

I recommend approving the following Resolution Authorizing The District To Enter Into A Line Of Credit Agreement With A Financial Institution:

The attached Resolution authorizes the district to enter into a line of credit for short-term (45 days) cash flow borrowing. The resolution provides the district with another option to cover cash flow shortages throughout the year. A line of credit is limited by statute to 95% of the district's average monthly expenditures. This credit can be used in lieu of or in conjunction with, the Aid Anticipation borrowing. In some situations, the short-term line of credit may result in less expense to the district in comparison to a larger issuance of Aid Anticipation borrowing.

Member _____ introduced the following resolution and moved its adoption, which motion was seconded by Member _____:

RESOLUTION AUTHORIZING THE DISTRICT TO ENTER INTO A LINE OF CREDIT AGREEMENT WITH A FINANCIAL INSTITUTION

BE IT RESOLVED by the School Board (the Board) of Independent School District No. 726 Becker, Minnesota (the District), as follows:

WHEREAS, the District is authorized to enter into a line of credit agreement (the Agreement) with a financial institution, pursuant to Minnesota Statutes, Section 123B.12(b);

WHEREAS, the District has negotiated and reached a tentative Agreement, subject to Board approval and Bank acceptance, with Associated Bank N.A., in Minneapolis, MN (the Bank); and

WHEREAS, the Board desires to enter into the Agreement with the Bank;

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. Upon the effective date of this resolution, the District hereby agrees to enter into the Agreement with the Bank and, thereby, establish a revolving line of credit (the Line) with the Bank whereby the Bank will advance funds to the District. The Agreement shall have a term not exceeding five years.
2. The amount advanced in any fiscal year under the Line will not exceed ninety-five percent (95%) of the District's average expenditure per month of operating expenditures in the previous fiscal year.
3. Each advance under the Line will be repaid no later than forty-five (45) days after the day of advancement with interest on the outstanding principal amount at an interest rate not exceeding 2.95% per annum.
4. The Director of Business Services or a designee selected by the Director of Business Services is directed to prepare, or have prepared, and execute such documents as may be necessary to comply with the above paragraphs or any other requirements for the Agreement.
5. The amounts advanced under the Line are not designated as "Qualified Tax Exempt Obligations" for the purposes of Section 265 of the Internal Revenue Code of 1986, as amended.
6. This resolution shall be effective upon receipt by the Director of Business Services on behalf of the Board of written acceptance of its terms by an authorized official of the Bank, and thereafter shall constitute the terms of the Agreement.

Upon vote being taken on the foregoing resolution, the following voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted.