

October 6, 1989
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Introduced by: Paul Barden, Ron Sims
Greg Nickels, Bruce Laing

Proposed No: 89 - 792

MOTION NO. 7715

A MOTION authorizing the county executive to execute intergovernmental loan agreements with Federal Way and SeaTac.

WHEREAS, on September 25, 1989 the county council approved Motion 7697 calling for the development of a transition proposal to ensure public services are not interrupted as the county transfers its municipal authorities and responsibilities to the new cities of Federal Way and SeaTac, and

WHEREAS, in addition the motion requests the executive to offer to each city an intergovernmental loan to pay for incorporation start-up costs incurred by the city prior to the availability of other funding, and

WHEREAS, providing an intergovernmental loan requires the executive to prepare and execute with each city an interlocal agreement specifying the terms and conditions of the loan, and


WHEREAS, in the event that the city councils of Federal Way or SeaTac decide to request such a loan, the county should be prepared to execute the necessary interlocal agreements as soon as practically possible;

NOW, THEREFORE BE IT MOVED by the Council of King County:


The county executive is hereby authorized to execute interlocal agreements, substantially in the form attached, with Federal Way and SeaTac for the purpose of providing intergovernmental loans to these cities.

PASSED this 9th day of October, 1989.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Chairman

ATTEST:


Clerk of the Council

LOAN AGREEMENT

THIS LOAN AGREEMENT (the "Agreement") is made as of _____, 1989, by and between KING COUNTY, a political subdivision of the State of Washington (the "County"), and the City of _____ a municipal corporation (the "City").

RECITALS

WHEREAS, at a special election on March 14, 1989, two new cities were approved for formation in King County; and

WHEREAS, under the provisions of RCW 35.02, the new cities of Federal Way and SeaTac must officially incorporate by March 8, 1990; and

WHEREAS, on the date of official incorporation, a number of authorities and responsibilities will transfer from King County to the new cities, including the levying of taxes and the provision of municipal services such as police, roads, and municipal courts; and

WHEREAS, the goals of the City of _____ and King County are to achieve an orderly transfer of authorities and responsibilities to _____ without disrupting services and to establish a positive and productive relationship between the City and the County;

WHEREAS, it is in the best interests of the people of the City and the County that the County make a loan to the City to pay

for incorporation start-up costs incurred by the City prior to the availability of other funding; and

WHEREAS, the County and the City have agreed that a loan of funds on the terms and conditions set forth herein provides a means of financing the transition to incorporation of the City and continuation of governmental services;

NOW, THEREFORE, in consideration of the mutual promises made herein, the County and the City hereby agree as follows:

AGREEMENT

1. DEFINITIONS.

1.1 "Interest Rate" shall be the weighted average yield of the overnight investment rate obtained by the County. The County will calculate the rate monthly, in arrears.

1.2 "Loan" shall mean the loan made by the County to the City pursuant to the terms of this Agreement.

2. LOAN TERMS.

2.1 General Terms. Subject to the terms hereof, the County will lend the City a principal sum not to exceed six hundred thousand dollars (\$600,000) from the County's Current Expense Fund to finance the start-up costs of incorporation for the City. This Agreement shall be the sole evidence of such Loan. The proceeds of the Loan shall be used by the City solely to pay

for the start-up costs of incorporation. The loan amount will be disbursed in accordance with Section 2.6 of this Agreement.

2.2 Term. The term of the Loan shall be for two years.

2.3 Interest. The rate of interest to be charged the City on the principal balance of the Loan, from time to time outstanding, shall be determined pursuant to this Section. Beginning from the date of execution of this agreement, interest will be charged on the principal balance of the Loan, from time to time outstanding. Interest, however, will not accumulate on the amount of any warrant requested by the City until the County has issued such warrant. The interest so charged shall be added monthly to the principal balance of the Loan and shall become a part of such principal balance until paid.

2.4 Payments of Principal and Interest. Payment in full is due on the date two years from the execution of this agreement.

2.5 Prepayment. The City may, without the payment of penalty or premium, prepay the principal of the Loan plus any accrued interest thereon in whole or, from time to time, in part, any partial payment to be made in the sum of One Thousand Dollars (\$1,000) or an integral multiple thereof. All such partial prepayments shall be applied first against accrued interest, if any.

2.6 Disbursement of the Loan. The County shall pay the proceeds of the Loan by issuing warrants requested by the City. The County shall issue warrants for the payment of city expenditures upon receipt of a voucher containing the signature of one or

necessary to authorize the execution, delivery, and performance of this Agreement.

3.2 Valid and Binding Agreement. Upon their execution and delivery, this Agreement will constitute a valid and binding obligation of the City, enforceable in accordance with its terms.

4. EXECUTION

4.1. Conditions to the County's Obligations at Execution. The obligation of the County to make the Loan hereunder is subject to the fulfillment on or prior to execution of each of the following conditions:

4.1.1. The execution and delivery of this Agreement by the City.

more duly authorized agents of the City.

The City shall file with the County Office of Financial Management the names and signatures of those persons designated by the City as authorized to sign these vouchers. The persons so designated may be changed by the City by filing a notice with the County Office of Financial Management. Any such change will take effect thirty (30) days after notice is received by the County Office of Financial Management.

2.7 Payment to the County. All sums payable to the County hereunder shall be paid directly to the County in immediately available funds or shall be transferred to the County's account at a bank designated by the County in writing. The County shall send the City statements of all amounts due hereunder, which statements shall be considered correct and binding on the City unless the City notifies the County to the contrary within thirty (30) days of any statement which it deems to be incorrect.

2.8 Obligation of the City. The Loan is a general obligation of the City.

3. REPRESENTATIONS AND WARRANTIES.

The newly elected officials of the City (City Officials) hereby represent and warrant as follows:

3.1 Power and Authority. The City Officials have full

5. BORROWER'S COVENANTS.

As long as any portion of the Loan remains outstanding, the City does hereby consent and agree with the County that it will use the proceeds of the loan only for the purposes described in Section 2.1 and will furnish the County such evidence as it may reasonably require with respect to such use.

6. MISCELLANEOUS.

6.1 Entire Understanding; Amendments. This Agreement contains the entire understanding of the parties hereto with respect to the subject matter contained herein. No alteration, amendment or modification of any of the terms of this Agreement shall be valid unless made by an instrument signed by each of the parties hereto.

6.2 Separability of Provisions. In case any one or more of the provisions of this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, such provision or provisions shall be deemed to be modified in any respect necessary to make it or them consistent with the applicable law, regulation or official interpretation, and the validity, legality and enforceability of the remaining provisions hereof and thereof and any other application hereof and thereof shall not in any way be affected or impaired.

6.3 Attorneys' Fees. In the event any action in law or equity or arbitration or other proceeding is brought for the enforcement of this Agreement, or in connection with any of the provisions of this Agreement, the successful or prevailing party

or parties shall be entitled to reasonable attorneys' fees and other costs reasonably incurred in such action or proceeding, including those incurred prior to the institution of such action or proceeding.

6.4 Governing Law. Insofar as reference to State law may be required to construe this Agreement, this Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

6.5. Counterparts. This instrument may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties hereto and copies or telecopies of the signature pages have been delivered to each of the other parties hereto.

6.6. Remedies. The parties hereto shall have any remedies for breach of this Agreement available to them provided by law or equity.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement on this ____ day of _____, 1989.

CITY OF

KING COUNTY

By _____

By _____

Its

Its _____