

# M Management Committee

Meeting date: October 27, 2010

For Metropolitan Council Meeting: November 10, 2009

ADVISORY INFORMATION	
<b>Date:</b>	October 19, 2010
<b>Subject:</b>	Authorization for Internal Cash Flow Loan
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Council Policy 3 – Finance and Asset Management
<b>Staff Prepared/Presented:</b>	Mary Bogie, Deputy Chief Financial Officer, 651-602-1359
<b>Division/Department:</b>	Regional Administration/Finance

## Proposed Action

That the Metropolitan Council authorize internal loans to cover the cash flow needs of:

- Capital Projects Funds for Metro Transit, Environmental Services and Parks, and
- Metro Transit: Northstar Commuter Rail

## 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.

### Capital Projects

General Obligation bonds are used to finance the cash flow needs of capital projects. Proceeds from Council bonds issued in 2009 have been depleted, or nearly depleted, for Metro Transit, Environmental Services and Parks. An internal loan is necessary to fund the cash flow needs of projects until new bonds are issued in December 2010.

### Metro Transit

Overall the Metro Transit Operations has positive cash flow, but the following fund has a temporary cash flow needs.

#### Northstar Commuter Rail

Northstar Commuter Rail capital project receives reimbursement from the State of MN of sales tax paid on qualified expenditures. The State of MN has delayed reimbursement to 3rd quarter 2011 of approximately \$1.6 million in reimbursement due to the Council. The Northstar Fund had a negative cash balance of \$2.1 million on Sept 30, 2010.

## Rationale

Internal loans are necessary to continue to fund the cash flow needs of approved projects and operations.

## Funding

This funding does not authorize capital spending, which is done through the adoption of the capital budget, but provides a temporary loans to cover the cash flow needs of approved projects and operations. Per the Council’s policy, interest expense will be charged to the projects.

## Know Support / Opposition

None