

## RESOLUTION NO. 2020-22

A Resolution authorizing an interfund loan from the Wastewater Capital Fund to the General 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 General Fund for purposes of capital purchases of

three pursuit vehicles, a planned outlay to be funded via a commercial lease and included in FY2019-2020 budget, and

replacement of failed equipment at the Emergency Operation's Center, located in the Police Department's building; an unplanned outlay required as critical audiovisual components, original to the Police Department building construction over ten years ago, are no longer able to be repaired.

Pursuing internal borrowing for the pursuit vehicles has both a lower actual and cost for the General Fund compared to a commercial lease arrangement.

Internal borrowing for the Emergency Operations Center's capital equipment replacement needs is similarly in the economic interest of the General Fund. Further, the General Fund does not have appropriations to pay for the cost of this unanticipated outlay.

The Wastewater Capital Fund has reserve funds available to loan to the General Fund.

Therefore, as provided for in ORS 294.468, this resolution authorizes an interfund loan of no greater than \$174,600 from the Wastewater Capital Fund to the General Fund for the three pursuit vehicles and another interfund loan of no greater than \$62,000 from the Wastewater Capital Fund to the General Fund for the Emergency Operations Center audiovisual renovation. Only funds needed for these specific purposes will be loaned to the General 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. The capital assets to be purchased have a useful life of five to ten years; both loans will be made for five year terms. The rate of interest on the loan is set at 2.25% per annum, a rate of return that exceeds the current interest rate for funds invested in the local government investment, 1.75% as of April 2, 2020. 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 General Fund is authorized.
2. The loan will be made from unrestricted reserve funds available in the Wastewater Capital Fund and will not exceed a total of \$236,600.
3. Interest will accrue at the rate of 2.25% per annum repayment of principal and interest will be made according to the following amortization schedules, except as provided for in section 4:

<b>Pursuit Vehicles</b>	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	Total
Principal	\$33,384	\$34,135	\$34,903	\$35,688	\$36,491	\$174,600
Interest	\$3,928	\$3,177	\$2,409	\$1,624	\$821	\$11,960
Total	\$37,312	\$37,312	\$37,312	\$37,312	\$37,312	\$186,560

<b>Emerg Ops Center</b>	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	Total
Principal	\$11,854	\$12,121	\$12,394	\$12,673	\$12,958	\$62,000
Interest	\$1,395	\$1,128	\$856	\$577	\$292	\$4,247
Total	\$13,249	\$13,249	\$13,250	\$13,250	\$13,250	\$66,247

4. Repayment of the balance of the loan may be made in advance at any time.

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 14<sup>th</sup> day of April, 2020 by the following votes:

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

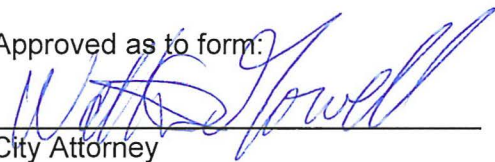
Nays: \_\_\_\_\_

Approved this 14th day of April 2020.



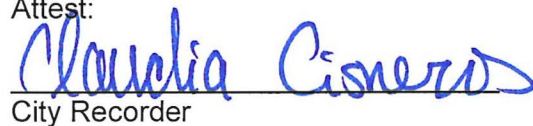
\_\_\_\_\_  
MAYOR

Approved as to form:



\_\_\_\_\_  
City Attorney

Attest:



\_\_\_\_\_  
City Recorder