

ORDINANCE NO. O2022-009

AN ORDINANCE of the City Council of the City of Tumwater, Washington relating to the approval of the funding plan to pay off the Golf Fund 2011 General Obligation Bond and refinance a portion of that debt through the approval of the terms and repayment schedule of an interfund loan from the Sewer Fund to the Golf Fund.

WHEREAS, the Golf Fund 2011 General Obligation (GO) Bond is now callable and can be paid off without penalties or fees; and

WHEREAS, the Golf Fund recently sold water rights to the Water Fund, the proceeds of which are sufficient to pay off the Golf Funds' existing interfund loan with the Sewer Fund, plus a large portion of the GO Bond; and

WHEREAS, the Golf Fund does not have enough cash to pay off the entire 2011 GO Bond; and

WHEREAS, the City's Sewer Fund has sufficient funds now, and over the next four years, to advance to the Golf Fund funds of \$670,000 for the cost of paying off the 2011 GO Bond; and

WHEREAS, the Golf Fund will realize savings of approximately \$59,000 over the next three and one half years, which will help improve its financial position; and

WHEREAS, there is mutual and equal benefit to both funds; and

WHEREAS, the terms of the inter-fund loan are described in Exhibit A to this Ordinance, to be paid with future Golf revenues; and

WHEREAS, the loan is to be made with interest charged 25 basis points above the current rate the City earns at the Local Government Investment Pool (LGIP); and

WHEREAS, the maximum amount of the loan is six hundred seventy thousand dollars (\$670,000) to be repaid according to the estimates in Exhibit A; and

WHEREAS, the loan may only be used to help pay off the bonds, with no prepayment penalty and is to expire by the end of the year 2025 or upon earlier full repayment.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF
TUMWATER, STATE OF WASHINGTON, DOES ORDAIN AS FOLLOWS:**

Section 1. The City of Tumwater hereby authorizes a loan in the amount of six hundred seventy thousand dollars (\$670,000) in the form of an interfund loan from the Sewer Fund to the Golf Fund. The loan is to be repaid in annual installments as described in Exhibit A, with interest at an annual rate of twenty-five basis points above the monthly published rate at the LGIP. Principal and interest shall be paid annually and on or before December 31st of each year.

Section 2. Repayment of the principal and interest amount shall be initiated by the Finance Director. Additional principal payments may be made at any time without penalty and as soon as grant and donation funds become available.

Section 3. The Finance department shall maintain appropriate accounting records to reflect the outstanding inter-fund balances and Council shall review such balances annually.

Section 4. Corrections. The City Clerk and codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 5. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

Section 6. Severability. The provisions of this ordinance are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of the ordinance, or the validity of its application to other persons or circumstances.

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Section 7. Effective Date. This ordinance shall become effective five (5) days after passage, approval and publication as provided by law.

ADOPTED this ____ day of _____, 2022.

CITY OF TUMWATER

Debbie Sullivan, Mayor

ATTEST:

Melody Valiant, City Clerk

APPROVED AS TO FORM:

Karen Kirkpatrick, City Attorney

Published:_____

Effective Date:_____