

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO, CALIFORNIA, APPROVING AN INTERFUND LOAN AGREEMENT BETWEEN THE SEWER SYSTEM RATE STABILIZATION CONNECTION FEE (CIP RESERVE) FUND AND SOLID WASTE MANAGEMENT DIVISION SOLID WASTE OPERATING ENTERPRISE FUND IN THE AMOUNT OF \$5 MILLION

WHEREAS, on December 3, 2009, the Council adopted the Taxpayer Protection Act, which provides in Article IV that borrowing between City funds requires a loan agreement with interest paid at the current investment pool rate and with a maximum repayment term of five years; and

WHEREAS, the City of Fresno on March 31, 2011, adopted the Reserve Management Act, which provides in Article VI that loans of funds require a loan agreement that shall be approved by majority vote of the Council; and

WHEREAS, Council now wishes to authorize an interfund loan to cover operating expenses necessary to continue residential solid waste services; and

WHEREAS, the interfund loan will be made from the wastewater utility's Sewer System Rate Stabilization Connection Fee (CIP Reserve) Fund, which is used to accumulate a portion of revenues for future capital projects; and

WHEREAS, the interfund loan will not prevent the wastewater utility from meeting bond covenants requiring minimum reserve balances; and

WHEREAS, since the wastewater utility does not anticipate spending these identified revenues on a capital project within the next five years and the wastewater utility will be repaid at the same interest rate as the revenues would have earned in the Sewer

Date Adopted:

Date Approved:

Effective Date:

City Attorney Approval:



Resolution No.

System Rate Stabilization Connection Fee (CIP Reserve) Fund, the loan will not delay any wastewater capital projects and once the loan is repaid, the wastewater utility will be in the same financial position as it would have otherwise been if the loan had not been made.

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

1. The Council approves the Interfund Loan Agreement in the form attached hereto as Exhibit A.
2. The Controller is authorized and directed to take all necessary actions to implement the Interfund Loan Agreement.
3. This resolution shall be effective upon final approval.

* * * * *

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, TODD STERMER, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno, at a regular meeting held on the _____ day of _____ 2024.

AYES :
NOES :
ABSENT :
ABSTAIN :

Mayor Approval: _____, 2024
Mayor Approval/No Return: _____, 2024
Mayor Veto: _____, 2024
Council Override Vote: _____, 2024

TODD STERMER, CMC
City Clerk

By: _____
Deputy Date

APPROVED AS TO FORM:
ANDREW JANZ
City Attorney

By: _____
Jennifer M. Quintanilla Date
Senior Deputy City Attorney

Attachment:
Exhibit A – Interfund Loan Agreement

EXHIBIT A

INTERFUND LOAN AGREEMENT

This Loan Agreement (Agreement) is executed as of June 30, 2024 (Effective Date) between the City of Fresno Sewer System Rate Stabilization Connection Fee (CIP Reserve) Fund (Fund No. 4500-4504) (Lender) and the City of Fresno Solid Waste Management Division Solid Waste Operating Enterprise Fund (Fund No. 4100-4101) (Borrower). Lender agrees to lend to Borrower, and Borrower agrees to repay Lender, an amount not to exceed the Principal Amount and interest accrued on the unpaid loan balance, in accordance with the following:

1. **Purpose of the Loan.** To provide funds for use by the Borrower or its designee to fund operating costs necessary to continue services and avoid depleting reserves. This loan is assumed in the financial plan supporting the five-year schedule of rates adopted in Resolution No. 2024-_____.
2. **Principal Loan Amount.** Not to exceed \$5,000,000. The loan will be recorded as receivable to the Lender and payable to the Borrower.
3. **Term of the Loan.** The term of this loan shall begin on the Effective Date and shall be repaid in full as of June 30, 2029.
4. **Scheduled Payments.** Borrower shall make payments against principal and interest twice a year on January 1 and July 1. At a minimum, each payment shall be equal to the amount of any accrued interest through the date of payment, plus a principal payment equal to one-tenth (1/10) of the original principal amount. Payments will be credited first to interest then due, and then to principal. Immediately after that, interest will cease on the principal so credited.
5. **Rate of Interest.** Any interest not paid when due shall bear interest from its due date at the rate specified; provided, however, that in no event shall the interest rate, as calculated and accrued, exceed the maximum legal rate applicable to loans by public entities to public entities in similar transactions. The interest rate shall be a rate equal to the City's Pooled Investment Rate, fixed monthly, calculated and accrued in the same manner that the City would otherwise earn interest on the funds if deposited and earning interest as a pooled investment. The rate for May 2024 was 3.40%. Loan interest will be recorded as revenue to the Lender and expenditure to the Borrower.

General Provisions. This agreement constitutes the full Agreement by and between the parties and no other representations have been made regarding the contents of this Agreement. This Agreement shall not be amended, modified, or altered in any respect unless such amendment, modification, or alteration has been reduced to writing and executed by both parties.

LENDER

BORROWER

Georgeanne A. White, City Manager
City of Fresno

Georgeanne A. White, City Manager
City of Fresno