

RESOLUTION NO 1745

A RESOLUTION OF THE CITY OF SNOQUALMIE, WASHINGTON, AUTHORIZING AN INTERFUND LOAN FROM THE NON-UTILITY CAPITAL FUND TO THE UTILITY CAPITAL FUND IN AN AMOUNT NOT TO EXCEED \$4,900,000 AND ESTABLISHING THE TERMS OF REPAYMENT

WHEREAS, the City Council adopted Ordinance 1303 on May 12, 2025, which established rates for the City's combined utility for the years 2025 to 2030; and

WHEREAS, Ordinance 1303 was accompanied by a utility rate study that described the funds required to cover the combined utility's operating, capital, and debt service costs during the 2025 to 2030 rate setting period; and

WHEREAS, the funds required in the utility rate study included the issuance of debt totaling \$40,860,000 to cover the combined utility's capital costs over the 2025 to 2030 rate setting period; and

WHEREAS, the debt financing included the utility rate study, except for a Washington State Department of Ecology loan, assumed three debt issuances each with a 20-year term, a 5.00% interest rate, 1.00% for issuance costs, and a debt service reserve; and

WHEREAS, an interfund loan from the Non-Utility Capital Fund (310) would provide the Utility Capital Fund with the borrowing cash necessary to proceed with the capital expenses planned for 2026 and into 2027; and

WHEREAS, the Non-Utility Capital Fund has sufficient cash available to make an interfund loan to the Utility Capital Fund to fund its capital expenses; and

WHEREAS, an interfund loan would not impact the Non-Utility Capital Fund's current operations or funding of capital renewal programs; and

WHEREAS, the City expects that the Utility Capital Fund will be able to repay the interfund loan within 20 years with interest based on the terms specified below;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SNOQUALMIE, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. Interfund Loan Authorized. The Finance Director is authorized to make an interfund loan in an amount not to exceed \$4,900,000 from the Non-Utility Capital Fund (310) to the Utility Capital Fund (417) for the purpose of providing the borrowing cash necessary to cover capital expenses planned for 2026 and into 2027.

Section 2. Loan Terms. The interfund loan shall have a maximum 20-year term and shall be repaid in full, plus interest, no later than December 31, 2045. Interest shall be paid at 3.91%.

Section 3. Interest Rate. The interest rate of 3.91% is derived from the June 3, 2026, 20-year term sale under the Office of the Washington State Treasurer’s (OST) “Local Option Capital Asset Lending (LOCAL)” real estate program which is available to all local governments and for which rates are published regularly on the OST’s website.

Section 4. Repayment Schedule. The Utility Capital Fund (417) shall repay the loan according to the schedule provided for in Exhibit A: Interfund Loan Repayment Schedule. If the loan amount is less than the amount indicated on the schedule, then the Administration is hereby authorized to update the schedule reflecting the true loan amount, the actual first payment date, and/or the actual last payment date.

Section 5. No Diversion of Funds. This interfund loan shall not be considered a permanent loan or diversion of funds and shall be repaid in full by the borrowing fund.

Section 6. Prepayment. This loan may be prepaid at any time without penalty as funds become available.

Section 7. Effective Date. This resolution shall take effect immediately upon passage.

**ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF
THE 22nd DAY OF JUNE 2026.**

James Mayhew, Mayor

ATTEST:

Kimberly Agfalvi, City Clerk