

5340 - Borrowing of Funds

2011 5340

Non-Instructional/Business Operations

SUBJECT: BORROWING OF FUNDS

Borrowing Purposes and Debt Instruments

a) The Local Finance Law authorizes OPERATING BORROWINGS to cover cash-flow shortfalls including: Revenue Anticipation Notes, Tax Anticipation Notes, or Budget Notes. These types of borrowings must be authorized by the Board of Education through the adoption of a formal Borrowing Resolution.

b) CAPITAL BORROWINGS may include Bond Anticipation Notes, Statutory Installment Bonds, and Serial Bonds. These borrowings are only authorized for items for which a Period of Probable Usefulness has been established by the New York Legislature through Local Finance Law Section 11.00. These borrowings, generally, may only be undertaken after a positive public majority vote at the Annual or special election. The Board of Education must formalize the authority for the indebtedness by adopting a legally complete formal BOND RESOLUTION prior to any borrowing. The text of the Bond Resolution, vote and legal notices should be prepared by a recognized bond counsel. The Board of Education hereby delegates its authority to set the terms and conditions of any borrowing to the President of the Board of Education, as Chief Fiscal Officer of the District.

Borrowing Procedures

The Superintendent, assisted by his/her staff and the District Financial Consultant, shall make recommendations to the Board of Education on the timing, bidding, terms and conditions of, placement and reporting on any borrowings. Operating borrowing recommendations shall be supported by a monthly cash flow estimate covering the time thereof and establishing the amount of such borrowing. The Superintendent is authorized to solicit and use the services of a Financial Consultant and Bond Counsel in planning and completing any borrowing to optimize the number of potential quotes and obtain lower market interest rates.

Written Reports

All borrowings shall be documented in written reports outlining the details of each borrowing and the interest rate quotes received thereon. The written report shall first be presented to the Superintendent who shall report thereon at the next regularly scheduled Board Meeting.

Legal Opinion

The use of a recognized "Red Book" Bond Counsel is hereby approved to draft the legal notices,

resolutions, borrowing instruments, and render his approving Legal Opinion on the legality and tax status of the debt instrument.

Superseding Previous Investment Policy(ies)

This revised "Financial Management Policy" hereby supersedes all previous versions before the date hereof and shall be definitive in any case involving investing or borrowing money by the District. This Policy shall remain in effect until superseded or revoked by the Board of Education by subsequent resolution.

Local Finance Law Article 2

Adopted: 4/11/11