

RESOLUTION NO. 2023-39

A Resolution authorizing an interfund loan from the Wastewater Capital Fund to the General Fund for Capital Investments.

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 as listed in Exhibit A.

All of these internal borrowings are included in the FY2023-24 Approved Budget for the City of McMinnville, as voted on by the Budget Committee on June 16, 2023, and in the proposed FY2023-24 Adopted Budget before the Council on June 27, 2023.

Pursuing 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.

Therefore, as provided for in ORS 294.468, this resolution authorizes an interfund loan of no greater than a total of \$1,403,121 from the Wastewater Capital Fund to the General Fund for the capital investments listed in Exhibit A.

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 equipment and vehicle assets to be purchased have a useful life of five to ten years; the capital building projects on existing city facilities have a useful life of up to twenty years. All loans will be made for five-year terms. The rate of interest on the loan is set at 4.55% per annum, a rate of return that exceeds the current interest rate for funds invested in the local government investment pool, 4.05% as of May 19, 2023. A loan repayment schedule, under which the principal and interest is to be repaid, is also included in Exhibit A of this resolution.

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

1. Interfund loans from the Wastewater Capital Fund to the General 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 \$1,403,121.
3. Interest will accrue at the rate of 4.55% per annum repayment of principal and interest will be made according to the amortization schedules noted in Exhibit A.
4. Repayment of the balance of the loan may be made in advance at any time.

This Resolution will take effect on July 1, 2023, 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 27th day of June, 2023 by the following votes:

Ayes: Chenoweth, Garvin, Geary, Menke, Payne

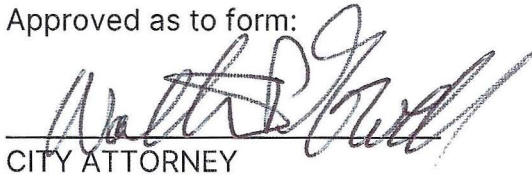
Nays: _____

Approved this 27th day of June, 2023.



Mayor

Approved as to form:


CITY ATTORNEY

Attest:

Claudia Cisneros
CITY RECORDER

Exhibit A

A Resolution authorizing an interfund loan from the Wastewater Capital Fund to the General Fund for Capital Investments

Police Department: replace 2014 Dodge Charger (834) with hybrid

Loan Amount: 68,000 Annual interest rate: 4.55%

	Principal	Interest	Total Payment
Year 1	12,417.42	3,094.00	15,511.42
Year 2	12,982.41	2,529.01	15,511.42
Year 3	13,573.11	1,938.31	15,511.42
Year 4	14,190.69	1,320.73	15,511.42
Year 5	14,836.37	675.05	15,511.42
Total	68,000.00	9,557.10	77,557.10

Police Department: replace 2014 Dodge Charger (837) with hybrid

Loan Amount: 68,000 Annual interest rate: 4.55%

	Principal	Interest	Total Payment
Year 1	12,417.42	3,094.00	15,511.42
Year 2	12,982.41	2,529.01	15,511.42
Year 3	13,573.11	1,938.31	15,511.42
Year 4	14,190.69	1,320.73	15,511.42
Year 5	14,836.37	675.05	15,511.42
Total	68,000.00	9,557.10	77,557.10

Police Department: MDT equipment in cars

Loan Amount: 50,000 Annual interest rate: 4.55%

	Principal	Interest	Total Payment
Year 1	9,130.46	2,275.00	11,405.46
Year 2	9,545.89	1,859.56	11,405.46
Year 3	9,980.23	1,425.23	11,405.46
Year 4	10,434.33	971.13	11,405.46
Year 5	10,909.09	496.36	11,405.46
Total	50,000.00	7,027.28	57,027.28

Senior Center: bathroom remodel

Loan Amount: 200,000 Annual interest rate: 4.55%

	Principal	Interest	Total Payment
Year 1	36,521.82	9,100.00	45,621.82
Year 2	38,183.57	7,438.26	45,621.82
Year 3	39,920.92	5,700.90	45,621.82
Year 4	41,737.32	3,884.50	45,621.82
Year 5	43,636.37	1,985.45	45,621.82
Total	200,000.00	28,109.12	228,109.12

City Hall insulation and window restoration

Loan Amount: 24,000 Annual interest rate: 4.55%

	Principal	Interest	Total Payment
Year 1	4,382.62	1,092.00	5,474.62
Year 2	4,582.03	892.59	5,474.62
Year 3	4,790.51	684.11	5,474.62
Year 4	5,008.48	466.14	5,474.62
Year 5	5,236.36	238.25	5,474.62
Total	24,000.00	3,373.09	27,373.09

Community Development Building: secure entry way

Loan Amount: 45,000 Annual interest rate: 4.55%

	Principal	Interest	Total Payment
Year 1	8,217.41	2,047.50	10,264.91
Year 2	8,591.30	1,673.61	10,264.91
Year 3	8,982.21	1,282.70	10,264.91
Year 4	9,390.90	874.01	10,264.91
Year 5	9,818.18	446.73	10,264.91
Total	45,000.00	6,324.55	51,324.55

Info Services asset management system (50% Gen Fund, 25/25 Street/WW)

Loan Amount: 55,000 Annual interest rate: 4.55%

	Principal	Interest	Total Payment
Year 1	10,043.50	2,502.50	12,546.00
Year 2	10,500.48	2,045.52	12,546.00
Year 3	10,978.25	1,567.75	12,546.00
Year 4	11,477.76	1,068.24	12,546.00
Year 5	12,000.00	546.00	12,546.00
Total	55,000.00	7,730.01	62,730.01

Park Maintenance: replace various restroom partitions

Loan Amount: 60,500 Annual interest rate: 4.55%

	Principal	Interest	Total Payment
Year 1	11,047.85	2,752.75	13,800.60
Year 2	11,550.53	2,250.07	13,800.60
Year 3	12,076.08	1,724.52	13,800.60
Year 4	12,625.54	1,175.06	13,800.60
Year 5	13,200.00	600.60	13,800.60
Total	60,500.00	8,503.01	69,003.01

Park Maintenance: install two Loos in city park system as safe alternative to stick-built restrooms

Loan Amount: 540,000 Annual interest rate: 4.55%

	Principal	Interest	Total Payment
Year 1	98,608.92	24,570.00	123,178.92
Year 2	103,095.63	20,083.29	123,178.92
Year 3	107,786.48	15,392.44	123,178.92
Year 4	112,690.77	10,488.16	123,178.92
Year 5	117,818.20	5,360.73	123,178.92
Total	540,000.00	75,894.62	615,894.62

Total Interfund Capital Loans 1,403,121.00 197,202.48 1,600,323.48