

**DATE:** May 8, 2012  
**TO:** Board of Trustees  
**FROM:** Edgar Schmidt, Superintendent of Schools  
**SUBJECT:** Borrowing Resolution  
**ORIGINATOR:** Brian J. Smith, Executive Director, Finance and Infrastructure

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**ISSUE**

With the need to increase the amount of borrowing security, the Board will be required to approve a new Borrowing Resolution and Security Agreement.

**RECOMMENDATION**

**Approve the new Borrowing Resolution.**

**BACKGROUND**

With the potential of staff cost increases due to negotiated agreements, it is necessary for Edmonton Public Schools to have the funds available to offset the need to cover cash shortfalls in order to meet financial obligations. These increased costs have resulted in the request by the Bank of Nova Scotia to adjust our borrowing capacity to \$42 million from the current \$30 million.

**RELATED FACTS**

The need to use the line of credit is limited. The Teachers' Collective Agreement requires payment of the July and August salaried amounts by the fifth working day in July. This requires the line of credit to cover these costs until funding is received in July and August from the Province of Alberta. As negotiated salary costs have increased, the line of credit must be increased. There are no other periods during the year that would require an increase in the amount of funds required to meet cash flow needs.

**OPTIONS**

The following option is selected for consideration as they are deemed the most admissible:

1. That the Board of Trustees approve an increase in the Borrowing Resolution.

**CONSIDERATIONS & ANALYSIS**

In order to meet cash obligations, the borrowing capacity of the District must be increased.

**NEXT STEPS**

Administration will be forwarding a signed copy of the resolution to the Bank of Nova Scotia upon approval.

**ATTACHMENTS & APPENDICES**

ATTACHMENT I Current Borrowing Resolution  
ATTACHMENT II New Borrowing Resolution

BJS:pn

**BORROWING RESOLUTION**

WHEREAS The Board of Trustees of Edmonton School District No. 7 (the "Board"), considers it necessary to borrow certain sums of money from time to time to meet current operating expenditures;

NOW THEREFORE, be it resolved that:

1. The Board do borrow from any bank (the "Banks") incorporated pursuant to the provisions of the Bank Act and the Province of Alberta Treasury Branches (the "Treasury Branches"), sums of money from time to time as required to meet current expenditures of the Board, provided that the total principal amount owed to the Banks and the Treasury Branches at any one time shall not exceed the sum of THIRTY MILLION (\$30,000,000) DOLLARS.
2. Any two of the following officers:


Superintendent of Schools,  
 Assistant Superintendent – Treasurer,  
 Assistant Superintendent (two other positions),  
 (the "Officers")

be and are hereby authorized for and on behalf of the Board:

- (a) to apply to the Banks and the Treasury Branches for the aforesaid loans to the Board and to negotiate rates of interest; and
- (b) to obtain advance of monies from the Banks and the Treasury Branches by way of overdraft on the Board's account or pursuant to promissory notes or other evidence of indebtedness from the Banks and the Treasury Branches, as may be permitted or required by the Banks and the Treasury Branches; and
- (c) to execute on behalf of the Board such bills, promissory notes or similar forms of obligation as the Banks and the Treasury Branches 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 the Banks and the Treasury Branches 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 pursuant to paragraph 1 hereof or so much thereof as from time to time remains unpaid shall bear interest at rates per annum as mutually agreed between the Board and the Banks and the Treasury Branches from time to time.

BSC
DATE RECEIVED
RECORDED
APPROVED 
E.O. INSPECTOR

4. As security for repayment of money borrowed pursuant to paragraph 1 hereof, the Board hereby charges to and in favour of the Banks and the Treasury documents as the Banks or the Treasury Branches may require in respect to the foregoing charge. The said charge shall be collateral to the obligation of the Board to repay with agreed interest all sums borrowed from the Banks and the Treasury Branches. The Banks and the Treasury Branches shall not be bound to recover any such requisitions or other monies before being entitled to repayment from the Board.
5. The Banks and the Treasury Branches shall be furnished with a certified copy of this resolution and a list of the Officers together with specimens of their signatures, and this resolution 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 Banks and the Treasury Branches.

CERTIFICATE

WE HEREBY CERTIFY that the foregoing resolution was duly passed by the Board of Trustees of the Board at a duly and regularly constituted meeting thereof held on the 23 day of September, 2008 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 7 day of October, 2008.

  
CHAIR

  
BOARD SECRETARY

**BORROWING RESOLUTION**

WHEREAS The Board of Trustees of Edmonton School District No. 7 ("the "Board") considers it necessary to borrow certain sums of money from time to time to meet current operating expenditures;

NOW THEREFORE, be it resolved that:

1. The Board do borrow from any bank (the "Banks") incorporated pursuant to the provisions of the Bank Act and the Province of Alberta Treasury Branches (the "Treasury Branches"), sums of money from time to time as required to meet current expenditures of the Board, provided that the total principal amount owed to the Banks and the Treasury Branches at any one time shall not exceed the sum of FORTY TWO MILLION (\$42,000,000) DOLLARS.

2. Any two of the following officers:

Superintendent of Schools  
 Executive Director Finance & Infrastructure  
 Executive Director Corporate Services  
 Assistant Superintendent Student Learning Services  
 (the "Officers")

Be and are hereby authorized for and on behalf of the Board:

- (a) to apply to the Banks and the Treasury Branches for the aforesaid loans to the Board and to negotiate rates of interest; and
- (b) to obtain advance of monies from the Banks and the Treasury Branches by way of overdraft on the Board's account or pursuant to promissory notes or other evidence of indebtedness from the Banks and the Treasury Branches, as maybe permitted or required by the Banks and the Treasury Branches; and
- (c) to execute on behalf of the Board such bills, promissory notes or similar forms of obligation as the Banks and the Treasury Branches may require as evidence of and security for all sums borrower hereunder,

and each document executed as aforesaid shall be valid and binding upon the Board according to its tenor and the Banks and the Treasury Branches 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 borrower pursuant to paragraph 1 hereof or so much thereof as from time to time remains unpaid shall bear interest at rates per annum as mutually agreed between the Board and the Banks and the Treasury Branches from time to time.

4. As security for repayment of money borrowed pursuant to paragraph 1 hereof, the Board hereby charges to and in favor of the Banks and the Treasury documents as the Banks or the Treasury Branches may require in respect to the foregoing charge. The said charge shall be collateral to the obligation of the Board to repay with agreed interest all sums borrowed from the Banks and the Treasury Branches. The Banks and the Treasury Branches shall not be bound to recover any such requisitions or other monies before being entitled to repayment from the Board.

5. The Banks and the Treasury Branches shall be furnished with a certified copy of this resolution and a list of the Officers together with specimens of their signatures, and this resolution 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 Banks and the Treasury Branches.

**CERTIFICATE**

WE HEREBY CERTIFY that the foregoing resolution was duly passed by the Board of Trustees of the Board at a duly and regularly constituted meeting thereof held on the \_\_\_\_\_ day of \_\_\_\_\_, of 2012 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 \_\_\_\_\_, 2012.

\_\_\_\_\_  
CHAIR

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BOARD SECRETARY