

Resolution No.

PARKING AUTHORITY OF THE CITY OF STOCKTON

A RESOLUTION APPROVING AN INTERFUND LOAN IN THE AMOUNT OF \$8,915,000 BETWEEN THE INTERNAL SERVICE FUND - WORKERS COMP FUND (551) AND THE PARKING AUTHORITY FUND (418)

It is in the best interest of the Parking Authority of the City of Stockton to engage in interfund borrowing pursuant to City Council Interfund Loan Policy 17.01.020 to reduce borrowing costs for existing debt related to the Stewart-Eberhardt Building located at 22 East Weber Avenue and adjacent public parking facility located at 15 North El Dorado Street; and

The existing 2006 Lease Revenue Refunding Bonds Series A were issued in the amount of \$13,965,000 in March 2006. The Bonds were issued to finance the acquisition and construction of the Stewart-Eberhardt Building and the adjacent parking structure. The current source for repayment of these bonds is from Parking Authority Fund (418) revenues; and

The Fiscal Year (FY) 2018-19 budget includes refinancing of the bonds through an interfund loan from the Workers' Compensation internal service fund (551) reserves for workers whose compensation claims are projected to be paid more than ten years in the future. The interfund loan in the amount of **\$8,915,000** will pay off the existing 2006 Lease Revenue Refunding Bonds Series A, which carry a 4 percent interest rate; and

The Parking Authority Fund (418) will repay the interfund loan by making scheduled payments to the Workers' Compensation internal service fund, with the loan balance carrying a two percent rate of interest (which is sufficient to make the Workers Compensation internal service fund whole because that rate reflects the yield historically earned on the City's investment of fund balances); and

All payment obligations provided for here are subordinate to any obligations arising from any applicable bankruptcy-related settlement agreements; and

This interfund loan will result in significant savings to the Parking Authority fund through the reduction in interest expense. The Loan payment schedule is adopted as shown in Exhibit 1; now, therefore,

**BE IT RESOLVED BY THE PARKING AUTHORITY OF THE CITY OF
STOCKTON, AS FOLLOWS:**

1. The loan detailed above is approved.

2. The Executive Director is authorized to take such actions as are necessary and appropriate to carry out the loans, including the execution of any required documents, the completion of any necessary payments or fund transfers and the payment of any reasonable associated expenses.

PASSED, APPROVED, and ADOPTED June 5, 2018.

MICHAEL D. TUBBS, Chair
of the Parking Authority of the City of
Stockton

ATTEST:

BRET HUNTER, CMC
Clerk of the Parking Authority
of the City of Stockton