

Minnesota Management & Budget Statewide Procedure

Minnesota Management & Budget, Treasury Division (Debt Management)
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School District Credit Enhancement Default Payment Procedure

Objective

To provide instructions for making School District Credit Enhancement Program payments in accordance with Minnesota Statute 126C.55 (<https://www.revisor.mn.gov/statutes/?id=126C.55>).

General Procedures

Step	Action	Responsible Party	Timeline
1.	<p>Receive a notification from the paying agent to make a payment on behalf of a school district. The paying agent will inform Minnesota Department of Education (MDE) if:</p> <ul style="list-style-type: none"> • It becomes aware of a default, or a potential default in the payment of principal or interest on that issue, or • There are insufficient funds to make the payment on deposit with the paying agent on the day three business days before the date a payment is due on that issue. <p>MDE will verify with the school district that there is an actual payment default before making a request to Minnesota Management & Budget (MMB).</p>	MDE	Three days before the date a payment is due
2.	<p>Submit a School District Credit Enhancement Default Payments form (FI-00586) and an appropriation spreadsheet to MMB – Agency Assistance Unit, Appropriation Coordinator. Email the form and spreadsheet to the coordinator no more than one hour after notification from the paying agent. Confirm receipt of the documents. In case the appropriation coordinator cannot be reached, contact the Agency Assistance supervisor. If neither staff can be reached contact MMB Treasury Division.</p>	MDE	Notify Agency Assistance within one hour of notification from the paying agent.
3.	<p>Establish an open appropriation account within one hour after receipt of the appropriation spreadsheet.</p>	MMB – Agency Assistance	One hour time limit
4.	<p>Verify that there is a valid vendor number that can be used for the payment. If there is no vendor number in Statewide Integrated Financial Tools (SWIFT), one will be established. Notify MDE after the appropriation account has been established and a valid vendor number exists in SWIFT.</p>	MMB – Agency Assistance	N/A

Step	Action	Responsible Party	Timeline
5.	Establish an allotment, an expense budget, and process a payment to the paying agent within one hour after the appropriation account was established. Flag the payment as a “pull warrant” so the funds can be wire transferred to the paying agent.	MDE	One hour time limit
6.	Submit a copy of the School District Credit Enhancement Default Payments form (FI-00586) along with a Warrant Special Handling Request form (FI-00526), to MMB – Systems Compliance Unit by email. The forms should be emailed to syscomp.mmb@state.mn.us immediately after the payment has been processed. Confirm receipt of mail with System Compliance staff by email or calling (651) 201-8191. This notification process will ensure that the wire transfer is received by the paying agent before noon on the day following the first notification of an actual payment default.	MDE	Immediately
7.	Pull warrant and prepare wire transfer paperwork so Treasurer’s Office can wire money to bond issuer.	System Compliance	Immediately

Forms

FI-00586-01 School District Credit Enhancement Default Payments
 FI-00526-02 Warrant Special Handling Request

Related Policies and Procedures

1201-01.1 City & County Credit Enhancement Default Payment Procedure