

A RESOLUTION ESTABLISHING A POLICY COVERING )  
PAYMENT OF INTEREST ON RETAINAGES UNDER THE )  
PROVISIONS OF OREGON REVISED STATUTES 279.420. )

RESOLUTION NO. 35  
for 1979

WHEREAS, the Oregon Revised Statutes 279.420 provides that a contractor may deposit bond securities with a public contracting agency or any bank or trust company to be held in lieu of cash retainage for the benefit of the public contracting agency and such interest on such bond securities shall accrue to the contractor, and

WHEREAS, it is in the interests of the City that a policy be established to apply the directive as contained in ORS 279.420, NOW THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LEBANON THAT THE FOLLOWING POLICY BE, AND THE SAME IS HEREBY ADOPTED TO COMPLY WITH THE PROVISIONS OF ORS 279.420:

Alternative 1:

The contractor elects to have funds deposited as described in ORS 279.420. It is the policy of the City of Lebanon to withhold \$300 from the interest earnings for the additional administrative work required in writing checks, depositing checks, opening and closing accounts, accounting and auditing expenses. The only investment recognized by the City of Lebanon is the type requiring one-time deposit of each retainage amount as earned, no reinvestment of funds previously invested, and a one-time withdrawal of all funds invested. In most cases, this requires a passbook savings account. OR

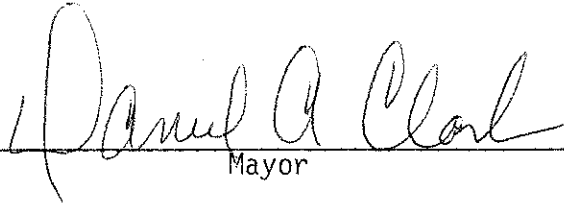
Alternative 2:

If the contractor elects, the City will pay 5 1/2% simple interest per annum on retainages from the date of the progress payment report to the date of a final progress payment report. This alternative would result in a minimal amount of administrative expense; therefore, there will be a charge of \$100 for administrative expense no matter how much interest is actually earned. OR

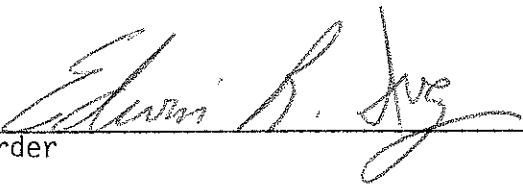
Alternative 3:

If the contractor does not elect alternatives 1 or 2 as above stated, there will be no fee charged and no payment of interest on the retainage.

Passed by the Council by a vote of 5 for and 0 against and approved by the Mayor this 14<sup>th</sup> day of November, 1979.

  
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Mayor

ATTEST:

  
\_\_\_\_\_  
Recorder