

RESOLUTION NO. 2017-35

A RESOLUTION authorizing an Interfund Loan of up to \$1,000,000 from the Shop Fund to the Stormwater 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 Stormwater Fund requires interim financing in anticipation of grant reimbursement through the Department of Ecology’s Floodplain by Designs program for acquisition of property to facilitate the future extension of the Reecer levee.

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 had adequate funds set aside for equipment replacement that were being invested in the State pool at the rate of less than 2% per annum pending equipment replacement; and

WHEREAS, the Shop Fund will earn in excess of one and one half times more from an interfund loan than the City was earning in the State pool at the time of the Resolution; and

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

Section 1. Authorization and Approval. The City Council hereby authorizes and approves an interfund loan in the amount of up to one million dollars (\$1,000,000) from the City’s Shop Fund to the Stormwater Fund for the purchase of property to facilitate the future extension of the Reecer levee.

Section 2. Terms and Conditions. The term of the loan shall be for a period not to exceed three years from the day of the first advance at 2.0% (current Washington State Investment Pool’s gross earnings rate is 1.14%). Repayment due dates will begin within 12 months from the date of the first draw with two (2) equal annual installments of \$346,754.67 and one (1) subsequent annual installment of \$346,754.68. The Stormwater Fund may pay off the loan or

make extra payments any time during the life of the loan and is only responsible for payment of interest actually accrued on the outstanding balance. Payments schedules are as follows:

Payment Date	Principal	Interest	Outstanding Principal
12/1/2018	\$333,333.33	\$20,000.00	\$666,666.67
12/1/2019	\$333,333.33	\$13,464.91	\$333,333.34
12/1/2020	\$333,333.34	\$6,799.11	\$0.00

Section 3. Loan Disbursement. The Finance Director is designated on behalf of the City to process and administer a temporary loan not to exceed \$1,000,000 from available cash of the Shop Fund, where money deposited therein is not immediately needed for the purposes of that fund to the Stormwater 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 20th day of November, 2017.

Attest:


Mayor



City Clerk