

May 18, 2026

M E M O R A N D U M

TO: Jim Murdaugh, Ph.D.
President

FROM: Barbara Wills, Ph.D.
Vice President for Administrative Services and Chief Business Officer

SUBJECT: Line of Credit

Item Description

The College is requesting authorization to create a line of credit with Hancock Whitney bank. Hancock Whitney has provided a *Commitment to Lend* letter with proposed terms and conditions.

Overview and Background

The line of credit will only be used as necessary to facilitate management of cash flow and will only pay interest on the amount borrowed.

Funding/ Financial Implications

The purpose of this item is to authorize the College to use a line of credit when necessary but will remain within the Board approved operating budget.

Recommended Action

Authorize the College to create a line of credit.



Charles P. ("Chip") Cicchetti
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May 1, 2026

Tallahassee State College
District Board of Trustees
C/O President Jim Murdaugh
444 Appleyard Drive
Tallahassee, Florida 32304

Dear District Board of Trustees and Dr. Murdaugh:

Hancock Whitney Bank (also referred to as "we" or "our") is pleased to offer the following commitment to lend. This document is a commitment to extend credit and is a full discussion of our available terms and conditions. You are approved to obtain the following credit facilities under the terms and conditions noted below.

Borrowers: Tallahassee State College ("**TSC**")

Guarantor(s): None – component of State of Florida.

Loan Amount: \$7,000,000 Line of Credit.

Borrower would have the **OPTION** to utilize a Sweep to Line of Credit that enables Borrower to minimize its interest costs. A sweep to line of credit is an automated treasury management product in which balances in the Borrower's operating account are swept every night to pay down LOC balance such that Borrower incurs the least amount of interest expense possible. In addition, when checks or debits are presented against the operating account, LOC would fund back up to cover these outflows such that every night Borrower has smallest LOC balance possible.

Interest Rate: Borrower shall have a floating interest rate of Prime + .625%. Today Prime at 6.75% such that the initial total rate would be = 6.75% + .625% = 7.375%.

Fees: Annual loan origination fee of 14 basis points = \$10,000 shall be due.

Purpose: The purpose of this loan is to provide working capital to cover the timing differences associated with TSC receiving their tuition, grant funding, and other state & federal payment sources.

- Amortization:** The loan shall not have an amortization but shall be required to achieve a thirty (30) day paid out provision in which no balance on the Line of Credit for thirty consecutive days. (see loan covenants).
- Maturity:** Loan shall have a twelve (12) month annual maturity or +/- May 1, 2027.
- Monthly Payment:** The Borrower shall make interest only payments based upon the amount of principal outstanding in the preceding month.
- Closing Date & Place** Loan is to close on or before May 26, 2026, and the closing costs discussed in this commitment are predicated upon closing in Thomasville Georgia (outside the state of Florida).
- Collateral:** Bank shall consider this loan to be a general obligation of Borrower and as such no formal collateral shall be required to support the Line of Credit.
- Other Terms & Conditions:** Borrower shall be required to comply with the following:
- (i) Borrower to establish a depository relationship with Bank that shall consist of at least a operating account that Bank can fund the Line of Credit draws into.

Bank to provide separate Treasury Management proposal for Sweep to Line of Credit.
 - (ii) Borrower shall maintain a current ratio of 1.50x or greater. This to be defined as current assets / current liabilities. (See loan covenants).
 - (iii) Borrower shall achieve a thirty (30) day paid out provision in which Borrower would maintain a \$0 balance on the Line of Credit for thirty consecutive days. (see loan covenants).
 - (iv) Borrower shall supply following on an ongoing basis:
 - a) Copy of Borrower's annual audited fiscal year- end financial statements. To be supplied by end of March 31 st following Borrower's fiscal year end.
 - b) Copy of Borrower's annual budget. To be provided within 30 days of said document being adopted for the coming fiscal year.
 - c) Copy of Borrower's quarterly budget to actual document. To be provided within 45 days after end of quarter.

Loan Covenants:

1) Liquidity Ratio

Borrower to maintain a Current Ratio as defined in GAAP as Borrower's Current Assets divided by the Borrower's Current Liabilities. This ratio shall be > 1.50 to 1 at all times. This ratio shall be measured annually from the Borrowers audited Financial Statements.

Borrower had a 2.30x Current Ratio at FYE 2025.

2) 30 Day Paid out provision

Borrower agrees that for 30 consecutive days in the following fiscal year, Line of Credit will rest and be completely paid out.

Closing Costs: Borrower shall be responsible for all related closing costs associated with this loan.

The following is an estimate of the costs associated with this loan.

		Closing costs as % of loan
Loan Amount	\$7,000,000.00	.18%

Closing Costs:

Documentary Stamps	\$0.00	*
Intangible Taxes	0.00	*
Loan Fee	10,000.00	
Miscellaneous	50.00	
Legal or Other	4,500.00	
TOTAL CLOSING COSTS	<u>\$14,550.00</u>	

* Assume close in Thomasville Georgia (not in state of Florida) If we close in Fla. doc stamps of \$24,500.00 would possibly be due.

Borrower is welcome to use loan proceeds to pay closing costs

Sincerely,

On Behalf of Hancock Whitney Bank

By: Charles P. Cicchetti

Title: Senior Vice President