

## MNTAAB Cash Flow Borrowing Pool - Calendar of Events

### Deadlines and Procedures for Participation Summer 2019 Aid Anticipation Certificates

	Actions	Date	Responsible Party
<b>Step 1</b>	<b>School Districts</b> return completed application materials to Baker Tilly. <ul style="list-style-type: none"> <li>• June Board Meeting</li> <li>• July Board Meeting</li> </ul>	3 weeks prior to meeting or no later than June 20, 2019	<b>District Staff</b>
<b>Step 2</b>	Baker Tilly calculates District's borrowing limits and determines borrowing amount in consultation with District officials.	After Receipt of Application	Baker Tilly
<b>Step 3</b>	<b>School Districts</b> <ul style="list-style-type: none"> <li>• Adopt resolution (sent directly to the District from Dorsey &amp; Whitney).</li> <li>• Complete the MN School District Credit Enhancement Program Application.</li> <li>• <b>School Districts</b> return signed resolution and closing documents to Baker Tilly (within one week of meeting).</li> </ul>	From June 1, 2019 to July 10, 2019	<b>District Staff</b> Dorsey & Whitney
<i>Board Action Required!</i>			
<b>Step 4</b>	Certificate Sale Day <ul style="list-style-type: none"> <li>• Interest rate set.</li> <li>• Signatures required by one of the following: Superintendent, Business Manager, Chair or Clerk.</li> <li>• No formal Board action necessary.</li> </ul>	August 20, 2019	<b>District Staff</b> Baker Tilly Piper Jaffray
<i>signatures Required!</i>			
<b>Step 5</b>	2019 Certificate proceeds deposited into the District's designated account.	September 5, 2019	<b>District Staff</b> Baker Tilly Dorsey & Whitney
	<i>DISTRICT STAFF NEEDS TO BE AVAILABLE</i>		
<b>Step 6</b>	2018 Certificate repayment funds due to U.S. Bank.	September 10, 2019	<b>District Staff</b>
<b>Step 7</b>	Interim interest payment due on 2019 Certificates. Proceeds will be retained by U.S. Bank to make this payment.	September 11, 2019	Baker Tilly U.S. Bank
<b>Step 8</b>	2018 Certificates mature.	September 13, 2019	
<b>Step 9</b>	Final 2019 Certificate documents delivered to Districts.	Prior to December 2019	Baker Tilly Dorsey & Whitney
<b>Step 10</b>	2019 Certificate repayment funds due to U.S. Bank.	September 8, 2020	<b>District Staff</b>
<b>Step 11</b>	2019 Certificates mature.	<b>September 11, 2020</b>	

*If you have concerns about these dates, please contact Baker Tilly at (651) 223-3000.*



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OF PARTNERSHIP.



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# Cash Flow Borrowing

## 2019 Minnesota Tax and Aid Anticipation Borrowing (MNTAAB)

### Top Questions

**1. What is the MNTAAB program? The MNTAAB program is:**

- A tool designed to meet the temporary cash flow needs of Districts of all sizes.
- A low cost, easy and reliable way to access cash funds with minimal administrative effort.

**2. Why should I participate in the program rather than borrow on my own?**

Borrowing costs for participating school districts are reduced since expenses of issuance are shared. Due to the streamlined process, school boards need only take a single action. Nearly all the necessary documentation is available for signature at that time, eliminating the need to track down signatures during popular summer vacation months. MSBA and the Regional Service Cooperatives, sponsors of the MNTAAB program, benefit as well by your participation.

**3. How did the program perform in past years?**

Program	Participants	Par Amount	TIC
Summer 2018	3	\$2,815,000	1.842%
Summer 2017	6	\$4,385,000	1.045%
Summer 2016	8	\$6,285,000	0.785%
Summer 2015	10	\$13,235,000	0.365%
Summer 2014	15	\$18,830,000	0.247%
Summer 2013	26	\$48,230,000	0.314%

*Note: True Interest Cost (TIC) is similar to the interest rate on a mortgage; it is the actual cost of issuing a bond, taking into account the present value (time value) of money.*

**4. Our audit showed an adequate fund balance. Why should I consider borrowing for cash flow needs?**

Remember, cash flow and fund balance are two entirely different things. Your District may have a large fund balance at the end of the school year but may encounter cash flow problems sometime during the school year.

**5. Am I limited in how much I can borrow?**

Districts are limited on the amount they can borrow based on the lesser of the two following formulas: (i) 75% of State aid the district will receive in the school year in which the certificates are issued, or (ii) the lowest projected cash balance (deficit) for the school year in which the certificates are issued plus 5% of the previous fiscal year's cash expenditures for the General Fund 01 and the Operating Funds 02 and/or 04.

**6. What type of action is required of the School Board?**

School Boards will be required to adopt a resolution, which will be provided to you by the MNTAAB program attorneys. On the day of sale two signatures will be required via fax to sign additional documentation. The Board Chair, Clerk, Superintendent or Business Manager should be available by fax to sign. Typically, this documentation is a single page.

**7. How much cash will it cost me to borrow?**

When compared to an individual borrowing issuance, costs are lower due to how the program is structured and the number of both large and small districts that are participating. Fees include legal fees, printing costs, trustee/paying agents fees, County Auditor certificates, the transaction costs to issue the Certificates and the underwriter's commissions to remarket the Certificates.

**8. What do I do with my money if I do not need it right away?**

The District can choose to invest the proceeds in the following ways;

- The MSDLAF Liquid Asset Fund, a variable rate investment.
- The District's local financial institutions, typically banks, which offer both variable and fixed rate instruments.

**9. How do I sign up?**

Simply complete the electronic application, including a cash flow projection, by the June 20, 2019.

If you are interested in receiving information, please contact Dr. Kelly Smith at [kelly.smith@bakertilly.com](mailto:kelly.smith@bakertilly.com) or call him at (651) 223-3099.

