Update on Refinancing Portions of District’s Debt

School Board Meeting
April 23, 2013
Discussion Points

(From the February 26 Board Meeting)

There are some savings to be gained from refunding all outstanding 2002 COP and portions of the outstanding 2004A and 2004B COP. The Financing team is also examining whether opportunities exist to refund portions of the outstanding 2006 and 2007 COP.
Based on today’s current market conditions, analysis shows that the District can realize approximately $4.9 million in net present value savings (NPV), or 6.02%. Based on guidance provided by the Government Finance Officers Association (GFOA), achieving a level of 3-5% NPV savings threshold is considered a best practice.
Recommendation
(Adopted by the Board on February 26)

Approve the delegation of the Superintendent to authorize the Financial Services team to move forward with the refinancing plan at the optimum time to allow the District to achieve at least a 3% net present value savings. Approve members of the Financing team, to include Financial Advisor, Bond and Disclosure Counsel, and the Underwriting team as delineated above.
## Change in Net Present Value

<table>
<thead>
<tr>
<th>Date</th>
<th>2002 and 2004 COP</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 19, 2012*</td>
<td>$2,950,785</td>
</tr>
<tr>
<td>December 11, 2012</td>
<td>$4,929,872</td>
</tr>
<tr>
<td>January 15, 2013</td>
<td>$4,596,020</td>
</tr>
<tr>
<td>January 22, 2013</td>
<td>$4,575,039</td>
</tr>
<tr>
<td>February 25, 2013</td>
<td>$4,316,668</td>
</tr>
<tr>
<td>April 1, 2013</td>
<td>$3,911,437</td>
</tr>
<tr>
<td>April 4, 2013</td>
<td>$5,052,834</td>
</tr>
<tr>
<td>April 8, 2013</td>
<td>$5,225,370</td>
</tr>
<tr>
<td>April 11, 2013 (Final)</td>
<td>$5,488,193</td>
</tr>
</tbody>
</table>

* Did not include the 2004B (taxable) COP
Change in Net Present Value

- Nov. 19: $2,950,785
- Dec. 11: $4,999,692
- Jan. 15: $3,911,090
- Jan. 22: $4,316,668
- Feb. 25: $4,596,020
- Apr. 1: $5,052,834
- Apr. 4: $5,225,370
- Apr. 8: $5,488,193
- Apr. 11: $5,500,000
The Financial Team closely monitored the market ultimately saving the District a total of:

2002 & 2004 COP = $5,488,193.43

2006 COP = $2,976,249.85

Grand Total = $8,464,443.28

Many thanks to the entire “Outstanding Team”!
Brevard County School Board
Refunding Certificates of Participation, Series 2013A & Series 2013B

April 23, 2013
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- **B.** Market Conditions and Outlook
- **C.** Series 2013A and Series 2013B Certificates of Participation
Refunding Opportunities

BREVARD COUNTY SCHOOL BOARD
Summary of Types of Debt Outstanding
As of January 22, 2013

<table>
<thead>
<tr>
<th>Type of Debt</th>
<th>Amount Outstanding</th>
<th>Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of Participation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2002</td>
<td>5,110,000</td>
<td>Fixed</td>
</tr>
<tr>
<td>Series 2004A</td>
<td>43,330,000</td>
<td>Fixed</td>
</tr>
<tr>
<td>Series 2004B</td>
<td>65,690,000</td>
<td>Fixed</td>
</tr>
<tr>
<td>Series 2004 -QZAB</td>
<td>4,408,000</td>
<td>Fixed</td>
</tr>
<tr>
<td>Series 2006A</td>
<td>119,225,000</td>
<td>Fixed</td>
</tr>
<tr>
<td>Series 2007A</td>
<td>37,585,000</td>
<td>Fixed</td>
</tr>
<tr>
<td>Series 2007B</td>
<td>71,350,000</td>
<td>Fixed</td>
</tr>
<tr>
<td>Series 2007C</td>
<td>109,440,000</td>
<td>Fixed</td>
</tr>
<tr>
<td>Series 2008A</td>
<td>56,000,000</td>
<td>Fixed</td>
</tr>
</tbody>
</table>

Total Outstanding Debt $512,138,000

Total Outstanding Debt $512,138,000
Total Variable Rate and Short-Term Debt $0
Total Variable Rate & Short-Term Debt as a % of Total Debt 0%
Market Forecasts

- Reconfiguration of individual tax rate structure to higher levels as a result of interim Fiscal Cliff fix has established a more positive tone at the very outset of 2013

- Uncertainty surrounding an ultimate Fiscal Cliff resolution may be back-burnered for the very near term
  - It will likely become an issue again with investors towards mid-February if and when debt limit talks force a more in-depth attempt at resolving Fiscal Cliff issues and if those negotiations again include municipal exemption as a targeted item

- Any potential shift in asset allocation mix away from "spread products" (fixed income including municipal, corporates, mortgage securities, etc.) and into equities would be a concern for municipal relative performance over the course of 2013

- 2013 volume forecasts range from $325bn to $400bn
  - Major disparity in forecasts have to do with the expected level of new money issuance, which accounted for only about 40% of total volume in 2012, and potential level for refunding volume after a year that tapped heavily into the pool of advance refunding candidates
Historical Long Term Interest Rates

- Avg 10 Yr MMD (since 2008)
- 10 Yr MMD
- Avg 30 Yr MMD (Since 2008)
- 30 Yr MMD
Credit Spreads Remain Tight for Highly Rated Issuers
Refunding Transactions

Series 2013A and Series 2013B Certificates of Participation

Refunding Transactions

Timing

02/26/13    Board Approval
03/28/13    Ratings Assigned:
            Moody’s Aa3
            Fitch AA-
04/04/13    Preliminary Official Statement
04/10/13    Pre-Pricing
04/11/13    Pricing
04/26/13    Pre-Closing
05/01/13    Closing
Refunding Transactions

Purchasers

Series 2013A
Goldman Private Wealth
Norwest Trust
Sanford Bernstein
Longfellow Investment Management Corp.
Wellington Management Company
JP Morgan
Oppenheimer Funds
RMR Asset Management
RSW Investments LLC
Rochester Funds
Edward D. Jones & Co.

Series 2013B
Point Jupiter
Lindell Growth Fund
Sterling Asset Management
Wells Capital Management
Hancock BK
Country Trust
USAA
First American Financial Corp
Wellington Management Company
First Tyron Securities
Hyperion Brookfield Asset Mgmt
Refunding Transactions

Results

Bond Size - $142,220,000

Bonds Refunded - Series 2002 – All
    Series 2004A – All callable
    Series 2004B – 2016-2021 maturities
    Series 2006A – 2022 – 2026 maturities

Savings - Upfront
    Gross $8,719,885
    Net $8,464,443
    % Savings 6.04%