1. Agenda

   Documents:

   9-26-19 AGENDA.PDF

2. Meeting Materials

   Documents:

   4A CHILDHOOD CANCER AWARENESS MONTH.PDF
   4B NCRFA COMMUNITY RESOURCE PARAMEDIC PROGRAM PROGRESS REPORT.PDF
   6A POLICE COMPSTAT REPORT.PDF
   7A CDC MEETING MINUTES.PDF
   7B PTAC MEETING MINUTES.PDF
   8A VOUCHERS.PDF
   8B CITY COUNCIL REGULAR MEETING MINUTES.PDF
   9A ORDINANCE 1478 RESERVOIR BOND.PDF

AGENDA
CITY COUNCIL REGULAR MEETING
Thursday, September 26, 2019 – 7:00 p.m.
Stanwood-Camano School District
Administration Building Board Room
26920 Pioneer Highway, Stanwood, WA 98292

1. **CALL TO ORDER AND PLEDGE OF ALLEGIANCE**
2. **ROLL CALL**
3. **APPROVAL OF THE AGENDA**
4. **PRESENTATION**
   a. Proclamation-Childhood Cancer Awareness Month
   b. North County Fire & EMS
5. **CITIZEN COMMENTS**
6. **STAFF REPORTS**
   a. Police Compstat Report – August, 2019
7. **COMMITTEE REPORTS**
   a. Community Development Committee
   b. Parks and Trails Advisory Committee
8. **CONSENT AGENDA**
   a. Approve Voucher and Payroll Checks
   b. Approve September 12, 2019 Regular Meeting Minutes
9. **NEW BUSINESS**
   a. First and second reading and final adoption of the Water Reservoir Bond Ordinance 1478
10. **REPORTS OF OFFICERS AND COMMITTEES**
    a. Mayor's Report
    b. City Administrator's Report
    c. Councilmember Reports/Questions
11. **CITIZEN CLOSING COMMENTS**
12. **ADJOURN**

Upcoming Meetings:
October 10, 2019 Regular Meeting
October 24, 2019 Regular Meeting

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	4a
DATE:	September 26, 2019
SUBJECT:	Proclaiming September, 2019 as Childhood Cancer Awareness Month
CONTACT PERSON:	Leonard Kelley, Mayor
ATTACHMENTS:	A – Proclamation Childhood Cancer Awareness Month

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SUMMARY STATEMENT

The Proclamation proclaiming September, 2019 as Childhood Cancer Awareness Month.

Childhood Cancer Awareness Month
Proclamation 2019

WHEREAS, each year more than 300,000 children from birth to 19 years old are diagnosed with cancer worldwide; and two thirds of those who survive childhood cancer endure chronic health conditions from the toxic effects of cancer treatment, including secondary cancers and other life-threatening illnesses; and

WHEREAS, the causes of childhood cancer are largely unknown and more studies are needed to understand which treatments work best for children. Cancer treatment for children often must differ from traditional adult treatments to take into account children's developmental needs and other factors; and

WHEREAS, children including Layla Beckstrand is just one of the many hundreds of children who have been successfully treated for cancer in Washington State and her family now volunteers to raise awareness about childhood cancer; and

WHEREAS**,** Stanwood is a caring community that supports children and families;

NOW THEREFORE,

I, Leonard Kelley, Mayor of Stanwood, do hereby proclaim the month of September 2019, as *"Childhood Cancer Awareness Month"* in the City of Stanwood, WA. We ask that community members recognize the serious impact of childhood cancer and to support, and embrace the significant role each of us can play in the awareness of childhood cancer.

SIGNED, SEALED AND DATED this 26th day of September, 2019.

City of Stanwood, WA

____
Leonard Kelley, Mayor

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER: 4b

DATE: September 26, 2019

SUBJECT: Community Resource Paramedic Program Update

CONTACT PERSON: John C. Cermak, Fire Chief

ATTACHMENTS: A – Fact Sheet

ISSUE
NCRFA Community Resource Paramedic program progress update.

SUMMARY STATEMENT

One year ago, we secured funding to develop a CRP Program from the North Sound ACH since the Stillaguamish Tribe has contributed to a donation to support these efforts. This short presentation will provide an update on the progress and expectations into the future.

Discussion
Darin Reid was rehired as a past Assistant Chief in Stanwood to lead the CRP Program. He will present the progress and several early successes.

ATTACHMENT A

North County Regional Fire Authority
8117 267th St. NW
Stanwood, WA 98292
Phone: (360) 629-2184 Fax (360) 652-3166

NCRFA Community Resource Paramedic

The Community Resource Paramedic (CRP) program will identify people who have "fallen through the cracks" in the traditional health model and connect those persons with health and safety resources to reduce emergency calls on the line personnel. The proactive outreach saves time, money, lives and effort of those line personnel. Our CRP will also be able to assist in responding to 911 calls , however, the primary purpose is focused on Community Risk Reduction on the medical side. This means to mitigate injuries before they occur, such as slip, trip and fall prevention courses and home inspections and educating people on how to prevent other emergency incidents such as accidental overdoses or education programs for newly diagnosed diabetics. This program will also help facilitate educating our Residents in the many other resources in our county that can assist them with their needs in order to maintain and/or enhance their quality of life.

CRP Goals:

- Work with people released from hospitals that are on a plan for taking medications as prescribed or keeping follow-up appointments.
- Keep patients from needing a return trip to the hospital.
- Put our residents in touch with the more than 50 social service agencies that can provide them with both medical and non-medical assistance with a goal of helping them to remain in their home.
- Helping "high utilizers" of the 911 system in becoming more self-sufficient and in bringing home healthcare to them.
- Work with local resources on developing a free, fast and effective plan do distribute Flu immunizations.
- Remove access to health barriers such as implementing home health care, providing for primary care providers as opposed to going to the emergency department.
- Promoting emergency department diversion.
- Keeping our paramedic units more available for higher risk emergency response.
- Expanding the ACT (Antidote, CPR/AED, Tourniquet) program teach the public on how to deliver an antidote for suspected opiate overdose, hands only CPR and tourniquet use.
- Assist the SCSO in decreasing opioid addiction and deaths.
- Identify patients who call 911 for transportation to an emergency department simply because they lack transportation to a local clinic and help in facilitating other free or affordable transportation options that can transport them to a local clinic.
- Work with people with addictions so that they may be afforded treatment and housing.

Many of these goals are already being addressed with positive results, but what has been impressive is that there is already a robust program of countywide CRP's, local and State medical officials and varies medical insurance representatives that meet and work together in accomplishing these same goals.

For the future, we hope to meet with all agencies, both medical and non-medical, and find ways that we can work together and become more effective. We also hope to meet with hospital administration and work with them on decreasing readmits of patients that have had surgeries, newly discovered diagnosis such as diabetes, wound care and medication compliance. Also, on the agenda is securing future funding that will help in supporting this program for as long as we exist.

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	6a
DATE:	September 26, 2019
SUBJECT:	Police August 2019 Compstat Report
CONTACT PERSON:	Amanda Slattery, Police Records Clerk
ATTACHMENTS:	August 2019 Compstat Report

SUMMARY STATEMENT

Attached is the August 2019 Compstat Report for council review.

Stanwood Police Department

August 2019

Administrative Personnel

Chief Norm Link
Sergeant Jason Toner
Amanda Slattery – Stanwood City Employee
Stacey Davis – Stanwood City Employee

Operational Personnel

	Assigned	Vacancies	Percentage
Sergeants	2	0	100%
MPD	0	0	N/A
Deputies	6	0	100%
SRO	1	0	100%
Detectives	1	0	100%
Total	10	0	100%

Area of Operation

The City of Stanwood contracts its police services through the Snohomish County Sheriff's Office. The population for Stanwood is currently 7,070, however due to the makeup of the community the service population is 40,000+. Stanwood's city limit encompasses 2.8 square miles.

COMPSTAT REPORT

Type of Crime	August 2019	Year To Date 2019	August 2018	Year to Date 2018
Homicide	0	**0**	0	**0**
Rape	0	**0**	0	**2**
Robbery	0	**1**	0	**3**
Assault	5	**30**	2	**30**
Burglary	2	**10**	5	**15**
Larceny	12	**101**	6	**63**
Motor Vehicle Theft	1	**8**	0	**12**
General	**August 2019**	**Year To Date 2019**	**August 2018**	**Year To Date 2018**
Calls for Service (Incidents)	786	**6775**	637	**5022**
Case Reports	46	**423**	42	**374**
Traffic Collisions	9	**72**	11	**88**
Arrests (Adult/Juvenile)	18	**139**	7	**113**
Drug Arrests	4	**12**	0	**12**
Warrant Arrests	6	**37**	1	**18**
Impaired Driving Arrests	1	**12**	1	**4**
Infractions Issued	13	**238**	7	**59**
Public Disclosure Requests	34	**271**	46	**313**
Concealed Pistol Licenses	51	**381**	39	**423**
Pistol Transfer Checks	12	**172**	N/A	**N/A**
Fingerprinting & Approx. timeframe	48 @ 12 hrs	**350 = 87.5 hrs**	41 @10 ¼ hrs	**338 @84 ½ hrs**

City Collisions for August 2019

City Collisions for August Totals: 9

Date	Case Number	Location	H & R	Injured	Reason
8/2/2019	2019-6035	8700 Block of SR 532			Failure to Stop
8/5/2019	2019-6110	10000 Block of SR 532			Following too close/Failure to Stop
8/5/2019	2019-6116	7200 Block of SR 532			Inattentive/Failure to Stop
8/6/2019	2019-6144	27500 Block of 102nd AVE NW		x	Following too close/Failure to Stop
8/12/2019	2019-6312	8600 Block of 271st ST NW			Inattentive/Failure to Stop
8/13/2019	2019-6342	Milepost 6 / SR 532			Inattentive/Failure to Stop
8/16/2019	2019-6403	9900 Block of 271st ST NW			Failure to Yeild
8/16/2019	2019-6407	8800 Block of SR 532			Inattentive/Failure to Stop
8/23/2019	2019-6561	26800 Block of 72nd AVE NW		x	Medical event - Driver blacked out

Stanwood Police Department Detective Report August Newsletter

August 2019

Update-Stanwood Cases 2019-5359 and 2019-5375

During the early morning hours of 07-10-19 a purse was stolen from a car at an address on Nordic Way and a generator was stolen from the back of a truck at an address on 83rd Drive NW.

On 08-01-19 Deputy Fuchs located and arrested one of the male suspects. The male participated in an interview at the Stanwood Police Department and admitted his involvement in stealing the generator and his use of the stolen credit card. The male was booked into the Snohomish County Jail on the charge of Identity Theft.

The interview provided additional information about a second male's involvement in both crimes. Detective Martin referred charges associated with the second male subject to the Prosecutor's Office.

National Burned Children's Camp

On 08-11-19 Washington State Patrol Sgt. King, Trooper Ramey and Stanwood Police Detective Martin participated in the Washington State Patrol Inter-Agency Bomb Squad's annual display at the 2019 National Burned Children's Camp at Camp Phoenix in Bellingham. The kids enjoyed a tour of the bomb truck and associated equipment.

YMCA Thefts

Stanwood Case 2019-6117
On 08-05-19 a wallet was stolen from a locker in the YMCA men's locker room. The victim noticed his lock had been cut off. YMCA video showed three black males enter the facility at about 1250 hours. At least two of the subjects entered the men's locker room. Video from the Stanwood QFC store showed the same black males using the victim's credit cards to purchase gift cards a short time later.

Stanwood Case 2019-6358
On 08-14-19 at about 0500 hours vehicle keys were taken from an unsecured gym bag in the men's locker room. The keys were used get into a locked vehicle in the YMCA parking lot. The victim's wallet was stolen from the car's glove box.

A recent law enforcement intelligence bulletin identified approximately thirty subjects associated with thefts from fitness club locker rooms at locations up and down the I-5 corridor. Most of the incidents involve stolen credit cards used to purchase gift cards.

There are likely many more individuals stealing from fitness club locker rooms than have been identified.

Fitness club members are encouraged to not leave any valuables in a gym locker, even it is has a lock on it.

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	7a
DATE:	September 26, 2019
SUBJECT:	Community Development Committee Meeting Minutes
CONTACT PERSON:	Patricia Love, Community Development Director
ATTACHMENTS:	A – September 12, 2019 Meeting Minutes

SUMMARY STATEMENT

Minutes from the September 12, 2019 Community Development Committee meeting are attached to this staff report for approval as presented.

ATTACHMENT A

City Council
COMMUNITY DEVELOPMENT COMMITTEE
September 12, 2019 Meeting
Meeting Notes

Attendance:

Council Committee Members and Staff:	*Citizens*
Rob Johnson, Councilmember	Tim Schmitt
Dianne White, Councilmember	Bill Dexter
Patricia Love, Community Development Director	

1. *2019 Docket*

Community Development Director Patricia Love presented an overview of the 2019 Docket to include five (5) public items and three (3) City Initiated items:

- Stromberg Rezone Request-Rezone 6721 Pioneer Hwy from Light Industrial to Residential
- Nord/Beckner Rezone Request- Rezone property between 90th and 92nd Avenue from Light Industrial to Multifamily Residential
- Wammack/Sather Rezone Request-Rezone two vacant parcels within the Haggen Complex from General Commercial to General Commercial with Mixed Use Overlay
- Wammack/Sibert Rezone Request-Add Mixed Use Overlay to 72nd Avenue Parcel Zoned General Business
- 271st Street (Main Street) Rezone-City Initiated Rezone to consider rezoning the property along the north side of 271st Street between 90th Ave NW and 92nd Ave NW from Light Industrial to Mainstreet Business II (MBII)
- Buildable Lands and Population Allocation-City Initiated Code Amendment-Evaluate land capacity, density, and housing types in compliance with state law (Growth Management Act) as it relates to the upcoming buildable lands analysis and 2050 growth projections.
- Permitted use Table and Procedures-City Initiated Code Amendment to update the City's permitted use matrix and permitting procedures to ensure that the type of land uses are consistent with the intent of zoning districts and that the permitting process is efficient as possible while ensuring public participation
- Resident Initiated Code Amendment-Establish standards for type and quality of development materials.

Staff Recommendation:

Approve all of the 2019 Docket applications and place on the Planning Commission's 2020 work plan.

Proposed Motion:

The Planning Commission recommends the the 2019 Docket Applications be placed on the Final Docket and be included in the Planning Commissions 2020 Work Plan.

2. *FYI Items*

Park Grant – The City applied for a $10,000 Small Capital Projects Partnership Grant from Snohomish County. This application is in support of renovating a portion of Church Creek Park including replacing old, outdated playground equipment and resurfacing the existing basketball court. This $10,000 will supplement the $125,000 in the 2020 budget for improvements to Church Creek Park. The County Council is scheduled to approve the grant at the end of August / early September. The County will send us a draft contract for our approval in September. Staff would like to forward this grant to the full City Council once it has been received and reviewed by the City Attorney.

CIP Code Amendment – Each year the City updates its 6-year Capital Improvement List; per City code, this is an amendment to the Comprehensive Plan and requires notice to the Department of Commerce, a public hearing with the Planning Commission and then a hearing with the City Council. This process is not required by state law. Staff is working with the city attorney to amend the code so that annual CIP updates can go directly to the City Council for approval with the budget.

Stanwood Civic Campus Project – City staff toured the City of Edgewood combined City Hall / Police Station on August 29th and gained some valuable "lessons learned" and insights on what works well and what they would change.   Our first Steering Committee meeting was held Monday, September 10.

____
Chair

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	7b
DATE:	September 26, 2019
SUBJECT:	Parks and Trails Advisory Committee Meeting Minutes
CONTACT PERSON:	Patricia Love, Community Development Director
ATTACHMENTS:	A – July 15, 2019 Meeting Minutes

SUMMARY STATEMENT

Minutes from the July 15, 2019 Parks and Trails Advisory Committee meeting are attached to this staff report for approval as presented.

ATTACHMENT A

PARKS and TRAILS ADVISORY COMMITTEE
July 15, 2019 Meeting
Meeting Notes

Attendance:

Committee Members:
Steve Shepro
Gordon Bell
Dave Hall
Marshall Will

Absent:
Matt Withers
Rick Hawkins
Lisa Bruce

Staff:
Patricia Love, Community Development Director
Carly Ruacho, Senior Planner
Krista Hintz, Administrative Assistant

Public:
Gordy Holmes
Kathleen Shepro
Judy Williams

Call to Order and Roll Call

The July meeting of the PTAC was called to order at 3:00 pm on Monday, July 15, 2019

Hamilton Landing Park Design Discussion

Community Development Director Patricia Love presented the Hamilton Landing Park design update with the following edits"

- The pedestrian connection has been removed from the plan to work through environmental issues.
- The term "dilapidated bulkhead" was replaced with "existing bulkhead"
- Added section for hobby lights

The Committee discussed the need for inclusion of benches near playground and parking and picnic tables near the play area.

Motion made by Steve Shepro to approve forwarding the design to Council for acceptance with the addition of the aforementioned benches and picnic tables. Motion was seconded by Marshall Will.

Gordon Bell expressed reservations regarding the following issues:
Inadequate Staffing, Maintenance, and Parking
Fees-Boat launch fees should be considered, inadequate parking for free launch

The motion passed with notation of above stated reservations, 4-0.

Park Impact Fees

Community Development Director Patricia Love presented an overview of Park Impact Fees. One of the City's 2019 / 2020 work items is to review and potentially update the City's park impact fees. The City's Park Impact Fee ordinance was last updated in December of 2017. While the fee is fairly newly adopted, Council has asked staff to review the costs associated with projects and what is the fairest distribution of those costs.

Park Impact Fee Formula:

$$\mathbf{PIF} = \frac{\mathbf{C \times S \times U \times A}}{\mathbf{P}}$$

C = Average Development and Acquisition Cost per Acre
S = Level of Service Standard: 2.5 acres per 1,000 residents for each neighborhood and community parks = 5.0 acres per 1,000 residents
P = 1,000 (People)
U = Average Occupancy: 2.77 / SFR and 2.17 / MFR
A = Adjustment Rate of 40% (Applies a 0.60 adjustment factor to the formula)

In 2017, the City evaluated three alternative scenarios using current cost data and applying the above listed formula:

Alternative 1:	Full cost of park projects listed in the Park Plan
Alternative 2:	Park acquisition and development costs listed in the 6-year CIP
Alternative 3:	Park acquisition and development costs listed in the 6-year CIP with the exclusion of associated transportation costs which are included in the City's Transportation Improvement Plan (TIP)

Alternative 3 was selected by the City Council as the most appropriate methodology. The Council also opted to cut the resulting Alternative 3 impact fee in half.

Staff is proposing to apply the Council's adopted policy direction to the 2019 update. As a result, the proposed update would apply the Alternative 3 methodology to the 2019 – 2024 Park CIP project list and divide the resulting figure in half.

The following options have been prepared for consideration:

Option 1: Amend Adjustment Rate and Household Size:
Update the formula with latest house hold size numbers and construction costs:

Option 2: Amend the Discount Factor:
Use the existing formula and apply the discount factor at 50/50 versus 60/40. 50/50 is a common discount factor used by many cities.

Option 3: Apply A Division Factor:
In 2017 the City Council chose to divide the final fee in half. This is being referred to as the "division factor". This option includes updating the household size, construction costs and discount factor and then dividing the total number in half. This division factor could be any number. For reference, the example below shows it at half the rate of Option 2.

Option 4: Maintain Existing Fee:
This is the do nothing option; leave the park impact fee as it currently stands at $1,330.00 per single family residence and $1,042.00 per duplex, townhouse and multifamily residence.

Maintain the existing fee but apply a construction cost escalation rate to adjust for changes in the construction industry. Staff is recommended that the escalation factor should follow the Producer Price Index, for a couple of reasons: 1) it is regional, 2) it is published by the Bureau of Labor Statistics and 3) it is readily available.

The final result of this exercise is multi-facetted:

1. Potentially update the park impact fee based on the 2019 – 2024 park CIP list,
2. Amend SMC Chapter 17.151, Impact Fees, to reflect the applied formula, and
3. Evaluate the adjustment and division factors.

No action was taken by the Committee.

Approval of Minutes
The April 15, 2019 and June 17, 2019 meeting minutes were approved as presented.

Next Meeting
The August 19, 2019 meeting has been canceled, the next meeting is scheduled for Monday, September 16, 2019 at City Hall.

The meeting was adjourned at 4:47 pm.

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	8a
DATE:	September 26, 2019
SUBJECT:	Approval of Voucher and Payroll Checks
CONTACT PERSON:	Reina Barber, Accounting Specialist
ATTACHMENTS:	A - Voucher Check Detail

SUMMARY STATEMENT

Approve issuance of Washington Federal Bank voucher checks 31619 through 31684 and Washington Federal electronic funds transfers in the amount of $122,349.44. Approve issuance of Washington Federal Bank payroll checks 1642 through 1649 and Washington Federal Bank electronic funds transfers in the amount of $262,832.80.

RECOMMENDED MOTION

I MOVE TO APPROVE ISSUANCE OF WASHINGTON FEDERAL BANK VOUCHER CHECKS 31619 THROUGH 31684 and WASHINGTON FEDERAL ELECTRONIC FUNDS TRANSFERS IN THE AMOUNT OF $122,349.44. APPROVE ISSUANCE OF WASHINGTON FEDERAL BANK PAYROLL CHECKS 1642 THROUGH 1649 AND WASHINGTON FEDERAL BANK PAYROLL ELECTRONIC FUNDS TRANSFERS IN THE AMOUNT OF $262,832.80.

CHECK REGISTER

City Of Stanwood
MCAG #: 0695

09/04/2019 To: 09/15/2019

Time: 09:21:58 Date: 09/16/2019
Page: 1

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
5372	09/05/2019	Claims	3	EFT	Xpress/Bill Pay	542.60	10290 Monthly Maintenance August 2019
5447	09/09/2019	Claims	3	EFT	WA St Dept of Licensing *	828.00	Gun Permit Fees August
5449	09/11/2019	Claims	3	EFT	US Bank	4,825.27	4485 5945 5564 1495
5321	09/05/2019	Claims	3	31619	Art by the Bay	1,000.00	City Of Stanwood
5322	09/05/2019	Claims	3	31620	Gaylynn Brien	60.00	City Of Stanwood
5323	09/05/2019	Claims	3	31621	Bruce C Allen & Associates, Inc	3,950.00	City Of Stanwood
5324	09/05/2019	Claims	3	31622	Cascade Natural Gas Corp	86.82	127 540 0000 3; 498 440 0000 7; 839 440 0000 5; 931 607 9072 6; 953 540 0000 2; 608 440 0000 4
5325	09/05/2019	Claims	3	31623	Cascade Septic, LLC	360.00	City Of Stanwood; City Of Stanwood
5326	09/05/2019	Claims	3	31624	Confluence Environmental Company, Inc	1,349.16	City Of Stanwood
5327	09/05/2019	Claims	3	31625	Edge Analytical Inc	40.00	STA01; STA01
5328	09/05/2019	Claims	3	31626	FCS Group- Solutions- Oriented Consult.	2,639.84	City Of Stanwood
5329	09/05/2019	Claims	3	31627	HB Jaeger	1,200.78	3330
5330	09/05/2019	Claims	3	31628	Harmsen LLC	151.00	City Of Stanwood
5331	09/05/2019	Claims	3	31629	Krista Hintz	78.96	City Of Stanwood
5332	09/05/2019	Claims	3	31630	Jiffy Lube 2583	58.64	05
5333	09/05/2019	Claims	3	31631	Klesick Family Farm	1,156.91	KLESICK #3812 - 8504 CEDARHOME DR
5334	09/05/2019	Claims	3	31632	Lakeside Industries Inc	746.94	108469; 108469
5335	09/05/2019	Claims	3	31633	Metron And Associates, Inc.	5,901.26	City Of Stanwood
5336	09/05/2019	Claims	3	31634	Navia Benefits	50.00	City Of Stanwood
5337	09/05/2019	Claims	3	31635	Office Depot	264.10	36274097; 36274097; 36274097; 36274097; 36274097
5338	09/05/2019	Claims	3	31636	PK Safety Supply	2,507.00	City Of Stanwood; City Of Stanwood
5339	09/05/2019	Claims	3	31637	PUD Of Snohomish County *	14,893.65	200592889; 202982351; 200208858; 220923312; 200240505; 221854284
5340	09/05/2019	Claims	3	31638	Petty Cash/ Marcy Mathis -Custodian	29.09	City Of Stanwood
5341	09/05/2019	Claims	3	31639	Pratt Pest Management NW Inc	185.64	683591
5342	09/05/2019	Claims	3	31640	Premier Field Development	1,959.26	Ref Premier Field Development Hydrant Fee - Inv#2533
5343	09/05/2019	Claims	3	31641	RH2 Engineering Inc	3,627.89	City Of Stanwood; City Of Stanwood
5344	09/05/2019	Claims	3	31642	Jeffrey Ray	15.00	City Of Stanwood
5345	09/05/2019	Claims	3	31643	Refund - Stanwood Rotary	150.00	Ref Stanwood Rotary #2019-0219 Cleaning/damage Deposit
5346	09/05/2019	Claims	3	31644	Ricoh USA, Inc.	1,781.94	1316669-3660142; 1316669-3660143; 1316669-3659652; 1316669-3660140; 1316669-3660090
5347	09/05/2019	Claims	3	31645	River of Life Community Church	100.00	Ref Park Damage Dep Inv#2559 7/18/19
5348	09/05/2019	Claims	3	31646	Rodda Paint	1,151.49	631460; 631460
5349	09/05/2019	Claims	3	31647	Shred-it US JV LLC	41.91	14668765
5350	09/05/2019	Claims	3	31648	Skagit Farmers Supply	1,218.88	135052
5351	09/05/2019	Claims	3	31649	Sno Co District Court	874.02	DCT34003
5352	09/05/2019	Claims	3	31650	Sno Co Public Works *	2,391.66	CR000024; CR000024
5353	09/05/2019	Claims	3	31651	Sno Co Sheriff's Office - CB	3,368.24	City Of Stanwood
5354	09/05/2019	Claims	3	31652	Everett Daily Herald/ Sound Publishing	120.40	14104597
5355	09/05/2019	Claims	3	31653	Special Asphalt Products	1,651.50	STA001

CHECK REGISTER

City Of Stanwood | Time: 09:21:58 Date: 09/16/2019
MCAG #: 0695 | 09/04/2019 To: 09/15/2019 | Page: 2

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
5356	09/05/2019	Claims	3	31654	Stanwood Camano Arts Guild	150.00	City Of Stanwood
5357	09/05/2019	Claims	3	31655	Stanwood Camano News	46.99	261981
5358	09/05/2019	Claims	3	31656	Stanwood Car Care	246.30	City Of Stanwood
5359	09/05/2019	Claims	3	31657	Stanwood Chamber Of Commerce	2,900.00	City Of Stanwood
5360	09/05/2019	Claims	3	31658	Strategies 360 Inc	1,500.00	City Of Stanwood
5361	09/05/2019	Claims	3	31659	USA Bluebook	822.20	478228
5362	09/05/2019	Claims	3	31660	Unum Life Insurance	88.40	City Of Stanwood
5363	09/05/2019	Claims	3	31661	WA St Dept of Transportation *	1,357.76	9160001509
5364	09/05/2019	Claims	3	31662	Washington Tractor Inc.	35.76	111096
5365	09/05/2019	Claims	3	31663	Waste Management Skagit	154.18	8-34465-95001
5366	09/05/2019	Claims	3	31664	Wave Broadband	20.40	3201-0316545-01
5450	09/11/2019	Claims	3	31665	Aramark Uniform Services Inc	477.42	937963000
5451	09/11/2019	Claims	3	31666	Badger Meter Inc	1,500.00	460708
5452	09/11/2019	Claims	3	31667	Cascade Septic, LLC	110.00	City Of Stanwood
5453	09/11/2019	Claims	3	31668	Code Publishing Company Inc	1,598.34	3116
5454	09/11/2019	Claims	3	31669	Edge Analytical Inc	210.00	STA01
5455	09/11/2019	Claims	3	31670	Forest Land Services Inc	977.88	City Of Stanwood
5456	09/11/2019	Claims	3	31671	Frontier *	1,379.61	360-629-4907-072497-5; 206-188-0411-053105-5
5457	09/11/2019	Claims	3	31672	Hamilton Lumber LLC	347.62	City Of Stanwood
5458	09/11/2019	Claims	3	31673	J.A. Brennan Associates, PLLC	28,467.71	City Of Stanwood; City Of Stanwood
5459	09/11/2019	Claims	3	31674	Office Depot	504.95	36274097; 36274097; 36274097; 36274097; 36274097; 362740
5460	09/11/2019	Claims	3	31675	PK Safety Supply	3,356.00	City Of Stanwood
5461	09/11/2019	Claims	3	31676	Sno Co Information Services *	9,093.74	DIS1107
5462	09/11/2019	Claims	3	31677	Stanwood Auto Parts	601.53	56100
5463	09/11/2019	Claims	3	31678	Stanwood Car Care	874.64	City Of Stanwood
5464	09/11/2019	Claims	3	31679	Stanwood City Utility	3,106.12	2416; 1675; 1674; 1587; 1573; 1348; 1332; 1328; 1271; 1241; 4252;
5465	09/11/2019	Claims	3	31680	Stanwood Hardware	591.13	1414
5466	09/11/2019	Claims	3	31681	Stanwood Redi-Mix Inc	98.10	1CI090
5467	09/11/2019	Claims	3	31682	TMG Services Inc	48.63	1920010
5468	09/11/2019	Claims	3	31683	Washington State Patrol *	318.00	STA301
5469	09/11/2019	Claims	3	31684	Xylem Water Solutions U.S.A., Inc.	8.18	129265

001 General Fund	29,730.25		
101 Street Fund	2,502.46		
103 Street Construction Fund	4,043.16		
104 Park Improvement Fund	32,417.71		
108 Transportation Sales Tax Fund	35.75		
110 Building Improvement Fund	5,901.26		
401 Sewer Fund	14,237.70		
403 Sewer Construction Fund	129.33		
410 Drainage Fund	3,551.88		
421 Water Fund	26,471.18		
422 Water Construction Fund	2,322.91		
630 Agency Fund	1,005.85		
		Claims:	122,349.44
* Transaction Has Mixed Revenue And Expense Accounts	122,349.44		

CHECK REGISTER

City Of Stanwood
MCAG #: 0695

09/04/2019 To: 09/15/2019

Time: 09:21:58 Date: 09/16/2019
Page: 3

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo

CERTIFICATION: I, the undersigned do hereby certify under penalty of perjury, that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation against the City of Stanwood, and that I am authorized to authenticate and certify to said claim.

( ) Finance Director ( ) Auditing Officer ______________________ Date: 9-16-19
( ) Deputy Finance Director

CHECK REGISTER

City Of Stanwood
MCAG #: 0695

09/04/2019 To: 09/15/2019

Time: 09:22:06 Date: 09/16/2019

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
5232	09/06/2019	Payroll	3	EFT		4,095.06	August 2019 Payroll
5233	09/06/2019	Payroll	3	EFT		3,575.75	August 2019 Payroll
5234	09/06/2019	Payroll	3	EFT		2,103.20	August 2019 Payroll
5235	09/06/2019	Payroll	3	EFT		1,652.53	August 2019 Payroll
5236	09/06/2019	Payroll	3	EFT		1,911.45	August 2019 Payroll
5237	09/06/2019	Payroll	3	EFT		345.09	August 2019 Payroll
5238	09/06/2019	Payroll	3	EFT		1,864.07	August 2019 Payroll
5239	09/06/2019	Payroll	3	EFT		3,002.33	August 2019 Payroll
5240	09/06/2019	Payroll	3	EFT		5,144.52	August 2019 Payroll
5241	09/06/2019	Payroll	3	EFT		3,906.75	August 2019 Payroll
5242	09/06/2019	Payroll	3	EFT		1,860.96	August 2019 Payroll
5243	09/06/2019	Payroll	3	EFT		5,814.38	August 2019 Payroll
5244	09/06/2019	Payroll	3	EFT		2,153.25	August 2019 Payroll
5245	09/06/2019	Payroll	3	EFT		3,865.99	August 2019 Payroll
5246	09/06/2019	Payroll	3	EFT		2,626.20	August 2019 Payroll
5247	09/06/2019	Payroll	3	EFT		2,788.39	August 2019 Payroll
5248	09/06/2019	Payroll	3	EFT		5,467.30	August 2019 Payroll
5249	09/06/2019	Payroll	3	EFT		345.09	August 2019 Payroll
5250	09/06/2019	Payroll	3	EFT		4,148.83	August 2019 Payroll
5251	09/06/2019	Payroll	3	EFT		1,778.98	August 2019 Payroll
5252	09/06/2019	Payroll	3	EFT		824.66	August 2019 Payroll
5253	09/06/2019	Payroll	3	EFT		5,322.71	August 2019 Payroll
5254	09/06/2019	Payroll	3	EFT		4,053.65	August 2019 Payroll
5255	09/06/2019	Payroll	3	EFT		3,191.39	August 2019 Payroll
5256	09/06/2019	Payroll	3	EFT		295.16	August 2019 Payroll
5257	09/06/2019	Payroll	3	EFT		345.16	August 2019 Payroll
5258	09/06/2019	Payroll	3	EFT		2,748.16	August 2019 Payroll
5259	09/06/2019	Payroll	3	EFT		1,701.27	August 2019 Payroll
5260	09/06/2019	Payroll	3	EFT		3,084.42	August 2019 Payroll
5261	09/06/2019	Payroll	3	EFT		952.75	August 2019 Payroll
5262	09/06/2019	Payroll	3	EFT		4,966.26	August 2019 Payroll
5263	09/06/2019	Payroll	3	EFT		339.45	August 2019 Payroll
5264	09/06/2019	Payroll	3	EFT		2,017.07	August 2019 Payroll
5265	09/06/2019	Payroll	3	EFT		2,999.84	August 2019 Payroll
5266	09/06/2019	Payroll	3	EFT		1,718.01	August 2019 Payroll
5267	09/06/2019	Payroll	3	EFT		2,376.22	August 2019 Payroll
5268	09/06/2019	Payroll	3	EFT		3,780.83	August 2019 Payroll
5269	09/06/2019	Payroll	3	EFT		3,279.08	August 2019 Payroll
5270	09/06/2019	Payroll	3	EFT		2,126.99	August 2019 Payroll
5271	09/06/2019	Payroll	3	EFT		1,528.28	August 2019 Payroll
5272	09/06/2019	Payroll	3	EFT		1,002.97	August 2019 Payroll
5273	09/06/2019	Payroll	3	EFT		3,621.26	August 2019 Payroll
5274	09/06/2019	Payroll	3	EFT		345.09	August 2019 Payroll
5275	09/06/2019	Payroll	3	EFT		345.16	August 2019 Payroll
5310	09/06/2019	Payroll	3	EFT	Internal Revenue Service (941)	49,724.67	941 Deposit for Pay Cycle(s) 09/06/2019 - 09/06/2019
5311	09/06/2019	Payroll	3	EFT	WA St Department Of Retirement Systems	41,790.66	Pay Cycle(s) 09/06/2019 To 09/06/2019 - PERS2; Pay Cycle(s) 09/06/2019 To 09/06/2019 - PERS 3; Pay Cycle(s) 09/06/2019 To 09/06/2019 - 457 - DRS (DCP)
5312	09/06/2019	Payroll	3	1642	AFLAC	643.56	Pay Cycle(s) 09/06/2019 To 09/06/2019 - AFLAC, Pre-Tax; Pay Cycle(s) 09/06/2019 To 09/06/2019 - AFLAC, Post-Tax

CHECK REGISTER

City Of Stanwood
MCAG #: 0695

09/04/2019 To: 09/15/2019

Time: 09:22:06 Date: 09/16/2019

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
5313	09/06/2019	Payroll	3	1643	AWC Employee Benefit Trust	21,873.37	Pay Cycle(s) 09/06/2019 To 09/06/2019 - AWC - Medical; Pay Cycle(s) 09/06/2019 To 09/06/2019 - AWC- Dental; Pay Cycle(s) 09/06/2019 To 09/06/2019 - AWC - Vision; Pay Cycle(s) 09/06/2019 To 09/06/2019;
5314	09/06/2019	Payroll	3	1644	Colonial Life Insurance	66.75	Pay Cycle(s) 09/06/2019 To 09/06/2019 - Colonial Life Ins
5315	09/06/2019	Payroll	3	1645	Hartford Retirement Plan Services	2,158.00	Pay Cycle(s) 09/06/2019 To 09/06/2019 - 457 - MassMutual (Hartford); Pay Cycle(s) 09/06/2019 To 09/06/2019 - Roth 457(b)(MassMutual)
5316	09/06/2019	Payroll	3	1646	ICMA Retirement Trust	2,616.17	Pay Cycle(s) 09/06/2019 To 09/06/2019 - 457 - ICMA
5317	09/06/2019	Payroll	3	1647	Navia Benefits	311.66	Pay Cycle(s) 09/06/2019 To 09/06/2019 - Medical FSA- S125
5318	09/06/2019	Payroll	3	1648	Teamsters Union Local 231	1,322.00	Pay Cycle(s) 09/06/2019 To 09/06/2019 - Teamsters Dues
5319	09/06/2019	Payroll	3	1649	Washington Teamsters Welfare Trust	30,910.00	Pay Cycle(s) 09/06/2019 To 09/06/2019 - Teamsters Dental; Pay Cycle(s) 09/06/2019 To 09/06/2019 - Teamsters Medical

001 General Fund	131,327.51		
101 Street Fund	20,771.88		
108 Transportation Sales Tax Fund	1,160.21		
401 Sewer Fund	35,555.24		
410 Drainage Fund	24,323.61		
421 Water Fund	49,694.35		
	262,832.80	Payroll:	262,832.80

CERTIFICATION: I, the undersigned do hereby certify under penalty of perjury, that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation against the City of Stanwood, and that I am authorized to authenticate and certify to said claim.

( ) Finance Director ( ) Auditing Officer ______________________ Date: 9-16-19
( ) Deputy Finance Director

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	8b
DATE:	September 26, 2019
SUBJECT:	City Council September 12, 2019 Regular Meeting Minutes
CONTACT PERSON:	Sara Robinson, Deputy Clerk
ATTACHMENTS:	A – Council Regular Meeting Minutes

SUMMARY STATEMENT

Minutes of the September 12, 2019 Regular City Council Meeting are attached.

RECOMMENDED MOTION

I MOVE TO APPROVE THE MINUTES OF THE SEPTEMBER 12, 2019 REGULAR COUNCIL MEETING AS PRESENTED.

CITY OF STANWOOD

ATTACHMENT A

Regular Meeting of the City Council
Thursday, September 12, 2019 – 7:00 p.m.
Stanwood Camano School District Administration Board Room

MINUTES

1. Call to Order and Pledge of Allegiance

Mayor Pro Tempore Dianne White called the meeting to order at 7:00 p.m. and led the Pledge of Allegiance.

2. Roll Call

Deputy Clerk Sara Robinson called the roll with the following Councilmembers present: Rob Johnson, Dianne White, Larry Sather, Kelly McGill and Judy Williams. The meeting was quorate.

Also present: Public Works Director Kevin Hushagen, Community Development Director Patricia Love, Finance Director David Hammond, City Attorney Grant Weed, Fire Chief John Cermak, Police Chief Norm Link, Senior Planner Amy Rusko and Deputy Clerk Sara Robinson.

Motion by Councilmember Sather, Second by Councilmember McGill, to excuse Councilmember Callaghan and Councilmember Pearce. Motion carried unanimously.

3. Approval of the Agenda

Motion by Councilmember Sather, second by Councilmember McGill to approve the agenda. Motion carried unanimously.

4. Citizen Comments

Attorney Grant Weed spoke to set expectations for the Citizen Comment section of the meeting. Regarding the Crematory, the decision is not before City Council for approval. The decision is currently being appealed and will go before a land use examiner for decision. Council is advised not to engage in any dialogue regarding this matter.

Tim Schmitt -
26910 92nd Avenue, Stanwood WA
Mr. Schmitt spoke in favor of passing an affordable housing assistance program. He would like the City to consider formulating a social services committee.

5. Staff Reports

a. Police Compstat Report – July, 2019

6. Committee Reports

a. Community Development August 8, 2019 Meeting Minutes
b. Economic Development March 21, 2019 and April 18, 2019 Meeting Minutes

7. Consent Agenda

a. Approve Vouchers and Payroll Checks
b. Approve August 8, 2019 Regular Meeting Minutes

Motion by Councilmember Sather, Second by Councilmember McGill to approve the consent agenda items a and b. Motion carried unanimously.

8. New Business

a. Authorize the Mayor to sign an Amendment to the Annexation Agreement with Sno-Isle Intercounty Rural Library District.

Kevin Hushagen, Director of Public Works, presented the request to authorize the Mayor to sign an Amendment to the Annexation Agreement with Sno-Isle Intercounty Rural Library District. In the original agreement the Library agreed to stay in the downtown districts until 2023; however they are now requesting removal of the restriction, claiming better flexibility to plan for the Library's future.

Councilmember Sather would like to recommend this amendment. He is a liaison with the library board and has seen all of the great work that the Library does. He feels that it is time to let go of this provision.
Councilmember White agrees with Councilmember Sather.
Councilmember Johnson would like to state his strong support of this amendment.

Motion by Councilmember Sather, second by Councilmember Johnson to authorize the Mayor to sign the Amendment to the Annexation Agreement with Sno-Isle Intercounty Rural Library District. Motion carried unanimously.

b. Authorize the Mayor to sign the WSDOT agreement in the amount of $10,000 for a traffic analysis on SR 532.

Patricia Love, Community Development Director, presented the request for the Mayor to sign an agreement with WSDOT for a SR 532 traffic analysis. This agreement will expand on the 2015 Transportation Plan to identify low cost improvements and possible roundabouts for the downtown area. As part of the SR 532 Beautification and Gateway project, the City began working with WSDOT and Island County. WSDOT noted they had some funds available to help with the study.

M*otion by Councilmember Sather, second by Councilmember Johnson to authorize the Mayor to sign a contract with WSDOT for $10,000 for the SR 532 traffic analysis. Motion carried unanimously.*

c. Approve and authorize the Mayor to sign the Final Plat of Trailside and allow the applicant to record the plat of Trailside.

Patricia Love, Community Development Director, presented the request to move forward with this new Final Plat of Trailside. The site improvements have been inspected and the bonds are in place. The plat of Trailside was preliminarily approved for 14 new residential lots on approximately

2.61 acres. This project was discussed at the 6-13-19 Community Development Meeting. The committee had no concerns and was supportive of moving forward with the final plat.

M*otion by Councilmember Sather, second by Councilmember McGill to authorize the Mayor to sign the Final Plat of Trailside. Motion carried unanimously.*

d. Approve Resolution 2019-10 notifying the State of the City's intent to participate in the sales tax revenue sharing program authorized by HB1406.

Patricia Love, Community Development Director, presented the request to authorize the Mayor to sign resolution 2019-10. Signing this would let the State know that we intend to participate in this program. This is an affordable housing fund which will come from a portion of sales tax that the State already receives, it is not an additional tax. Since Stanwood already has an assistance program, we can use the funds to partner with them to further help Stanwood's families in need. In 2018 there were about 270 families that were served in Stanwood.
Councilmember Sather thinks that it is a no brainer. Let's keep the money here in Stanwood.

M*otion by Councilmember Sather, second by Councilmember McGill to authorize the Mayor to sign resolution 2019-10. Motion carried unanimously.*

e. Authorize the Mayor to sign on-call contracts with Bonner Electrical Contracting, LLC and Dahl Electric, Inc.

Kevin Hushagen, Public Works Director, presented the request to authorize the mayor to sign the on-call contracts. These contractors would provide electrical repairs, upgrades, installations and replacements for components of City facilities on an as needed basis during the contract period.

M*otion by Councilmember Sather, second by Councilmember McGill to authorize the Mayor to sign the on-call contracts with Bonner Electric Contracting, Inc. and Dahl Electric, Inc. Motion carried unanimously.*

f. Authorize the Mayor to sign the Snohomish County Public Works Assistance Fund (PWAF) Loan Agreement.

Kevin Hushagen, Public Works Director, presented the request for the PWAF Loan Agreement. The City has been working with Snohomish County to secure a low interest (1.5%) loan through the County's Public Works Assistance Fund program for the construction of the SR 532 berm. The berm is engineered to protect the City when the river rises. There will also be a nice multimodal trail on the top of the berm.
Councilmember Sather highly supports this request.
Councilmember Johnson asked about the repayment source. Finance Director Hammond noted that there are funds available in the 2020 budget. Rates on the private market would be about 2.59% with $25,000 of fees.

M*otion by Councilmember Sather, second by Councilmember McGill to authorize the Mayor to sign the Snohomish County Public Works Assistance Fund Loan Agreement. Motion carried unanimously.*

11. Reports of Officers and Committees

a. Mayor's Report - Mayor Pro Tempore White
None

b. Councilmember Reports and Questions

Councilmember Sather- Was able to attend the 9/11 event that was held at the Fire Station. It was an outstanding celebration. He looks forward to attending this event again in the future.

Councilmember Johnson- 343 flags were placed along the highway signifying the fire fighters lost in the 9/11 tragedy. All of the flags were handmade. This was definitely an all hands on deck event that was very impressive.

11. Citizen Closing Comments – None

12. Adjourn to Executive Session – RCW 42.30.110(1)(b); AND RCW 42.30.110(1)(i)

Mayor Pro Tempore White adjourned the meeting to Executive Session at 7:22 pm for 10 minutes with action anticipated.

Councilmember McGill asked to be recused from the possible litigation portion of the executive meeting due to a conflict of interest. Mayor Pro Tempore White agreed.

13. Reconvene and Adjourn

Council reconvened at 7:35 pm.

Motion by Councilmember Sather, second by Councilmember McGill, to authorize the Mayor or his designee to finalize and close the purchase of 11 acres of property located off 276th street (Lover's Lane) in the City of Stanwood with Josephine Caring Community in the amount of $682,900 for the purpose of expanding Heritage Park.
Johnson – yes, White – yes, Sather – yes, McGill – yes, Williams-yes. Motion carried unanimously.

Mayor Pro Tempore White adjourned the meeting at 7:39 p.m.

CITY OF STANWOOD	ATTEST:
Leonard Kelley, Mayor	Sara Robinson, Deputy Clerk

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	9a
DATE:	September 26, 2019
SUBJECT:	Ordinance 1478 – providing for the issuance, sale and delivery of Water and Sewer Revenue Bonds, 2019
CONTACT PERSON:	David A. Hammond, Finance Director/City Clerk
ATTACHMENTS:	A – Proposed Ordinance 1478 B – D.A. Davidson presentation materials

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ISSUE

The issue before the City Council is to hold the first and second reading and final adoption of Ordinance 1478 providing for the issuance, sale and delivery of Water and Sewer Revenue Bonds, 2019. Due to the competitive nature of the bond sale and the duration of bank bids, staff recommends conducting first and second reading and final adoption.

RECOMMENDATION

Conduct first and second reading and final adoption of Ordinance 1473 to amend the 2019-20 budget.

FINANCIAL IMPACT

The financial impacts are outlined below.

DISCUSSION

This $3,239,000 bond issuance will finance construction of a 1.5 million gallon water reservoir and back-up generator, as well as one or more other sewer improvements included in the Capital Improvement Plan. The water reservoir is included in the city's Capital Improvement Plan for construction in 2020. In the 2019-2020 budget amendment No. 1 on April 11, 2019 the City Council approved accelerating the construction of the new water reservoir from 2020 to 2019.

Proceeds of this bond issuance were included in the 2019 budget and $3,000,000 was appropriated to construct the reservoir and generator in 2019. The 2020 budget includes debt service of $199,000 to begin repayment, however the actual debt service will be approximately $210,000, so the budget will need an increase of $11,000 in the mid-biennium amendment.

The 2018 FCS Group rate study anticipated borrowing over a 30 year term, rather than the 20 year term of this bond, so the anticipated annual debt service was $155,000. This is a significant difference from this bond issue. The rate study allowed for annual increases in rate funded system investment of approximately $50,000 per year through 2024. These contributions may have to be scaled back slightly although it is considered unlikely given the conservative estimates used in the study. The study anticipated the water reservoir would be one million gallons at approximately $2 million, but the city is proceeding with a 1.5 million gallon reservoir, which will save construction costs in future.

The reservoir construction contract was put out to bid and the low bid was responsive and within budget. Council authorized awarding the contract to T. Bailey, Inc. on June 27. The contractor was issued notice to proceed on September 3rd.

Jim Nelson, D.A. Davidson, Inc., Senior Vice President will present an outline of the bond issuance process to the Mayor, City Council and staff. The attached draft ordinance relates to contracting indebtedness; providing for the issuance, sale and delivery of Water and Sewer Revenue Bonds, 2019, to finance the costs of certain capital improvements included in the City's Capital Improvement Plan, provide for the Reserve Requirement, and pay the costs of issuance and sale of the Bonds; fixing the terms and covenants of the bonds; and providing for related matters.

COMMITTEE RECOMMENDATION

The Finance Committee will review the proposed bond ordinance at the regular committee meeting on September 26, 2019; the result of their review will be provided verbally.

CITY COUNCIL OPTIONS

1. Approve first and second reading and final adoption of Ordinance 1478 providing for the issuance, sale and delivery of Water and Sewer Revenue Bonds, 2019.

2. Do not approve first and second reading and final adoption of Ordinance 1478 providing for the issuance, sale and delivery of Water and Sewer Revenue Bonds, 2019 and direct staff to areas of concern.

RECOMMENDED MOTION

I MOVE TO APPROVE FIRST AND SECOND READING AND FINAL ADOPTION OF ORDINANCE 1478 PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF WATER AND SEWER REVENUE BONDS, 2019.

CITY OF STANWOOD, WASHINGTON

ORDINANCE NO. 1478

AN ORDINANCE of the City of Stanwood, Washington, relating to contracting indebtedness; providing for the issuance and fixing the terms and covenants of $3,239,000 principal amount Water and Sewer Revenue Bond, 2019, to finance costs of certain improvements included in the City's Capital Improvement Plan, provide for the Reserve Requirement and pay costs of issuing and selling the Bond; and providing for related matters.

Passed September 26, 2019

This document prepared by:

Foster Pepper PLLC
1111 Third Avenue, Suite 3000
Seattle, Washington 98101
(206) 447-6264

TABLE OF CONTENTS

**The cover page, table of contents and section headings of this ordinance are for convenience of reference only, and may not be used to resolve any question of interpretation of this ordinance.*

CITY OF STANWOOD, WASHINGTON

ORDINANCE NO. 1478

AN ORDINANCE of the City of Stanwood, Washington, relating to contracting indebtedness; providing for the issuance and fixing the terms and covenants of $3,239,000 principal amount Water and Sewer Revenue Bond, 2019, to finance costs of certain improvements included in the City's Capital Improvement Plan, provide for the Reserve Requirement and pay costs of issuing and selling the Bond; and providing for related matters.

THE CITY COUNCIL OF THE CITY OF STANWOOD, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Definitions. As used in this ordinance, the following words have the following meanings:

"*2011 Bonds*" means the Water and Sewer Revenue Bonds, 2011, authorized by Ordinance No. 1300 in the original principal amount of $2,880,000.

"*Annual Debt Service*" for any Parity Bonds for any calendar year means all the interest, plus all principal (including all mandatory redemption and sinking fund installments) payable in that year, less any interest payable from the proceeds of those Parity Bonds in that year, less any Tax Credit Subsidy Payments for those Parity Bonds scheduled to be received in that year. For purposes of calculating Annual Debt Service, Variable Interest Rate Bonds shall be assumed to bear interest at a fixed rate equal to (1) the highest rate borne during the preceding 24 months by any outstanding Variable Interest Rate Bonds or (2) if no Variable Interest Rate Bonds are outstanding at the time of calculation, the rate borne by other variable rate debt, the interest rate for which is determined by reference to an index comparable to the index to be used to determine the interest rate on those Variable Interest Rate Bonds.

"*Assessment Bonds*" means, at the time of calculation, that portion of all Parity Bonds then outstanding equal to (1) the aggregate principal amount of nondelinquent ULID Assessments then remaining to be collected and paid into the Bond Fund plus (2) the principal amount of ULID Assessments previously paid into and then on deposit in the Bond Fund.

"*Average Annual Debt Service*" means, at the time of calculation, the sum of the Annual Debt Service for each calendar year in which Parity Bonds are scheduled to be outstanding, divided by the integral number of those years.

"*Bond*" means the Water and Sewer Revenue Bond, 2019, of the City issued pursuant to and for the purposes provided in this ordinance.

"*Bond Counsel*" means the firm of Foster Pepper PLLC, its successor or any other attorneys or firm of attorneys with a nationally recognized standing as bond counsel in the field of municipal finance selected by the City.

"*Bond Fund*" means that special fund of the City known as the Water and Sewer Revenue Bond Fund created pursuant to Section 10 of Ordinance No. 1300.

"*Bond Register*" means the books or records maintained by the Registrar for the purpose of identifying ownership of the Bond, which contains the name and mailing address of the Registered Owner.

"*Capital Improvement Plan*" means the capital improvement plans of the System described in the City's water system and sewer system comprehensive plans, including the purchase, acquisition or construction of such systems and improvements and any additions and betterments thereto.

"*City*" means the City of Stanwood, Washington, a municipal corporation duly organized and existing under the laws of the State.

"*City Council*" means the legislative authority of the City, as duly and regularly constituted from time to time.

"*Code*" means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

"*Construction Fund*" means the Water and Sewer Revenue Bond Construction Fund created by Section 12 of Ordinance No. 1300.

"*Contract Resource Obligation*" means an obligation of the City, designated as a Contract Resource Obligation in accordance with Section 18, to make payments for water supply, sewer service, water or wastewater transmission, treatment or other commodity or utility service to another person or entity (including without limitation any Separate Utility System).

"*Coverage Requirement*" means, for any calendar year, Net Revenue in that calendar year, plus all nondelinquent ULID Assessments due in that calendar year, that is not less than the sum of (1) 1.00 times the Annual Debt Service in that calendar year for Assessment Bonds and (2) 1.25 times the Annual Debt Service in that calendar year for all Parity Bonds that are not Assessment Bonds.

"*Credit Facility*" means any bond insurance, collateral, security, letter of credit, guaranty, surety bond or similar credit enhancement providing for or securing the payment of all or part of the principal of and interest on any Parity Bonds that is issued by an institution which has been assigned a credit rating at the time of issuance in one of the two highest rating categories of each of at least two nationally recognized rating agencies (without regard to any gradations within a rating category). When the 2011 Bonds are no longer outstanding, "*Credit Facility*" shall mean any bond insurance, collateral, security, letter of credit, guaranty, surety bond or similar credit enhancement providing for or securing the payment of all or part of the principal of and interest on any Parity Bonds that is issued by an institution which has been assigned a credit rating at the time of issuance in one of the three highest categories (without regard to any gradations within a rating category) by either Moody's Investors Service, Inc., or S&P Global Ratings, their respective successors or any other nationally-recognized securities rating agencies rating Parity Bonds at the request of the City.

“*Date of Delivery*” means the date of issuance and delivery of the Bond to the Purchaser in exchange for the purchase price of the Bond.

“*Finance Director*” means the director of finance of the City or such other officer of the City who succeeds to substantially all of the responsibilities of that office.

“*Fiscal Agent*” means the fiscal agent of the State, as the same may be designated by the State from time to time.

“*Future Parity Bond Authorizing Ordinance*” means an ordinance of the City authorizing the issuance of Future Parity Bonds.

“*Future Parity Bonds*” means any and all water and sewer revenue bonds of the City issued after the date of the issuance of the Bond, the payment of the principal of and interest on which constitutes a charge or lien on Net Revenue, ULID Assessments and Tax Credit Subsidy Payments equal in rank with the charge and lien on Net Revenue, ULID Assessments and Tax Credit Subsidy Payments required to be paid into the Bond Fund to pay and secure the payment of the principal of and interest on the 2011 Bonds and the Bond.

“*Government Obligations*” means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“*Gross Revenue*” means all earnings and revenues received by the City from the operation of the System, including: (1) revenues from the sale, lease or furnishing of commodities, services, properties or facilities; (2) earnings from the investment of money in the Bond Fund, the Construction Fund and any other fund of the System; and (3) connection and capital improvement charges collected by the System. Gross Revenue does not include: (1) ULID Assessments; (2) Tax Credit Subsidy Payments; (3) proceeds of Parity Bonds or any other borrowings; (4) earnings or proceeds from any investments in a trust, defeasance or escrow fund created to defease or refund obligations relating to the System or held in a special account for the purpose of paying a rebate to the United States Government under the Code; (5) income and revenue that may not legally be pledged for revenue bond debt service; (6) federal grants, state grants and gifts from any source that are allocated to capital projects; (7) payments received under any Credit Facility or Reserve Insurance; (8) insurance or condemnation proceeds used for the replacement of capital projects or equipment; and (9) when the 2011 Bonds are no longer outstanding, earnings of a Separate Utility System.

“*Independent Utility Consultant*” means a licensed professional engineer, an independent certified public accountant, or a financial consultant, experienced in the design, construction, operation or financing of municipal utilities.

“*Maturity Date*” means December 1, 2039.

“*Maximum Annual Debt Service*” means, at the time of calculation, the maximum amount of Annual Debt Service in any calendar year in which Parity Bonds are scheduled to be outstanding.

"*Net Revenue*" means, for any calendar year, Gross Revenue in that calendar year, less Operation and Maintenance Costs in that calendar year, less deposits into the Rate Stabilization Account allocated to that calendar year, plus withdrawals from the Rate Stabilization Account allocated to that calendar year.

"*Operation and Maintenance Costs*" means all reasonable expenses incurred by the City in causing the System to be operated and maintained in good repair, working order and condition, including: (1) costs incurred in connection with the acquisition of water or the securing of water rights; (2) payments made to any public or private entity for water treatment, sewage treatment and disposal service or other utility service; (3) pro-rata allocations or charges for the City's administration expenses that represent a reasonable distribution and share of actual costs; (4) payments of premiums for insurance on the System; (5) taxes levied or imposed by the State; and (6) when the 2011 Bonds are no longer outstanding, payments made in respect of any Contract Resource Obligation. Operation and Maintenance Costs do not include: (1) depreciation; (2) taxes levied or imposed by the City or payments made to the City in lieu of taxes; (3) capital additions to and capital replacements of the System; and (4) when the 2011 Bonds are no longer outstanding, any other non-cash gains or losses with respect to any real or personal property, investment or agreement that the City may be required to recognize under generally accepted accounting principles.

"Outstanding Parity Bonds" means the outstanding 2011 Bonds maturing in years 2019 through 2031, inclusive.

"*Parity Bond Authorizing Ordinance*" means Ordinance No. 1300, this ordinance and any Future Parity Bond Authorizing Ordinance.

"*Parity Bonds*" means the 2011 Bonds, the Bond and any Future Parity Bonds.

"Parity Conditions" means the conditions for issuing Future Parity Bonds set forth in Section 16.

"*Principal and Interest Account*" means the account of that name created in the Bond Fund pursuant to Section 10 of Ordinance No. 1300.

"*Project*" means the water reservoir and the wastewater treatment plant portion of the System or Capital Improvement Plan and other projects that are included from time to time in the Capital Improvement Plan, and includes: (1) acquisition, construction and installation of all necessary furniture, equipment, apparatus, accessories, fixtures and appurtenances; (2) acquisition of real property and all appurtenant improvements, structures and interests therein; (3) costs related to the issuance, sale and delivery of the Bond; (4) providing for the Reserve Requirement; and (5) incidental costs incurred in connection with carrying out and accomplishing the foregoing.

"*Purchaser*" means Sterling National Bank, and its successors and assigns.

"*Qualified Institutional Buyer*" means a "qualified institutional buyer" as defined in Rule 144A, as promulgated under the Securities Act of 1933, as amended.

"*Rate Stabilization Account*" means the Rate Stabilization Account created pursuant to Section 15 of Ordinance No.1300.

"*Registered Owner*" means the person in whose name the Bond is registered on the Bond Register, initially the Purchaser.

"*Registrar*" means the Fiscal Agent, and any successor or assigns selected by the City as authenticating agent, transfer agent, exchange agent, paying agent and bond registrar with respect to the Bond in the manner provided in this ordinance.

"*Reserve Account*" means the account of that name created in the Bond Fund pursuant to Section 10 of Ordinance No. 1300.

"*Reserve Insurance*" means any bond insurance, letter of credit, guaranty, surety bond or similar credit enhancement device obtained by the City that is issued by an institution which has been assigned a credit rating at the time of issuance in one of the two highest rating categories of each of at least two nationally recognized rating agencies (without regard to any gradations within a rating category) and is not cancelable on less than three years' notice. When the 2011 Bonds are no longer outstanding, "*Reserve Insurance*" shall mean any bond insurance, letter of credit, guaranty, surety bond or similar credit enhancement device obtained by the City to provide for part or all of the Reserve Requirement, if any, for any Parity Bonds that is issued by an institution which has been assigned a credit rating at the time of issuance in one of the three highest categories (without regard to any gradations within a rating category) by either Moody's Investors Service, Inc., or S&P Global Ratings, their respective successors or any other nationally-recognized securities rating agencies rating Parity Bonds at the request of the City.

"*Reserve Requirement*" means the lesser of Maximum Annual Debt Service for all Parity Bonds secured by the Reserve Account or 125% of Average Annual Debt Service for all Parity Bonds secured by the Reserve Account, but in no event greater 10% of the original proceeds of each series of Parity Bonds secured by the Reserve Account (adjusted to account for any redemption or defeasance). When the 2011 Bonds are no longer outstanding, the Reserve Requirement for the Bond shall be reduced to zero and the Reserve Requirement for any Future Parity Bonds shall be the amount specified in the applicable Future Parity Bond Authorizing Ordinance, which may be zero.

"*Separate Utility System*" means any water supply, sewer service, water or wastewater transmission, treatment or other commodity or utility service or facilities that may be created, acquired or constructed by the City as provided in Section 17.

"*State*" means the State of Washington.

"*System*" means the water system and system of sanitary sewage disposal of the City and all betterments and extensions thereof made at any time and shall include any utility systems hereafter combined with the System.

"*Tax Credit Subsidy Bond*" means any Parity Bond that is designated by the City as a "build America bond," "recovery zone economic development bond" or other tax credit bond pursuant to the Code, and which is further designated as a "qualified bond" under Section 6431 or similar provision of the Code, and with respect to which the City is eligible to receive a tax credit payment from the United States Treasury.

"*Tax Credit Subsidy Payment*" means the tax credit payment the City is entitled to receive from the United States Treasury in respect of any Tax Credit Subsidy Bond.

"*Term Bonds*" means the 2011 Bonds maturing in 2023, 2025, 2028 and 2031, and any other Parity Bonds designated as term bonds in or pursuant to the applicable Future Parity Bond Authorizing Ordinance.

"*Term Sheet*" means the offer of the Purchaser providing terms for the purchase of the Bond.

"*ULID*" means utility local improvement district.

"*ULID Assessments*" means all assessments levied and collected in any ULID of the City created for the acquisition or construction of additions to and extensions and betterments of the System if such assessments are pledged to be paid into the Bond Fund (less any prepaid assessments permitted by law to be paid into a construction fund or account). ULID Assessments include installments thereof and any interest or penalties that may be due thereon.

"*Variable Interest Rate*" means a variable interest rate or rates to be borne by a series of Parity Bonds or any one or more maturities within a series of Parity Bonds. The method of computing such a variable interest rate shall be specified in the applicable Parity Bond Authorizing Ordinance, which ordinance also shall specify either (1) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (2) the time or times upon which any change in such variable interest rate shall become effective.

"*Variable Interest Rate Bonds*" means, for any period of time, Parity Bonds that bear a Variable Interest Rate during that period, except that Parity Bonds the interest rate or rates on which shall have been fixed for the remainder of the term thereof no longer shall be deemed to be Variable Interest Rate Bonds.

"*Water-Sewer Funds*" means collectively the City's previously established water fund and sewer fund.

Section 2. Recitals and Findings. The City takes note of the following facts and makes the following findings and determinations:

(a) Pursuant to Ordinance No. 937, passed by the City Council on December 18, 1995, the City combined its water system and sewer system into the System.

(b) The City is in need of carrying out the Project, the estimated cost of which is $3,500,000, and the City does not have available sufficient funds to pay the cost. The life of the Project to be acquired or constructed with the proceeds of the Bond exceeds the term of the Bond.

(c) Pursuant to Ordinance No. 1300, the City issued and sold its 2011 Bonds (of which the Outstanding Parity Bonds remain outstanding) and reserved the right to issue additional water and sewer revenue bonds of the City secured by a charge and lien on the Net Revenue of the System and ULID Assessments on a parity with the Outstanding Parity Bonds if the Parity Conditions are met.

(d) With respect to the Parity Conditions: (1) all payments required by the Outstanding Parity Bonds are provided for in this ordinance or have been provided for or made into the Bond Fund, and no deficiency exists in such fund; (2) provision is hereinafter made for the deposit in the Reserve Account of the Reserve Requirement for the Bond; and (3) all other conditions set forth in the Parity Conditions will have been met and satisfied before the Bond is delivered to the Purchaser.

(e) The Purchaser has offered to purchase the Bond under the terms and conditions set forth herein and the Term Sheet. Based on the foregoing, it is in the best interest of the City to issue and sell the Bond to the Purchaser.

<u>Section 3</u>. <u>Purpose and Authorization of Bond</u>. The City specifies, adopts and orders the Capital Improvement Plan and the carrying out of the Project. The City is authorized to issue, sell and deliver the Bond to finance costs of the Project, provide for the Reserve Requirement and pay the costs of issuing and selling the Bond.

<u>Section 4</u>. <u>Description of Bond</u>.

(a) The Bond shall be issued as a single bond designated the "City of Stanwood, Washington, Water and Sewer Revenue Bond, 2019"; shall be issued in the principal amount of $3,239,000; shall be dated the Date of Delivery; shall be issued in fully registered form; shall be numbered R-1; and shall mature on the Maturity Date. From the Date of Delivery through and including the Maturity Date, the unpaid principal amount of the Bond shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) at a fixed rate of 2.59% *per annum*.

(b) Interest on the outstanding principal of the Bond shall be payable semiannually on each June 1 and December 1, commencing June 1, 2020, to the Maturity Date or earlier prepayment of the Bond. Principal of the Bond shall be payable annually on each December 1, commencing December 1, 2020, to the Maturity Date or earlier prepayment of the Bond. A debt service schedule reflecting the payments due on the Bond (unless such debt service schedule is otherwise recalculated through partial prepayment of the Bond as provided in Section 8) is attached as Exhibit A, which by this reference is incorporated herein. The final installment payment of principal of and interest on the Bond, whether on the Maturity Date or upon prepayment in full, shall be in an amount equal to the remaining principal and interest due on the Bond.

<u>Section 5</u>. <u>Registrar; Registration and Transfer of Bond</u>.

(a) Pursuant to RCW 39.46.030, the Finance Director appoints the Registrar to act as the City's authenticating agent, transfer agent, registrar and paying agent with respect to the Bond. The Registrar shall keep or cause to be kept sufficient books for the registration and transfer of the Bond, which books shall be open to inspection by the City at all times. The Registrar is authorized, on behalf of the City, to authenticate and deliver the Bond transferred in accordance with the provisions of the Bond and this ordinance, to serve as the City's paying agent for the Bond and to carry out all of the Registrar's powers and duties under this ordinance and Ordinance No. 631 establishing a system of registration for the City's bonds and other obligations. The Registrar shall be responsible for its representations contained in the Registrar's Certificate of Authentication on the Bond. The Bond shall be issued only in fully registered form as to both principal and interest and shall be recorded on the Bond Register.

(b) The Bond may be assigned or transferred only: (i) in whole; (ii) to a single investor that is a Qualified Institutional Buyer; (iii) if endorsed in the manner provided thereon and surrendered to the Registrar; and (iv) if the transferee provides the Registrar with an executed transfer certificate in substantially the form to be attached to the Bond. Any such transfer shall be without cost to the Registered Owner or transferee (other than any cost incurred by the Registered Owner or transferee in preparing and delivering such transfer certificate) and shall be noted on the Bond Register. The Registrar shall not be obligated to assign or transfer the Bond during the 15 days preceding any installment payment or prepayment date.

Section 6. Form and Execution of Bond.

(a) The Bond shall be prepared in a form consistent with the provisions of this ordinance and State law and shall be signed by the Mayor and City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. The Bond shall be printed at City expense and shall be delivered to the Purchaser in accordance with the Term Sheet, together with the approving legal opinion of Bond Counsel regarding the Bond.

(b) The Bond shall not be valid or obligatory for any purpose, or entitled to the benefits of this ordinance, unless the Bond bears a certificate of authentication manually signed by the Registrar stating: "Certificate of Authentication. This Bond is the fully registered City of Stanwood, Washington, Water and Sewer Revenue Bond, 2019, described in the Bond Ordinance." A minor deviation in the language of such certificate shall not void a certificate of authentication that otherwise is substantially in the form of the foregoing. The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

(c) If any officer whose manual or facsimile signature appears on the Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her signature is authenticated or delivered by the Registrar or issued by the City, the Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. The Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bond.

Section 7. Payment of Bond. The installments of principal of and interest on the Bond shall be payable in lawful money of the United States of America and shall be paid by check, draft or electronic transfer of the Registrar sent to the Registered Owner so that the Registered Owner receives said payments when due at the address appearing on the Bond Register. Upon receipt of the final installment payment of principal of and interest on the Bond, whether on the Maturity Date or upon prepayment in full, the Registered Owner shall present and surrender the Bond to the Registrar to be destroyed or cancelled in accordance with law. The City and the Registrar may deem and treat the Registered Owner of the Bond as the absolute owner of the Bond for the purpose of receiving payment of principal and interest and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary other than proper notice of assignment or transfer. The Bond is not subject to acceleration under any circumstances.

Section 8. Prepayment Provisions.

(a) The City reserves the right and option to prepay and redeem, at any time prior to the Maturity Date, any or all of the principal amount of the Bond outstanding at par plus accrued interest to the date of prepayment with the following prepayment fee:

Prepayment Period	Prepayment Fee
Date of Delivery – 12/01/2022	3.00%
12/02/2022 – 12/01/2024	2.00
12/02/2024 – 12/01/2028	1.00
12/02/2028 – Maturity Date	None

(b) The City shall provide the Registered Owner and the Registrar with written notice of any intended prepayment at least 30 days prior to such prepayment date. Interest on the principal amount of the Bond so prepaid shall cease to accrue on the date of prepayment.

(c) Any partial prepayment shall be applied first to accrued and unpaid interest and then to pay the principal amount of the Bond in inverse order of the scheduled principal installment payments. At any time there is a partial prepayment, the Registered Owner shall recalculate the remaining installment payments and provide a recalculated debt service schedule to the City and the Registrar within 10 business days following such partial prepayment. The recalculated debt service schedule shall be effective as of the date of partial prepayment.

Section 9. Failure to Pay Installments. If any installment of principal is not paid when due, the City shall be obligated to pay interest on that installment at the same rate provided in the Bond until that installment, together with interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund, or in a trust account established to refund or defease the Bond, and the principal represented by such installment has been called for payment by giving notice of that call to the Registered Owner.

Section 10. Bond Fund; Payments to Bond Fund.

(a) There has previously been created, in the office of the Finance Director, a special fund known as the Water and Sewer Revenue Bond Fund (the “Bond Fund”), which fund is divided into two accounts: the Principal and Interest Account and the Reserve Account. The Finance Director may create such accounts and subaccounts in the Bond Fund as may be convenient for the payment of Parity Bonds as long as the maintenance of such accounts or subaccounts does not conflict with the rights of the owners of Parity Bonds. The City shall set aside and pay into the Bond Fund all ULID Assessments and Tax Credit Subsidy Payments upon their receipt and, out of the Net Revenue, certain fixed amounts without regard to any fixed proportion, namely:

(i) Into the Principal and Interest Account, on or before each date on which principal of or interest on the Bond is due, the amount, together with other money on deposit therein, sufficient to pay such principal and interest; and

(ii) Into the Reserve Account, at the times required by this ordinance, the amount necessary to make the amount on deposit therein equal to the Reserve Requirement, if any.

(b) When the total amount in the Bond Fund equals the total amount of principal of and interest due on all outstanding Parity Bonds, no further payment need be made into the Bond Fund. If the City fails to set aside and pay into the Bond Fund the amounts set forth above, the Registered Owner may bring action against the City and compel such setting aside and payment.

(c) Except as otherwise expressly provided in this ordinance, the Reserve Account shall be maintained at all times at not less than the Reserve Requirement. The City may provide for all or any part of the Reserve Requirement through Reserve Insurance. In the event that there is a deficiency in the Principal and Interest Account that prevents making any payment of principal of and interest on Parity Bonds when due, that deficiency shall be made up from the Reserve Account, first, by the withdrawal of cash therefrom, second, from the proceeds of the sale of investments held therein, and third, from pro rata draws on each Reserve Insurance credited thereto. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up from Net Revenue available in accordance with the flow of funds set forth in Section 14, ULID Assessments and Tax Credit Subsidy Payments, first, to reinstate each Reserve Insurance, pro rata, and second, to make up any remaining deficiency. When the 2011 Bonds are no longer outstanding, the preceding sentence shall be replaced with the following: “Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up in not more than 12 approximately equal monthly installments from Net Revenue available in accordance with the flow of funds set forth in Section 14, ULID Assessments and Tax Credit Subsidy Payments, first, to reinstate each Reserve Insurance, pro rata, and second, to make up any remaining deficiency.” The money in the Reserve Account may be applied to pay or provide for the payment when due of the last outstanding Parity Bonds. Any money in the Reserve Account in excess of the Reserve Requirement may be withdrawn and deposited in the Water-Sewer Funds of the City to be applied in accordance with the flow of funds set forth in Section 14. When the 2011 Bonds are no longer outstanding, any Future Parity Bond Authorizing Ordinance may establish a separate debt service reserve account in the Bond Fund for such Future Parity Bonds, specify the Reserve Requirement for such Future Parity Bonds and provide any terms and conditions for such debt service reserve account.

(d) The City may provide for the purchase for cancellation, redemption or defeasance of Parity Bonds by the use of money on deposit in any account in the Bond Fund so long as the money remaining in those accounts is sufficient to satisfy the required deposits in those accounts for the remaining Parity Bonds.

(e) All money in the Bond Fund may be kept in cash or invested in legal investments maturing or subject to redemption or repurchase at the option of the City, (i) for investments in the Principal and Interest Account, not later than the dates when the funds are required for the payments therefrom, and (ii) for investments in the Reserve Account, not later than five years from the date the investments are first acquired. Earnings from investments in the Principal and Interest Account shall be retained therein. Earnings from investments in the Reserve Account shall be retained therein until the amount therein is equal to the Reserve Requirement and thereafter may be withdrawn and deposited in the Water-Sewer Funds of the City to be applied in accordance with the flow of funds set forth in Section 14. In computing the amount on hand in the Reserve Account, Reserve Insurance shall be valued at the lesser of the face amount thereof or the amount available thereunder, and all other investments shall be valued at market at least annually and on the business day following (i) any redemption or defeasance of Parity Bonds and (ii) any withdrawal therefrom to make up any deficiency in the Principal and Interest Account. Any deficiency in the Reserve Account resulting from the valuation of investments held therein shall be made up in approximately equal installments within six months after the date of that valuation.

(f) Notwithstanding any other provision of this Section, so long as there is no deficiency in the Bond Fund, any earnings in the Bond Fund that are subject to federal arbitrage rebate requirements may be withdrawn from the Bond Fund for deposit in a separate account created for the purpose of complying with those rebate requirements.

(g) The City may create sinking fund accounts or other accounts in the Bond Fund for the payment or securing the payment of Parity Bonds so long as the maintenance of those accounts does not conflict with the rights of the owners of Parity Bonds.

Section 11. Finding as to Sufficiency of Revenue; Pledge and Lien Position.

(a) The City Council finds and determines that the Gross Revenue and benefits to be derived from the operation and maintenance of the System at the rates to be charged for water and sewer services from the System will be more than sufficient to meet all Operation and Maintenance Costs and to permit the setting aside into the Bond Fund out of the Gross Revenue of amounts sufficient to pay the principal of and interest on the Bond when due. The City Council declares that in fixing the amounts to be paid into the Bond Fund under this ordinance it has exercised due regard for Operation and Maintenance Costs and for the Gross Revenue previously pledged and has not obligated the City to set aside and pay into the Bond Fund a greater amount of Gross Revenue than in its judgment will be available over and above such Operation and Maintenance Costs and the amount of Gross Revenue previously pledged.

(b) The money in the Bond Fund and the Net Revenue, ULID Assessments and Tax Credit Subsidy Payments are pledged to the payment of the Parity Bonds, and the Parity Bonds shall constitute a charge and lien upon the money in the Bond Fund and the Net Revenue, ULID Assessments and Tax Credit Subsidy Payments prior and superior to any other charges whatsoever. The Parity Bonds and interest thereon shall be a valid claim of the owners of Parity

Bonds only as against the Bond Fund and the Net Revenue, ULID Assessments and Tax Credit Subsidy Payments pledged thereto, and shall not constitute an indebtedness of the City within the meaning of State constitutional provisions and limitations.

Section 12. Deposit of Bond Proceeds. Proceeds of the Bond in the amount necessary to make the balance of the Reserve Account equal to the Reserve Requirement shall be deposited in the Reserve Account. The Construction Fund has been previously created and established in the office of the Finance Director as a special fund designated the Water and Sewer Revenue Bond Construction Fund. The remaining proceeds of the Bond received by the City shall be paid into the Construction Fund and used for the purposes specified in Section 3. Until needed to pay the costs of the Project and costs of issuance and sale of the Bond, the City may invest proceeds on deposit in the Construction Fund temporarily in any legal investment, and the investment earnings may be retained in the Construction Fund and be spent for the purposes of that fund, except that earnings subject to a federal tax or rebate requirement may be withdrawn from the Construction Fund and used for those tax or rebate purposes.

Section 13. Covenants. The City covenants and agrees with the Purchaser as follows:

(a) *ULID Assessments and Tax Credit Subsidy Payments.* All ULID Assessments and Tax Credit Subsidy Payments shall be paid into the Bond Fund upon receipt and may be deposited into the Principal and Interest Account or the Reserve Account without being particularly allocated to the payment of the principal of and interest on any particular Parity Bonds.

(b) *Operation and Maintenance.* The City will at all times maintain, preserve and keep the properties of the System in good repair, working order and condition, will make all necessary and proper additions, betterments, renewals and repairs thereto, and improvements, replacements and extensions thereof, and will at all times operate or cause to be operated the properties of the System and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) *Establishment and Collection of Rates and Charges.* The City will establish, maintain and collect rates and charges for all services and facilities provided by the System which will be fair and nondiscriminatory, and will adjust those rates and charges from time to time so that:

(i) The Gross Revenue will at all times be sufficient to (A) pay all Operation and Maintenance Costs on a current basis, (B) pay when due all amounts that the City is obligated to pay into the Bond Fund and the accounts therein, and (C) pay when due all taxes, assessments or other governmental charges lawfully imposed on the System or the revenue therefrom or all payments in lieu thereof and any and all other amounts which the City may now or hereafter become obligated to pay from the Gross Revenue by law or contract; and

(ii) The Net Revenue (together with any ULID Assessments deposited in the Bond Fund) in each calendar year will satisfy the Coverage Requirement.

(d) *Sale or Disposition of the System.* The City will not sell or otherwise dispose of the System in its entirety unless, simultaneously with such sale or other disposition, all Parity Bonds are redeemed and retired, or defeased under the Parity Bond Authorizing Ordinances. The City will not sell, lease, mortgage or in any manner encumber or otherwise dispose of more than five percent of the assets of the System, including all additions and improvements thereto and extensions thereof at any time made, that are used, useful or material in the operation of the System, unless provision is made for the replacement thereof or for payment into the Bond Fund of the greatest of the following:

(i) An amount that is in the same proportion to the net amount of Parity Bonds then outstanding (defined as the total amount of those Parity Bonds less the amount of cash and investments in the Bond Fund and accounts therein) that the Gross Revenue of the System from the portion of the System sold or disposed of for the preceding calendar year bears to the total Gross Revenue of the System for that year;

(ii) An amount that is in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the Net Revenue from the portion of the System sold or disposed of for the preceding calendar year bears to the total Net Revenue for that year; or

(iii) An amount that is in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the depreciated cost value of the portion of the System sold or disposed of bears to the depreciated cost value of the entire System immediately prior to such sale or disposition.

Notwithstanding any other provision of this subsection: the City in its discretion may sell or otherwise dispose of any of the works, plant, properties or facilities of the System or any real or personal property comprising a part of the same that have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or no longer necessary, material to or useful to the operation of the System, without making any deposit into the Bond Fund; and the City may transfer any portion or all of the System to another municipal corporation so long as the Net Revenue, ULID Assessments and Tax Credit Subsidy Payments for the portion of the System so transferred are used for payment of principal of and interest on Parity Bonds prior to any other purpose.

(e) *Liens Upon the System.* The City will not at any time create or permit to accrue or to exist any lien or other encumbrance or indebtedness upon the Gross Revenue, or any part thereof, prior or superior to the lien thereon for the payment of the Parity Bonds, and will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Gross Revenue, or any part thereof, prior to or superior to the lien of the Parity Bonds, or which might impair the security of the Parity Bonds.

(f) *Books and Accounts.* The City will keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the System, and will furnish any owner of Parity Bonds upon written request complete operating and income statements of the System in reasonable detail covering any fiscal year not more than six months after the close of such fiscal year. Upon written request of any owner of Parity Bonds, the City also will furnish a copy of the most recently completed audit of the City's accounts by the State Auditor.

(g) *No Free Service.* Except to aid the poor or infirm, to provide for resource conservation or to provide for the proper handling of hazardous materials, the City will not furnish or supply or permit the furnishing or supplying of any service or facility in connection with the operation of the System free of charge to any person, firm or corporation, public or private, other than the City.

(h) *Collection of Delinquent Accounts.* The City will determine all accounts that are delinquent and will take necessary action to enforce payment of such accounts.

(i) *Insurance.* The City at all times will carry fire and extended coverage and such other forms of insurance with responsible insurers and with policies payable to or on behalf of the City and any additional insureds on such of the buildings, equipment, works, plants, facilities and properties of the System and against such claims for damages as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, or will implement and maintain a self insurance or an insurance pool program with reserves adequate, in the reasonable judgment of the City, to protect the System and the owners of Parity Bonds against loss.

Section 14. Flow of Funds. All ULID Assessments and Tax Credit Subsidy Payments shall be paid into the Bond Fund as provided by Section 10. The Gross Revenue shall be deposited in the Water-Sewer Funds of the City and used for the following purposes only in the following order of priority:

(a) To pay Operation and Maintenance Costs;

(b) To deposit sufficient amounts in the Principal and Interest Account of the Bond Fund to pay principal (including all mandatory redemption and sinking fund installments) of and interest on Parity Bonds when due;

(c) To make all payments required to be made into the Reserve Account of the Bond Fund when due and to make all payments required to be made pursuant to a reimbursement agreement in connection with a Credit Facility or Reserve Insurance, except that if there is not sufficient money to make all payments under reimbursement agreements, the payments will be made on a pro rata basis;

(d) To make all payments required to be made into any revenue bond, note, warrant or other revenue obligation redemption fund, debt service account or reserve account created to pay or secure the payment of the principal of and interest on any revenue bonds, notes, warrants or other obligations of the City secured by a charge or lien on the Net Revenue subordinate to the charge or lien thereon that secures the payment of the principal of and interest on the Parity Bonds;

(e) To make necessary additions, betterments and improvements and repairs to or extensions and replacements of the System, to retire by redemption or purchase in the open market any outstanding revenue obligations or other obligations of the System, to make deposits into the Rate Stabilization Account, or to provide for any other lawful City purpose.

The City may transfer any money from any funds or accounts of the System legally available therefor, except bond redemption funds, refunding escrow funds, defeasance or other trust funds, to meet the required payments to be made into the Bond Fund.

Section 15. Rate Stabilization Account. The Rate Stabilization Account has previously been created and established within the Water-Sewer Funds. The City may at any time, as determined by the Finance Director in accordance with the flow of funds set forth in Section 14, deposit into the Rate Stabilization Account Net Revenue and any other money available to be used for that purpose, excluding proceeds of any Future Parity Bonds. No deposit shall be made into the Rate Stabilization Account to the extent that such deposit would prevent the City from meeting the Coverage Requirement in the applicable calendar year. The City may at any time, as determined by the Finance Director, withdraw money from the Rate Stabilization Account for inclusion in the Net Revenue, except that withdrawals from the Rate Stabilization Account allocable to any calendar year may not exceed the Annual Debt Service for all Parity Bonds for that year. Deposits into or withdrawals from the Rate Stabilization Account made within 90 days after the end of a calendar year may be allocated to either the current or preceding calendar year. Earnings from investments in the Rate Stabilization Account shall be retained in that account and shall not be included in Net Revenue unless and until withdrawn from that account as provided in this Section.

Section 16. Provisions for Future Parity Bonds. The City reserves the right to issue Future Parity Bonds for purposes of the System or to refund any outstanding Parity Bonds if the following conditions are met and complied with at the time of the issuance of those Future Parity Bonds.

(a) There shall be no deficiency in the Bond Fund and no event of default with respect to any Parity Bonds shall have occurred and be continuing.

(b) The Future Parity Bond Authorizing Ordinance shall provide that all assessments and interest thereon that may be levied in any ULID created for the purpose of paying, in whole or in part, the principal of and interest on those Future Parity Bonds, shall be paid directly into the Bond Fund, except for any prepaid assessments permitted by law to be paid into a construction fund or account.

(c) The Future Parity Bond Authorizing Ordinance shall provide for the payment of the principal thereof and interest thereon out of the Bond Fund.

(d) The Future Parity Bond Authorizing Ordinance shall provide for the payment of amounts into the Bond Fund to meet mandatory redemption requirements applicable to any Term Bonds to be issued and for regular payments to be made for the payment of the principal of such Term Bonds on or before their maturity, or, as an alternative, the mandatory redemption of those Term Bonds prior to their maturity date from money in the Principal and Interest Account.

(e) The Future Parity Bond Authorizing Ordinance shall provide for the deposit into the Reserve Account of the amount, if any, necessary to make the balance therein equal to the

Reserve Requirement upon the issuance of those Future Parity Bonds either (i) on the date of issuance of those Future Parity Bonds, from Future Parity Bond proceeds, other money legally available for that purpose and Reserve Insurance or (ii) within five years after the date of issuance of those Future Parity Bonds, in approximately equal annual payments, from Net Revenue available in accordance with the flow of funds set forth in Section 14, ULID Assessments and Tax Credit Subsidy Payments.

(f) There shall be on file with the City either:

(i) a certificate of the Finance Director or the Director of Public Works, or any officer who succeeds to substantially all of the responsibilities of either office, demonstrating that during any 12 consecutive calendar months out of the preceding 24 calendar months (which period shall be treated as a calendar year for purposes of this subsection), Net Revenue (together with any ULID Assessments deposited in the Bond Fund) for that 12 month period satisfied the Coverage Requirement for (A) all Parity Bonds outstanding at the time of calculation, less (B) any Parity Bonds outstanding at the time of calculation that will be refunded or defeased by the Future Parity Bonds to be issued, plus (C) those Future Parity Bonds (assuming that the Annual Debt Service for those Future Parity Bonds for that 12 month period is the Average Annual Debt Service for those Future Parity Bonds); or

(ii) a certificate of an Independent Utility Consultant that in his or her opinion the Net Revenue (together with any nondelinquent ULID Assessments scheduled to be deposited into the Bond Fund) will satisfy the Coverage Requirement for each of the five calendar years following the earlier of (A) the end of the period during which interest on those Future Parity Bonds is to be paid from Future Parity Bond proceeds or, if no interest is so to be paid, the calendar year in which those Future Parity Bonds are issued, and (B) the date on which substantially all new facilities financed with those Future Parity Bonds are expected to commence operations, in each case with such Net Revenue further adjusted as provided in paragraphs (1) through (5) below. That certificate may take into account the following adjustments:

(1) Any changes in rates in effect and being charged, or rates expected to be charged in accordance with a program of specific rates, rate levels or increases in overall rate revenue approved by ordinance or resolution;

(2) Net Revenue from customers of the System who have become customers during the preceding calendar year, and the estimated Net Revenue from any customers to be connected to the System who have paid all required connection charges, adjusted to reflect a full year's Net Revenue from those customers;

(3) The estimated Net Revenue from customers anticipated to be served by new facilities financed in substantial part by those Future Parity Bonds;

(4) The estimated Net Revenue from any person, firm, corporation or municipal corporation under any executed contract for services provided by the System, which Net Revenue has not otherwise been included; and

(5) Estimated deposits into and withdrawals from the Rate Stabilization Account.

If Future Parity Bonds proposed to be so issued are for the sole purpose of refunding outstanding Parity Bonds, such certification of coverage shall not be required if the amount required for the payment of the principal and interest in each year for the refunding bonds is not increased more than $5,000 over the amount for that same year required for the bonds (or the portion of that bond issue) to be refunded thereby, and if the maturities of such refunding bonds are not extended beyond the maturities of the bonds to be refunded thereby.

Nothing contained herein shall prevent the City from issuing Future Parity Bonds to refund maturing Parity Bonds, money for the payment of which is not otherwise available, or revenue bonds that are secured by a charge or lien on the Net Revenue subordinate to the charge or lien thereon that secures the Parity Bonds, or from pledging the payment of ULID assessments into a bond redemption fund created for the payment of the principal of and interest on those subordinate lien bonds as long as such ULID assessments are levied for improvements constructed from the proceeds of those subordinate lien bonds.

Section 17. Separate Utility Systems. When the 2011 Bonds are no longer outstanding, the City may at any time create, acquire, construct, finance, own and operate one or more systems for water supply, sewer service, water or wastewater transmission, treatment or other commodity or utility service, which systems are separate from and in addition to the System. The revenue of that Separate Utility System, and any utility local improvement district assessments payable solely with respect to improvements to that Separate Utility System, shall not be included in the Gross Revenue and may be pledged to the payment of revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand that Separate Utility System. Neither the Gross Revenue nor the Net Revenue may be pledged to the payment of any obligations of a Separate Utility System except that the Net Revenue may be pledged on a basis subordinate to the lien of the Parity Bonds.

Section 18. Contract Resource Obligations. When the 2011 Bonds are no longer outstanding, the City may at any time enter into one or more Contract Resource Obligations for the acquisition, from facilities to be constructed or improved by the use of payments under such Contract Resource Obligations, of water supply, sewer service, water or wastewater transmission, treatment or other commodity or utility service relating to the System, as follows:

(a) The City may agree under a contract containing a Contract Resource Obligation that all payments in respect of that Contract Resource Obligation (including payments prior to the time that water or wastewater service is being provided, or during a suspension or after termination of supply or service) shall be deemed an Operating and Maintenance Expense, so long as the payments required to be made under the Contract Resource Obligation are not subject to acceleration and the following additional requirements are met at the time such obligation is designated as a Contract Resource Obligation:

(i) No event of default has occurred and is continuing under the terms of any debt obligation of the City in respect of the System; and

(ii) The City has obtained a certificate of an Independent Utility Consultant stating that in its professional opinion: (i) the payments to be made by the City in connection with the Contract Resource Obligation are reasonable for the service rendered; (ii) the source of any new supply, and any facilities to be constructed to provide the supply or transmission, are sound from a supply or planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide service no later than a date set forth in the certification; and (iii) the Net Revenue will be sufficient to satisfy the Coverage Requirement for each of the five calendar years following the calendar year in which the Contract Resource Obligation is incurred, where the calculation of Net Revenue (A) takes into account the adjustments permitted in connection with a coverage certification given under the conditions for Future Parity Bonds and (B) adjusts the Operating and Maintenance Expenses by the consultant's estimate of the payments to be made in accordance with the Contract Resource Obligation.

(b) Nothing in this Section prevents the City from entering into agreements for the acquisition of water supply, water supply, sewer service, water or wastewater transmission, treatment or other commodity or utility service relating to the System from then-existing facilities and from treating those payments as an Operating and Maintenance Expense. Nothing in this Section prevents the City from entering into other agreements for the acquisition of water supply, sewer service, water or wastewater transmission, treatment or other commodity or utility service relating to the System from facilities to be constructed and from agreeing to make payments with respect thereto, such payments constituting obligations that are secured by a charge or lien on the Net Revenue subordinate to the charge or lien that secures the Parity Bonds until such time as the facilities are placed in service.

<u>Section 19</u>. <u>Tax Covenants; Designation of Bond as a "Qualified Tax-Exempt Obligation."</u>

(a) <u>Preservation of Tax Exemption for Interest on the Bond</u>. The City covenants that it will take all actions necessary to prevent interest on the Bond from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bond or other funds of the City treated as proceeds of the Bond at any time during the term of the Bond which will cause interest on the Bond to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bond, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bond.

(b) <u>Post-Issuance Compliance</u>. The Finance Director is authorized and directed to review, update and implement, on behalf of the City, written procedures to facilitate compliance by the City with the covenants in this Section and the applicable requirements of the Code that must be satisfied after the Date of Delivery to prevent interest on the Bond from being included in gross income for federal income tax purposes.

(c) Designation of Bond as a "Qualified Tax-Exempt Obligation." The City designates the Bond as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code, and makes the following findings and determinations:

(i) the Bond does not constitute a "private activity bond" within the meaning of Section 141 of the Code;

(ii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Bond is issued will not exceed $10,000,000; and

(iii) the amount of tax-exempt obligations, including the Bond, designated by the City as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bond is issued will not exceed $10,000,000.

Section 20. Refunding or Defeasance of the Bond. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on the Bond (the "defeased portion"); (b) redeeming the defeased portion prior to its maturity; and (c) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the "trust account"), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased portion in accordance with its terms, then all right and interest of the Registered Owner with regard to the defeased portion in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased portion shall cease and become void. Thereafter, the Registered Owner with regard to the defeased portion shall have the right to receive payment of the principal of and interest on the defeased portion solely from the trust account and the defeased portion shall be deemed no longer outstanding. In that event, the City may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased portion to any lawful purpose.

Section 21. Approval of Term Sheet. The Purchaser has presented the Term Sheet offering to purchase the Bond under the terms and conditions provided in the Term Sheet, which written Term Sheet is on file with the Finance Director and is incorporated herein by this reference. The City Council finds that accepting the terms of the Term Sheet is in the City's best interest and therefore authorizes its execution by the Finance Director.

Section 22. Supplemental Ordinances. The City Council from time to time and at any time may pass an ordinance or ordinances supplemental to this ordinance which supplemental ordinance or ordinances thereafter shall become a part of this ordinance, for any one or more of the following purposes:

(a) To add to the covenants and agreements of the City in this ordinance such other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of owners of Parity Bonds, or to surrender any right or power herein reserved to or conferred upon the City.

(b) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this ordinance in regard to matters or questions arising under such ordinances as the City Council may deem necessary or desirable and not inconsistent with such ordinances and which shall not materially adversely affect the interest of owners of Parity Bonds.

(c) To comply with any future federal law or interpretation to preserve the exclusion of interest on any tax-exempt Parity Bonds from gross income for federal income tax purposes and the entitlement of the City to receive from the United States Treasury the Tax Credit Subsidy Payments scheduled to be received for any Tax Credit Subsidy Bonds.

Section 23. General Authorization and Ratification. The Mayor, the Finance Director, the City Clerk, and other appropriate officers of the City are severally authorized and directed to take any actions and to execute documents as in their judgment may be necessary or desirable to carry out the terms of, and complete the transactions contemplated by, this ordinance and the Term Sheet (including everything necessary for the prompt delivery of the Bond to the Purchaser and for the proper application, use and investment of the Bond proceeds), and all actions heretofore taken in furtherance thereof and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 24. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 25. Effective Date of Ordinance. This ordinance takes effect and will be in full force and effect from and after its passage and five days following its publication as required by law.

PASSED by the City Council and APPROVED by the Mayor of the City of Stanwood, Washington, at an open public meeting thereof, this 26th day of September, 2019.

CITY OF STANWOOD, WASHINGTON

____
Leonard Kelley, Mayor

ATTEST:

____
David A. Hammond, City Clerk

APPROVED AS TO FORM:

____
Foster Pepper PLLC, Bond Counsel

EXHIBIT A

Debt Service Schedule

BOND DEBT SERVICE

City of Stanwood
Water and Sewer Revenue Bonds, 2019 (Bank Placement)
Sterling Bank
20 yr term

Dated Date 10/10/2019
Delivery Date 10/10/2019

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2020			53,829.48	53,829.48	
12/01/2020	114,000	2.590%	41,945.05	155,945.05	209,774.53
06/01/2021			40,468.75	40,468.75	
12/01/2021	129,000	2.590%	40,468.75	169,468.75	209,937.50
06/01/2022			38,798.20	38,798.20	
12/01/2022	133,000	2.590%	38,798.20	171,798.20	210,596.40
06/01/2023			37,075.85	37,075.85	
12/01/2023	136,000	2.590%	37,075.85	173,075.85	210,151.70
06/01/2024			35,314.65	35,314.65	
12/01/2024	140,000	2.590%	35,314.65	175,314.65	210,629.30
06/01/2025			33,501.65	33,501.65	
12/01/2025	143,000	2.590%	33,501.65	176,501.65	210,003.30
06/01/2026			31,649.80	31,649.80	
12/01/2026	147,000	2.590%	31,649.80	178,649.80	210,299.60
06/01/2027			29,746.15	29,746.15	
12/01/2027	151,000	2.590%	29,746.15	180,746.15	210,492.30
06/01/2028			27,790.70	27,790.70	
12/01/2028	155,000	2.590%	27,790.70	182,790.70	210,581.40
06/01/2029			25,783.45	25,783.45	
12/01/2029	159,000	2.590%	25,783.45	184,783.45	210,566.90
06/01/2030			23,724.40	23,724.40	
12/01/2030	163,000	2.590%	23,724.40	186,724.40	210,448.80
06/01/2031			21,613.55	21,613.55	
12/01/2031	167,000	2.590%	21,613.55	188,613.55	210,227.10
06/01/2032			19,450.90	19,450.90	
12/01/2032	171,000	2.590%	19,450.90	190,450.90	209,901.80
06/01/2033			17,236.45	17,236.45	
12/01/2033	176,000	2.590%	17,236.45	193,236.45	210,472.90
06/01/2034			14,957.25	14,957.25	
12/01/2034	180,000	2.590%	14,957.25	194,957.25	209,914.50
06/01/2035			12,626.25	12,626.25	
12/01/2035	185,000	2.590%	12,626.25	197,626.25	210,252.50
06/01/2036			10,230.50	10,230.50	
12/01/2036	190,000	2.590%	10,230.50	200,230.50	210,461.00
06/01/2037			7,770.00	7,770.00	
12/01/2037	195,000	2.590%	7,770.00	202,770.00	210,540.00
06/01/2038			5,244.75	5,244.75	
12/01/2038	200,000	2.590%	5,244.75	205,244.75	210,489.50
06/01/2039			2,654.75	2,654.75	
12/01/2039	205,000	2.590%	2,654.75	207,654.75	210,309.50
	3,239,000		967,050.53	4,206,050.53	4,206,050.53

CERTIFICATION

I, the undersigned, City Clerk of the City of Stanwood, Washington (the "City"), certify as follows:

1. The attached copy of Ordinance No. 1478 (the "Ordinance") is a full, true and correct copy of the Ordinance duly passed at a regular meeting of the City Council of the City held at its regular meeting place on September 26, 2019, as that Ordinance appears on the minute book of the City.

2. The Ordinance will be in full force and effect five days after publication in the City's official newspaper.

2. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Ordinance.

Dated: September 26, 2019.

CITY OF STANWOOD, WASHINGTON

____

David A. Hammond, City Clerk