

# **INTERFUND LOAN AND REPAYMENT AGREEMENT**

## **BETWEEN RISK MANAGEMENT FUND AND GENERAL PURPOSE FUND**

This Agreement, dated July 15, 2018, is to memorialize the interfund loan approved by the City Council at its regular meeting on July 10, 2018, approving a loan from the Risk Management Fund to the General Purpose Fund for the upgrade and purchase of energy efficiency equipment for the operation of the City's Heating, Ventilation, and Air Conditioning systems and Lighting.

### **RECITALS**

WHEREAS, the City Council authorized funding the loan from the Risk Management Fund for a period of 19 years subject to simple interest at the rate of 3.6%; and

WHEREAS, the City wishes to memorialize the loan terms pursuant to this Agreement.

### **AGREEMENT**

NOW, THEREFORE, the City memorializes an interfund loan as follows:

#### **1. PURPOSE**

The purpose of this Agreement is to memorialize the loan from the Risk Management Fund to the General Purpose Fund.

#### **2. TERM OF AGREEMENT**

This Agreement shall be in full force and effect for a period beginning as of July 15, 2018, and continue until repayment is satisfied in full accordance with the terms of this Agreement. The cash will be transferred from the Risk Management Fund to the General Purpose Fund on July 15, 2018 with the first annual payment of interest and principal due on July 15, 2019.

#### **3. REPAYMENT OF INTERFUND LOAN**

The General Purpose Fund will repay the Risk Management Fund the amount of \$2,850,550 Dollars. This debt shall bear simple interest at the 3.6% rate (the estimated tax-exempt debt rate A rated paper as of June 2018) beginning on July 15, 2018 and shall be repayable as provided in Section 4.

#### **4. REPAYMENT TERMS**

The payment of principal plus interest thereon shall be made annually as outlined in Exhibit 1 – Payment Schedule. The principal may be prepaid without penalty at any time. Beginning July 15, 2019, any unpaid interest shall accrete to principal.

5. TERMINATION OF AGREEMENT

This Agreement shall expire when the loan is repaid in full.

IN WITNESS WHEREOF, the City Manager of the City of Garden Grove, as authorized by minute action of the City Council, has executed this Agreement, and the Finance Director has attested to the transfer of the funds in the principal amount of the loan.

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Scott C. Stiles  
City Manager

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Kingsley Okereke  
Assistant City Manager/Finance Director