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**Charles P. Merrihew**  
Vice President for Engagement &  
External Affairs, Syracuse University

**Baye Muhammad**  
Syracuse Regional Office Director  
New York State Senate

**Hon. Matthew Rayo**  
Councilor  
City of Syracuse

**Hon. Van B. Robinson**  
President  
Syracuse Common Council

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Chief Financial Officer  
Syracuse City School District

# JSCB

## Joint Schools Construction Board

[www.jscb.us](http://www.jscb.us)

### Minutes

Thursday, September 16, 2010

9:00 a.m.

**Board Members Present:** Mayor Stephanie Miner, Superintendent Dan Lowengard, Pat Body, Ned Deuel, Pat Hogan, Laurie Menkin, Chuck Merrihew, Baye Muhammad, Matt Rayo and Van Robinson.

A motion was made by Van Robinson to accept the minutes of the August 26, 2010 meeting. The motion was seconded by Matt Rayo and approved 9-0.

Bond underwriter Susan Schmelzer of Jefferies, Co. delivered a presentation about structuring and issuing Tranche II bonds.

- Funding for Phase I is being provided through a combination of EXCEL monies and bonds.
- Bonds are issued for local share costs as well as those projects eligible for 98% building aid reimbursement.
- Amortization and Repayment Schedule of Tranche II Bonds: Each project will be amortized over its SED assigned useful life
  - Fowler-20 years
  - Dr. Weeks-15 years
  - H.W. Smith-15 years
- Principal repayment will be structured to commence in the FY when building aide commences. Capitalized interest will be sized to cover interest payments prior to when building aid commences. Driving factors to the integrity of the schedule are:
  - Submission to SED for approval
  - Receipt of SED approval
  - Bidding and award of contracts
  - Swing space/issuance of Tranche III bonds
- Tranche I covers the hard and soft costs associated with the roof projects at Clary and Shea and also covers the soft costs of the Fowler project. It was recommended that the Tranche II bonds be issued as soon as possible to accelerate the flow of EXCEL.
- Tranche II will be used to finance the Fowler project, and a separate borrowing of Tranche III can be issued in March for the Dr. Weeks and H.W. Smith projects, which are pending due to lack of swing space.
- SED approval starts the 18-month clock which triggers state aid.
- Capitalized interest will cover debt payments before the first principal payment due in 2013.
- Build America Bonds (BABs) are taxable bonds with 35% direct subsidy from U.S. Treasury on interest payments. Market conditions fluctuate daily and the incorporation of BABs should be only considered if they meet JSCB savings thresholds. This may be beneficial to JSCB as there



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has been a dramatic decrease since last month in the rates. There are lower interest rates but the federal government can withhold funds if there are discrepancies.

- Qualified School Construction Bonds (QSCBs) have essentially a near zero interest cost financing and an amortization period of 15-17 years.
- The recommended borrowing for Tranche III is \$38M.

Dan Lowengard motioned to adjourn the meeting. Van Robinson seconded the motion and all were in favor.