



## Notice of Special City Council Meeting and Special Meeting Agenda - **AMENDED**

**JUNE 15, 2017**  
**5:30 P.M.**  
COUNCIL CHAMBER  
1700 7<sup>TH</sup> Street  
Sanger, California 93657

A. CALL TO ORDER

B. ROLL CALL

C. DEPARTMENT REPORT

The public will have an opportunity to comment on this agenda item prior to action by the Council.

1. SUBJECT: Prepayment of the Sanger Youth Center Loan.

RECOMMENDATION: That the City Council approve the prepayment of the Sanger Youth Center loan saving the General Fund interest expenses for 2 years.

D. PUBLIC FORUM

(This portion of the meeting is reserved for persons desiring to address the Council on an item which is to be considered during Closed Session. Speakers should limit their comments to three (3) minutes.)

E. CLOSED SESSION

Pursuant to Government Code Section 54956.95  
LIABILITY CLAIMS

1. Claimant: Paul Cantu  
Agency Claimed Against: City of Sanger

2. Claimant: Kenneth Hamilton  
Agency Claimed Against: City of Sanger

3. Claimant: Fabiola Ruiz  
Agency Claimed Against: City of Sanger

F. CITY ATTORNEY REPORT FROM CLOSED SESSION

G. ADJOURNMENT

In compliance with the Americans with Disabilities Act (ADA), if you need special assistance to participate at this meeting, please contact the City Clerk at 559/876-6300 Ext 1350. Notification of 48 hours prior to the meeting will enable the City Clerk to make reasonable arrangements to ensure accessibility to this meeting. Pursuant to the ADA, the meeting room is accessible to the physically disabled.

*I certify under penalty of perjury, under the laws of the State of California that the foregoing agenda was posted in accordance with the applicable legal requirements. Dated this 14<sup>th</sup> day of June 2017.*

  
\_\_\_\_\_  
*Rebeca Hernandez, City Clerk*



# CITY OF SANGER

## REPORT TO THE CITY COUNCIL

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**To:** Mayor and Councilmembers  
**From:** Gary Watahira, Interim Administrative Services Director  
**Subject:** Prepayment of the Sanger Youth Center Loan  
**Attachments:**

- Loan Amortization Schedule
- Analysis of Loan and Pooled Investment Interest

**CONFLICT OF INTEREST:**

None.

**RECOMMENDATION:**

That the City Council approve the prepayment of the Sanger Youth Center loan saving the General Fund interest expenses for 2 years.

**EXECUTIVE SUMMARY:**

The Sanger Youth Center loan expires in Fiscal Year 2019, the interest rate is 3.046%. The General Fund pooled cash interest rate for short term investments averages 1.25%. Prepaying the loan balance of \$280,342 will save the general fund \$13,055 as well as utilizing funds earning a lower interest rate than the loan interest rate.

**BACKGROUND:**

In Fiscal year 2009, the Sanger City Council approved a loan from the Sewer Fund to the General Fund for the Sanger Youth Center. The total loan amount was \$1,245,709 with an annual interest rate of 3.046%. The annual payments, beginning on June 30, 2010, are \$146,698.32 with final payment due on June 30, 2019. The loan was to acquire and renovate the former farmers market into the Sanger Youth Center. The project was funded by grants and the loan from the Sewer fund.

Prepared by: G.Watahira

Approved by: G.Watahira

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REVIEW: City Manager: \_\_\_\_\_ Finance: \_\_\_\_\_ City Attorney: \_\_\_\_\_

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TYPE OF ITEM:	COUNCIL ACTION:	APPROVED	DENIED	NO ACTION
<input type="checkbox"/> Consent		<input type="checkbox"/>	<input type="checkbox"/>	Public Hearing
<input type="checkbox"/> Info Item		<input type="checkbox"/>	<input type="checkbox"/>	Matter Initiated by a Council Member
<input checked="" type="checkbox"/> Action Item		<input type="checkbox"/>	<input type="checkbox"/>	Other
<input checked="" type="checkbox"/> Department Report		<input type="checkbox"/>	<input type="checkbox"/>	Continued to: _____
<input type="checkbox"/> Redevelopment Agency				

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**REASON FOR RECOMMENDATION:**

Reduce interest expenses to the General Fund by utilizing lower interest earning pooled cash to prepay the loan from the Sewer Fund 2 years early.

**FISCAL IMPACT:**

Sufficient Unassigned General Fund Reserve is available to prepay the balance of \$280,342, reducing the Unassigned General Fund Reserve balance from \$2.7 million to 2.4 million. Interest expense savings to the General Fund is \$13,055.

**ALTERNATIVES:**

Continue to payoff loan on schedule.

**ACTIONS FOLLOWING APPROVAL:**

Prepayment of Sewer Fund loan to the General Fund.

**Sanger Youth Center**

Compound Period ..... : Monthly

Nominal Annual Rate .... : 3.046 %

**CASH FLOW DATA**

Event	Date	Amount	Number	Period	End Date
1 Loan	06/30/2009	1,245,709.00	1		
2 Payment	06/30/2010	146,698.32	10	Annual	06/30/2019
3 Payment	06/30/2020	0.00	1		

**AMORTIZATION SCHEDULE - Normal Amortization**

Date	Payment	Interest	Principal	Balance
Loan 06/30/2009				1,245,709.00
2009 Totals	0.00	0.00	0.00	
1 06/30/2010	146,698.32	38,478.54	108,219.78	1,137,489.22
2010 Totals	146,698.32	38,478.54	108,219.78	
2 06/30/2011	146,698.32	35,135.75	111,562.57	1,025,926.65
2011 Totals	146,698.32	35,135.75	111,562.57	
3 06/30/2012	146,698.32	31,689.71	115,008.61	910,918.04
2012 Totals	146,698.32	31,689.71	115,008.61	
4 06/30/2013	146,698.32	28,137.22	118,561.10	792,356.94
2013 Totals	146,698.32	28,137.22	118,561.10	
5 06/30/2014	146,698.32	24,475.01	122,223.31	670,133.63
2014 Totals	146,698.32	24,475.01	122,223.31	
6 06/30/2015	146,698.32	20,699.67	125,998.65	544,134.98
2015 Totals	146,698.32	20,699.67	125,998.65	
7 06/30/2016	146,698.32	16,807.71	129,890.61	414,244.37
2016 Totals	146,698.32	16,807.71	129,890.61	
8 06/30/2017	146,698.32	12,795.54	133,902.78	280,341.59
2017 Totals	146,698.32	12,795.54	133,902.78	
9 06/30/2018	146,698.32	8,659.43	138,038.89	142,302.70
2018 Totals	146,698.32	8,659.43	138,038.89	
10 06/30/2019	146,698.32	4,395.57	142,302.75	0.05-
2019 Totals	146,698.32	4,395.57	142,302.75	
11 06/30/2020	0.00	0.05	0.05-	0.00
2020 Totals	0.00	0.05	0.05-	

**Sanger Youth Center Loan from Sewer Fund  
Prepayment Interest Expense Analysis**

	<b>2018</b>	<b>2019</b>
Sewer Fund Loan Interest Expense	(8,659)	(4,394)
General Fund Pooled Interest Revenue	3,504	1,779
<b>Net Expense without Prepayment</b>	<b>(5,155)</b>	<b>(2,615)</b>

Note: Compares the loan interest expense per amortization table (Interest Rate 3.046%) to the interest that would have been earned without prepayment in General Fund pooled cash and investments (Interest Rate approximately 1.25%).