

SULTAN CITY COUNCIL

AGENDA ITEM COVER SHEET

ITEM NO: Action A 5
DATE: December 14, 2005
SUBJECT: Resolution 05-31 Interfund Loan

CONTACT PERSON: Laura Koenig, Clerk/Treasurer

SUMMARY:

GENERAL FUND INTERFUND LOANS

The General Fund has received two interfund loans from the C.R. Utility Fund. The first was issued in 2002 and the second in 2003. The following is the detail for those loans:

Resolution 02-06 Approved 3/02	\$200,000	Two-year repayment schedule
Resolution 03-17 Approved 12/03	\$ 95,000	\$3,500 per month payment schedule

It was the intent that the second resolution would combine the two loans and require the monthly payment, however, that intent is not clear in the document.

Total Loans:	\$295,000
Payments:	<u>21,000</u>
Balance due:	\$274,000

A payment of \$42,000 plus interest is schedule to be made in December 2005. This would leave the loan balance at \$232,000.

The attached resolution provides for the revised payment schedule.

RECOMMENDATION: Adoption of Resolution 05-31

**CITY OF SULTAN
SULTAN, WASHINGTON
RESOLUTION 05-31**

A RESOLUTION PROVIDING FOR A REVISED PAYMENT SCHEDULE
FOR INTERNAL MUNICIPAL LOANS FROM THE C.R. UTILITY
RESERVE TO GENERAL FUND

WHEREAS, the City Council approved interfund loans from the C.R. Utility Reserve to the General Fund in 2002 and 2003 in amounts totaling \$295,000, and

WHEREAS, the intent of the loan issued under Resolution 03-17 was to provide for monthly payments of \$3,500, and

WHEREAS, the General Fund as an outstanding interfund loan of \$274,000 which needs to be paid, and

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

That the promissory note be revised to provide for monthly payments of \$3,500 per month from the General Fund to the C.R. Utility Reserve Fund. Such loan shall bear interest at the rate of the average interest paid to the City by the State Investment Pool and shall be repaid in accordance with the Promissory Note signed this date and made part of this resolution.

REGULARLY ADOPTED this 14th day of December 2005.

Benjamin Tolson, Mayor

Laura J. Koenig, City Clerk

Approved as to form:

Thom Graafstra, City Attorney

CITY OF SULTAN
PROMISSORY NOTE

For value received, the City of Sultan General Fund promises to pay to the order of the City of C. R. Utility Reserve Fund, in full payment for an internal loan, the sum of Two hundred seventy four thousand dollars (\$274,000.00) to be paid as follows:

Principal and interest to be paid in monthly installments of \$3,500.

Dated this 14th day of December 2005.

Benjamin Tolson Mayor

Attest:

Laura J. Koenig, City Clerk