

CLARK COUNTY STAFF REPORT

DEPARTMENT: Clark County Treasurer's Office

DATE: February 5, 2018

REQUESTED ACTION:

The Clark County Treasurer's Office requests County Council approval of a resolution authorizing an internal loan from the Real Estate Excise Tax II Fund to the General Fund in a not to exceed amount of \$5.25 million.

Consent Hearing County Manager

BACKGROUND

On December 19, 2017 the County Council approved Staff Report #259-17 (attached), authorizing the payment of a \$5.25 million legal settlement. In order to ensure adequate reserves and minimize pressure on the General Fund, the staff report also included an internal borrowing proposal for funding the settlement. It was noted at the time that the loan would require Council approval of a resolution to be presented by the Treasurer's Office at a later date.

This staff report follows up on that requirement. The enclosed resolution authorizes a loan to be executed - only if deemed necessary to sustain sufficient cash flows- from the Real Estate Excise Tax II Fund No. 3083 to the General Fund No.0001 in a not to exceed amount of \$5.25 million. The internal loan will bear an interest rate comparable to a AA municipal bond at the time of execution. The loan will be for a term of no longer than five years. Payments will be made twice a year, in December and June. The first loan payment is projected to occur in December 2018.

The original staff report estimated budget impacts using a November 2017 interest rate of 1.76%, with projected total five year interest costs of \$257,000. The total estimated costs of the loan under this scenario were \$5.51 million. As of February 5, 2018 rates have risen to 2.0%, thereby increasing total estimated interest costs to \$293,000. As noted above, the actual rate and associated costs will be determined at the time of execution with the payment schedule adjusted as needed.

Estimated budget impacts associated with the internal loan were included in the previous staff report (#259-17). Pending approval of this resolution, a follow-up budget package will be submitted in the upcoming 2018 Spring Supplemental. Future budget adjustments may be required to accommodate for the interest rate at the time of execution.

COUNCIL POLICY IMPLICATIONS

N/A

ADMINISTRATIVE POLICY IMPLICATIONS

N/A

COMMUNITY OUTREACH

N/A

BUDGET IMPLICATIONS

YES	NO	
	X	Action falls within existing budget capacity.
	X	Action falls within existing budget capacity but requires a change of purpose within existing appropriation
X		Additional budget capacity is necessary and will be requested at the next supplemental. If YES, please complete the budget impact statement. If YES, this action will be referred to the county council with a recommendation from the county manager.

BUDGET DETAILS

Local Fund Dollar Amount	
Grant Fund Dollar Amount	
Account	General Fund and Real Estate Excise Tax Fund 3083 \$5,250,000 (one time loan to the General Fund)
Company Name	

DISTRIBUTION:

Board staff will post all staff reports to The Grid. <http://www.clark.wa.gov/thegrid/>

Sara Lowe
 Sara Lowe
 Deputy Treasurer

Doug Lasher
 Doug Lasher
 Clark County Treasurer

APPROVED: Feb 13, 2018
 CLARK COUNTY, WASHINGTON
 BOARD OF COUNTY COUNCILORS

[Signature]

DATE: Feb. 13, 2018

SR# 43-18



APPROVED: _____
 Jim Rumpeltes, Interim County Manager

DATE: _____

BUDGET IMPACT ATTACHMENT

Part I: Narrative Explanation

I. A – See approved staff report #259-17 for budget details.

Part II: Estimated Revenues

Fund #/Title	Current Biennium		Next Biennium		Second Biennium	
	GF	Total	GF	Total	GF	Total
General Fund 0001						
Real Estate Excise Tax Fund 3083						
Total						

II. A – Describe the type of revenue (grant, fees, etc.)

Part III: Estimated Expenditures

III. A – Expenditures summed up

Fund #/Title	FTE's	Current Biennium		Next Biennium		Second Biennium	
		GF	Total	GF	Total	GF	Total
Total							

III. B – Expenditure by object category

Fund #/Title	Current Biennium		Next Biennium		Second Biennium	
	GF	Total	GF	Total	GF	Total
Salary/Benefits						
Contractual						
Supplies						
Travel						
Other controllables						
Capital Outlays						
Inter-fund Transfers						
Debt Service						
Total						

RESOLUTION NO. 2018-02-13

A RESOLUTION authorizing an inter-fund loan from the Real Estate Excise Tax Fund No. 3083 to the General Fund to the extent required to satisfy a \$5.25 million legal settlement.

WHEREAS, the General Fund No.0001 has liquidity needs to be able to satisfy expenditures on a timely basis, due to the seasonal nature of its revenue stream; and

WHEREAS, it has been deemed by the County Council that this method of providing liquidity for the financing of the judgment is preferable to obtaining a loan from an external financial institution; and

WHEREAS, any loan from the Real Estate Excise Tax Fund to the General Fund will bear interest at a rate that is determined by the County Treasurer to be comparable to the interest rate on a AA-rated municipal bond per Bloomberg as of the date the loan is effectuated; and

WHEREAS, the adoption of this Resolution will further the public welfare; now, therefore,

IT IS HEREBY ORDERED AND RESOLVED BY THE BOARD OF COUNTY COUNCILORS OF CLARK COUNTY, STATE OF WASHINGTON, as follows:

Section 1. The Board hereby authorizes the County Treasurer to effectuate an inter-fund loan from the Real Estate Excise Tax Fund No. 3083 to the General Fund in a principal amount of up to \$5.25 million if and to the extent such inter-fund loan is required to pay or reimburse the General Fund for payment of the judgment. The outstanding principal balance of such loan shall not exceed \$5.25 million without further Board approval. The loan shall bear interest at a rate determined by the County Treasurer to be comparable to the interest rate on a AA-rated municipal bond per Bloomberg as of the date the loan is effectuated, and shall be repaid within five years in accordance with an amortization schedule prepared by the County Treasurer at the time the loan is effectuated. The outstanding principal of and accrued interest on the loan may be prepaid at any time as determined by the County Treasurer.

Section 2. This financing facility shall remain in place for a term of five years or for such shorter term as determined by the County Treasurer upon prepayment of the loan and a determination by the County Manager that this financing facility is no longer necessary for liquidity purposes.

Section 3. Copies of this resolution shall be filed with the Clark County Auditor, Clark County Treasurer, and in the records of the Board of County of Clark County, Washington.

ADOPTED this 13th day of Feb., 2018

Attest:

COUNTY COUNCIL
FOR CLARK COUNTY, WASHINGTON

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Clerk to the Board

By *Marc Boldt*
Marc Boldt, Chairman

Approved as to Form Only
Taylor Hallvik
Prosecuting Attorney

By *Taylor Hallvik*

By _____
Jeanne Stewart, Councilor

By _____
Julie Olson, Councilor

By _____
John Blom, Councilor

By _____
Eileen Quiring, Councilor

