

RESOLUTION NO. 2020 -34

A Resolution authorizing an interfund loan from the Wastewater Capital Fund to the General Fund and Airport Fund.

**RECITALS:**

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

- Replacement of three McMinnville Police Department (MPD) pursuit vehicles
- Replacement of eight defibrillators, one command vehicle and one breathing air compressor used by the McMinnville Fire Department (MFD)
- Replacement of a fuel tank at the Airport

All of these internal borrowings are included in the FY2020-21 Budget for the City of McMinnville.

Pursing internal borrowing for these capital outlays has both a lower actual cost and transaction cost for the General Fund compared to a commercial lease arrangement.

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

Therefore, as provided for in ORS 294.468, this resolution authorizes an interfund loan of no greater than \$184,800 from the Wastewater Capital Fund to the General Fund for the three pursuit vehicles, another interfund loan of no greater than \$435,000 from the Wastewater Capital Fund to the General Fund for the MFD's defibrillators (Ambulance Division), command vehicle and breathing air compressor (Fire Division), and an interfund loan of no greater than \$155,000 to the Airport Fund for the fuel tank. Only the actual amount needed for these specific purposes will be loaned from the Wastewater Capital 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; all loans will be made for five year terms. The rate of interest on the loan is set at 1.80% per annum, a rate of return that exceeds the current interest rate for funds invested in the local government investment, 1.30% as of May 14, 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, OREGON, as follows:**

1. Interfund loans from the Wastewater Capital Fund to the General Fund and Airport Fund are authorized.
2. The loan will be made from unrestricted reserve funds available in the Wastewater Capital Fund and will not exceed a total of \$774,800.
3. Interest will accrue at the rate of 1.80% per annum repayment of principal and interest will be made according to the following amortization schedules, except as provided for in section 4:

<b>MPD - Pursuit Vehicles</b>	FY2021 -2022	FY2022 -2023	FY2023 -2024	FY2024 -2025	FY2025 -2026	Total
Principal	35,653	36,295	36,948	37,613	38,290	184,800
Interest	3,326	2,685	2,031	1,366	689	10,098
<b>Total</b>	<b>38,980</b>	<b>38,980</b>	<b>38,980</b>	<b>38,980</b>	<b>38,979</b>	<b>194,898</b>

<b>MFD - Ambulance</b>	FY2021 -2022	FY2022 -2023	FY2023 -2024	FY2024 -2025	FY2025 -2026	Total
Principal	59,808	60,884	61,980	63,096	64,231	310,000
Interest	5,580	4,503	3,408	2,292	1,156	16,939
<b>Total</b>	<b>65,388</b>	<b>65,388</b>	<b>65,388</b>	<b>65,388</b>	<b>65,388</b>	<b>326,939</b>

<b>MFD - Fire Prevention</b>	FY2021 -2022	FY2022 -2023	FY2023 -2024	FY2024 -2025	FY2025 -2026	Total
Principal	24,116	24,550	24,992	25,442	25,900	125,000
Interest	2,250	1,816	1,374	924	466	6,830
<b>Total</b>	<b>26,366</b>	<b>26,366</b>	<b>26,366</b>	<b>26,366</b>	<b>26,366</b>	<b>131,830</b>

<b>Airport Fuel Tank</b>	FY2021 -2022	FY2022 -2023	FY2023 -2024	FY2024 -2025	FY2025 -2026	Total
Principal	29,904	30,442	30,990	31,548	32,116	155,000
Interest	2,790	2,252	1,704	1,146	578	8,470
<b>Total</b>	<b>32,694</b>	<b>32,694</b>	<b>32,694</b>	<b>32,694</b>	<b>32,694</b>	<b>163,469</b>

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 9th day of June 2020 by the following votes:

Ayes: Drabkin, Garvin, Menke, Peralta, Stassens

Nays: Geary

Approved this 9th day of June 2020.



MAYOR

Approved as to form:

  
City Attorney

Attest:

  
City Recorder