

RESOLUTION NO. 2024-17

A RESOLUTION AUTHORIZING AN INTERNAL BORROWING FROM THE CITY'S UTILITY FUND TO THE GENERAL FUND FOR CAPITAL PURCHASES AND IMPROVEMENTS IN AN AMOUNT NOT TO EXCEED \$2,108,690 RELATED TO PARKS OPERATIONS.

Section 1. Findings. The City Council of Salem, Oregon resolves as follows:

Whereas, The City of Salem (City) is an Oregon municipal corporation; and

Whereas, the City has an identified need of a capital improvement expense for the Parks Operations division; and

Whereas, the City's General Fund does not currently have sufficient resources to finance these expenses; and

Whereas, the City's Utility Fund has sufficient cash on hand to meet the General Fund's needs not to exceed \$2,108,690; and

Whereas, ORS 294.468 allows a municipal corporation to authorize a capital loan for up to ten years, from any fund to any other fund of the municipal corporation, whenever the loan is authorized by official resolution or ordinance of the government body; and

Whereas, the Council has determined that financing not to exceed \$2,108,690 for the purpose of the capital improvement expenses related to the Parks Operations division through an interfund borrowing is financially feasible and is in the City's best interests.

NOW, THEREFORE, THE CITY OF SALEM RESOLVES AS FOLLOWS:

Section 2. Authorize Interfund Borrowing. The City hereby authorizes an interfund capital loan in the amount not to exceed \$2,108,690 beginning on July 1, 2024, pursuant to ORS 294.468.

- (a) The loan shall be made from the Utility Fund to the General Fund, in an aggregate principal amount not to exceed \$2,108,690 for the purpose of financing of capital improvements.
- (b) The loan is a capital loan to be repaid over ten years from the City's General Fund revenues.
- (c) Per the City's Debt Policy C-2, the loan shall bear a variable interest at a rate equal to the City's portfolio rate plus 0.5%. The variable rate will be adjusted every fiscal year to the latest annualized portfolio rate.
- (d) The loan may be prepaid in whole or part before the maturity date of the loan, without

penalty, and with interest accrued to the date of the prepayment.

(e) The debt repayment shall occur as set forth in Exhibit 1 “2024 Utility Fund and General Fund Interfund Loan Amortization Schedule” and updated annually per Section 2(c).

(f) The repayment schedule may be revised as authorized by Council, subject to limitations in ORS 294.468.

Section 2. Effective Date. This resolution is effective upon adoption.

ADOPTED by the City Council this 24th day of June 2024.

ATTEST:

City Recorder

Approved by City Attorney: _____

Checked by: K. Blechschmidt