



## Public Improvement Fund Borrowing Policy

### **PURPOSE**

The purpose of this policy is to set the procedures for loans from Otsego County's Public Improvement Fund, as established by Resolution OCR 91-46, to General Fund Departments, Special Revenue Departments (County Departments with dedicated millages), and the following Component Units: Commission on Aging, Emergency Medical Services, Bus System, Road Commission, Sportsplex, and University Center.

### **POLICY**

It is the policy of Otsego County that loans from the Public Improvement Fund to Component Units or Special Revenue Departments will be repaid at an interest rate that is the highest of either 4% or the investment rate of interest the Public Improvement Fund is earning on the date of the loan request (or the average rate of interest, if the Public Improvement Fund dollars have been invested in more than 1 investment medium).

Loans from the Public Improvement Fund to General Fund Departments will not be required to pay interest.

If payment is late by more than 30 days, the Otsego County Finance Department is directed to transfer the funds for the payment from the appropriate borrower's cash account.

Loans may be approved for acquiring, constructing, extending, altering, repairing or equipping public improvements or public buildings, or for purchasing major equipment. Loans for operational expenses will not be allowed.

### **PROCEDURE**

1. Requests for loans from the Public Improvement Fund must be in writing to the County Administrator. The request should include the reason for the loan request, duration of the loan, amount of the loan, source of replacement funds to pay back the loan, and payment terms (i.e. quarterly, monthly...). Supporting documentation may be required with the loan application.
2. The County Administrator will then present the request to the Budget & Finance Committee for their recommendation to the full Board of Commissioners.
3. The Board of Commissioners will have final approval over loan requests.