

Business Operations  
Ofelia San Pedro, Deputy Superintendent

**SUBJECT:           REQUEST FOR BID, BANK LINE OF CREDIT**

**COMMITTEE:       INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS**

Florida Statute 1013.46(1) requires that before school construction contracts are awarded, the District must demonstrate that it has the funds required to satisfy the contract. In the past, the District has used long-term debt, primarily COPs, issued before the end of the fiscal year in order to comply with this provision. Delays in construction have frequently resulted in our carrying significant amounts on the balance sheet for a period of time, largely in short-term investments. Since short-term investment yields are most often lower than the long-term interest cost on the COPs, the District more often than not has incurred negative spreads that reduce available capital funds.

Our objective is to develop a "just-in-time" financing mechanism for capital construction projects that still complies with state law. To this end, the District would establish a line of credit with a major bank or banks that would satisfy the statutory requirement for funds availability and would allow drawing down funds only when needed. In order to provide available funding for the capital construction projects which the District's five-year plan sets forth, a bank line of credit is an optimal alternative.

A line of credit in an amount of up to \$200,000,000 will provide the available funding necessary for the School Board to award construction projects as needed. The line of credit would have no commitment or loan origination fee and, in the event funds are drawn, these funds would be repaid from the proceeds of permanent financing. The Request for Bids will be issued in increments, with the initial Request for Bid in the amount of \$100,000,000.

Through entering into a line of credit agreement with one or more banking entities, the lowest cost of funds for capital construction can be achieved. The results of the offers received will be submitted to the School Board for its consideration and approval, before the execution of the contract for the line of credit.

**RECOMMENDED:**   That The School Board of Miami-Dade County, Florida, approve the release of the attached Request For Bid, for an amount up to \$200,000,000 line of credit, with an initial amount of \$100,000,000, subject to School Board approval, before the transaction with the successful bank(s) is completed.

# Miami-Dade School Board Request for Bids to Provide Bank Line of Credit

**Purpose of the Request for Bids:** The School Board of Miami-Dade County (the Board) is requesting bids for the provision of a tax-exempt non-revolving bank line of credit. The purpose of this facility is to provide the Board with interim construction financing. The District plans, but is not bound, to enter into an agreement upon successful finalization of the terms and conditions of the agreement.

**Source of Repayment:** The transaction shall be in the form of a "Revenue Anticipation Note" issued and secured under Section 1011.14 Florida Statutes. The Note shall be retired from all legally available revenues, including without limitation, capital improvement tax receipts levied pursuant to Section 1011.71(2), Florida Statutes (the "Capital Improvement Tax") and interest earnings received by the District, all for deposit into the Capital Projects Fund, pursuant to the Act. The budgeted Capital Improvement Tax receipts in the Capital Projects Fund will be irrevocably pledged to the payment when due of the principal of and interest on the Note. The District will covenant to budget Capital Improvement Tax receipts in an amount sufficient to pay the principal of and interest on the Note when due. In the event that the amount previously budgeted for such purpose is at any time insufficient to pay such principal and interest on the Note, the District will covenant to take immediate action to amend its budget so as to budget and appropriate an amount from legally available revenues sufficient to pay principal and interest on the Note. Such covenant to budget and appropriate from legally available revenues shall be cumulative to the extent not paid and shall continue until such legally available revenues sufficient to make all required payments have been budgeted, appropriated and used to pay principal and interest on the Note. Notwithstanding the foregoing, the Note may be retired from the proceeds of renewal notes, or from the proceeds of sale of other obligations issued by or on behalf of the District for such purpose.

**Borrower:** The School Board of Miami-Dade County, Florida

**Amount of Loan:** \$100,000,000

**Maturity Term:** 364 days

**Commitment Fee:** \_\_\_\_\_

**Loan Origination Fee:** \_\_\_\_\_

**Repayment Terms:** Any drawn-down amount and accrued interest will be payable at Maturity

**Interest Rate:** \_\_\_\_\_

**Prepayment:** The Board may prepay all or any part of the loan at any time, with no penalty.