proposed fee and highest rated financial institution was from the Bank of Tokyo-Mitsubishi UFJ at .4% per year for a 4-year period.

## BENEFIT OF ACTION:

The District is currently paying .4% per year to Wells Fargo Bank, N.A. so there would be no cost increase.

## PROCEDURAL AND REPORTING IMPLICATIONS:

The final terms and conditions of the agreement are expected to be completed by December 31, 2014.

## SUPERINTENDENT'S RECOMMENDATION:

Recommend adoption of 'An Order Authorizing the Execution and Delivery of a Substitute Standby Bond Purchase Agreement for the Unlimited Tax School Building Bonds, Series 2006-B; approving a Term Sheet for the Substitute Standby Bond Purchase Agreement; Delegating Authority to Execute and Deliver Such Substitute Standby Bond Purchase Agreement; and Enacting Provisions Related Thereto' which establishes the terms and conditions for the execution and delivery of the Standby Bond Purchase Agreement with the Bank of Tokyo-Mitsubishi UFJ at .4% per year for a four (4) year period as the Standby Bond Purchase Agreement provider and approves the form of Standby Bond Purchase Agreement with the Bank of Tokyo-Mitsubishi UFJ and the related Fee Letter.

## STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Assistant Superintendent of Administrative Services

## ATTACHMENT:

- Letter from BOSC, Inc. – Re: Variable Rate Unlimited Tax School Building Bonds, Series 2006-B – Replacement of Existing Standby Bond Purchase Agreement
- Order Authorizing the Execution and Delivery of a Substitute Standby Bond Purchase Agreement
- Standby Bond Purchase Agreement and Fee Letter

## APPROVAL:

Signature of Staff Member Proposing Recommendation: \_\_\_\_\_

Comments: \_\_\_\_\_

Signature of Divisional Assistant Superintendent: \_\_\_\_\_

Comments: \_\_\_\_\_

Signature of Superintendent: \_\_\_\_\_

Comments: \_\_\_\_\_