ORDINANCE NO. 4256

AN ORDINANCE of the City Council of the City of Kent, Washington, approving an internal financing for Phase 1 of the LID 363 South 224th Street Project not to exceed $3,200,000. The Council approves a ten (10) year repayment schedule for the 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 Phase 1 of the LID 363 South 224th Street Project to come from the following sources and amounts:

Sewerage Operating Fund: $3,200,000

The interfund loan will be internally financed over a period not to exceed ten (10) years and will include interest. The total cost for this phase of the project is $22.8 million.

SECTION 2. - Repayment. The interfund loan will be paid back in annual installments of $350,306.58 over a period of not to exceed ten (10) years. The source of funds is future LID 363 collections. LID 363

2017 Internal Financing
Phase 1 – LID 363
collections are scheduled through 2027 with an average annual payment to the City of $527,000. Annual debt payments will be made by the finance department from those LID collections as summarized and set forth in Exhibit A, which is attached and incorporated into this ordinance.

SECTION 3. - Financing Terms. Unless modified by the City Council, the term of the internal financing shall be not exceed ten (10) years and the annual interest rate is to be the higher of 1.68% 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. There is no penalty for early payment of the debt. Any payment above the required annual amount of $350,306.58 will applied to principal and interest on outstanding principal will be recalculated.

SECTION 4. - 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 5. - 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 6. - Effective Date. This ordinance shall take effect and be in force five (5) days from and after its publication, as provided by law.
SUZETTE COOKE, MAYOR

ATTEST:

KIMBERLY A. KOMOTO, CITY CLERK

APPROVED AS TO FORM:

TOM BRUBAKER, CITY ATTORNEY

Date Approved: 10/17/17

Date Adopted: 10/17/17

Date Published: 10/20/17

2017 Internal Financing
Phase 1 – LID 363
EXHIBIT A

General Obligation Note
Interfund Note from Sewer Fund to Streets Capital Projects Fund
LID 363 - Project R90094
Repayment Schedule ¹

Original Principal Amount $3,200,000.00
Interest Rate 1.68%
Loan Years 10
Note Dated 1/1/2018
Maturity 12/31/2027
Payments ($350,306.58)

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303,065.79  3,200,000.00  3,503,065.79

Notes:
¹ Assessment payments from LID 363 will be 100% applied to the repayment of this loan.
Interest calculated for 92 days for 2017
Interest rate - 5 Year Treasury as of 9/8/17