

**CITY OF DESERT HOT SPRINGS  
INTERFUND REIMBURSEMENT AGREEMENT BY AND BETWEEN  
GENERAL FUND (001)  
AND  
PUBLIC USE FACILITIES DEVELOPMENT IMPACT FEE FUND (106)**

THIS INTERFUND REIMBURSEMENT AGREEMENT ("Agreement") is entered into this 7th day of May, 2019 (the "Effective Date"), by and between the City of Desert Hot Springs General Fund (the "General Fund") and the City of Desert Hot Springs Public Use Facilities Development Impact Fee Fund ("DIF Fund").

**RECITALS**

**WHEREAS**, municipal interfund reimbursements involve the advancement of monies by one municipal fund to a particular payee for a specific purpose with a requirement for repayment of that advancement by another fund; and

**WHEREAS**, the practice of interfund reimbursements is a recognized and necessary aspect of municipal finance; and

**WHEREAS**, such reimbursements constitute the allocation of resources between individual funds for working capital purposes; and

**WHEREAS**, the City of Desert Hot Springs ("City") is building a new City Hall (the "Project"); and

**WHEREAS**, this Agreement is being entered into because the General Fund possesses the ability to internally finance the Project, which it has done and will continue to do in the total amount of Two Million Three Hundred Ninety-Four Thousand Nine Hundred Forty-Eight Dollars and Zero Cents (\$2,394,960.00), with the expectation that it will be reimbursed by the DIF Fund over a period of years.

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

**AGREEMENT**

**Section 1. RECITALS**

The Recitals set forth above are true and correct and incorporated herein by reference as though set forth at length herein.

**Section 2. GENERAL FUND REIMBURSEMENT**

The DIF Fund hereby agrees to reimburse the General Fund an amount not to exceed Two Million Three Hundred Ninety-Four Thousand Nine Hundred and Forty-Eight Dollars and Zero Cents (\$2,394,960.00) (the "Full Reimbursement Amount"), in accordance with the terms of this Agreement as more fully set forth below.

### **Section 3. TERM**

The term of this Agreement shall be fifteen (15) years, commencing on the Effective Date and expiring May 6, 2034, fifteen years after the Effective Date (the "Expiration Date"). If at the expiration of this Agreement there is still a balance of reimbursement due to the General Fund from the DIF Fund, this Agreement may be amended to extend the term as needed to provide for reimbursement of the Full Reimbursement Amount in its entirety to the General Fund.

### **Section 4. REPAYMENT TERMS**

a. The DIF Fund shall repay the General Fund, in annual installments, as a reimbursement for funds paid and to be paid to finance the Project, from available monies paid into the DIF Fund. The first annual installment shall be for the period from the Effective Date to June 30, 2019 and shall be paid to the General Fund not later than August 30, 2020. Subsequent annual installments shall cover succeeding fiscal year periods and shall be paid by the August 30<sup>th</sup> following the end of a fiscal year reportable in that same fiscal year as being paid. The amount of each annual payment shall be determined by the City's Finance Director and City Manager each year based upon review of the total fees collected and approved capital improvement projects using the funding to pay for projects in any given year approved by the City Council and the fund balance on hand at the end of the year. The Finance Director will authorize payment of the determined amount of the DIF Fund for each period to which a particular annual installment payment applies.

b. The DIF Fund reserves the right to prepay any or all portions of the Full Reimbursement Amount to the General Fund at any time without the payment of penalties or premiums.

c. The Full Reimbursement Amount advanced and to be advanced by the General Fund shall bear simple accrued interest, accrued thereon on the annualized (averaged) Local General Fund Investment Fund ("LAIF") rate and shall bear interest at such rate per annum from the date of advance of the Full Reimbursement Amount or any portion thereof, by the General Fund until repaid in full.

d. The DIF Fund shall repay all sums by no later than the Expiration Date in accordance with the terms and conditions of this Agreement.

### **Section 5. NON-RECOURSE OBLIGATION**

No officer, official, employee, agent, or representative of the City shall be liable for any amounts due hereunder, and no judgment or execution thereon entered in any action hereon shall be personally enforced against any such officer, official, employee, agent, or representative.

#### **Section 6. REMEDIES**

Failure to pay any sum provided for in this Agreement when due or a material breach of this Agreement shall entitle the General Fund to declare all sums due hereunder immediately due and payable and to pursue all remedies available at law or in equity. Failure of the General Fund to demand payment or exercise of any available remedy shall not constitute a waiver of such default or breach.

#### **Section 7. ENTIRE AGREEMENT**

a. This Agreement supersedes any and all other agreements, either oral or written with respect to the subject matter of this Agreement.

b. This Agreement contains all of the covenants and agreements between the parties with respect to the subject matter of this Agreement.

c. No agreement, statement, or promise not contained in this Agreement shall be valid or binding.

#### **Section 8. MODIFICATIONS AND AMENDMENTS**

This Agreement may be modified or amended only by a written instrument signed by both parties.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the date first written above.

**GENERAL FUND**

**DIF FUND**

\_\_\_\_\_  
Scott Matas, Mayor of City

\_\_\_\_\_  
Scott Matas, Mayor of City

**ATTEST:**

**ATTEST:**

\_\_\_\_\_  
Jerryl Soriano, City Clerk of City

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Jerryl Soriano, City Clerk of City

**APPROVED AS TO FORM:**

**APPROVED AS TO FORM:**

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Jennifer Mizrahi, City Attorney of City

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Jennifer Mizrahi, City Attorney of City