AN ORDINANCE of the City Council of the City of Kent, Washington, approving an internal financing for the LED Lighting Replacement Project not to exceed $2,245,000. The Council approves a nine (9) year repayment schedule for $1,800,000 of the $2,245,000 total as long-term internal financing.

THE CITY COUNCIL OF THE CITY OF KENT, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

ORDINANCE

SECTION 1.

Internal Financing. The City Council approves the internal funding for the LED Lighting Replacement Project to come from the following sources and amounts:

- Sewerage Operating Fund: $1,000,000
- Self-Insurance Fund: $800,000
- General Fund (Strategic Investment): $445,000

Upon completion of the project, and expected within the current calendar year, the City will receive a rebate from Puget Sound Energy, anticipated to be $445,000. The rebate will be applied to the General Fund portion of

1 2015 Internal Financing
   LED Lighting Replacement Project
the financing. The remaining $1,800,000 will be internally financed over nine (9) years and will include interest.

**Repayment.** The LED Lighting Replacement Project is projected to save the General Fund at least $230,000 annually in electricity savings after the conversion of the City owned street lights to LED lighting. This annual savings will be applied to the repayment of these loans, plus interest, over nine (9) years. The electric bills for street lighting are paid from the General Fund. Annual debt payments will be made by the Public Works General Fund to the Sewer and Insurance funds as summarized and set forth in Exhibit A and Exhibit B, which are attached and incorporated into this ordinance.

**Financing Terms.** Unless modified by the City Council, the term of the internal financing shall be not exceed nine (9) years and the annual interest rate is to be the higher of 1.2% or the annualized interest rate earned on the investments in the LGIP (Local Government Investment Pool). The interest rate will be reviewed at the end of each fiscal year and the debt service recalculated if necessary.

**SECTION 2.** - **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 that remaining portion shall maintain its full force and effect.

**SECTION 3.** - **Corrections by City Clerk or Code Reviser.** Upon approval of the City Attorney, the City Clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; ordinance, section, or subsection numbering;
or references to other local, state or federal laws, codes, rules, or regulations.

SECTION 4. - Effective Date. This ordinance shall take effect and be in force five (5) days from and after its passage and publication, as provided by law.

Suzette Cooke, Mayor

ATTEST:

Ronald F. Moore, MMC
RONALD F. MOORE, CITY CLERK

APPROVED AS TO FORM:

Tom Brubaker, City Attorney

PASSED: 21st day of April, 2015.
APPROVED: 21st day of April, 2015.
PUBLISHED: 24th day of April, 2015.

I hereby certify that this is a true copy of Ordinance No. 4448 passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.

Ronald F. Moore, MMC (SEAL)
RONALD F. MOORE, CITY CLERK
**EXHIBIT A**

**Internal Note**

**Funding of LED Street Lighting Project**

**Interfund Note from Sewer Fund to General Fund**

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date</th>
<th>Beginning Balance</th>
<th>Estimated/Actual Interest</th>
<th>Estimated/Actual Principal</th>
<th>Total Payment</th>
<th>New Balance</th>
</tr>
</thead>
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<td>12/31/2016</td>
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<tr>
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<td>33,928.65</td>
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</tr>
</tbody>
</table>

* Actual payment

**Notes:**

The street lighting electric bill are paid from the General Fund, so that is where the electric savings will occur. Annual payments will be made by the Public Works General Fund to the Sewer and Insurance Funds.

1 Per City Council action, the estimated $230,000 in annual electric savings on the street lighting costs after the conversion of the City owned street lights to LED lighting will be applied to repay these loans, plus interest, over nine (9) years.

2 The annual interest rate is to be the higher of 1.2% or the annualized interest rate earned on the investments in the LGIP (State investment pool). The interest rate will be reviewed at the end of each fiscal year and the debt service recalculated if necessary.
# EXHIBIT B

## Internal Note

**Funding of LED Street Lighting Project**

### Interfund Note from Insurance Fund to General Fund

#### Repayment Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Beginning Balance</th>
<th>Estimated/Actual Interest</th>
<th>Estimated/Actual Principal</th>
<th>Total Payment</th>
<th>New Balance</th>
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</thead>
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</tbody>
</table>

* Actual payment

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2015 Internal Financing

LED Lighting Replacement Project