RESOLUTION NO. 452 ORIGINAL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, AUTHORIZING INTERFUND LOANS TO THE GENERAL CAPITAL FUND FROM THE GENERAL FUND AND ROADS CAPITAL FUNDS FOR THE PURCHASE OF PROPERTY FOR A FUTURE AQUATIC, RECREATION AND COMMUNITY CENTER IN AN AMOUNT NOT TO EXCEED $17,200,000 AND INTEREST CHARGES FOR A PERIOD NOT TO EXCEED ONE YEAR.

WHEREAS, the City of Shoreline is an optional code city, located in King County, Washington, duly organized and existing pursuant to the laws of the State of Washington; and

WHEREAS, the General Capital Fund was established to account for resources which are designated for general capital purposes to be used for the acquisition or construction of general facilities, parks, recreational facilities, or open space capital projects; and

WHEREAS, with the adoption of Ordinance Nos. 829 and 864, the City authorized the issuance of Limited Tax General Obligation Bond Anticipation Notes ("BAN") to support property acquisition for recreational purposes; and

WHEREAS, the City entered into a Purchase and Sale Agreement for the acquisition of real property located at 17828 Midvale Avenue North for a future aquatic, recreation, and community center ("Property"); and

WHEREAS, the City placed a bond measure before Shoreline voters during the November 2019 General Election to provide funding for this acquisition, however, the voters did not pass this bond measure; despite the election results, the City Council has determined the it is in the best interests of the City to complete the acquisition of the Property at this preferred location; and

WHEREAS, the City will not be able to issue BAN for acquisition of the Property prior to the date the purchase is required to close, which is no later than January 30, 2020; and

WHEREAS, to complete acquisition of the Property a short-term interfund loan is necessary; and

WHEREAS, since the General Fund has a projected and unaudited 2019 ending fund balance of $19.6 million, there are sufficient funds to provide for a temporary loan in an amount not to exceed $11 million to the General Capital Fund to provide sufficient cash flow requirements for the property acquisition; and

WHEREAS, since the Roads Capital Fund has a projected and unaudited 2019 ending fund balance of $16.7 million, there are sufficient funds to provide for a temporary loan in an amount not to exceed $6.2 million to the General Capital Fund to provide sufficient cash flow requirements for the property acquisition; and

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WHEREAS, pursuant to RCW 43.09.200, the Washington State Auditor has developed a uniform system of accounting, the BARS Manual, which specifically allows for the use of interfund loans as a legal and fiscally prudent means of investing municipal funds that are in excess of current needs and sets forth the acceptable procedures for both the loaning and borrowing fund; and

WHEREAS, the City Council recognizes that the interfund loan is repaid with interest and the use of an interfund loan is preferable to issuing external debt;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, HEREBY RESOLVES:

Section 1. Loan Authorization. The General Fund is authorized to loan the General Capital Fund an amount not to exceed $11,000,000 (Eleven Million Dollars) and the Roads Capital Fund is authorized to loan the General Capital Fund an amount not to exceed $6,200,000 (Six Million Two Hundred Thousand Dollars).

Section 2. Term and Scheduled Repayment. The term of the loan is one (1) year commencing on January 29, 2020. The interfund loan and accrued interest shall be repaid in one (1) payment due no later than January 29, 2021. The General Capital Fund may pay off the interfund loan or make extra payments at any time during the life of the interfund loan. There shall be no fees or prepayment penalties on the interfund loan.

Section 3. Interest Payable to General Fund. The loan amount will be assessed an interest rate which is equal to the current rate of return that the City would receive for a one-year investment on January 29, 2020. The projected rate in effect of January 29, 2020 is 1.75% annually. Interest charges will be assessed monthly based on the loan balance.

Section 4. Accounting Records. The Administrative Services Director is directed to keep and maintain appropriate accounting records to reflect the balance of the interfund loan as authorized herein.

Section 5. Severability. If any one or more sections, subsections, or sentences of this Resolution are held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this Resolution and the same shall remain in full force and effect.

Section 6. Effective Date. This Resolution shall take effect and be in full force immediately upon passage by the City Council.

ADOPTED BY THE CITY COUNCIL ON JANUARY 27, 2020.

Will Hall

Mayor Will Hall

ATTEST:

Jessica Simulcik Smith
City Clerk