

## **RESOLUTION NO. 2016-03-04**

### **A RESOLUTION AUTHORIZING AN INTER-FUND LOAN FROM THE ELECTRIC FUND TO GENERAL FUND FOR THE PURCHASE OF NEW GOLF CARTS**

**WHEREAS**, The City of Fort Morgan ("City") owns and operates the Fort Morgan Golf Course ("Golf Course"); and,

**WHEREAS**, the Golf Course currently leases golf carts which pricing includes interest charges and financing fees from Exchange Bank in Kearney, Nebraska ; and,

**WHEREAS**, the City's golf carts are at the end of their useful life and are in need of total replacement or replacement of batteries at a cost of about \$600 per cart for a total cost of approximately \$27,000 for the entire fleet; and,

**WHEREAS**, the aforementioned lease agreement will terminate in November of 2016 with the final payment being made by Colorado Golf and Turf, who will take ownership of the fleet; and,

**WHEREAS**, the investments of the Electric Fund are currently seeing a rate of return of approximately .5% in the market place as invested pursuant to the City's investment policy; and,

**WHEREAS**, the Electric Fund has reserves available to loan to the General Fund for the purchase of new golf carts wherein the General Fund would pay interest to the Electric Fund; and,

**WHEREAS**, it is proposed that the inter-fund loan would be carry an interest rate of 2.0% to be paid over a term of 5 years with the first payment being due January 31, 2017; and,

**WHEREAS**, procuring new golf carts is estimated to cost the City around \$200,000.00; and,

**WHEREAS**, the inter-fund loan is not required, as funds could be made available in the General Fund reserves, the inter-fund loan would increase the return on the Electric Fund investment rate and allow the golf course to purchase new carts without payments of interest or finance charges to a third party or a large up front capital expenditure while saving General Fund Capital Improvement reserves for other future projects and needs.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FORT MORGAN, COLORADO:**

**Section 1:** City Council hereby authorizes an inter-fund loan from the Electric Fund to the General fund in the 2016 budget year in an amount not to exceed \$200,000.00 for the purchase of new golf carts to be paid at a rate of 2.0% over 5 years beginning in January 2017 as reflected in the following schedule:

Debt Service Schedule  
Inter-fund Loan

Loan Amount	\$200,000
Rate	2%
Term	5 years

Period Ending	Principal	Interest	Debt Service
1/31/2017	\$ 38,431.68	\$ 4,000.00	\$ 42,431.68
1/31/2018	\$ 39,200.30	\$ 3,231.38	\$ 42,431.68
1/31/2019	\$ 39,984.32	\$ 2,447.36	\$ 42,431.68
1/31/2020	\$ 40,784.01	\$ 1,647.67	\$ 42,431.68
1/31/2021	\$ 41,599.69	\$ 831.99	\$ 42,431.68
	\$ 200,000.00	\$ 12,158.40	\$ 212,158.40

**Section 2:** Payments made pursuant to this inter-fund loan are subject to annual appropriations by the City Council of Fort Morgan. Any default in payments shall result in all interests in the golf carts and equipment purchased with funds provided for by this inter-fund loan becoming property of the Electric Fund to dispose of as best able to recoup the value of the outstanding loan balance.

INTRODUCED, PASSED, APPROVED AND ADOPTED this 15th day of March 2016, the vote upon roll call being as follows:

Ayes: Mayor Shaver, Councilmembers Anderson, Castoe, Marler, Northrup and Segura

Nays: None.

Absent /Abstain: Councilmember Lindell

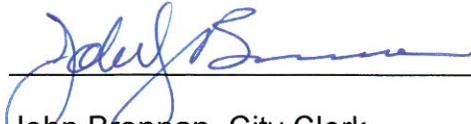


THE CITY COUNCIL OF THE CITY OF  
FORT MORGAN, COLORADO

BY: *Ronald Shaver*

Ronald Shaver, Mayor

ATTEST:



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John Brennan, City Clerk

STATE OF COLORADO )  
COUNTY OF MORGAN )  
CITY OF FORT MORGAN )

ss.

**CERTIFICATE**

I, John Brennan, City Clerk of the City of Fort Morgan, Colorado, do hereby certify that the above and foregoing **Resolution** is a true, perfect and complete copy of the **Resolution** adopted by the City Council and is identical to the original thereof appearing in the official records of the City of Fort Morgan, Colorado, and that the same has not been, since its adoption, in any respect, rescinded or amended.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of the City of Fort Morgan this 15th day of March, 2016.



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John Brennan, City Clerk



**INTERFUND LOAN AGREEMENT**

THIS AGREEMENT, made effective as of this 1st day of May, 2016, by and between the Electric Department and System Enterprise of the City of Fort Morgan (hereinafter called “Electric Fund”) and the City of Fort Morgan for use by the Capital Improvement Fund (hereinafter called “Capital Improvement Fund”).

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned:

1. Electric Fund shall loan to the Capital Improvement Fund One Hundred Ninety-Four Thousand Two Hundred Twenty Dollars (\$194,220) payable over a five (5) year period bearing an interest rate of two percent (2%) as reflected in the following amortization schedule:

Debt Service Schedule  
Interfund Loan

Loan Amount	\$194,220
Rate	2%
Term	5 years

Period Ending	Principal	Interest	Debt Service
5/31/2017	\$ 37,321.00	\$ 3,884.40	\$ 41,205.40
5/31/2018	\$ 38,067.43	\$ 3,137.97	\$ 41,205.40
5/31/2019	\$ 38,828.77	\$ 2,376.63	\$ 41,205.40
5/31/2020	\$ 39,605.35	\$ 1,600.05	\$ 41,205.40
5/31/2021	\$ 40,397.45	\$ 807.95	\$ 41,205.40
	<u>\$ 194,220.00</u>	<u>\$ 11,807.00</u>	<u>\$ 206,027.00</u>

2. Payments made pursuant to this inter-fund loan are subject to annual appropriations by the City Council of Fort Morgan. Any default in payments shall result in all interests in the golf carts and equipment purchased with funds provided for by this inter-fund loan becoming property of the Electric Fund to dispose of as best able to recoup the value of the outstanding loan balance.

[Signature Page to Follow]



IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement in two copies each of which shall be deemed an original on the date first above written.

City of Fort Morgan Capital Improvement Fund:

Ronald Shaver  
Ronald Shaver, Mayor

John Brennan  
John Brennan, City Clerk



Electric Department and System Enterprise of the City of Fort Morgan:

Ronald Shaver  
Ronald Shaver, Board Chairman

John Brennan  
Attest



Reviewed By City Attorney

John Brennan