

FINANCE COMMITTEE

10-0181R

RESOLUTION APPROVING THE BUDGET FOR THE FISCAL YEAR  
MAY 1, 2010, TO APRIL 30, 2011, IN THE AMOUNT OF  
\$5,036,310 FOR THE SPIRIT MOUNTAIN RECREATION AREA  
AUTHORITY.

CITY PROPOSAL:

RESOLVED, that the budget for the fiscal year May 1, 2010, to April 30, 2011, in the amount of \$5,036,310 as set out in the budget on file with the city clerk as Public Document No. \_\_\_\_\_, for the Spirit Mountain recreation area authority is hereby approved.

FURTHER RESOLVED, the \$225,000 in the restricted repair and replacement account shall be made available for general operating expenses as needed for fiscal year 2011. Construction of the Alpine Coaster shall fulfill the obligation of the authority to expend monies for necessary repairs and replacements to the recreation facilities.

FURTHER RESOLVED, the city acting through the city treasurer, shall make available a line of credit up to \$350,000, to be drawn upon as needed, to assist in the management of cash flow within the budget as approved, same to be repaid in full (to a zero balance) by October 31 of that year. Interest at a rate of 4.00 percent per annum shall be charged on drawn funds. The city treasurer shall determine the forms, procedures and supporting documentation that will be required to draw on the line of credit. Such transactions shall be subject to

audit and public disclosures.

Approved:

Approved for presentation to council:

\_\_\_\_\_  
Department Director

\_\_\_\_\_  
Chief Administrative Officer

Approved as to form:

Approved:

\_\_\_\_\_  
Attorney

\_\_\_\_\_  
Auditor

BUDGET PS:rb 4/2/2010

STATEMENT OF PURPOSE: This resolution approves the expense budget for the Spirit Mountain recreation area authority for the budget year May 1, 2010 - April 30, 2011, in the amount of \$5,036,310. This budget includes a \$225,000 repair and replacement capital plan which must be approved per the 2003 refinance agreement, Section 3.1e. For fiscal year 2011, the \$225,000 will be made available for general operating expenses as needed. Construction of the Alpine Coaster is viewed as fulfilling the requirement in the agreement. Also included in this budget, per Section 3.2a of the same agreement, is an appropriation of \$275,000 from the city of Duluth 's tourism taxes to Spirit Mountain for payment of principal and interest on the refinancing bonds. This resolution approves the total expense budget for Spirit Mountain including operating expenses, non-operating expenses, cost of goods sold, depreciation, amortization and net income. Spirit Mountain recreation area authority is the only authority which operates on a different fiscal year than the rest of the city budgets.

The line of credit is being made available to draw upon for cash flow purposes caused by the authority's seasonal operations. It is neither parties' intent to use this line of credit either in total or on a routine basis. At the request of the authority, the proposed line of credit increase is \$100,000, for a total of \$350,000.