

## RESOLUTION NO. 2019-27

A Resolution authorizing an interfund loan from the Wastewater Capital Fund to the Airport Maintenance Fund

### RECITAL:

Oregon Local Budget Law allows a local government to loan money from one fund to another, provided the loan is authorized by an official resolution of the governing body (ORS 294.468). This resolution authorizes a loan from the Wastewater Capital Fund to the Airport Maintenance Fund, as needed, due to the unanticipated need to replace the AV Gas Tank and Fuel System (fuel tank) at the Airport.

On December 11, 2018, the City Council adopted Resolution 2018-66 declaring an emergency and awarding a contract, in the amount of \$116,878.15, to Mascott Equipment for repairs to the 100LL fuel tank at the McMinnville Municipal Airport. During the process of repairing the tank, a crack in the internal tank hull was discovered, and it was determined that repair of the existing tank was not feasible.

Mascott Equipment has provided a change order cost of an additional \$62,253.13 to demolish the old tank, and to construct, deliver, and place a new 12,000 gallon tank at the airport. All of the new parts ordered for the old tank will be repurposed and installed on the new tank.

The Airport Maintenance Fund does not currently have sufficient resources or appropriations to pay for the additional costs associated with replacing the fuel tank. The Wastewater Capital Fund has reserve funds available to loan to the Airport Maintenance Fund.

Therefore, as provided for in ORS 294.468, this resolution authorizes an interfund loan of \$100,000 from the Wastewater Capital Fund to the Airport Maintenance Fund. Only funds needed to cover the additional cost for replacement of the fuel tank will be loaned to the Airport Maintenance Fund.

ORS 294.468 requires that an interfund loan to acquire a capital asset be repaid in full within 10 years of the date of the loan. It is anticipated that Airport revenues will be sufficient to repay the loan in no more than 5 years from the date of the loan. The rate of interest on the loan is set at 2.75% per annum, the rate of return on funds invested in the local government investment pool as of March 31, 2019. A loan repayment schedule, under which the principal and interest is to be repaid, is included in the body of this resolution.

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

1. An interfund loan from the Wastewater Capital Fund to the Airport Fund is authorized.
2. The loan will be made from unrestricted reserve funds available in the Wastewater Capital Fund and will not exceed \$100,000.
3. Interest will accrue at the rate of 2.75% per annum.

4. Repayment of principal and interest will be made according to the following amortization schedule, except as provided for in section 5:

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	Total
Principal	\$18,930	\$19,450	\$19,985	\$20,535	\$21,100	\$100,000
Interest	\$2,750	\$2,230	\$1,695	\$1,145	\$580	\$8,400
Total	\$21,680	\$21,680	\$21,680	\$21,680	\$21,680	\$108,400

5. Repayment of the balance of the loan may be made in advance at any time sufficient funds are available in the Airport Maintenance Fund.

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

Adopted by the Common Council of the City of McMinnville at a regular meeting held the 23<sup>rd</sup> day of April, 2019 by the following votes:

Ayes: Drabkin, Garvin, Geary, Menke, Peralta, Stassens

Nays: \_\_\_\_\_

Approved this 23<sup>rd</sup> day of April, 2019.

  
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 MAYOR

Approved as to form:

  
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 CITY ATTORNEY