



AGENDA REPORT

Meeting Date: November 16, 2010
Item Number: F-6
To: Honorable Mayor & City Council
From: Scott G. Miller, CFO
John Shim, Management Analyst
Subject: AUTHORIZATION BY THE CITY COUNCIL OF BEVERLY HILLS TO
GUARANTEE EMPLOYEE FURLOUGH LOANS FROM THE
BEVERLY HILLS FEDERAL EMPLOYEES CREDIT UNION
Attachments:

RECOMMENDATION

Staff recommends that the City Council approve a loan program for employees affected by City furloughs in partnership with the Beverly Hills Federal Employees Credit Union, authorize the Chief Financial Officer to deposit up to \$100,000 into a credit union account, and to execute the required documents to offer the loan program.

INTRODUCTION

Due to gaps in Fiscal Year 2010-2011 budget, a furlough period for 40 hours will take place. During this time, employees will be subject to an unpaid leave of absence. Per council direction, staff worked with the Beverly Hills Federal Employees Credit Union to establish a loan program to assist employees whose finances will be negatively affected by the furloughs.

DISCUSSION

This loan program will replace participating employee's salaries not earned during the furlough period from 12/13/10 through 12/30/10. Loans will be administered by the Beverly Hills Federal Employees Credit Union in the amount of the affected employee's base rate plus any recurring special pay rates for the 40 hours of furlough time. The City will guarantee the loans with a 50% deposit of the total loan amount into a credit union interest bearing account.

Participating employees are required to be Beverly Hills Federal Credit Union members, which will require a fee of \$30. This fee will be assessed by the credit union at the time of application. Interest on the loan will be assessed at 3% simple interest, with principal and interest deducted automatically from the participating employee's paycheck over the course of 12 months.

The loan program will be available between 11/25/10 through 12/15/10 and those employees that wish to participate must bring their most recent pay stubs to the Beverly Hills Federal Credit Union where they will also complete their application forms.

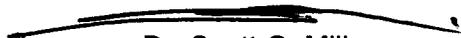
FISCAL IMPACT

The City will allocate up to \$100,000 in general funds to guarantee the loan program. Given that repayment of these loans will be automatically deducted from employee paychecks, staff expects no defaults in the loans and thus no dollars needed from City deposited funds. As such, there is minimal fiscal impact to the City.



Noel Marquis

Assistant Director of Administrative
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Dr. Scott G. Miller

Director of Administrative Services /
CFO