

## RESOLUTUION 10-18-12

### RESOLUTION OF THE TRUSTEES OF THE LAKE SANTEE REGIONAL WASTE AND WATER DISTRICT

Resolution to approve an intercompany loan from the Sewer District Operations to the Water District Operations for the purpose of purchasing a portable vacuum unit for use at the Water District water plant.

**Whereas** the Lake Santee Regional Waste and Water District (the "District") has a need to purchase a capital piece of equipment to reduce the overall expense of changing the activate carbon in the water plant filters every 12-14 months; and

**Whereas** the Lake Santee Regional Waste and Water District has been paying a contractor to perform this work at a high cost; and

**Whereas** the Board has approved the revised procedure to purchase the portable vacuum unit and change the activated carbon using local resources at a substantial savings; and

**Whereas** the Board has reviewed the funding options and selected the self funded option using a loan from sewer operations to the water operations.

**NOW THEREFORE**, be it resolved by the Trustees of the Lake Santee Regional Waste and Water District to approve the intercompany loan from sewer operation to water operations under the following conditions:

1. The loan value from sewer operations is to be \$40,000, payable to the water operations.
2. The loan is to be repaid in 5 years.
3. Interest for this loan is to be 3% simple interest.
4. Payments shall be made in 10 equal payments of \$4,120 due on the first day of July and the last day of December each year.
5. The payment break down is \$4,000 principal and \$120 interest.
6. Each month the water operations shall set aside \$687 to meet this obligation.
7. The Lake Santee Regional Waste and Water District Administrator shall set special accounts in the general ledgers as follows:
  - a. A new asset account in the sewer general ledger for "loan receivable – water fund"
  - b. A new liability account in the water general ledger "loan payable – sewer fund"
  - c. The existing sewer interest income account and the water interest expense accounts shall be used to record the interest activity.

Approval of this resolution enables the Lake Santee Regional Waste and Water District Administrator to transfer funds as described and to complete the purchase of the portable vacuum unit as specified in the winning bidders written bid.

Adopted this day 18<sup>th</sup> of October, 2012

Approved: Peter C. Zillich

Approved: Clair D. Friedrich

Approved: Scott Gibbs

Approved: Paul E. Hornell

Approved: Ed Fef

Approved: Frank J. Eibay

Approved: William Hill