

Please return to:

*Executive Assistant
Kennewick Irrigation District
12 West Kennewick Avenue
Kennewick, WA 99336*

**KENNEWICK IRRIGATION DISTRICT
RESOLUTION 2015-09**

A RESOLUTION OF KENNEWICK IRRIGATION DISTRICT RELATING TO LID NO. 192; CREATING AN LID FUND TO RECEIVE PAYMENTS OF ASSESSMENTS AND FOR PAYMENT ON LID OBLIGATIONS TO THE DEPARTMENT OF ECOLOGY AND TO KID; FIXING THE AMOUNT, FORM, DATE, INTEREST RATE AND MATURITY OF THE LOCAL IMPROVEMENT DISTRICT NO. 192 INSTALLMENT NOTE; PROVIDING FOR THE PURCHASE OF SUCH NOTE BY KID FROM FUNDS ON DEPOSIT IN THE REALTY RESERVES FUND; AND FIXING THE INTEREST RATE ON LOCAL IMPROVEMENT DISTRICT NO. 192 ASSESSMENT INSTALLMENTS.

BE IT RESOLVED by the Board of Directors of the Kennewick Irrigation District, as follows.

Section 1. Findings and Recitals.

1.1 Following property owners' petition, community meetings and public hearings, Local Improvement District No. 192 ("LID No. 192" or the "LID") was formed by Resolution No. 2009-26 of the Kennewick Irrigation District ("KID") Board of Directors ("Board").

1.2 The Board conducted its hearing on the LID final assessment roll on January 8, 2015. On January 20, 2015, the Board adopted Resolution No. 2015-14, approving and confirming the final assessment roll. The assessment roll levying the special assessments against the property located in the LID has been filed with the KID Treasurer for collection.

1.3 The total amount of the assessment roll in Local Improvement District No. 192 confirmed by Resolution No. 2015-14, was \$18,923,219. The 60-day period for making cash payments of assessments without interest in the District expired on March 31, 2015, and the total amount of assessments paid in cash was \$166,959.80, leaving a balance of assessments unpaid on the assessment roll in the sum of \$18,756,259.20.

1.4 After accounting for prepaid assessments, the LID is obligated to both the Department of Ecology for its loan to the Red Mountain Project under the Interagency Receivable Agreement, Ecology Contract #1100220 (\$9,753,254.78), and to KID for its interfund loans to the Project (\$9,003,004.42).

1.5 As authorized by RCW 87.03.522, KID has determined to issue its Local Improvement District No. 192 Installment Note to take out the interim financing provided by KID interfund loans in the aggregate principal amount of \$9,003,004.42 and finds it is in the best interest of KID that such note be purchased by KID from funds on deposit in the Realty Reserves Fund of KID and available for investment.

1.6 The interest rate on the assessment installments is 2.93% per annum, as determined by the Board by motion at its regular meeting on January 6, 2015. The rate of 2.93% reflects the 0% charged on the Washington Department of Ecology financing and the rate charged on the remaining debt at 6.1% for the Note.

Section 2. Authorization and Description of Note. For the purpose of paying part of the costs of the LID, including repaying the proceeds of interfund loans authorized under Resolutions 2012-38 and otherwise provided by KID (collectively, "Interfund Loans"), KID causes to be issued a note as authorized by this Resolution.

The Local Improvement District No. 192 Installment Note (the "Note") shall therefore be issued as a single note in the total principal sum of \$9,003,004.42. The Note shall be dated April 1, 2015; shall mature on November 1, 2040; shall be in fully registered form; and shall be numbered R-1. The Note shall bear interest at the rate of 6.1% per annum (computed on the basis of a 365-day year), payable semi-annually on each October 1 and April 1, beginning October 1, 2015. Note proceeds shall be used to pay the principal of and interest on the Interfund Loans before such proceeds can be used for other purposes authorized herein.

Section 3. Appointment of Note Registrar; Registration and Transfer of Note. The Treasurer of KID is appointed Note Registrar for the Note. The Note shall be issued to the KID Realty Reserves Fund (the "Registered Owner") only in registered form as to both principal and interest and shall be recorded on books or records maintained by the Note Registrar (the "Note Register"). The Note Register shall contain the name and mailing address (as may be subsequently changed by notice to KID) of the Registered Owner. The Note may not be assigned or transferred by the Registered Owner. When the Note has been paid in full, both principal and interest, it shall be surrendered by the Registered Owner to the Note Registrar, who shall cancel the Note.

The Note Registrar shall keep, or cause to be kept, at her office, sufficient books for the registration of the Note. The Note Registrar is authorized, on behalf of KID, to authenticate and deliver the Note in accordance with the provisions of the Note and this ordinance, to serve as KID's paying agent for the Note and to carry out all of the Note Registrar's powers and duties under this Resolution or as otherwise provided by law. The Note Registrar shall be responsible for the representations contained in the Note Registrar's Certificate of Authentication on the Note.

Section 4. Payment of Obligations.

4.1 There is hereby created the Local Improvement Fund, District No. 192 (the “LID Fund”). Proceeds from collection of LID No. 192 capital assessments, together with interest and any penalties, shall be paid into the LID Fund. The LID Fund shall make payment both to the KID Red Mtn.-LID Capital Development Account for the Interagency Receivable Agreement (Ecology Contract #1100220), and on the Note held by the Realty Reserves Fund.

4.2 Both principal of and interest on the Note shall be payable solely out of the LID Fund, and from the Local Improvement Guaranty Fund of KID, and shall be payable in lawful money of the United States of America. Interest on the Note and any prepaid principal thereof, shall be paid by check, draft or interfund transfer on the interest payment date to the Registered Owner at the address appearing on the Note Register. The final installment of principal of and interest on the Note at maturity or prior repayment is payable at the office of the Note Registrar in Kennewick, Washington, upon presentation and surrender of the Note.

Section 5. Pledge of Assessment Payments. LID No. 192 capital assessments, together with interest and penalties, if any, are pledged to the payment of the Note and the Interagency Receivable Agreement (Ecology Contract #1100220), and shall be deposited in the LID Fund. The Note is payable solely out of the LID Fund and the Local Improvement Guaranty Fund of KID in the manner provided by law and constitutes a lien and charge upon such LID Fund and Local Improvement Guaranty Fund. The Note is not a general obligation of KID.

Section 6. Form and Execution of Note. The Note shall be printed, lithographed or typed on good bond paper in a form consistent with the provisions of this ordinance and state law, shall be signed by the President of the Board and KID Treasurer, either or both of whose signatures may be manual or in facsimile, and the seal of KID or a facsimile reproduction thereof shall be impressed or printed thereon.

Only the Note bearing a Certificate of Authentication in the following form, manually signed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered Kennewick Irrigation District, Washington, Local Improvement District No. 192 Installment Note described in the Note Ordinance.

KID Treasurer
Note Registrar

The authorized signing of the Certificate of Authentication shall be conclusive evidence that the Note has been duly executed, authenticated and delivered and is entitled to the benefits of this Resolution.


The Note shall contain the following statement that shall be plainly written, printed, or engraved on the Note:

Neither the Note holder nor owner of any bond, interest coupon, warrant, or other short-term obligation issued against a local improvement fund shall have any claim therefore against KID by which it is issued, except for payment from the special assessments made for the improvement for which the Note, bond or warrant was issued and except also for payment from the local improvement guaranty fund of KID as to bonds issued after the creation of a local improvement guaranty fund of KID. KID shall not be liable to the holder of the Note or owner of any bond, interest coupon, warrant, or other short-term obligation for any loss to the local improvement guaranty fund occurring in the lawful operation thereof.


Section 7. Purchase and Sale of Note. KID will purchase the Note from funds available for investment on deposit in the Realty Reserves Fund of KID at a price of par plus accrued interest from the date of the Note to the date of its transfer to KID. The proper KID officials are authorized and directed to do everything necessary for the prompt delivery of the Note and for the proper application and use of the proceeds of the sale thereof.

Section 8. Fixing Interest Rate on Assessments. The interest rate on the installments and delinquent payments of the special assessments in Local Improvement District No. 192 are revised and fixed at the rates of 2.93% per annum and 1.00% per month, respectively.

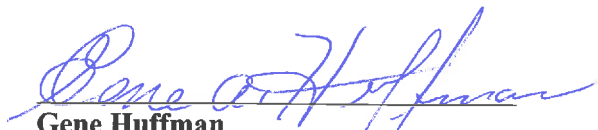
This Resolution 2015-09 is adopted by the Board of Directors of the Kennewick Irrigation District, Benton County, Washington at a meeting with a quorum present in open public session, the 5th day of May, 2015.


Kirk Rathbun, President


Patrick McGuire


David McKenzie, Vice President


Dean Dennis


Gene Huffman