

**LOAN AGREEMENT BETWEEN THE ROAD FUND AND THE COUNTY OF SAN MATEO**

**THIS AGREEMENT**, entered into this \_\_\_\_ day of \_\_\_\_\_, 2020, by and between the General Fund of the County of San Mateo, a political subdivision of the State of California, hereinafter called "County" and the Road Fund, a county fund of the County of San Mateo ("Road Fund"),

**WITNESSETH**

**WHEREAS**, On September 25, 2018, the Board of Supervisors approved an appropriation of \$400,000 for an internal lease request to purchase a piece of equipment referred to as a Ditch Master to assist road crews in addressing drainage problems, mitigating costly road repair and replacement costs resulting from water damage; and

**WHEREAS**, on October 1, 2018, the County Budget Director authorized the transfer of funds from the general fund of up to \$400,000 to the Road Fund to purchase a Ditch Master through the internal lease program; and

**WHEREAS**, subject to the terms and conditions set forth herein, it is necessary and desirable that the sum of up to \$400,000 be loaned to Road Fund from the County General Fund, non-departmental services, to allow the Road Fund to meet its estimated financial obligations to pay for the Ditch Master equipment purchased and received in FY 2019-20; and

**WHEREAS**, the parties agree that the County's loan to the Road Fund will be secured by the Road Fund's Net Revenues (as defined herein).

**NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:**

1. **Loan Amount** - County agrees to lend the Road Fund up to FOUR HUNDRED THOUSAND DOLLARS (\$400,000) that will be used by the Road Fund to pay for the Ditch Master Equipment purchase.
2. **Source of Loan Funds** – County will make the Loan to the Road Fund from the County General Fund.
3. **Term of Loan** – Road Fund agrees to fully repay the Loan Amount plus accrued interest no later than thirty (10) years from the start of the fiscal year following the date County disburses under the Loan. Road Fund shall make one payment per year to the County no later than June 30<sup>th</sup> of each year during the term of the Loan. The Road Fund shall be allowed to repay the Loan at an accelerated schedule without a prepayment penalty.
4. **Interest Rate on Loan** – The Road Fund agrees to pay a fixed interest on the Loan Amount at a rate equal to 1.86%, the net earnings rate paid on pooled reserves in the County Treasury in the third quarter of FY 2019-20.
5. **Repayment Schedule** – The County Controller agrees to prepare an estimated repayment schedule for the Loan Amount with each payment and shall retain said schedule. The repayment schedule shall be based on one payment by Road Fund per year. These payments shall be due on June 30 of each year for a period of 10 years until the Loan Amount is repaid in full. The Road Fund agrees to make these payments as they come due from the Road Fund’s Revenues and/or other amounts legally available to the Road Fund for such payments. For purposes of this Agreement, “Revenues” means, for each fiscal year, all gross income and revenue

received or receivable by the Road Fund from the ownership or operation of the Road Fund.

6. **Security** – The Road Fund agrees that repayment of the outstanding Loan Amount under this Agreement shall be made from “Net Revenues” collected by the Road Fund. For purposes of this Agreement, “Net Revenues” means, for each fiscal year, the Fund’s Revenues, less the Fund’s operations and capital costs.
7. **Obligations Binding on Successors in Interest** - The Parties agree that their obligations under this Agreement shall be binding on their respective permitted successors and assigns.
8. **Governing Law** - This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.
9. **Amendment** - No amendment of the terms of this Agreement shall be valid unless it is in writing and signed by the parties. No oral understanding or agreement not incorporated into this Agreement is binding on any of the Parties.
10. **Accounting** – The Road Fund shall maintain an accounting of all funds advanced to it pursuant to this Agreement and shall provide any documentation and records to the County Controller, or his designee, upon request.

ATTEST:

COUNTY OF SAN MATEO

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Robert Manchia, County Budget Director

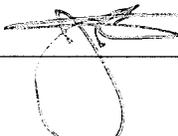
APPROVED AS TO FORM:

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County Counsel

ATTEST:

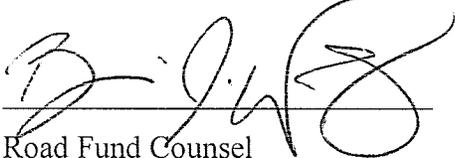
Road Fund, County of San Mateo



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James C. Potter, Director of Public Works,

APPROVED AS TO FORM:



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Road Fund Counsel