

RESOLUTION NO. 2016-76

A Resolution adopting a Supplemental Budget for fiscal year 2016-2017 and making supplemental appropriations for redemption of the City's PERS transition liability.

RECITALS:

When the Oregon Public Employee Retirement System (PERS) State and Local Government Rate Pool (SLGRP) was created in 2001, PERS actuaries calculated a transition surplus or liability for each employer joining the SLGRP. The transition surplus or liability for the employer was not absorbed by the SLGRP, but remained the responsibility of the employer. When the City joined the SLGRP, PERS actuaries calculated that the City had a transition liability (TL). The City has determined that it is in its best interest to make a lump sum payment to PERS, eliminating the TL, achieving savings in interest costs, and reducing the City's employer contribution to PERS.

The City has the opportunity to issue debt and use the proceeds to make the lump sum payment to PERS, in effect, refinancing the PERS transition liability with debt that carries a much lower interest rate.

On September 27, 2016, the City Council authorized a full faith and credit borrowing in an amount not to exceed \$3,600,000 for the purpose of making the lump sum payment to PERS.

On October 31, 2016, the City intends to execute an agreement with JPMorgan Chase Bank, NA to finance the amount of the lump sum payment. The City will receive approximately \$3,532,560 in loan proceeds, with \$3,502,560 for the lump sum payment and approximately \$30,000 to pay debt issuance costs. The agreement with JPMorgan Chase Bank, NA carries an All-In Trust Interest Cost of 2.84 percent, compared to 7.50 percent currently charged by PERS on the City's TL. Refinancing the TL will result in net present value savings of approximately \$950,000.

Upon execution of the agreement with JPMorgan Chase Bank, NA, the City will transmit the loan proceeds to PERS to pay the balance of the PERS transition liability in full.

Due to these circumstances, which were not foreseen at the time the fiscal year 2016-17 budget was adopted, a supplemental budget for fiscal year 2016-17 is necessary to create an appropriation in the General Fund, Non-Departmental Department to allow disbursement of the loan proceeds to PERS, redemption of the City's transition liability, and payment of loan issuance costs.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMINNVILLE, as follows:

1. **Adopt the following Supplemental Budget:** The Council of the City of McMinnville adopts the following Supplemental Budget for fiscal year 2016-2017 in the General Fund, Non-Departmental Department.

2. **Make Supplemental Appropriations:** The additional appropriations for fiscal year 2016-2017 are hereby appropriated, as follows:

General Fund, Non-Departmental Department, Debt Service appropriation is increased to allow disbursement of the loan proceeds to PERS and to pay the balance of the PERS transition liability in full.

General Fund, Non-Departmental Department, Materials & Services appropriation is created to allow payment of loan issuance costs.

<u>General Fund:</u>	<u>Adopted Budget</u>	<u>Budget Adjustment</u>	<u>Amended Budget</u>
Resources:			
Beginning Fund Balance	\$ 7,097,365		\$ 7,097,365
Property Taxes	11,931,000		11,931,000
Licenses and Permits	2,488,050		2,488,050
Intergovernmental	1,712,212		1,712,212
Charges for Services	1,401,727		1,401,727
Fines and Forfeitures	558,200		558,200
Miscellaneous	353,081		353,081
Transfers In	1,430,875		1,430,875
Other Financing Sources	2,022,000	3,532,560	5,554,560
Total Resources	\$28,994,510	3,532,560	\$32,527,070

<u>General Fund:</u>			
Requirements:			
Administration	\$ 1,107,286		\$ 1,107,286
Finance	751,854		751,854
Engineering	903,100		903,100
Planning	549,251		549,251
Police	7,613,385		7,613,385
Municipal Court	466,343		466,343
Fire	2,929,453		2,929,453
Parks & Recreation	2,536,131		2,536,131
Park Maintenance	1,181,630		1,181,630
Library	1,464,403		1,464,403
Non-Departmental (Not allocated to Department or Program):			
Materials & Services	-----	30,000	30,000
Special Payments	2,064,330		2,064,330
Debt Service	150,125	3,502,560	3,652,685
Transfers Out	1,810,155		1,810,155
Contingency	900,000		900,000
Ending Fund Balance	4,567,064		4,567,064
Total Requirements	\$28,994,510	3,532,560	\$32,527,070

This resolution shall take effect immediately upon passage and shall continue in full force and effect until revoked or replaced.

Adopted by the Council of the City of McMinnville at a regular meeting held the 25th day of October, 2016 by the following votes:

Ayes: Drabkin, Hill, Jeffries, Menke, Ruden, Yoder

Nayes: _____

Approved this 25th day of October, 2016.



COUNCIL PRESIDENT

Approved as to form:



CITY ATTORNEY