

Issuance of 2011 Aid Anticipation Certificates Key Steps in the Process

1. Complete a monthly cash flow schedule for the period of July 2011 through September 2012. A sample schedule is attached to this document. You may use your own spreadsheet, or we can send you a blank spreadsheet (Just send an e-mail message to mnschools@ehlers-inc.com, requesting a cash flow spreadsheet, and we will e-mail the spreadsheet back to you.)

Some general tips for completing the schedule are summarized below. Feel free too contact us for advice and guidance as you are preparing your cash flow schedule.

- The schedule must be based on funds 1 through 4 only, or any combination of those funds. Including or excluding a fund may increase the amount you can borrow. If your bank account includes your debt service fund, you must exclude the beginning balance associated with that fund from the cash flow schedule, as well as any receipts or disbursements for that fund.
- You must start the analysis with the beginning cash balance – **including investments** – as of July 1, 2011. You may need to project forward a few months to estimate this beginning balance.
- To project monthly state aid receipts, use the IDEAS reports provided by the Department of Education (MDE). MDE usually updates its cash simulations for the upcoming year in June or shortly after the end of the legislative session. If you need to prepare your cash flow schedule before this simulation is available, call us for advice and suggestions.
- To project monthly property tax receipts, use the School Tax Report for taxes payable in 2011, provided by your home county. Your total receipts for calendar year 2011 will be very close to the “Computed Levy” amounts shown in the lower right part of the second page. Most districts will receive slightly less than half of this amount in November and December.
- You will receive approximately half of your 2012 property tax receipts in May and June of 2012. Use the 2011 numbers as a base, and adjust accordingly if you are expecting major changes in any levy categories (e.g., health and safety or referendum).
- For the other categories on the cash flow sheet (other receipts, payroll and other disbursements), you should be able to use the current year as a general guideline. If your budget for next year is increasing or decreasing significantly, adjust the projections accordingly.
- Double-check the numbers to make sure they make sense. For example, if your total projected receipts for the year are 20% more than your projected disbursements, something may be wrong.

New Option for 2011. If you would like Ehlers to prepare your monthly cash flow schedule for you, we will do that for an additional fee. We will request specific information from you, prepare a draft of the schedule, send it to you, discuss the assumptions, and make any changes you request. **For more information, click [here](#).**

2. Send the cash flow schedule to any of the financial advisors at Ehlers, listed below, or by e-mail to mnschools@ehlers-inc.com. We prefer to receive the schedules by e-mail, but will also accept them by mail or fax (651-697-8555).
3. We will analyze your cash flow schedule to determine the maximum amount you can borrow. One of us will then contact you to discuss borrowing options, as well as other issues in your district which could be affected by your issuance of certificates. We will work with you to determine the borrowing amount that best fits your district, as well as other details (potential “bond rating” for the certificates, schedule for repayment, etc.). We will also develop a schedule for issuance of your certificates.

For most districts, Ehlers will recommend a competitive sale of certificates, as we have done for many years. However, we have also developed a new streamlined process for negotiated sales of certificates, which will result in lower up-front expenses. For districts borrowing relatively small amounts, this streamlined approach may reduce the costs of borrowing. We can discuss both options with you at this step of the process. If we select the streamlined process, it will change the process and timelines described in this document slightly.

4. Ehlers will send you a request for information that we will need to prepare an Official Statement for your certificates. Please complete and return the information as promptly as possible. We will also request information from the county or counties in which you are located.
5. Ehlers will send you a resolution authorizing the sale of certificates and an application for the state Credit Enhancement program. You will need to include this on the agenda for the selected meeting (based on the schedule developed in step 3), obtain signatures as instructed by us, and return the materials to us promptly.
6. Ehlers will send you a draft of a letter to the MDE, asking that they certify your estimated state aids for the 2011-12 fiscal year. You must put the letter on your letterhead and send to the MDE.
7. Ehlers will contact a qualified bond attorney of your choosing, and coordinate with the attorney the preparation of a legal opinion, resolution awarding sale, and all other required documents.
8. Ehlers will prepare an Official Statement, with extensive information about your district and the certificates, and distribute it to banks and underwriting firms that may want to submit a proposal to purchase the certificates.
9. On the day designated for sale of the certificates, the following actions will take place.
 - a. Ehlers will receive proposals from banks and underwriters at a specified time, and will evaluate the proposals to determine which has the lowest cost to the district.
 - b. One of us will contact you by phone to report the results.
 - c. Your Board will be asked to approve a resolution awarding the sale of certificates and specifying other details and procedures. In most cases, one of us will attend your Board meeting to present the results and the resolution, and to answer questions. (If you feel our presence is not needed at the Board meeting, please let us know in advance.)
 - d. You will receive a variety of documents for Board officers to sign. Please obtain the signatures and return the documents to Ehlers as soon as possible.
10. After the sale, we will ask you for wiring instructions for the proceeds of the certificates.
11. On the day of closing (usually 15 to 25 days after the sale), funds will be wired per your instructions. Most or all of the fees will be deducted at closing, so that you do not have to process any invoices or separate checks. We will also send you a Closing Memorandum showing in detail the calculation and distribution of proceeds.
12. Two to four months after closing, we will send you an Issue Summary book, with copies of all relevant documents for your files.
13. You will make a single payment of principal and interest on the certificates. This will be up to 13 months after the date of closing, but no later than September 30, 2012.

For more information or to begin the process, contact any of the financial advisors on the Ehlers Education Team:

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Sample Timetables for Issuance of 2011 Aid Anticipation Certificates

These sample timetables are shown for illustration only. The timetable for your district will be developed with your input, and based on your cash needs and your Board meeting schedule.

These timetables are based on a competitive sale of certificates. If we use our new streamlined, negotiated sale approach, the timetable will not include as many steps.

	Sample Schedule A	Sample Schedule B
1. District completes monthly cash flow schedule	April 29, 2011	July 6, 2010
2. District sends cash flow schedule to Ehlers	April 29	July 6
3. Ehlers contacts district to determine dollar amount and schedule	April 29	July 7
4. District completes request for information and returns to Ehlers	May 18	July 12
5. Board adopts Resolution Authorizing Sale of Certificates	May 18	July 12
6. Ehlers sends District a draft of a letter to MDE; District sends letter to MDE.	May 19	July 13
7. Ehlers contacts bond attorney to request documents	May 19	July 13
8. Ehlers prepares and distributes Official Statement	June 6	August 4
9. Day of sale. Ehlers receives and evaluates proposals and contacts district. Board adopts resolution awarding sale	June 16	August 16
10. Ehlers contacts district for wiring instructions	June 22	August 25
11. Certificate closing. Funds are wired to the district, and Ehlers sends Closing Memorandum	July 1	September 2
12. Ehlers sends Issue Summary book to the district	September 9	November 1
13. Certificates mature; district wires payment of principal and interest to the paying agent	August 1, 2012	September 30, 2012