

School Board Meeting/Workshop:

June 28, 2011

Subject:

Cashflow borrowing update and
cashflow borrowing resolutions

Presenter:

Gary Kawlewski

SUGGESTED SCHOOL BOARD ACTION:

Action Required

DESCRIPTION:

I have attached three resolutions to allow options for the school district to borrow for cashflow in the event that the state shutdown occurs. We are bringing three separate resolutions. The first is for the issuance of aid anticipation certificates with Ehlers, our financial advisors. The other two resolutions are to open lines of credit with Associated Bank through MNTrust, one of our local government investment pool providers, and Klein Bank, our local banking institution. The reason for opening all three options are as follows:

1. There are limits in terms of how much we can borrow through each of the options. If the state shutdown would continue into August or September, we may need the limits of all three options to cover our financial obligations.
2. Having three cashflow borrowing tools available to us allows us to have some level of flexibility to make sure we are using the most cost effective options available.
3. The time line for establishing the lines of credit are a little quicker than that of aid anticipation certificates. Having both lines of credit available to us allows us to make sure that we are able to cover our financial needs in the interim of the actual closing date of the aid certificates.

We are hopeful that none of the options will ultimately need to be exercised but we need to go through the necessary setup steps to ensure that we are prepared to borrow in the event that the need arises. The items will need to be approved separately with roll call votes. I recommend approval of all three of the attached resolutions.

ATTACHMENT(S):

Attachment 1-Credit Enhancement Resolution for Aid Anticipation Certificates
Attachment 2-Line of Credit Resolution ISD 877-MN Trust
Attachment 3- Line of Credit Resolution ISD 877-Klein Bank