MINUTES OF A MEETING
OF THE NEWBERG BUDGET COMMITTEE
FISCAL YEAR 1986-1987

Monday, 7:30 p.m. | Council Chambers | October 27, 1986

The meeting was called to order by Chairman Hal Grobey.

Present:

Roger Gano, Council	Joe Brugato, Citizen
Hal Grobey, Council	Aaron Corum, Citizen
John Poet, Council	Lee Hall, Citizen
Quentin Probst, Council	Fred LaBonte, Citizen
Donna Proctor, Council	Marty McIntosh, Citizen
Tommy Tucker, Council	Rick Rementeria, Citizen
Joe Young, Council	Wingert Walke, Citizen

Absent: Alan Halstead, Council | Lyle Wilson, Citizen

Others Present:
Elvern Hall, Mayor
Mike Warren, City Manager
Brenda Stroud, Finance Director
Arvilla Page, City Recorder
Terry Mahr, Interim City Attorney

Chairman Grobey explained that the idea of advance refunding of bonded debt originated with the Hospital Finance Committee about one and one-half years ago. The Hospital and City Finance Directors worked together with bond counsel and looked at three or four alternatives available. The market has improved significantly in the last several months. Municipal bonds are at a much lower interest rate than when the City issued the bonds. Also, the federal tax reform act will make municipal bonds more attractive to individual and institutional investors. Bond counsel has done a detailed investigation and complex formulas have been worked out for a method by which the bonds can be defeased early. Both the Hospital Board and the City Council have passed resolutions that initiate this action. The figures the City Finance Director is presenting tonight are the necessary line item changes in the budget required to allow the bond sale to proceed.

Ms. Stroud stated there are still some unknowns and the figures presented are a best guess. How many bonds sold and at what interest rate will change the figures. She stated the supplemental budget is needed to proceed with the advance refunding.

Ms. Stroud then explained the various resources and expenditures in the proposed supplemental budget.

Ms. Stroud noted that all the Sewage Treatment Plant Bond Issue is being refunded and only part of the Hospital is being refunded. Other bond issues were looked at for refunding also. There would not be enough savings to refund the other issues. The projected approximate savings on the two issues are $780,000 on the Hospital bonds and $5,600,000 on the Sewage Treatment Plant bonds.

Mr. Warren asked Ms. Stroud to explain the line item, Reserve for Contingency. She responded that this amount is set aside to cover the unknown factors such as number of bonds sold and interest rate. Councilman Gano asked what the disposition would be of any funds left over in the Reserve for Contingency. Ms. Stroud responded that the excess funds would become part of the unappropriated fund balance.

Chairman Grobey explained the sales process and the savings that must be realized. If the savings do not meet the State requirement, then no action will be taken and things will revert to the present status. In that case, we would be out only the cost of the consultant whose fee is set by the State.

Motion: Tucker-Corum to approve the Supplemental Budget for Fiscal Year 1986-1987. Carried unanimously.

The meeting was adjourned at 7:55 p.m.

Arvilla Page

Arvilla Page-City Recorder

Roger Gano

Roger Gano - Secretary