

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: APPOINTMENT OF WELLS FARGO BANK, N.A. AS RENEWAL LETTER OF CREDIT PROVIDER FOR CERTIFICATES OF PARTICIPATION, SERIES 2008C

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

Authorization is being requested to appoint a Letter of Credit provider or other alternative financing option for the Certificates of Participation (COP), Series 2008C.

The 2008C COPs were issued as Variable Rate Demand Notes (VRDN) that refunded the 2003A COPs under a mandatory tender on August 1, 2008. On April 3, 2006, the District entered into a Forward Interest Rate Swap's associated with the 2008C COPs to coincide with the refunding. As a result, the 2008C COP's are currently effectively hedged at a fixed rate of 3.91%. The VRDN interest rate mode requires that a Letter of Credit supports the weekly remarketing of the 2008C COPs. Wachovia Bank N.A. Letter of Credit will expire August 1, 2010.

As part of Agenda Item E-143, Authorized Underwriters List approved by the School Board on May 12, 2010, the District had issued a Request for Proposal including the request for a Letter of Credit or other alternative financing options for the 2008C COPs. It was noted in the RFP that the District expects the firms comprising its underwriting team be willing to commit resources in order for the District to fulfill its capital program. The Selection Committee met on April 26, 2010 and authorized the request for updated proposals for a two year term from the following four firms: Bank of America/Merrill Lynch, Citigroup Global Market, Inc., J.P. Morgan/Chase, and Wells Fargo Bank, N.A.

The District was able to meet its objectives of securing a two year term as well as obtaining the Letter of Credit from the highest rated bank Wells Fargo Bank, N.A. at a competitive price of 100 basis points. Cost of issuance on the renewal of the Letter of Credit with Wells Fargo Bank, N.A. (successor to Wachovia Bank N.A.) is estimated to be under \$20,000.

RECOMMENDED: That The School Board of Miami-Dade County, Florida appoint Wells Fargo Bank N.A. as Renewal Letter of Credit Provider for the COPs Series 2008C, for a term of two years ending August 1, 2012.