

Business Operations
Ofelia San Pedro, Deputy Superintendent

**SUBJECT: AWARD BID – \$220,000,000 BANK LINE OF CREDIT AND
APPROVE REVENUE ANTICIPATION NOTES, SERIES 2007A
(BANK LINE OF CREDIT PROGRAM) RESOLUTION 07-09**

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

**LINK TO DISTRICT
STRATEGIC PLAN: IMPROVE FINANCIAL SERVICES**

At its meeting of November 21, 2006 the School Board approved the initial issuance of a Request for Bid, Bank Line of Credit for \$220,000,000. Requests for Bids were sent to six firms and on January 9, 2007 bids were received from the following firms:

Bank of America, NA
Merrill Lynch, Pierce, Fenner, & Smith Incorporated (Merrill Lynch)
Regions Bank

Merrill Lynch's bid provided the lowest cost of funds rate and closing costs, as follows:

$BMA + 0.35\% = 3.45\% + 0.35\% = 3.80\%$ (BMA at the time of the bid)

Closing costs, fees, and/or expenses not to exceed: \$25,000

BMA: Bond Market Association Rate is reset weekly

The Bank Line of Credit is issued and secured under Section 1011.14 Florida Statutes as authorized in the form of a Revenue Anticipation Note. The Line of Credit satisfies the statutory requirement that funds be available as expenses are incurred as does a Revenue Anticipation Note. The primary difference between the Bank Line of Credit and a Revenue Anticipation Note is the Line of Credit funds allows the Board to draw down funds to reimburse funds already expended rather than issuing a note for the full \$220,000,000 for a fixed period. Under the terms of the winning bid, there is no cost to the District for funds not drawn, as there is no commitment/unfunded fee or loan origination fee.

Award of the Bank Line of Credit Bid to Merrill Lynch is being requested. Authority to approve Resolution 07-09 providing for the issuance, sale and application of the proceeds not exceeding \$220,000,000 principal amount of the Revenue Anticipation Notes, 2007A (Bank Line of Credit Program) is also being requested.

Proceeds from the draw downs on the Merrill Lynch Line of Credit will be used to reimburse certain expenses incurred in connection with capital projects listed for the 2006-07 fiscal year in the Five-Year Facilities Work Program approved by the Board on September 13, 2006.

Estimated Cost of Issuance of up to \$80,000 will be incurred on this transaction.

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

- 1) award Bank Line of Credit Bid to Merrill Lynch, effective February 28, 2007; and
- 2) approve Resolution 07-09 authorizing the issuance, sale, and application of the proceeds of up to \$220 million Revenue Anticipation Notes, Series 2007A (Bank Line of Credit Program).

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

RESOLUTION NO. 07-09

A RESOLUTION OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE, AND APPLICATION OF THE PROCEEDS OF NOT EXCEEDING \$220,000,000 PRINCIPAL AMOUNT OF A SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA REVENUE ANTICIPATION NOTE, SERIES 2007A (BANK LINE OF CREDIT PROGRAM) (THE "2007A NOTE"); AUTHORIZING A PRIVATE SALE OF THE 2007A NOTE; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; DECLARING THE OFFICIAL INTENT OF THE DISTRICT TO REIMBURSE ITSELF FROM THE PROCEEDS OF THE 2007A NOTE FOR CERTAIN EXPENSES INCURRED AND TO BE INCURRED IN CONNECTION WITH CERTAIN CAPITAL PROJECTS DESCRIBED HEREIN; APPOINTING A REGISTRAR AND PAYING AGENT FOR THE 2007A NOTE; PROVIDING FOR INCIDENTAL ACTION; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, pursuant to Section 1011.14, Florida Statutes, as amended (the "Act"), the school board of any school district is authorized to negotiate a current loan for a period not to exceed one (1) year to pay obligations created by the school board of such school district by way of anticipation of budgeted revenues accruing on a current basis for the construction and equipping of such district's school facilities; and

WHEREAS, pursuant to authorization granted on November 21, 2006 the School District of Miami-Dade County, Florida (the "District") acting by and through The School Board of Miami-Dade County, Florida (the "School Board"), a body corporate under the laws of the State of Florida and the governing body of the District, has negotiated a current loan (the "Loan") in an amount not to exceed \$220,000,000 to be evidenced by the issuance of the District's Revenue Anticipation Note, Series 2007A (Bank Line of Credit Program) (the "2007A Note") for the purpose of paying or reimbursing the capital funds or general funds of the District for paying certain costs for the design, construction, acquisition and equipping of one or more of the educational facilities listed for the 2006-07 fiscal year in the Five-Year Facilities Work Program approved by the School Board on September 13, 2006, as the same may be amended from time to time (the "Projects"); and

WHEREAS, in connection with the Projects, the District has advanced and expects to advance internal funds legally available therefor; and

WHEREAS, the District expects to reimburse itself for all or a portion of such expenses from the proceeds of the 2007A Note; and

WHEREAS, the principal of and interest on the 2007A Note will be payable by its terms to the registered owner thereof on a date not to exceed twelve (12) months from the date of issuance thereof; provided, however, that all or any portion of the Loan may be additionally extended through the issuance of a renewal note or other obligation permitted by law for a period not to exceed four (4) additional years or a total of five (5) years including the initial year of the Loan; and

WHEREAS, the Loan to be evidenced by the 2007A Note together with interest thereon and all other revenue anticipation notes currently outstanding, will be less than 25% of the revenues received

during the previous fiscal year (2005-06) for the District school fund for operating expenses of the District;

NOW, THEREFORE, BE IT RESOLVED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA:

Section 1. Affirmation of Determinations and Findings. The Board does hereby affirm and adopt the determinations and findings contained in the preceding recitals as if the same were restated in their entirety in this Section 1.

Section 2. Authorization of Borrowing. Pursuant to the Constitution and laws of the State of Florida, particularly the Act, the Board hereby authorizes the borrowing of money and hereby authorizes the issuance and sale of not exceeding \$220,000,000 principal amount of a School District of Miami-Dade County, Florida Revenue Anticipation Note, Series 2007A (Bank Line of Credit Program) (the "2007A Note"). One note certificate in the principal amount of \$220,000,000, numbered R-1 will be issued in fully registered form as herein provided, and shall be held in such form until maturity. The 2007A Note shall be dated as of its date of issuance (on or about February 28, 2007), shall mature no later than one (1) year less one (1) day later (on or about January 31, 2008) (however, the Loan may be extended for a period not to exceed four (4) additional years, or a total of five (5) years including the initial year of the Loan, through the issuance of renewal notes or other obligations permitted by law), and shall bear interest at adjustable rates per annum described in the form of 2007A Note attached hereto, not exceeding the maximum rate allowed by law. Interest shall be computed on the basis of the actual number of days elapsed over 360-day year. The 2007A Note shall be subject to redemption prior to maturity, in whole or in part, on the first day of any Interest Period (as defined in the form of 2007A Note) selected by the District upon 10 days' prior notice to the registered holder of the 2007A Note. The 2007A Note shall be issued in substantially the form set forth in Exhibit "A" attached hereto and made a part hereof, with such deletions, changes, revisions or modifications as may be approved by the Chair of the Board or the Superintendent, execution and delivery of the 2007A Note by the Chair or Vice Chair and the Secretary of the Board being conclusive evidence of such approval and that the 2007A Note is issued in accordance with this Resolution.

The 2007A Note shall be registered in the name of Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Bank") and shall not be sold, assigned or transferred in any manner, except that the registered holder may assign a portion of the 2007A Note and the payments thereunder through the syndication of the Loan. Notwithstanding any other provision hereof, the Bank is not obligated to extend the term of the Loan beyond the initial term of 337 days.

The principal of and the interest on the 2007A Note shall be payable in any coin or currency of the United States of America which, at the time of payment thereof is legal tender for the payment of public and private debts.

The District shall deposit and separately account for sufficient moneys to pay the principal balance of and interest on the 2007A Note on or prior to the maturity of the 2007A Note. Such moneys shall be held for the benefit of the registered owner of the 2007A Note in the Capital Projects Fund (as hereinafter defined), and separately restricted on the books of account of the District, and shall be transferred by the District to the Paying Agent pursuant to Section 18 of this Resolution and paid to the registered owner at maturity of the 2007A Note, except to the extent such amounts due are paid from the proceeds of renewal notes or other District obligations.

Section 3. Execution of 2007A Note. The 2007A Note shall be executed with the manual or engraved, imprinted, stamped or otherwise reproduced facsimile of the signature of the Chair or Vice

Chair of the Board and countersigned by the manual or engraved, imprinted, stamped or otherwise reproduced facsimile of the signature of the Superintendent as Secretary of the Board and the seal of the Board shall be imprinted or impressed thereon.

Section 4. Private Sale; Award of 2007A Note. It is hereby found, ascertained, determined and declared by the Board that a private sale of the 2007A Note in the principal amount of not exceeding \$220,000,000 is in the best interest of the District and is hereby authorized. The 2007A Note is hereby awarded to the Bank.

Section 5. Delivery of the 2007A Note. Simultaneously with the execution and delivery of the 2007A Note, there shall be delivered to the Bank the properly executed 2007A Note in the form described herein.

Section 6. Receipt for the 2007A Note. Upon receipt of such evidence of delivery, a proper receipt therefor shall be executed by the District and by the Bank.

Section 7. Application of Proceeds. In connection with the sale of the 2007A Note, a special fund is hereby created by the District within the capital projects fund (the "Capital Projects Fund") maintained by it and designated "School District of Miami-Dade County, Florida, Revenue Anticipation Note, Series 2007A (Bank Line of Credit Program) Proceeds Fund" (hereinafter called the "Proceeds Fund"), to the credit of which there shall be deposited the proceeds from the advances made under the 2007A Note.

Proceeds of the 2007A Note shall be advanced to the District incrementally following written requests for advance made by the District to the Bank as set forth in this Section. When presented with a written request for advance that satisfies the requirements of this Resolution, the Bank shall advance proceeds of the 2007A Note to the order of the District in accordance with such written request for advance and the District shall apply such advances to pay or to reimburse itself for paying costs of the Projects. To procure an advance of the proceeds of the 2007A Note, the District shall deliver to the Bank from time to time a written or electronic or facsimile request for advance substantially in the form of Exhibit "B" not less than three business days' prior to the date on which the advance is requested to be made. Each such request shall be signed by the Chief Financial Officer or the Treasurer.

Moneys in the Proceeds Fund shall be available for use immediately to pay, or to reimburse the Capital Projects Fund or the "general fund" for payment of, a portion of the costs of the Projects.

Costs of issuance of the 2007A Note, including the fees and expenses of the District's Financial Advisor and Note Counsel, shall be paid from the proceeds of an advance of 2007A Note proceeds or from other legally available funds of the District.

Section 8. Arbitrage Covenants; Tax Exemption. The District covenants that no investment or use will be made of the proceeds of the 2007A Note herein authorized or the interest thereon which will cause said 2007A Note to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder as such provisions may be applicable to said 2007A Note at the time of such investment or use. The Chair or Vice Chair of the Board, the Superintendent, the Chief Financial Officer and the Treasurer are each hereby separately authorized to execute on behalf of the District an arbitrage certificate in appropriate form to assure the holder of the 2007A Note that the 2007A Note is not an arbitrage bond; such arbitrage certificate shall constitute a representation of the District, and no use of the proceeds of the 2007A Note will be made contrary to the representations therein contained. The District further covenants that so long as the 2007A Note remains outstanding that it will perform all obligations required

by law to assure that interest on the 2007A Note remains excludable from gross income for federal income tax purposes.

Section 9. Representations and Warranties. The Board hereby represents and warrants for the benefit of the registered owner from the 2007A Note as follows:

(a) The budget of the Board for its fiscal year July 2007-June 2008 (the “2007-2008 Budget”) will be prepared in accordance with Florida law and the Capital Projects Fund Section will contain sufficient appropriations consisting of taxes and other revenues accruing on a current basis to allow payment of principal of and interest on the 2007A Note.

(b) The principal amount of the 2007A Note to be issued hereunder and interest payable thereon at maturity together does not exceed one-fourth of the revenue received by the District during the preceding fiscal year for the district school fund for operating expenses of the District.

(c) The interest rate on the 2007A Note will not exceed the interest rate limitation contained in Section 215.84 Florida Statutes.

(d) The District will not issue any additional obligations of a similar nature as the 2007A Note which, when added to the outstanding principal amount of the 2007A Note, the interest thereon to maturity, and the principal of and interest on any other outstanding obligations of the District issued under such Section 1011.14 would exceed one-fourth of the revenues of the District for the preceding fiscal year for the district school fund for operating expenses of the District.

(e) The Board is a duly organized and validly existing public body corporate and is authorized and empowered to cause the 2007A Note to be issued by the District and to perform its obligations under this Resolution pursuant to the Constitution and laws of the State of Florida, particularly the Act. The Board is the duly authorized and validly existing governing body of the District.

(f) The Board will use the proceeds of advances under the 2007A Note for payment of costs of the Projects as described in Schedule I attached hereto, or to reimburse the Capital Projects Fund and/or the General Fund for such payment.

(g) The 2007A Note has the nature of current obligations in anticipation of budgeted revenues as provided in the Act.

(h) The Capital Projects Fund Section of the 2006-2007 Budget will contain provisions relating to the payment of principal of and interest on the 2007A Note. If receipts anticipated in the 2007-2008 Budget are not received, any deficiency shall be charged against capital projects or other expenditures of the Board in order that payment of the 2007A Note will be fully provided for.

Section 10. Source of Payment of 2007A Note. Except to the extent paid from the proceeds of renewal notes or other District obligations, the 2007A 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”), interest earnings received by the District, all for deposit into the Capital Projects Fund to be contained in the 2007-2008 Budget, pursuant to the Act. The budgeted Capital Improvement Tax receipts in the Capital Projects Fund of the 2007-2008 Budget to be received by the Board from District tax receipts and other available capital outlay funds, if any, are hereby irrevocably pledged to the payment when due of the principal of and interest on the 2007A Note. The District covenants to budget Capital Improvement Tax receipts and other available capital outlay funds, if any, to be received during the 2007-2008 fiscal year in amounts sufficient to pay

the principal of and interest on the 2007A Note when due. Notwithstanding the foregoing, the 2007A 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.

In furtherance thereof, and except to the extent paid from the proceeds of renewal notes or other District obligations, the District covenants that it shall deposit sufficient moneys or investments legal for District moneys pursuant to the provisions of Sections 1010.53(2) and 218.415, Florida Statutes, as amended from time to time ("Permitted Investments") into a separate fund within the Capital Projects Fund maintained by it and designated "School District of Miami-Dade County, Florida, Revenue Anticipation Note, Series 2007A (Bank Line of Credit Program) Note Debt Service Fund" no later than five (5) business days prior to maturity, so that the balance on deposit therein, together with the earnings to be received thereon, will equal the amount of principal and interest becoming due on the 2007A Note at maturity.

The pledge of the Capital Improvement Tax receipts, interest earnings and other available capital outlay funds, if any, received thereon by the District for deposit into the Capital Projects Fund as a lien securing payment of the 2007A Note shall be prior to and superior to any and all leases entered into pursuant to that certain Master Lease Purchase Agreement, dated as of August 1, 1994, as amended between the Miami-Dade County School Board Foundation, Inc. and the Board and those certain Certificates of Participation evidencing undivided proportionate interests in lease payments to be made by the Board in connection with such leases, and other annual appropriation leases of a similar nature entered into by the Board.

Section 11. Payment to Paying Agent. The Board will transfer to the Paying Agent the amounts necessary to pay the principal of and interest on the 2007A Note in full no later than one business day prior to the maturity date of the 2007A Note. The Paying Agent will use such moneys to retire the 2007A Note.

Section 12. Investment of Funds. The District shall have the authority at all times to invest moneys held in the Capital Projects Fund, if any, pursuant to Section 7 hereof in any investment as authorized in Sections 1010.53(2) or 218.415, Florida Statutes.

Section 13. Further Assurances. The Board covenants that the provisions of this Resolution do not conflict with or violate any existing resolution of the Board and that no contract or other agreement will be entered into and no action will be taken by which the rights of the registered holder of the 2007A Note herein authorized might be impaired or diminished. The Board further covenants that it will comply with all of the terms, provisions and conditions required under Florida law and particularly Chapter 1011 thereof for the adoption of the 2007-2008 Budget and for the assessment of millages and the levying of taxes against the appropriate taxable property in the District. The members of the Board and the officers and employees of the Board are hereby authorized and directed to do all acts and things required of them by the provisions of this Resolution and the 2007A Note herein authorized for the full, punctual and complete performance of all terms, covenants, provisions and agreements contained in the 2007A Note and this Resolution.

Section 14. Severability. If any one or more of the provisions of this Resolution or of the 2007A Note herein authorized shall for any reason be held illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution or of the 2007A Note, but this Resolution and the 2007A Note shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

Section 15. Open Meeting Findings. It is hereby found and determined that all official acts of the Board concerning and relating to the adoption of this Resolution and all prior resolutions affecting the District's ability to issue the 2007A Note were taken in an open meeting of the Board and that all deliberations of the Board that resulted in such official acts were taken in meetings open to the public, in compliance with all legal requirements, including Section 286.011, Florida Statutes.

Section 16. Resolution to Constitute a Contract. Upon the issuance of the 2007A Note hereby authorized, this Resolution will constitute a contract with the holders thereof and such holders may enforce the provisions hereof by appropriate proceedings.

Section 17. Repealing Clause. All resolutions or orders and parts thereof in conflict herewith, to the extent of such conflict, are hereby superseded and repealed.

Section 18. Defeasance. Upon the payment of the principal of and the interest due on the 2007A Note issued under the provisions of this Resolution the right, title and interest of the registered holder secured hereby in the moneys mentioned in this Resolution and this Resolution shall thereupon cease, determine and become void without further action of the Board.

Section 19. Appointment of Registrar and Paying Agent. The Board acting by and through the Chief Financial Officer and the Treasurer shall serve as Registrar and Paying Agent for the 2007A Note.

Section 20. Modification or Amendment. Modifications and amendments to this Resolution or any proceeding of the Board amendatory hereof may be made without the consent of the registered holder of the 2007A Note for purposes of clarification, curing any ambiguity or curing, correcting or supplementing any defective provisions (whether because of any inconsistency with any other provisions hereof or otherwise), in such manner as shall not impair the security for or adversely affect the rights of the registered holder of the 2007A Note; provided, however, that no material modification or amendment of this Resolution or of any proceeding of the Board amendatory hereof or supplemental hereto, may be made without the consent in writing of the registered holder of the 2007A Note.

Section 21. Declaration of Official Intent. The School Board hereby declares its official intent to reimburse the District from the proceeds of the 2007A Note to be issued by the District for expenses incurred with respect to any of the Projects within sixty (60) days prior to the date of this Resolution and to be incurred subsequent to the date of this Resolution. This Resolution is intended as a declaration of official intent under Treasury Regulation Section 1.150-2. The obligations to be incurred to finance the Project are expected not to exceed an aggregate principal amount of \$220,000,000.

Section 22. Additional Acts. The Chair, Vice Chair, Superintendent, the Chief Financial Officer, the Treasurer and the School Board Attorney or other appropriate officer of the Board are each separately authorized and directed to execute and deliver all additional documents, contracts, instruments and certificates, and to take all actions and steps on behalf of the District, which are necessary or desirable in connection with the issuance of the 2007A Note or the financing of the Projects, and which are not inconsistent with the terms and provisions of this Resolution.

Section 23. Effective Date. This Resolution shall take effect immediately upon its adoption.

Passed and adopted by The School Board of Miami-Dade County, Florida this 14th day of February, 2007.

Agustin J. Barrera
Chair, The School Board
of Miami-Dade County, Florida

Attest:

Dr. Rudolph F. Crew
Superintendent of Schools and
Secretary, The School Board
of Miami-Dade County, Florida

Approved as to form and content:

School Board Attorney