

## RESOLUTION NO. 2024-24

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELLENSBURG authorizing an Interfund Loan of up to \$2,000,000 from the Shop Fund to the Arterial Street 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") 2.16.1000; and

WHEREAS, the Arterial Street Fund does not have the cash flow necessary to cover expenses on several City Council authorized and budgeted capital projects; and

WHEREAS, the Arterial Street Fund is awaiting reimbursements from various state and federal grants for the capital projects previously authorized by City Council; 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 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 are being invested in the State pool at the rate of 5.423716% per annum pending equipment replacement;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of 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 two million dollars and no/100s (\$2,000,000.00) from the City's Shop Fund to the Arterial Street Fund for the purpose of maintaining a positive cash flow while awaiting state and federal grant reimbursements for various City Council authorized and budgeted capital projects.

**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 5.5% (current Washington State Investments Pool's

30-day yield as of 8/11/2024 is 5.423716 %). Repayment due dates will begin within 12 months following the first draw with three (3) approximately equal annual installments of \$724,701.65. The Arterial Street Fund may pay off the loan or make extra payments any time during the life of the loan. Payment schedules are as follow:

Payment Date	Principal	Interest	Outstanding Principal
7/31/2025	630,436.44	94,265.20	1,369,563.56
7/31/2026	665,998.02	58,703.63	703,565.54
7/31/2027	703,565.54	21,136.10	0

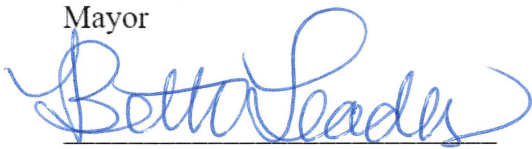
**Section 3. Loan Disbursement.** The Finance Director is designated on behalf of the City to process and administer a temporary loan not to exceed two million dollars and no/100s (\$2,000,000.00) from available cash of the Shop fund, where money deposited therein is not immediately needed for the purposes of that fund, to the Arterial Street Fund.

**Section 4. Effective Date.** This resolution shall take effect and be in force from and after its adoption.

ADOPTED by the City Council of the City of Ellensburg this 19<sup>th</sup> day of August, 2024.

  
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Mayor

Attest:

  
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City Clerk