



City of Brookings

Brookings City & County
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Legislation Text

File #: RES 20-108, **Version:** 1

Action on Resolution 20-108, a Resolution Authorizing a Short-Term Loan from the General Fund to the Bob Shelden Capital Project Fund.

Summary:

The CFO has identified an opportunity to realize a savings utilizing existing cash for a short term with the Bob Shelden project. Action is required to authorize the short term financing through an Interfund Loan from the General Fund. This practice has been utilized in the past for other purposes and will save the City approximately \$15,000 in interest expense.

Background:

The 2019A Sales Tax bond was primarily issued to fund the Larsen Ice Arena and the Bob Shelden upgrades. However, prior to its commitment expiration date of April 23rd 2021, this Bond bears interest at a variable interest rate for drawn down amounts.

At the end of 2019, \$3.7M was drawn to fund the Larsen Ice Arena upgrade project. Currently, the City's General Fund has the liquidity to delay the timing of the draw down period until its contractual Commitment Expiration Date. In addition, current Money Market returns are considerably low (0.01%). Staff proposes to internally finance \$3.03M to fund the Bob Shelden upgrade project's expense with an internal loan until spring 2021 to provide a savings. The full bond will be maximized once the project is complete.

At the end of the draw-down period, the proposed short term interfund loan will mature and the General Fund will be paid in full.

Recommendation:

Staff recommends approval.

Attachments:

Memo
Resolution