

Interfund Loan to the Parking Garage Operations Fund



- The Department of Finance and Administrative Services (“**FAS**”) seeks authority for a \$10,000,000 loan from the Fleet Services Subfund (50320) to the Parking Garage Operations Fund.

- The new interfund loan will expire on December 31, 2016.

- The new interfund loan replaces the \$9,500,000 interfund loan which expired on December 31, 2015.

- Most of the proceeds from the new interfund loan will go to repay the approximately \$7,600,000 currently outstanding under the expired \$9,500,000 interfund loan.
- Additional proceeds from the new interfund loan will provide the Parking Garage Operations Fund with sufficient cash to pay debt service on the bonds allocated to the Parking Garage Operations Fund when the fund's principal asset – the Pacific Place Garage - was refinanced in 2007.
- The bonds issued to purchase the Pacific Place Garage and later refinance it provide for graduated payments: no or very low debt service payments in the early years of the repayment schedule
- offset by escalating debt service payments in the later years.
- FAS anticipates that the new interfund loan will be repaid from the proceeds of the sale of the Pacific Place Garage.

Authority for an Interfund Loan

Seattle Municipal Code section 5.06.030 - Fund investments—Interfund loans.

“The Director of Finance, after consulting with the Director of Finance and Administrative Services, the City Budget Director, and the Chair of the Finance and Budget Committee of the City Council may in his or her discretion [subsections A - D intentionally omitted]:

*E. **Make loans to individual funds** participating in a common investment portfolio by means of carrying funds in a negative cash position for a period of up to 90 days, **or for longer period upon approval by ordinance**, to the extent and for as long as (i) such loans can be prudently supported by the common investment portfolio and (ii) the borrowing fund is reasonably expected to be able to repay the loan. The Director of Finance, after consulting with the Director of Finance and Administrative Services may also charge interest at the common investment portfolio's rate of return to the borrowing fund [emphasis added].”*