

RESOLUTION NO. 2017- 08

A **RESOLUTION** authorizing an Interfund Loan of up to \$169,560 from the Shop Fund to the Telecommunications Fund of the City of Ellensburg for a period not to exceed three (3) years.

WHEREAS, Ordinance 2558 created the City Shop and Warehouse Fund (“Shop Fund”), codified in Ellensburg City Code (“ECC”) 2.16.100; and

WHEREAS, the City Council on December 19, 2016 approved the Kittitas County 2017 Distressed County Sales & Use Tax Infrastructure Improvement Program Agreement, which is providing \$169,560 of economic development grant funding for fiber optic service connections for businesses, home offices, and telecommuters; and

WHEREAS, the Telecommunications Utility fund does not have excess working capital to incur the construction expenses for fiber optic service connections and be later reimbursed by the economic development grant; and

WHEREAS, the Washington State Auditor’s office recognizes that interfund loans are a legal and fiscally prudent means of investing municipal funds that are inactive or in excess of current needs; and

WHEREAS, the Washington State Auditor’s Budgeting, Accounting and Reporting System (“BARS”) manual specifically allows for the use of interfund loans and defines the acceptable procedures for both the loaning and borrowing fund; and

WHEREAS, the City Council recognizes that interfund loans are repaid with interest and the City Council finds that use of an interfund loan is preferable to issuing external debt; and

WHEREAS, the City’s Shop Fund has adequate funds set aside for equipment replacement that is being invested in the State pool at the current gross earnings rate of 0.638% (January 2017 earnings) pending equipment replacement; and

WHEREAS, the Shop Fund will earn in excess of two times more from an interfund loan than the City currently earns in the State pool;

NOW THEREFORE, BE IT RESOLVED, by the City Council for the City of Ellensburg as follows:

Section 1. Authorization and Approval. The City Council hereby authorizes and approves an interfund loan in the amount of One Hundred and sixty-nine thousand, five hundred and sixty dollars (\$169,560) from the City’s Shop Fund to the Telecommunications Fund for the purpose of constructing fiber optic service connections to businesses, home offices, and telecommuters.

Section 2. Terms and Conditions. The term of the loan shall be for a period not to exceed three years from the day of first advance at 1.5% (current Washington State Investment Pool's gross earnings rate is 0.638%). Repayment due dates will begin within 12 months following the date of the first draw with three (3) equal annual installments of \$58,224.01. The Telecommunications Utility Fund may pay off the loan or make extra payments any time during the life of the loan. Payments schedules are as follows:

Payment Date	Principal	Interest	Outstanding Principal
12/31/2017	\$55,680.61	\$2,543.40	\$113,879.39
12/31/2018	\$56,515.82	\$1,708.19	\$57,363.56
12/31/2019	\$57,363.56	\$860.45	\$0

Section 3. Loan Disbursement. The Finance Director is designated on behalf of the City to process and administer a temporary loan not to exceed \$169,560 from available cash of the Shop Fund, where money deposited therein is not immediately needed for the purposes of that fund, to the Telecommunications Fund.

Section 4. Effective Date. This resolution shall take effect and be in force immediately upon its adoption.

ADOPTED by the City Council of the City of Ellensburg this 6th day of March, 2017.



Mayor

Attest: 

City Clerk