

D.2.b.

**Action Item
August 23, 2017**

To: Board of Trustees

From: C. Lewis, Superintendent of Schools

Subject: Borrowing Resolution

Originator: J. Karén, Assistant Superintendent – Business Services

Resource: J. Hendriks, Director – Financial Services

RECOMMENDATION

That the Board authorize the borrowing of up to \$400,000 with Alberta Treasury Branches (ATB) for the 2017-2018 fiscal year, in accordance with s.183(1) of the School Act.

REPORT

Background:

The Division maintains a line of credit as a short-term borrowing fund, in the event that disbursements exceed cash on hand at a particular point in time. This may occur for a variety of reasons; however, it is most likely to occur for our Division if provincial deposits have not been received, and we are unable to liquidate a short-term investment (without penalty) to bridge the receipt of grant funds. Financial Services strives hard to avoid the use of the line of credit, in order to minimize the associated interest costs.

As per the 2015 - 2016 Audited Financial Statements, the outstanding receivables (Excluding Alberta Education – Capital project balance) totaled \$682,982 (For 2014 - 2015 this amount was \$509,134.) This is the maximum that the board could borrow or use to establish the line of credit. Historical credit facilities have been at \$750,000, however the Division has not utilized these facilities in the recent past, and Administration is recommending that the resolution remain at \$400,000.

Attached is the formal borrowing resolution document required by our bank.

Context of the Recommendation:

S.183(1) of the School Act allows a board to borrow to meet current expenditures, to the limit of the board's accounts receivable, as shown in the most recent audited financial statement for the board, without prior written approval of the Minister.

Conclusion:

The Division has the need to establish credit facilities for short-term cash shortages and in accordance with the School Act may establish a line of credit for \$400,000.

Borrowing Resolution School Division/District – Current Expenditures

WHEREAS the Board of Trustees of the Grande Yellowhead Public School Division/District No. 77 (hereafter called the "Board") in the Province of Alberta considers it necessary to borrow certain sums of money from time to time to meet current expenditures for its schools for its financial year commencing September 1, 2017;

NOW THEREFORE, pursuant to the provisions of the School Act, be it resolved by the Board that:

1. The Board do borrow from Alberta Treasury Branches (hereafter called "ATB") sums of money from time to time in the said financial year as required to meet current expenditures of the Board in the said financial year, provided that the total principal amount owed to ATB at any one time hereunder shall not exceed the sum of Four Hundred thousand DOLLARS (\$400,000).
2. The Chairman and Treasurer of the Board be and they are hereby authorized for and on behalf of the Board:
 - (a) to apply to ATB for the aforesaid loans to the Board;
 - (b) to obtain advance of monies from ATB in the said financial year by way of an overdraft on the Board's account at an ATB or pursuant to promissory notes or other evidence of indebtedness, as may be permitted or required by ATB; and
 - (c) to execute on behalf of the Board such bills, promissory notes or similar forms of obligation as ATB may require as evidence of and security for all sums borrowed hereunder;

and each document executed as aforesaid shall be valid and binding upon the Board according to its tenor and ATB shall never be bound to inquire whether such officers are observing the limitations on their authority as set forth in this Resolution.

3. All sums borrowed as aforesaid or so much thereof as from time to time remains unpaid shall bear interest at a rate per annum equal to 0.00% (0.00%) PER CENT above the Prime Lending Rate established from time to time by ATB, and such interest shall be calculated and due and payable monthly.
4. All sums authorized to be borrowed hereunder, including interest, shall be due and payable in full no later than August 31 of the said financial year.
5. As security for payment of money borrowed hereunder, the Board hereby charges to and in favour of ATB the whole of the Alberta Learning Funding received or to be received by the Board, and all other money due or accruing due to the Board, and the Chairman and Secretary of the Board are hereby authorized on behalf and in the name of the Board to execute and deliver to ATB such security documents as ATB may require in relation to the foregoing charge. The said charge shall be collateral to the obligation of the Board to repay with interest all sums borrowed from ATB and ATB shall not be bound to recover any such funding or other monies before being entitled to payment from the Board.
6. ATB shall be furnished with a certified copy of this Resolution and a list of the officers of the Board together with specimens of their signatures, and the said list shall be binding on the Board until notice to the contrary or of any changes therein shall be given to the Manager of the Alberta Treasury Branch at which the account of the Board is kept.

CERTIFICATE

WE HEREBY CERTIFY that the foregoing Resolution was duly passed by the Board therein mentioned at a duly and regularly constituted meeting thereof held on the _____ day of _____ at which a quorum was present, and that the said Resolution is in full force and effect.

WITNESS our hands and the seal of the Board this _____ day of _____ .

Chairman

(Seal)

Secretary

ATB Financial[™]