

RESOLUTION No. 610-26

A RESOLUTION AUTHORIZING AN INTERFUND LOAN FROM THE SEWER FUND TO THE WATER FUND IN THE AMOUNT OF \$250,000 FOR WATER LINE REPLACEMENT.

WHEREAS, there are copper water service lines which are deteriorating and in need of replacement with more durable piping, in order to maintain drinking water safety and quality; and

WHEREAS, the Water Fund does not have the necessary funding available; and

WHEREAS, ORS 294.468 allows for loans from one fund to another; and

WHEREAS, the Sewer fund has sufficient revenue to make an interfund loan as provided in this resolution; and

WHEREAS, the loan is for the purpose of construction and installation of new water lines on Brentwood Court, Rees Street and in Country Oak Estates; and

WHEREAS, the City Council find that an interfund loan will allow the project to proceed in a timely manner while spreading repayment costs over multiple years and keeping interest costs low within the City;

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

Section 1: Authorization of Interfund Loan. The City Council hereby authorizes an interfund loan in the amount of \$250,000, to be transferred from the Sewer Fund to the Water Fund, for the purpose of funding waterline capital repairs, pursuant to ORS 294.468.

Section 2: Loan Term and Interest. The loan shall have a term of ten (10) years and shall bear simple interest at a rate of one percent (1%) per year. Interest shall not compound.

Section 3: Repayment of Principal. The Water Fund shall repay the principal amount of the loan in annual installments of \$25,000, beginning in Year 1 and continuing through Year 10, until the full principal amount is repaid.

Section 4: Payment of Interest. Interest shall be calculated annually on the outstanding principal balance and shall be paid in a single payment at the end of Year 10, at the time the final principal payment is made.

Section 5: Amortization Schedule. The loan shall be repaid in accordance with the following amortization schedule:

<u>Year</u>	<u>Principal at Start of Year</u>	<u>Principal Paid</u>	<u>Interest @ 1%</u>
1	\$250,000	\$25,000	\$2,500
2	\$225,000	\$25,000	\$2,250
3	\$200,000	\$25,000	\$2,000
4	\$175,000	\$25,000	\$1,750
5	\$150,000	\$25,000	\$1,500
6	\$125,000	\$25,000	\$1,250
7	\$100,000	\$25,000	\$1,000
8	\$75,000	\$25,000	\$750
9	\$50,000	\$25,000	\$500
10	\$25,000	\$25,000	\$250

Total Principal: \$250,000

Total Interest (paid at Year 10): \$13,750

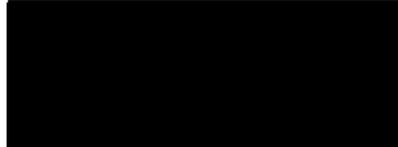
Section 6: Effective Date. This Resolution shall be effective immediately upon adoption.

PASSED and ADOPTED by the City Council of the City of Donald at their regular meeting on this 10th day of February, 2026 by the vote of 6 ayes and 0 nays.

DATE: February 10, 2026


James Houdyshell, Mayor

ATTEST: February 10, 2026


Eric Underwood, City Manager