


SOUTH BURLINGTON SCHOOL DISTRICT

**Office of Operations and Finance
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TO: David R. Young, Superintendent of Schools
Board of School Directors

FROM: Amadee Denton, Business Manager 

DATE: July 16, 2020

SUBJECT: Current Expense Note

A current note is necessary to cover the cash flow needs of the district for a period of time.

The District typically needs to borrow at the beginning to the fiscal year, and near the time period when taxes are due from our residents. For the Fiscal Year 2021, we began the year without an approved budget by our voters. The community will be asked to vote again on August 11, 2020 which will mean we may not have funding until October. Should that vote fail, the plan would likely mean a revote in November, 2020. In the past five fiscal years, the need to borrow for this purpose has been fairly minimal, and for only a short period of time, this year will be significantly different.

The District requested quotes on a Line of Credit for the period of July 16, 2020 through June 30, 2021 with the following details;

- Proposals for a short-term Line of Credit for the South Burlington School District. The amount of the note is to be \$22,000,000 with an issue date of July 16 and a maturity date of June 30, 2021. The District requests the ability to draw funds as necessary during this period. A cash flow certificate which provides an estimate of the district's cash flow needs for the 2021 fiscal year is included with this submission. The audited financial statements for FY2019 are also included with this information. Field work for the audit of the 2020 fiscal year has already begun with new statements expected around December 15.

We solicited proposals from 5 regional banks. TD Bank, Union Bank, Key Bank, Peoples United Bank, and Community Bank N.A. There were no bids returned with that criteria. We then requested a smaller note be issued in the amount of \$8,000,000 which will still cover all cash flow needs through October and then if necessary, we will need to go through the process a second time. We received only 1 response with this change:

<u>Bank</u>	<u>\$Amount to Not Exceed</u>	<u>Interest Rate</u>
Peoples United Bank	\$8,000,000	1.95%

The loan documents will be available for board signatures prior to closing.