

RESOLUTION NO. 427

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, AUTHORIZING AN EXTENSION OF AN INTERFUND LOAN TO THE GENERAL CAPITAL FUND FROM THE GENERAL FUND IN AN AMOUNT NOT TO EXCEED \$2,100,000 AND INTEREST CHARGES FOR A PERIOD NOT TO EXCEED ONE YEAR.

WHEREAS, the City of Shoreline is an optional code city, located in King County, Washington, duly organized and existing pursuant to the laws of the State of Washington; and

WHEREAS, the General Capital Fund was established to account for resources which are designated for general capital purposes to be used for the acquisition or construction of general facilities, parks, recreational facilities, or open space capital projects; and

WHEREAS, the General Capital Fund provides resources for the Shoreline Police Station at City Hall Project, which should be completed in May 2018, which includes financing from the sale of the current police station which has not yet occurred resulting in a projected deficit cash flow; and

WHEREAS, since the General Fund has an unaudited 2017 ending balance of \$13.9 million, there are sufficient funds to provide for a temporary loan in an amount not to exceed \$2.1 million to the General Capital Fund to provide sufficient cash flow requirements for the Shoreline Police Station at City Hall Project; and

WHEREAS, pursuant to RCW 43.09.200, the Washington State Auditor has developed a uniform system of accounting, the BARS Manual, which specifically allows for the use of interfund loans as a legal and fiscally prudent means of investing municipal funds that are in excess of current needs and sets forth the acceptable procedures for both the loaning and borrowing fund; and

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

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, HEREBY RESOLVES:

Section 1. Loan Authorization. The General Fund is authorized to loan the General Capital Fund an amount not to exceed \$2,100,000 (Two Million One Hundred Thousand Dollars).

Section 2. Term and Scheduled Repayment. The term of the loan is one (1) year commencing on April 30, 2018. The interfund loan and accrued interest shall be repaid in one (1) payment due no later than April 30, 2019. The General Capital Fund may pay off the

interfund loan or make extra payments at any time during the life of the interfund loan. There shall be no fees or prepayment penalties on the interfund loan.

Section 3. Interest Payable to General Fund. The loan amount will be assessed an interest rate which is equal to the current rate of return that the City would receive for a one-year investment on April 30, 2018. The projected rate in effect of April 30, 2018 is 2.07% annually. Interest charges will be assessed monthly based on the loan balance.

Section 4. Accounting Records. The Administrative Services Director is directed to keep and maintain appropriate accounting records to reflect the balance of the interfund loan as authorized herein.

Section 5. Severability. If any one or more sections, subsections, or sentences of this Resolution are held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this Resolution and the same shall remain in full force and effect.


Section 6. Effective Date. This Resolution shall take effect and be in full force immediately upon passage by the City Council.

ADOPTED BY THE CITY COUNCIL ON APRIL 30, 2018.



Mayor Will Hall

ATTEST:



Jessica Simulcik Smith
City Clerk