

**RESOLUTION NO. 1022**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, PROVIDING THE EXTENSION OF THE EXISTING INTERFUND LOANS FOR EXPENDITURES FOR LOCAL IMPROVEMENT DISTRICT NO. 92-WS-56 PENDING RECEIPT OF ANY LOCAL IMPROVEMENT DISTRICT BONDS OR OTHER OBLIGATIONS AUTHORIZED TO BE ISSUED BY SUCH LOCAL IMPROVEMENT DISTRICT AND DECLARING THE CITY'S INTENT THAT CAPITAL EXPENDITURES TO BE MADE IN CONNECTION WITH THE L.I.D. SHALL BE MADE PRIOR TO ISSUANCE OF THE L.I.D. BONDS AND REIMBURSED FROM THE PROCEEDS THEREOF.

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WHEREAS, the City of Redmond (the "City") has undertaken a project commonly known as the Avondale Road Water and Sewer Extension (the "Project"), and intends to finance the Project through the formation of a local improvement district to be known as "L.I.D. No. 92-WS-56" and through the issuance of local improvement district bonds or other obligations authorized to be issued by such local improvement district, and

WHEREAS, the City Council on April 6, 1993 authorized an interim loan in the amount of five hundred thousand dollars (\$500,000) from the Water/Wastewater General Construction Fund of the Waterworks Utility of the City to the L.I.D. 92-WS-56 Fund (the "L.I.D. Fund") for a period of one year commencing May 1, 1993, at an annual interest rate of 3.27% in order to provide funds with which to pay a part of the costs of carrying out the activities necessary or useful

to the formation of the proposed local improvement district and carrying out improvements included in the Project, and

WHEREAS, the City Council deemed it to be in the best interest of the City, that the City authorize an extension and an increase in the interim interfund loan from five hundred thousand dollars (\$500,000) to one million five hundred thousand dollars (\$1,500,000) from the Water/Wastewater General Construction Funds of the City to the L.I.D. 92-WS-56 Fund (the "L.I.D. Fund") for a period of one year period commencing May 1, 1994, at an effective annual interest rate of 4.6% in order to provide funds with which to pay the costs of final design, benefit studies, formation of the L.I.D., and carrying out improvements included in the Project, and

WHEREAS, the City Council has deemed it to be in the best interest of the City, that the City authorize an extension of the interim interfund loan of one million five hundred thousand dollars (\$1,500,000) from the Water/Wastewater General Construction Funds of the City to the L.I.D. 92-WS-56 Fund (the "L.I.D. Fund") for a period of one year commencing May 1, 1995, at an effective annual interest rate of 6.46% in order to provide funds with which to pay the costs of construction, and carrying out improvements included in the Project, and

WHEREAS, the City Council has deemed it to be in the best interest of the City, that the City authorize an interim interfund loan of three hundred twenty-five thousand dollars

(\$325,000) from the Water/Wastewater Operations and Maintenance Funds of the City to the L.I.D. 92-WS-56 Fund (the "L.I.D. Fund") for a period of one year commencing May 1, 1995, at an effective annual interest rate of 6.46% in order to provide funds with which to pay the costs of construction, and carrying out improvements included in the Project, and

WHEREAS, the City Council has deemed it to be in the best interest of the City, that the City authorize an extension of the interim interfund loan of one million five hundred thousand dollars (\$1,500,000) from the Water/Wastewater General Construction Funds of the City to the L.I.D. 92-WS-56 Fund (the "L.I.D. Fund") and the interim interfund load of three hundred, twenty-five thousand dollars (\$325,000) from the Water/Wastewater Operations and Maintenance Fund for a period of one year commencing May 1, 1996, at an effective annual interest rate of 5.35% in order to provide funds with which to pay the costs of construction, and carrying out improvements included in the Project, and

WHEREAS, based upon information provided by the Finance Department, the City Council finds that the loans will not interfere with required current and anticipated expenditures from the Water/Wastewater General Construction Fund and the Water/Wastewater Operations and Maintenance Fund, that the interest rate will result in earnings equal to that of other available investments and that the interfund loans will reduce the costs to the L.I.D. Fund as compared to an outside borrowing, now, therefore,

THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON,  
HEREBY RESOLVES AS FOLLOWS:

Section 1. An extension of the existing interfund loan of \$1,500,000 from the Water/Wastewater General Construction Fund to the L.I.D. Fund commencing May 1, 1996, to be repaid in full on or before the expiration of May 1, 1997, at an effective annual interest rate of 5.35%, is hereby authorized. An extension of the existing interfund loan in the amount of \$325,000 from the Water/Wastewater Operations and Maintenance Fund to the L.I.D. Fund commencing May 1, 1996, to be repaid in full on or before the expiration of May 1, 1997, at an annual interest rate of 5.45% is hereby authorized.

Section 2. The Finance Director is instructed to make the necessary transfer of funds and to maintain appropriate accounting records required to reflect the balance of the loans payable and receivable in the affected funds.

Section 3. Official Intent.

A. Expenditures which have been and which will be necessary and advisable with respect to the Avondale Road Water and Sewer Extension L.I.D. prior to the issuance of the L.I.D. Bonds are hereby authorized to be made from the proceeds of the interfund loans approved by this Resolution, and the City hereby declares its intent (the "Official Intent"), pursuant to Treasury Regulation §1.103-18, that any such capital expenditures have been and are made in anticipation of the issuance of the L.I.D. Bonds, as

applicable. The maximum principal amount of debt expected to be issued for reimbursement pursuant to this Resolution is \$1,993,500.

B. Any and all prior expenditures with respect to the L.I.D. Project to be reimbursed with the proceeds of the Bonds shall be incurred solely to acquire, construct, or rehabilitate property of the City having a reasonably expected economic life of at least one year.

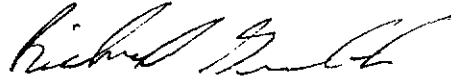
C. Pursuant to its budget, the City finds that it does not now have, nor does it reasonably expect to have, prior to the issuance of the L.I.D. Bonds, funds from sources other than the Bonds which are or are reasonably expected to be allocated on a long-term basis, reserved or otherwise available for the L.I.D. project, and the City has therefore approved the interfund loans in this Resolution for that purpose.

D. The City expects to pay the principal of, premium if any, and interest on the L.I.D. Bonds from the L.I.D. fund to be established in connection with the formation of and collection of assessments related to the L.I.D.

E. This resolution, and other books, records, and proceedings of the City relevant to the City's declaration of Official Intent shall be made available by the City for inspection by the general public at the administrative offices of the City each business day during normal business hours commencing within ten days of the date hereof and until the date of the issue of the L.I.D. Bonds.

RESOLVED this 16th day of April, 1996.

CITY OF REDMOND



For ROSEMARIE IVES, MAYOR  
By RICHARD GRUBB, MAYOR PRO TEM

ATTEST/AUTHENTICATED:

Bonnie Mattson  
CITY CLERK, BONNIE MATTSON

FILED WITH THE CITY CLERK:	April 10, 1996
PASSED BY THE CITY COUNCIL:	April 16, 1996
PUBLISHED:	Not Applicable
EFFECTIVE DATE:	April 16, 1996
RESOLUTION NO.:	<u>1022</u>