

M Management Committee
For the Metropolitan Council meeting of January 9,
2008

Item: 2007-400

ADVISORY INFORMATION

Date Prepared: December 12, 2007

Subject: Authorization for Internal Cash Flow Loan

Proposed Action:

That the Metropolitan Council authorize an interim internal loan to cover the cash flow needs of the capital projects pending the issuance of general obligation bonds in early 2008.

Summary of Committee Discussion / Questions:

Mary Bogie, Controller, presented this item to the Management Committee and confirmed that authorization is being sought for a cash flow loan only, not a loan of additional funds. The capital projects fund pays interest to the pool for the duration of the cash flow loan.

M Management Committee

Business Item

Item: 2007-400

Meeting date: December 12, 2007

ADVISORY INFORMATION

Date:	December 5, 2007
Subject:	Authorization for Internal Cash Flow Loan
District(s), Member(s):	All
Policy/Legal Reference:	Council Policy 3 – Finance and Asset Management
Staff Prepared/Presented:	Mary Bogie, 651-602-1359
Division/Department:	Fiscal Services

Proposed Action

That the Metropolitan Council authorize an interim internal loan to cover the cash flow needs of the capital projects pending the issuance of general obligation bonds in early 2008.

Background

The Council's Finance and Asset Management Policy allows for short-term loans to meet temporary cash flow needs. Any loan for more than three months or \$10 million must be approved by the Council.

Rationale

General obligation bonds are used to finance the cash flow needs of capital. Proceeds from Council Transit bonds issued in February 2007 have been depleted and an internal loan is necessary to fund the cash flow needs for approved transit projects until new bonds are issued in early 2008.

Funding

This approval does not authorize capital spending, which is done through the adoption of the capital budget, but provides for a temporary loan to cover the cash flow needs of approved capital projects until new bonds can be issued. Per the Council's policy, interest expenses will be charged to the projects.

Known Support / Opposition

None