

Agenda Item: 6.

MEMORANDUM

To: Finance, Expenditures and Legal Subcommittee

Subject: Short-Term Cash Flow Financing

Date: February 8, 2013

From: John Winkler, General Manager

In December, the Board approved the purchase of land for the Zorinsky Basin #1 project but did not approve the bond issue to fund this purchase, resulting in an unplanned expenditure of general funds. Therefore, we may require short-term financing to bridge the gap until our next major tax collection in April.

The District's primary banking institution, Wells Fargo, can offer us a line of credit of up to \$3 million. The current interest rate quoted is 3.25% (prime + 0.00%). It is possible that we may not need the credit; however, since there are no costs if there is no balance, it would be practical to have as a contingency plan.

- **It is staff's recommendation that the FEL Subcommittee recommend to the Board of Directors that the General Manager be authorized to execute a line of credit for the District at Wells Fargo Bank.**