

Business Operations
Ofelia San Pedro, Deputy Superintendent

SUBJECT: REQUEST FOR BID, BANK LINE OF CREDIT UP TO \$187 MILLION

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

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

During the 2005-2006 Fiscal Year the District established a Line of Credit Program designed to comply with Florida Statute 1013.46(1) which requires that Districts have funds available before school construction contracts are awarded. The establishment of the Line of Credit allows for the budgeting and award of projects without incurring any costs until the actual payment on the contract is required. This "just-in-time" financing allows the maximum flexibility in the initiation of school site construction projects without incurring the interest expense until the funds are actually needed. Florida Statute 1011.14 allows the District to enter into the Line of Credit for 364 days. Given the cost effectiveness of this financing vehicle, it is requested that a new Request for Bids for \$187 million amount be authorized.

The entire \$220 million of the existing Line of Credit issued February 1, 2007 was budgeted during the 2006-2007 fiscal year and approximately \$81 million has been drawn-down. The District incurred no costs on the unexpended balances and the interest cost on the funds drawn has averaged 4.09%. There was no additional cost to the District for not drawing down the full Line of Credit, as there was no commitment or loan origination fee. The Line of Credit worked as expected providing flexibility to the finance program, while lowering the District's cost of funds.

Authorization to issue the Request for Bid of up to \$187 million is being requested. The issuance was included in the Five-Year Facilities Work Program approved by the Board on September 5, 2007 and is authorized under Section 1011.14 and 1011.15 Florida Statutes in the form of a Revenue Anticipation Note. At its meeting on November 19, 2007, the Treasury Advisory Committee supported the addition of Florida Statute Section 1011.15 because it would allow the District additional flexibility to use the line of credit funding in the event of an emergency, such as a hurricane. It is anticipated that the full \$187 million in projects will be awarded and approximately 60% will be drawn.

REVISED

The results of the offers received for the Request for Bid 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 \$187,000,000 line of credit, subject to School Board approval, before the transaction with the successful bank(s) is completed.

REVISED

E-25

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

Purpose of the Request for Bids: The School District of Miami-Dade County (the "District") 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 District with interim construction financing and/or in the event of a major emergency, the liquidity to make repairs to the existing school plant. 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 one or more "Revenue Anticipation Notes" issued and secured under Section 1011.14 and/or 1011.15 Florida Statutes. The Notes 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 Notes. The District will covenant to budget Capital Improvement Tax receipts in an amount sufficient to pay the principal of and interest on the Notes 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 Notes, 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 Notes. 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 Notes 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.

REVISED

Borrower: The School District of Miami-Dade County, Florida

Amount of Loan: \$187,000,000

Maturity Term: 338 days

Ratings: The Line of Credit will not be rated. The District's most recent Moody's Note Rating was MIG 1 and Fitch's Note Rating was F1+.

Commitment Fee: None

Loan Origination Fee: None

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

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

Tentative Draw-Down Schedule for Interim Construction Financing:

February 29, 2008	\$20 Million
April 30, 2008	20 Million
June 30, 2008	20 Million
September 30, 2008	25 Million
January 2, 2009	25 Million

The above draw-down is tentative and reflects the District's current plan, but is subject to change as conditions dictate. There shall be no penalty for variation from the Tentative Draw-Down Schedule.

Note Counsel to the District:

Greenberg, Traurig P.A.

Opinions:

Usual and customary opinions covering due authorization, validity, and enforceability will be provided by the School Board Attorney and by the District's Note Counsel. Note Counsel will provide customary tax exemption opinion.

Bids Due:

January 10, 2008 11 a.m. EST

Bid Submission:

By email to SRojas@dadeschools.net and aldelara@delaraassociates.com

Bid Award:

The District expects to make an award at the School Board meeting of February, 2008

Right to Reject Bids:

The District reserves the right to reject any and all bids, accept a nonconforming bid, waive any irregularity in any bid and clarify any information for any bid. Under no circumstances will any bidder have any recourse against the District or any member of the working group for any expenses incurred as a result of the bidding process.

Award Selection:

Upon meeting the requirements specified herein, the selection of the Provider(s) will be made on the basis of the lowest effective interest cost to the District. The District reserves the right to select more than one provider for the line of credit.

Form of Bid:

See Attachment A

Attachment A

BID FORM

Ms. Silvia R. Rojas
Treasurer
Miami-Dade School Board
1450 NE 2nd Avenue, rm. 615
Miami, FL 33132
Tel (305) 995-1684
Fax(305) 995-2387
Email- srojas@dadeschools.net

Financial Advisor:
Ms. Annette DeLara
DeLara Associates
Email- aldelara@delaraassociates.com

RE: School District of Miami-Dade County, Florida
\$187,000,000 Tax-Exempt, Non-revolving Line of Credit

We have read the Request for Bids for the District's \$187 mm Tax-Exempt, Non-Revolving Line of Credit (the "Line of Credit") and submit this bid to provide the line, subject to the terms and conditions stated the Request for Bid, as follows:

Interest Rate:

Closing Costs, Fees and Expenses:

Additional Terms and Conditions:

Firm: _____

By: _____
Authorized Representative

Date: _____