

State Board of Education
Action Item
July 14, 2009

SUBJECT: Adoption of a Resolution Extending the Division of Bond Finance's Authority to Issue State Board of Education Public Education Capital Outlay Bonds through Negotiated Sale and Authorizing the Issuance of Public Education Capital Outlay Bonds and Capital Outlay Bonds as Taxable Bonds

PROPOSED BOARD ACTION

For Approval

AUTHORITY FOR STATE BOARD ACTION

Subsection (a)(2) and (d) of Section 9 of Article XII of the Constitution of Florida, as amended

EXECUTIVE SUMMARY

The Division of Bond Finance of the State Board of Administration is requesting the State Board of Education to adopt a resolution authorizing the competitive or negotiated sale and delivery of State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2006, 2007, and 2008 (the "PECO Bonds"). Furthermore, authority is being requested for the issuance of the PECO Bonds and the State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2009 Series A (the "Capital Outlay Bonds") as taxable bonds.

The State Board of Education has previously authorized the PECO Bonds to be sold at competitive or negotiated sale. Authority for the issuance of the PECO Bonds through negotiation expired on June 30, 2009. As of this date, not all of the Bonds have been sold. The national credit crisis and extraordinarily difficult market conditions in the tax exempt bond market remain ongoing and the sale of the PECO Bonds through negotiation with underwriters may be the best method of sale to obtain the lowest interest rate on the PECO Bonds.

The State Board of Education has previously authorized the Capital Outlay Bonds to be sold at competitive or negotiated sale.

As a result of provisions in the American Recovery and Reinvestment Act of 2009, it may be in the best interest of the State to issue the PECO Bonds and Capital Outlay Bonds as taxable bonds and by negotiation with underwriters through the Build America Bond Program.

Supporting Documentation Included: Resolution

Facilitator/Presenter: Linda Champion, Deputy Commissioner, Finance and Operations