BOARD POLICY: INTERDISTRICT LOAN
BOARD POLICY NUMBER: 5

Original Date: 1995
Last Reviewed: April 2013
Last Revised: November 2014

In the event an improvement district expends all of its Undesignated Funds, it shall borrow funds from its Board Designated Fund reserves to meet ongoing requirements. In the event an improvement district expends all of its Board Designated Fund reserves, it may receive a loan from the Novato Improvement District in an amount sufficient to meet its ongoing requirements. Restricted Funds shall not be used to finance ongoing operating expenses.

No interest shall be paid by an improvement district on funds borrowed from its improvement district's Board Designated Fund reserves. Interest on loans from the Novato Improvement District shall be paid by the recipient district to the Novato district based upon the outstanding loan balance at the close of the previous accounting period.

Interest shall be calculated at the higher of:

1. The weighted average interest rate of Novato improvement district debt (2.75% at 06/30/14); or
2. The average interest rate earned on the District treasury since the close of the previous accounting period;
3. Plus $50 per month.