

ACTION ITEM NO. 5

**RESOLUTION OF THE BOARD OF EDUCATION OF
THE SCHOOL DISTRICT OF PHILADELPHIA**

AUTHORIZING THE TERMINATION OF CERTAIN BASIS SWAPS

Adopted October 17, 2019

OCTOBER 17, 2019

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**RESOLUTION OF THE BOARD OF EDUCATION OF THE
SCHOOL DISTRICT OF PHILADELPHIA**

AUTHORIZING THE TERMINATION OF CERTAIN BASIS SWAPS HERETOFORE ENTERED INTO BY THE SCHOOL DISTRICT; AUTHORIZING THE CHIEF FINANCIAL OFFICER TO TAKE CERTAIN ACTIONS IN CONNECTION THEREWITH.

WHEREAS, The School District of Philadelphia, a school district of the first class of the Commonwealth of Pennsylvania (“School District”), has the power and authority, pursuant to the Local Government Unit Debt Act, 53 Pa. C.S.A. §§8001 et seq. (“Act”), to enter into qualified interest rate management agreements designed to manage interest rate risk or interest rate cost of the School District on any debt the School District is authorized to incur or has incurred under the Act, which, in the judgment of the School District, will assist the School District in managing the interest rate risk or interest cost of the School District; and

WHEREAS, pursuant to Resolution No. SRC-3 of The School Reform Commission of the School District adopted November 15, 2006 (the “2006 Resolution”), the School District approved and authorized the execution of certain basis swaps, hereinafter described (collectively, the “Basis Swaps”); and

WHEREAS, pursuant to the 2006 Resolution, the School District entered into Basis Swaps effective November 30, 2006 with: (i) Wachovia Bank, N.A. (now Wells Fargo National Bank) (the “Wells Basis Swap”); and (ii) Bear Stearns Financial Products (now, by novation, J.P. Morgan Chase Bank, N.A.) (the “JP Basis Swap” and, together with the Wells Basis Swap, the “Basis Swaps”); and

WHEREAS, in connection with the Basis Swaps and as required by the Act, the School District approved a further supplement to its Interest Management Plan meeting the requirements of the Act which was originally adopted February 4, 2004; and

WHEREAS, the Interest Rate Management Plan has been from time to time further supplemented by the School District; and

WHEREAS, the Board of Education (the “Board”) of the School District has determined that it is in the best interest of the School District to terminate the Basis Swaps, as more fully provided herein; and

WHEREAS, to date, the School District has received in excess of \$28,000,000 under the Wells Basis Swap and the JP Basis Swap; and

WHEREAS, the termination of the Basis Swaps will result in termination payments being received by the School District from the counterparties of the respective Basis Swaps; and

WHEREAS, following the termination of the Basis Swaps the School District will not have any further interest rate management agreements, as defined in the Act, outstanding; and

WHEREAS, in order to effectively plan for the termination of the Basis Swaps in a manner which is in the best interests to the School District, an amendment to the Interest Rate Management Plan (the “Amendment”) has been prepared; and

WHEREAS, the School District desires by this Resolution to: adopt the Amendment, authorize the Chief Financial Officer of the School District in consultation with the School District’s independent financial advisor and its bond counsel, subject to the provisions of this Resolution, to determine the time or times for the termination of the Basis Swaps, negotiate the amounts of the termination payments to be received by the School District, negotiate and execute confirmations evidencing the terminations of the Basis Swaps and the agreements under which the respective Basis Swaps were entered into and prepare and file an amendment to the Interest Rate Management Plan reflecting the terminations of the Basis Swaps.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE SCHOOL DISTRICT OF PHILADELPHIA, AS FOLLOWS:

Section 1. The School District hereby adopts the Amendment.

Section 2. The School District hereby authorizes the terminations of the Wells Basis Swap and the JP Basis Swap; provided, however, that no termination of the Wells Basis Swap shall occur unless such termination results in a net payment to the School District of not less than \$300,000 and no termination of the JP Basis Swap shall occur unless such termination results in a net payment to the School District of not less than \$700,000.

Section 3. The Chief Financial Officer of the School District, in consultation with the School District’s independent financial advisor and bond counsel, is hereby authorized to determine the time or times for the termination of the Basis Swaps, negotiate the amounts of the termination payments to be received by the School District, negotiate and execute confirmations evidencing the terminations of the Basis Swaps and the agreements under which the respective Basis Swaps were entered into and prepare and file a further amendment to the Interest Rate Management Plan reflecting the terminations of the Basis Swaps. In connection with the termination of each of the Wells Basis Swap and the JP Basis Swap, the independent financial advisor to the School District shall deliver an opinion to the School District that the terms and conditions of the respective termination are fair and reasonable as of the respective dates of termination.

Section 4. The Chief Financial Officer and the other proper officers of the School District are hereby severally authorized and directed to: file with the Department of Community and Economic Development (i) certified copies of this Resolution, including the Appendix hereto, within 15 days following adoption hereof and (ii) within 15 days following the termination of the Basis Swaps, any further amendment to the Interest Rate Management Plan.

Section 5. No personal recourse shall be had for any claim based on this Resolution against any member, officer or employee, past, present or future, of the Board or the School District or any successor body as such, either directly or through the School District or any successor body as such, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

Section 6. All prior resolutions or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 7. This Resolution shall take effect immediately on adoption hereof, as permitted by the Act.

**THE SCHOOL DISTRICT OF
PHILADELPHIA**

By: _____
Member, Board of Education

[SEAL]

Attest:

(Assistant) Secretary, The School District of Philadelphia