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## 2024 TAN Pool Borrowing Program

2 messages

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Wed, Jan 31, 2024 at 3:36 PM

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The Oregon Education Districts Short-Term Borrowing Program (commonly referred to as the TAN Pool) allows school districts, community colleges and ESDs to fill funding gaps that can occur from time to time due to the cyclical nature of education funding.

**Should I borrow?** General fund revenues do not always match expenditures on a cash flow basis. For districts that are unable to cover expenses with interfund loans or a direct bank loan, the TAN Pool program provides the opportunity to participate with other districts to minimize borrowing costs.

**Am I eligible?** Any Oregon school district, community college or education service district is eligible to participate if it:

- Reasonably expects to have a low or negative balance in its general fund in any given month between June 1, 2024, and May 31, 2025;
- Has a successful track record of collection of taxes levied for the past three years; and
- Does not have a prior default record on its borrowings.

**How does it work?** Each participating district will issue a short-term Tax Anticipation Note (TAN) to finance its cash-flow needs for Fiscal Year 2024-25, which will be sold with notes of other participants on the same day as part of a joint marketing pool. Each participant is responsible for payment of its TAN only. Each participant's note proceeds may be invested in any statutorily-authorized investment instrument, as determined by each participant. TAN proceeds may be used to cover a cash flow deficit as needed. Revenues to repay the TAN must be segregated into a separate account held by each participant on a timeline to be determined in the TAN documents, which is usually 15 days prior to the maturity of the TAN. The principal amount of each TAN will be determined by each participant depending on specific needs and cash flow requirements. The TAN maturity is expected to be between December 31, 2024 and May 31, 2025.

**How much can I borrow?** Piper Sandler, in consultation with Hawkins Delafield & Wood LLP, will help your district determine the appropriate amount based on your cash flow estimates and the tax status of the borrowing. Generally speaking, however, districts should only borrow to cover regular short-term operational needs.

**What can I do to get ready?** Be prepared to provide a monthly cash flow for all operational funds (typically the general fund) – both prior actuals from June 2023, and forward projections to May 2025 on a cash basis.

**Preliminary Timeline**

Action	Date
<b>Deadline to request cash flow model from Piper Sandler</b>	March 1 <sup>st</sup>
<b>Deadline to submit completed cash flow model &amp; FY 2024 budget</b>	March 15 <sup>th</sup>
<b>Request Board Note Resolution from Hawkins</b>	2 wks before Board meeting
<b>Send draft Preliminary Official Statement to Board, if applicable</b>	April 19 <sup>th</sup>
<b>Deadline for Board to adopt the Note Resolution</b>	April 30 <sup>th</sup>
<b>Preliminary Official Statement posted</b>	May 3 <sup>rd</sup>
<b>Sale date; Sign purchase agreement</b>	May 14 <sup>th</sup>
<b>Closing documents circulated</b>	Wk of May 20 <sup>th</sup>
<b>Return executed closing documents to Hawkins</b>	May 28 <sup>th</sup>
<b>Closing; Funds available</b>	June 4 <sup>th</sup>

**Next Steps**

- **Request a cash flow worksheet from Piper Sandler by March 1<sup>st</sup>.**
- Email completed cash flow worksheet and a copy of your FY 2023-24 budget to Piper Sandler. Shortly thereafter you will receive an estimate of the allowable size of the borrowing and estimated costs.
- Request a copy of the note resolution from Hawkins at least 2 weeks prior to the relevant Board meeting.
- Adopt the note resolution by April 30<sup>th</sup>. NOTE: Submission of the executed note resolution will commit your district to participate in the program.

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Wed, Jan 31, 2024 at 5:10 PM

FYI, RL-B

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