ORDINANCE NO. 4062

AN ORDINANCE of the City Council of the City of Kent, Washington, providing for an interfund loan from the city of Kent water fund, sewerage fund and insurance fund to the other capital projects Fund.

RECITALS

A. The city finds it necessary to make an interfund loan from the city of Kent’s water, sewerage and insurance funds to retire $9,702,213.41 million in debt carried by the other capital projects fund.

B. The city of Kent’s water, sewerage, and insurance funds have money in excess of anticipated cash needs throughout the duration of the proposed loan and, accordingly, these excess funds are legally available for investment.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF KENT, WASHINGTON, DOES HEREBY ORDAIN AS follows:

ORDINANCE

SECTION 1. Funds available for loan. The city of Kent’s water, sewerage, and insurance funds are sufficiently capitalized to have funds available for this loan. The water and sewerage funds have historically maintained and currently hold sufficient cash and investment balances to
fund their portions of this loan. The health and employee wellness fund, located within the insurance fund, has a working capital balance of more than 7 times the city’s recommended level for “Incurred but not Reported” (IBNR) reserves, which is $4 million over the required 2 times IBNR.

SECTION 2. - **Total amount of loans.** The total amount of the three loans will be $9,702,213.41. The water and sewerage funds will each loan the other capital projects fund $3,350,000 and the insurance fund will loan the other capital projects fund $3,002,213.41. A copy of each interfund loan is attached and incorporated as exhibits A-1 through A-3.

SECTION 3. - **Interest Rate.** The interest rate for these loans shall be 1.52%. Interest shall be computed on the basis of 365 days a year.

SECTION 4. - **Repayment Schedule.** The funds will be repaid in annual payments beginning December 31, 2012 and ending no later than December 31, 2022. Repayment schedules are attached and incorporated as Exhibits B-1 through B-3. The city has dedicated a 2% utility tax on the city’s water, sewer and drainage utilities solely to the repayment of these three loans. See Kent City Code section 3.18.020. The city may make additional principal payments or prepay any or all of these loans at any time.

SECTION 5. - **Maturity Date.** The maturity date of these loans is December 31, 2022.

SECTION 6. - **Review of Loan.** The city council will review annually, but no later than December 31 of each calendar year, the status of these loans at any of its open public meetings.
SECTION 7. - Records. Appropriate account records will be maintained to reflect the balances of the loan in each fund affected by this transaction.

SECTION 8. - Severability. If any one or more section, subsection, or sentence of this ordinance is held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance and the same shall remain in full force and effect.

SECTION 9. - Effective Date. This ordinance shall take effect and be in force five (5) days from and after the date of passage and publication, as provided by law.

ATTEST:

BRENDA JACOBER, CITY CLERK

APPROVED AS TO FORM:

TOM BRUBAKER, CITY ATTORNEY
PASSED: 11th day of December, 2012.
APPROVED: 11th day of December, 2012.
PUBLISHED: 14th day of December, 2012.

I hereby certify that this is a true copy of Ordinance No. [illegible] passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.

[Signature]
BRENDA JACOBER, CITY CLERK

P:\Civil\Ordinance\Interfund 2013.Docx

Interfund Loan 2013
Ordinance
The City of Kent, State of Washington a non-charter code city and municipal corporation of the State of Washington (the “City”), for value received, promises to pay to the order of the City of Kent’s Water Fund (the “Fund”) on demand, but not later than December 31, 2022, the outstanding principal sum of three million three hundred fifty thousand dollars ($3,350,000) unless earlier redeemed, in whole or in part, by the City, at its option, without penalty, premium or notice, at which time the City will pay the principal sum of this note together with any interest due to the date of redemption. Interest will be accrued, and paid annually from December 31, 2012, at the stated interest rate on the balance of the loan outstanding. The interest shall be computed on the basis of 365 days a year.

Both principal and interest on this note will be paid in lawful money of the United States of America at the offices of the Finance Department at the City of Kent.

This note evidences indebtedness incurred to provide capital from the City’s Water Fund for the funding and support of the City’s Other Capital Projects Fund. This note shall constitute a direct and general obligation of the City and a debt of the City, and the full faith and credit of the City are irrevocably pledged for the payment of the principal of and interest on this note according to its terms. The city may pay this note, or any part thereof, prior to demand for payment, but not later than December 31, 2022.

No official, officer, agent or employee of the City shall be liable personally on this note by reason of the issuance of it.

It is certified that all conditions, acts and things required by the Constitution of the State of Washington, and a policy that has been approved by City Council authorizing the city council to approve this loan for a period not to exceed ten years, and that the issuance of this note does not violate any constitutional or statutory limitation or any limitation imposed by any existing resolution or ordinance previously adopted by the City Council of the City of Kent.

In accordance with policies approved by City Council, and pursuant to a motion approved by the city council on December 11, 2012, the mayor is authorizing this loan for a period not to exceed ten years.

SUZETTE COOKE, MAYOR
Date:

APPROVED AS TO FORM:

TOM BRUBAKER, CITY ATTORNEY
CITY OF KENT
GENERAL OBLIGATION NOTE
Exhibit A-2
Interfund Note from City’s Sewerage Fund to Other Capital Projects Fund
Ten-Year Loan – Effective December 31, 2012

Interest Rate: 1.52%
Amount: $3,350,000
Maturity Date: December 31, 2022

The City of Kent, State of Washington a non-charter code city and municipal corporation of the State of Washington (the “City”), for value received, promises to pay to the order of the City of Kent’s Sewerage Fund (the “Fund”) on demand, but not later than December 31, 2022, the outstanding principal sum of three million three hundred fifty thousand dollars ($3,350,000) unless earlier redeemed, in whole or in part, by the City, at its option, without penalty, premium or notice, at which time the City will pay the principal sum of this note together with any interest due to the date of redemption. Interest will be accrued, and paid annually from December 31, 2012, at the stated interest rate on the balance of the loan outstanding. The interest shall be computed on the basis of 365 days a year.

Both principal and interest on this note will be paid in lawful money of the United States of America at the offices of the Finance Department at the City of Kent.

This note evidences indebtedness incurred to provide capital from the City’s Sewerage Fund for the funding and support of the City’s Other Capital Projects Fund. This note shall constitute a direct and general obligation of the City and a debt of the City, and the full faith and credit of the City are irrevocably pledged for the payment of the principal of and interest on this note according to its terms. The city may pay this note, or any part thereof, prior to demand for payment, but not later than December 31, 2022.

No official, officer, agent or employee of the City shall be liable personally on this note by reason of the issuance of it.

It is certified that all conditions, acts and things required by the Constitution of the State of Washington, and a policy that has been approved by City Council authorizing the city council to approve this loan for a period not to exceed ten years, and that the issuance of this note does not violate any constitutional or statutory limitation or any limitation imposed by any existing resolution or ordinance previously adopted by the City Council of the City of Kent.

In accordance with policies approved by City Council, and pursuant to a motion approved by the city council on December 11, 2012, the mayor is authorizing this loan for a period not to exceed ten years.

SUZETTE COOKE, MAYOR
Date: ____________________

APPROVED AS TO FORM:

TOM BRUBAKER, CITY ATTORNEY
CITY OF KENT
GENERAL OBLIGATION NOTE
Exhibit A-3
Interfund Note from City’s Insurance Fund to Other Capital Projects Fund
Ten-Year Loan – Effective December 31, 2012

Amount: $3,002,213.41
Interest Rate: 1.52%
Maturity Date: December 31, 2022

The City of Kent, State of Washington a non-charter code city and municipal corporation of the State of Washington (the “City”), for value received, promises to pay to the order of the City of Kent’s Insurance Fund (the “Fund”) on demand, but not later than December 31, 2022, the outstanding principal sum of three million two thousand two hundred thirteen and 41/100 dollars ($3,002,213.41) unless earlier redeemed, in whole or in part, by the City, at its option, without penalty, premium or notice, at which time the City will pay the principal sum of this note together with any interest due to the date of redemption. Interest will be accrued, and paid annually from December 31, 2012, at the stated interest rate on the balance of the loan outstanding. The interest shall be computed on the basis of 365 days a year.

Both principal and interest on this note will be paid in lawful money of the United States of America at the offices of the Finance Department at the City of Kent.

This note evidences indebtedness incurred to provide capital from the City’s Insurance Fund for the funding and support of the City’s Other Capital Projects Fund. This note shall constitute a direct and general obligation of the City and a debt of the City, and the full faith and credit of the City are irrevocably pledged for the payment of the principal of and interest on this note according to its terms. The city may pay this note, or any part thereof, prior to demand for payment, but not later than December 31, 2022.

No official, officer, agent or employee of the City shall be liable personally on this note by reason of the issuance of it.

It is certified that all conditions, acts and things required by the Constitution of the State of Washington, and a policy that has been approved by City Council authorizing the city council to approve this loan for a period not to exceed ten years, and that the issuance of this note does not violate any constitutional or statutory limitation or any limitation imposed by any existing resolution or ordinance previously adopted by the City Council of the City of Kent.

In accordance with policies approved by City Council, and pursuant to a motion approved by the city council on December 11, 2012, the mayor is authorizing this loan for a period not to exceed ten years.

Suzette Cooke, Mayor
Date: __________________

APPROVED AS TO FORM:

TOM BRUBAKER, CITY ATTORNEY
**General Obligation Note**  
**Interfund Note from Water Fund to Other Capital Projects Fund**  
**Estimated Repayment Schedule**  
**Exhibit B-1**

Principal Amount: $3,350,000  
Interest Rate: 1.52%  
Note Dated: December 31, 2012  
Maturity: December 31, 2022

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General Obligation Note
Interfund Note from Sewerage Fund to Other Capital Projects Fund
Estimated Repayment Schedule
Exhibit B-2

Principal Amount: $3,350,000
Interest Rate: 1.52%

Note Dated: December 31, 2012
Maturity: December 31, 2022

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General Obligation Note  
Interfund Note from Insurance Fund to Other Capital Projects Fund  
Estimated Repayment Schedule  
Exhibit B-3

Principal Amount: $3,002,213.41  
Interest Rate: 1.52%  
Note Dated: December 31, 2012  
Maturity: December 31, 2022

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