City of Stanwood

City Council Packet

Stanwood City Council Regular Meeting

Thursday, August 12, 2021

AGENDA
CITY COUNCIL REGULAR MEETING

Thursday, August 12, 2021 – 7:00 p.m.

This meeting will be conducted by telephone and online, connection information will be posted on City Website— https://www.stanwooodwa.org

Stanwood City Hall
10220 270th St. NW, Stanwood, WA 98292

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF THE AGENDA**
4. **CITIZEN COMMENTS**
   Anyone wishing to provide written or oral public comment, must pre-register by 9:00 a.m. the day of the meeting, by calling 360-454-5213, or by clicking on this link: https://stanwoodwa.org/FormCenter/City-Clerk-5/City-Council-Meeting-Remote-Public-Comme-61
5. **COMMITTEE REPORTS**
   a. Community Development Committee Meeting Minutes – July 08, 2021 **5-1**
   b. Economic Development Board Meeting Minutes – June 18, 2021 **5-5**
   c. Finance Committee Meeting Minutes – July 22, 2021 **5-7**
   d. Parks and Trails Advisory Committee Meeting Minutes – June 21, 2021 **5-10**
   e. Public Works Committee Meeting Minutes – July 12, 2021 **5-13**
   f. Public Safety Committee Meeting Minutes – July 22, 2021 **5-17**
6. **CONSENT AGENDA**
   a. Approve Vouchers and Payroll Checks **6-1**
   b. Approve July 22, 2021 Regular City Council Meeting Minutes **6-6**
7. **NEW BUSINESS**
   a. Second Reading and Final Adoption of Ordinance 1498 – Utility Revenue Bonds 2021 **7-1**
   b. Resolution 2021-07 – Notice of Intent to Annex Kottsick Property **7-53**
8. **CITIZEN CLOSING COMMENTS – REMOVED VIA MOTION AT THE 3-26-20 MEETING**
9. **REPORTS OF OFFICERS AND COMMITTEES**
   a. Mayor's Report
   b. City Administrator's Report
   c. Councilmember Reports/Questions
10. **ADJOURN**

Upcoming Meetings:
August 26, 2021 Regular Meeting ***CANCELLED***
September 9, 2021 Regular Meeting
September 23, 2021 Regular Meeting
October 14, 2021 Regular Meeting
October 14, 2021 Special Workshop Meeting

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	5a
DATE:	August 12, 2021
SUBJECT:	Community Development Committee Meeting Minutes
CONTACT PERSON:	Patricia Love, Community Development Director
ATTACHMENTS:	A – July 8, 2021 Meeting Minutes

SUMMARY STATEMENT:

Minutes from the July 8, 2021 Community Development Committee Meeting are attached to this staff report for approval as presented.

	Community Development Committee Meeting Minutes July 8, 2021

Call to Order 6:00pm

Councilmembers Present: Sid Roberts, Tim Pearce, Judy Williams
Staff Present: Patricia Love, Sara Robinson, Amy Bergemeier
Also Present: Tom Hovde
Absent:

Agenda Items:

1. PUD Transmission Line Mitigation Proposal
2. 2021 City Beautification Project

PUD Transmission Line Mitigation Proposal

Snohomish County PUD has submitted a permit application to Snohomish County to run a major transmission line facility along the south side Lover's Lane next to Heritage Park. This transmission line is part of their power system upgrades that will provide reliable power service to downtown Stanwood and Camano Island. Poles vary in height from 60 feet to 80 feet and will carry high transmissions lines and fiber optic cable. The existing power line on the north side of Lover's Lane will remain in place.

While all work and permanent facilities will be located within the existing Lover's Lane right-of-way, the project will have some long-term effects on the Heritage Park site and aesthetics. To minimize impacts to the park, PUD and the City have been working collaboratively on the following mitigation measures to achieve our mutual goals of implementing the Heritage Park Master Plan while providing reliable power service to the community.

1. Tree Removal:

To install the new transmission line, the poplar trees along the frontage of the park on Lover's Lane will be removed. These trees act as a wind barrier, provide some shade in the summer months and provide a tree lined street frontage along the parking lot and entrance to the park. As mitigation for the removal of the trees, PUD has proposed to replant the frontage with street trees of the City choice along Lover's Lane and within the landscape strips of the parking lot. These mitigation measures are consistent with the Heritage Park Master Plan as shown below and could implement the beautification element of park sooner than planned.

2. Pole Spacing:

As part of the beautification component of the park, it is envisioned that the existing driveway entrance will be widened. This affects PUD's pole placement along Lover's Lane. PUD has agreed to provide a 55-foot clear zone that will allow for widening and landscaping of the driveway entrance with additional space to add a Snow Goose park entry sign. The secondary entrance, as envisioned in the Master Plan, can be added at a later date that works with the final pole placement.

3. *Stanwood Port Susan Trail Alignment:*
The Heritage Park Master Plan envisions a pedestrian / multiuse trail along the entire frontage of the park. In addition, the Stanwood Non-Motorized Plan envisions a 5-mile looped trail system in downtown. Placement of the poles could potentially hinder locating future segments of the Stanwood Port Susan Trail. To mitigate this impact, PUD agreed in concept to provide the City with a no-cost pedestrian easement over their transmission line maintenance path that aligns with the Stanwood Port Susan Trail alignment. Obtaining permissions over existing easements for trail can be an involved and an extended time intensive process, but which both the City and the PUD are open to pursuing.

- Committee discussed and had some concerns with removing the trees as it would eliminate the wind break, they create. Councilmember Pearce is not happy with PUD wanting to remove the large poplar trees and wants the city to take a second look at the proposed tree removal. Tom Hovde, with PUD, responded that the trees can't be taller than the 35-40ft height in order to provide the recommended clearance needed between the top of the trees to the height of the wire. Director Love will do a follow up on the height of the trees and get back to Councilmember Pearce regarding his concerns. Councilmember Williams wonders if there are other options regarding tree movement as to assist in providing the wind break that will be lost by removing the trees in question. Director Love will take another look at any other options and get back to the councilmembers during their next meeting.
- Committee is excited to here PUD will provide the city a no-cost pedestrian easement along the Port Susan Trail alignment and look forward to hearing more details on this.

2021 City Beautification Project

Three of the projects on the 2021 City Beautification work plan includes installing landscaping around key Snow Goose signs, install banner poles to create advertising space for special events, and to install service club signage. Scott Lankford of Lankford Landscape Architecture was hired to help the City with the designs. The following designs were reviewed by the Economic Development Board on June 18th and where they enthusiastically recommended that the City continue with the project subject to minor changes.

City Administrator Jennifer Ferguson and I met with Scott Lankford on Tuesday, June 28th to review the Economic Development Boards recommendations. Final plan sets should be ready in mid-August. The graphics below show the first draft and intent of the landscaping projects. Landscape projects are intended to be sent out to bid in early September with an anticipated October planting schedule. Work on the gateway structures will continue into 2022.

1. *City of Stanwood Entrance Sign:*
The Economic Development Board has recommended that the city entry sign be relocated to the east near 64th Avenue. This effort will take time, require approval from WSDOT or the need to obtain easements, and could be expensive. In the interim time, we propose to landscape the area with seasonal color and limb up the larger trees for better visibility. Plant colors include purple, red, and orange.

2. *SR 532 & 72nd Avenue – Southwest Intersection:*

This planting plan also includes seasonal color, but it also accommodates two 12-foot-tall poles that special event / community advertising banners can be attached to. Up to two banners can be hung between the poles at one time. Community service club logos will also be added to these poles. The Snow Goose sign will stay in its exiting location – not relocated as noted in the plan.

3. *SR 532 & 72nd Avenue – Northeast Intersection:*

Applying a similar planting plan as notes on the southwest corner of SR532 and 72nd Avenue, this planting concept add a pop of color under the sign. The sign panels will be changed out with "Welcome to Stanwood" under the Snow Goose.

4. *SR 532 & 92nd Avenue – Northwest Intersection:*

Small planting bed area that adds color to the intersection to accent the Snow Goose sign. This concept uses a similar planting plan as that on the south side of SR532 on the berm / trail.

5. *88th Avenue Gateway:*

The Economic Development Board considered two arch options: one with the mesh design shown below and one with a solid arch with cut in letters. They preferred the mesh design. They also suggested the minor changes noted below in the callout boxes. Mr. Lankford is making the proposed edits and will be preparing a cost estimate by mid-August.

6. *Westend Gateway:*

The roadway configuration in the west end doesn't lend itself well to placement of a larger arch as is proposed on 88th Avenue. The Economic Development Board suggested that the 88th Avenue arch mesh design be used for inspiration for a gateway feature in the west end. Mr. Lankford is working up several ideas for the west end including a paver – plaza concept in the triangle with a sculpture or pillar, LED lights along the brick road or at the intersection of 102nd Avenue and 270th Street, or some other concept. The goal is to have a preliminary design in mid-August and a meeting with the west end business owners in early September.

- Committee discussed and like the ideas for planting and sign placement ideas. They don't believe the large brick sign should be moved due to possibly damaging it and cost.
- Committee feels the Gateway signs need to be solid, not latticed, and change the wording to "Welcome to Stanwood" on one side and maybe "Thanks for Coming" on the other side.

Meeting ended at: 6:55 pm

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	5b
DATE:	August 12, 2021
SUBJECT:	Economic Development Board Meeting Minutes
CONTACT PERSON:	Jennifer Ferguson, City Administrator
ATTACHMENTS:	A – June 18, 2021 Meeting Minutes

SUMMARY STATEMENT

Minutes from the June 18, 2021 Economic Development Board meeting are attached to this staff report for approval as presented.

	Economic Development Board Meeting Agenda June 18, 2021

The June 18, 2021 Economic Development Board Meeting held via Zoom, was called to order at 7:31 a.m.

Board Members in Attendance:
Les Anderson, Kristine Birkenkopf, Randy Heagle, Dave Pelletier, Blake Arnold, Brandy Timmer

Absent: Dave Pelletier, John Russell

Staff Members in Attendance:
Jennifer Ferguson, Patricia Love, Sarah Cho, Amy Bergemeier, Krista Hintz, Sara Robinson,

Also known to be Present: N/A

Approval of Minutes:
The minutes of May 21, 2021 were approved as written.

City Beautification Updates:
Director, Patricia Love, presented design options for the proposed gateways into Stanwood. The budget is roughly $125,000 currently for the archways. The timeline is to get the designs finalized this year and set the budget and funding options in 2022.

- The board really loves the gateway designs. Some suggestions are putting artwork of some type on the plates on the sides the pillars, or perhaps some donor names as well.
- Les Anderson wonders if the bottom of the archway design could be straight so it would still allow a placement for banners to be hung across the gateways to better see events at these entrances.
- The board also would like the arch to say Welcome to Stanwood, instead of City of Stanwood.

Director Love also presented the planting and landscaping plan around the city entry signs finalized by the end of summer in order to start planting to begin early fall.

- SR 532 & 72nd Ave NW (existing brick sign): There will be more branches trimmed behind the sign then add low growing bushes with lots of color in them.
- SR 532 & 72nd Ave NW (NW corner of intersection): Will add rock to the bed as well as colorful low growing plants and change the wording to Welcome to Stanwood.
- SR 532 & 92nd Ave NW: Add colorful plants to the area and some rockery as the sign is good.

Additional Comments:
Les Anderson still believes we can move the current brick sign as it stands to a different location. Randy Heagle wants to make sure the plant and landscaping designs include a variety so there is a continuous colorful landscape.

The Board approves the planting and landscape design plan.

Adjourn: 8:07am
Next meeting: July 16, 2021 @ 7:30am

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Amy Bergemeier
Administrative Assistant

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	5c
DATE:	August 12, 2021
SUBJECT:	Finance/Personnel Committee Report
CONTACT PERSON:	Jennifer Ferguson, City Administrator
ATTACHMENTS:	A – Finance/Personnel Committee Meeting Minutes

SUMMARY STATEMENT

The minutes of the July 22, 2021 Finance/Personnel Meeting are attached to this staff report for approval as presented.

	Finance & Personnel Committee Meeting Minutes July 22, 2021

Councilmembers Present: Steve Shepro, Rob Johnson
Staff present: Jennifer Ferguson, Sara Robinson, Amy Bergemeier
Absent: Dianne White
Agenda

- **Financial Report – 2nd Quarter as of June 30, 2021**
  Key Messages regarding the city's January thru June 2021 financial performance:
  - Fund balances for the General Fund, Street Operating, and Utility Operating funds remain positive, as expected, for the first half of the year. The General fund ending fund balance includes the receipt of the first half of the ARPA funds of $1,017,076. The City Council will need to determine use of these funds
  - Operating expenditures in the General Fund, Streets Operating, and Utility Operating are all under 50% for the first half of the year. Operating funds include salary & benefit line expenditures which are mainly fixed costs and the largest portion of spending for delivering services.
  - The State of Washington was reopened by the Governor June 30, 2021 after being shut down since March of 2020 due to the COVID19 pandemic. The City's expected financial outlook remains stable. Staff constantly monitors revenue and our first two quarters collections remain strong. The City's ability to weather an economic downturn has been successful so far.

    - The Committee discussed and appreciate the report and the positive numbers.

- **Financial Management Policy – Proposed Update**
  - Financial Management Policy is designed to provide guidance to all stakeholders whether they be directly involved in financial processes, internal control oversight, or any financial transaction. The financial management policy is intended to serve as a blueprint to achieve fiscal stability required to accomplish the City's Strategic Plan, Comprehensive Plan, all master plans and City Council goals. The City Council sets forth the authorities, responsibilities, and accountability requirements of those participating in the operations of Stanwood City government at all levels of the organization.
  - In early 2020, the City Council amended and combined numerous, separate financial policies that had been in place into a consolidated financial management policy. From time to time, financial policy should be reviewed to ensure that financial policy is current and aligns with the City Council's goals for fiscal stability. Financial policy should not be procedural and many of the proposed updates to the financial policy seek to define objectives and expectations for the overall financial health of the community.

    - The Committee discussed and will continue working through proposed policy updates over the next several committee meetings before making a recommendation to the City Council.

Meeting ended at: 6:54 pm

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	5d
DATE:	August 12, 2021
SUBJECT:	Parks and Trails Advisory Committee Meeting Minutes
CONTACT PERSON:	Patricia Love, Community Development Manager
ATTACHMENTS:	A – June 21, 2021 Meeting Minutes

SUMMARY STATEMENT

Minutes from the June 21, 2021 Parks and Trails Advisory Committee Meeting are attached to this staff report for approval as presented.

Parks and Trails Advisory Committee Meeting Minutes June 21, 2021

Zoom meeting – virtual attendance Call to Order & Attendance: 3:03pm

Present: Gordy Holmes, Dave Hall, Matt Withers, Lisa Bruce, Rick Hawkins

Absent: Gordon Bell, David Moynahan

Staff Present: Carly Ruacho, Jennifer Ferguson, Amy Bergemeier, Sara Robinson

Also known to be present: Councilmember Steve Shepro, Judy Williams

Citizen Comments: N/A

Approval of Minutes:
The May 2021 Meeting Minutes were approved as submitted.

Church Creek Park Project Prioritization Wrap-Up:

- The following list of program elements are included in the updated master plan for Church Creek Park and are listed in proposed prioritized order as recommended by the PTAC. The updated master plan was developed by J.A. Brennan Associates. The proposed improvements help to reduce the deficiency of trails in Stanwood and address multiple action items outlined in the city's Six-Year Project Action Items and Twenty Years Park Plan. The master plan is guided by community input, site analysis, conceptual scenarios, and discussions with city staff. The Plan incorporates the desire to maintain the rural, forested character of Church Creek Park while making enhancements that make the park more accessible and useable for visitors as well as adding desired amenities such as pickleball courts.
- Church Creek Park is Stanwood's largest neighborhood park serving its residents with activities such as basketball and baseball, a new playground in 2020, a group picnic area, open lawn areas for community movie and music events and opportunities for walking in mature forested areas and accessing Church Creek. There is a need for more trails and better sports facilities within the community as Stanwood faces an 85% deficit in trails compared to the national standard. Nearby Camano Island also has a median population age of 52.5 so improving accessible circulation and adding walking trails could benefit the public overall. The updated Church Creek Park master plan builds on the existing facilities at the Park to better realize its full potential as a recreation destination through opportunities for play, walking, and gathering.
- The projects will highlight the natural beauty of the site and allow multiple types of gathering spaces that can be used for recreation and education alike. A network of paved and unpaved trails will allow greater access throughout the park and open views of the creek and the onsite wetland features. New and/or renovated sports facilities will also continue to serve the population by providing much needed recreational opportunities. Completing these projects will help ensure this 15-acre park meets the needs of the Stanwood-Camano area residents to the greatest extent possible for the next 10 to 20 years.

Committee Member Comments:
Members, in general, feel like the city should get more involved in events held in the city, as well as more parks & recreation services. They look forward to seeing the results of the Feasibility study and appreciate the time getting put into this.

Park Updates:
Church Creek Park: Boy Scout proposal for dugouts
Heritage Park: PUD, Baseball Fields
Hamilton Park: SEPA

Adjourn – 4:54:pm - Next Meeting: July 19, 2021 @ 3:00pm.

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	5e
DATE:	August 12, 2021
SUBJECT:	Public Works Committee Meeting Minutes
CONTACT PERSON:	Kevin Hushagen, Public Works Director
ATTACHMENTS:	A – July 12, 2021 Public Works Committee Minutes

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SUMMARY STATEMENT

Minutes from the July 12, 2021 Public Works Committee Meeting are attached to this staff report for approval as presented.

CITY OF STANWOOD	Public Works Committee Meeting Minutes July 12, 2021

Councilmembers Present: Tim Pearce, Judy Williams, Sid Roberts
Staff present: Shawn Smith, Carly Ruacho, Lisa Sokolik, Patricia Love *(5:30-5:40)*

Call to order at 5:30 pm

Agenda

1. **PUD Transmission Line Project**

This item was discussed at the July 8, 2021 Community Development Committee (CDC) meeting (CDC members are in attendance for this PWC meeting). The CDC had a few questions regarding the height of the poles, height of the trees and why do the trees need to come down.

Pole Height = 95’

- 15’ of the pole is needed below the surface for stabilization.
- 17’ from the top of the pole is needed for the transmission line.
- 15’ from the bottom of the transmission line is needed for clearance.
- 45’ is left for tree clearance.

Tree Height = 60’ but can grow to 80’ at full maturity

- Trees were planted in 2005/2006.
- The proposed replacement trees grow to a maximum height of 35’-40’.
- PUD could top the trees, but this is not an ideal option as it is not healthy for the tree and PUD would have to top the trees every few years.

The height of the poles on the 2nd half of the property is 85’. The poles have been spaced so they will not interfere with the proposed park entrance locations.

PUD is willing to provide the city with additional tree vouchers for windbreaking trees that can be strategically placed to help with the wind issue.

Committee member Roberts asked staff to check to see if the Cypress tree would be a good option when selecting the replacement tree. Cypress trees grow up to 40’, grow wide, and grow quick.

This item will be going to full Council on July 22, 2021.

2. **2021 City Beautification Plan Projects**

This item was discussed at the July 8, 2021 Community Development Committee (CDC) meeting (CDC members are in attendance for this PWC meeting).

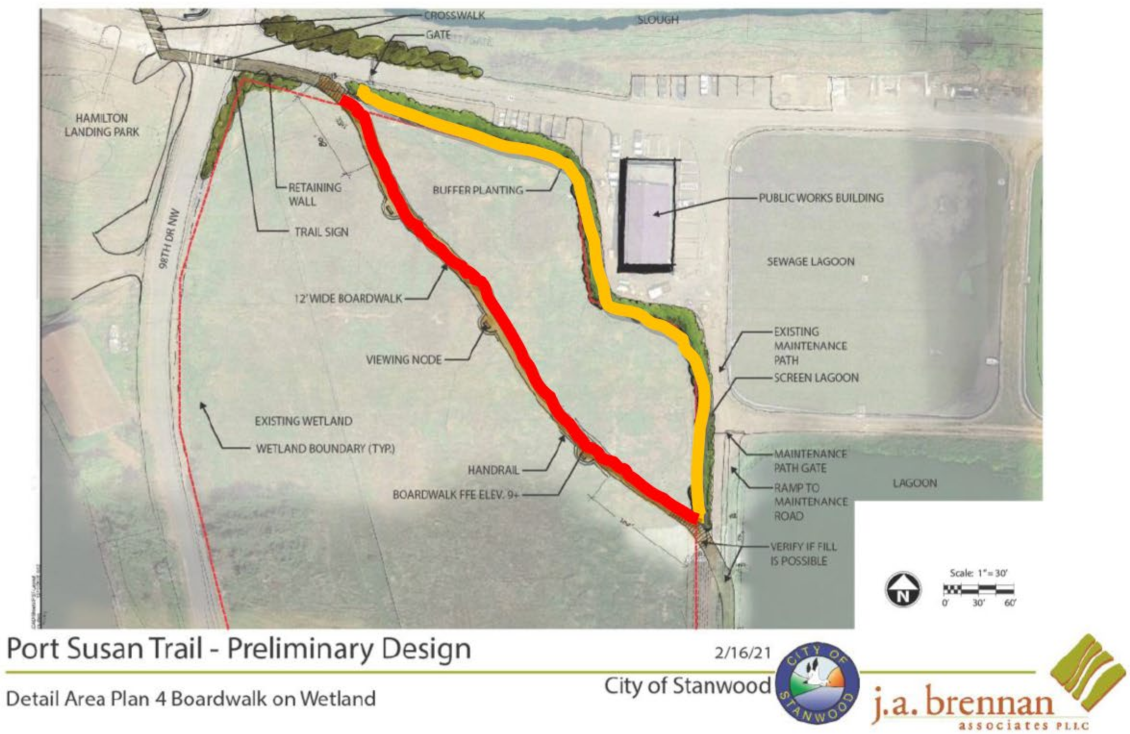
The CDC liked the beautification plan, liked the arches without the cut-through letters, but they have concerns regarding the maintenance.

3. **Stanwood Port Susan Trail Alignment Options**

Staff presented two options for the portion of the Stanwood Port Susan Trail that will go through the public works grounds. The design phase has reached a point where council will need to select one of the following options.

Option 1 (red line): Elevated boardwalk will go over the wetland. The wetland will be enhanced with plants and trees which will attract more birds and other wildlife. This option will create a nice nature experience to the trail but is more expensive and will require more maintenance.

Option 2 (yellow line): Construct a retaining wall along the existing slope and create a dirt path. This option is less expensive and requires less maintenance, but it will be right up next to the public works shop so it will not have the same level of the nature experience as in option 1.



The two options were presented to the Parks and Trails Advisory Committee (PTAC), they prefer the boardwalk option.

The PWC is in favor of the elevated boardwalk option, option 1.

The Committee would like to see samples of the proposed products, Trex planks and fiberglass grating, before they are asked to make a final recommendation.

4. **General Sewer Plan and Water System Plan Updates (scope and fee)**
   Staff asked RH2 Engineering for a scope and fees to update the City's Sewer and Water Comprehensive Plans. The plans are required to be updated every six to ten years, the last update was completed in 2015. Staff would like to update the plans now as the City has received a few annexation requests (Schenk Packing, Kottsick, and a possible new tenant at Twin City Foods), and the Wastewater Treatment Plant is not big enough to handle the added growth.

   RH2 will run models with full build out in the city, potential annexations, and include projects required based on each scenario.

   Funding to update the Sewer and Water Comprehensive Plans would come from the sewer and water funds. This project is not in the budget, so a budget amendment will need to be approved by council.

   The Committee is in favor of having RH2 update the Sewer and Water Comprehensive Plans.

Discussion:

- **Waste Management Consumer Price Index (CIP) Increase:**
  Waste Management notified the City that they are proposing another price increase of 3.42%. The City's contract with WM is up in April 2022. Negotiations to renew the contract must start 180 days prior to the expiration date.

Meeting ended at: 6:25 pm

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	5f
DATE:	August 12, 2021
SUBJECT:	Public Safety Committee Meeting Minutes
CONTACT PERSON:	Rob Martin, Police Chief
ATTACHMENTS:	A – July 22, 2021 Public Safety Minutes

SUMMARY STATEMENT

Minutes from the July 22, 2021 Public Safety Committee Meeting are attached to this staff report for approval as presented.

CITY OF STANWOOD
PUBLIC SAFETY COMMITTEE MEETING MINUTES

July 22, 2021

LOCATION:

The Public Safety Committee meeting was held via ZOOM meeting.

ATTENDANCE:

- City Councilmember – Steve Shepro
- City Councilmember – Darren Robb
- City Councilmember – Tim Pearce
- Stanwood Police – Chief Rob Martin
- North County Regional Fire – Chief John Cermak
- North County Regional Fire – Assistant Chief Don Bartlett
- City Administrator – Jennifer Ferguson
- City Clerk- Sara Robinson

AGENDA:

1. Fireworks ordinance discussion
2. Legislative changes overview
3. Body worn camera discussion

CALLED TO ORDER:

Meeting called to order at 5:00 pm

DISCUSSION:

- Chief Martin provided committee members with calls for service relating to fireworks, both police and fire, from 2018 to present. The data represents calls for service over the New Year and July 4th holidays. Additional information presented included crimes associated and community outreach efforts by police and fire. Committee members were asked if there was interest in banning fireworks and what a ban might look like. Chief Cermak stated a fireworks ban would negatively impact local businesses who sale the fireworks. AC Bartlett stated most aerial fireworks, those that cause the most concern in the community, are already illegal. Councilmember Robb said he was happy with how the community responded to messaging, and given the dry environment, there were minimal incidents this year. Councilmember Shepro said he is interested in getting the community's perspective. Noise complaints and impacts on pets in the community are a concern. Councilmember Shepro said he wants Council to have a broader discussion, with input from the community. Councilmember Pearce said he was not interested in a ban on fireworks but would consider restricting the number of days fireworks can be discharged. Councilmember Shepro agreed with reducing the number of days. Councilmember Rob agreed. Councilmember Shepro inquired about the possibility of holding a public hearing in the future. City Administrator Ferguson said a public hearing, town hall or on-line survey are all options. Committee members agreed to continue working on the issue.

- Chief Martin provided committee members an update on legislative impacts to the profession. Legislation was signed by the Governor and goes into effect on July 25th. What law enforcement does will not change, but how they do it will. The police response model will have impacts to community members, specific to non-criminal calls for service. Councilmember Shepro asked about messaging the changes to the community. The message will be consistent with the Sheriff's Office.
- Chief Martin discussed the introduction of body worn cameras at Stanwood PD. Two deputies will be working with the Sheriff's Office on a pilot project designed to test and evaluate three different vendors. During this phase, we'll be looking at the technology and what will work best. We'll also be taking a close look at how it will impact our records unit with public disclosure requests.
- Chief Cermak had no report for the committee.

- Meeting adjourned at 5:43 pm

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	6a
DATE:	August 12, 2021
SUBJECT:	Approval of Voucher and Payroll Checks
CONTACT PERSON:	Wendy Dowhower, Accounting Manager
ATTACHMENTS:	A - Voucher Check Detail

SUMMARY STATEMENT

Approve issuance of Washington Federal Bank voucher checks 34211 through 34287 and Washington Federal Bank electronic funds transfers in the amount of $732,726.74. Approve issuance of Washington Federal Bank electronic payroll funds transfers in the amount of $36,200.

RECOMMENDED MOTION

MOTION TO APPROVE ISSUANCE OF WASHINGTON FEDERAL BANK VOUCHER CHECKS 34211 THROUGH 34287 AND WASHINGTON FEDERAL BANK ELECTRONIC FUNDS TRANSFERS IN THE AMOUNT OF $732,726.74. APPROVE ISSUANCE OF WASHINGTON FEDERAL BANK ELECTRONIC PAYROLL FUNDS TRANSFERS IN THE AMOUNT OF $36,200.

CHECK REGISTER

City Of Stanwood | Time: 12:16:33 Date: 08/04/2021

07/14/2021 To: 08/03/2021 | Page: 1

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
3079	07/15/2021	Claims	3	EFT	WA St Dept of Revenue **	17,448.68	City of Stanwood B & O Excise Tax June 2021
3247	07/27/2021	Claims	3	EFT	US Bank	11,298.23	4485 5945 5564 1495
3080	07/15/2021	Claims	3	34211	APP- Associated Petroleum Products	4,120.52	04-0100494
3081	07/15/2021	Claims	3	34212	Air Care Systems	1,620.78	City of Stanwood; City of Stanwood
3082	07/15/2021	Claims	3	34213	Berk	5,077.50	City of Stanwood
3083	07/15/2021	Claims	3	34214	The Blueline Group	9,134.50	City of Stanwood
3084	07/15/2021	Claims	3	34215	Gaylynn Brien	60.00	City of Stanwood
3085	07/15/2021	Claims	3	34216	Clark Equipment Co.	102,729.13	City of Stanwood 1609322; 10609322
3086	07/15/2021	Claims	3	34217	Edge Analytical Inc	160.00	STA01
3087	07/15/2021	Claims	3	34218	ICONIX Waterworks (US) Inc.	90.39	CITSTA
3088	07/15/2021	Claims	3	34219	Lankford Associates	1,680.00	City of Stanwood
3089	07/15/2021	Claims	3	34220	Les Schwab Tire Centers	430.32	S34-00006; S34-00006
3090	07/15/2021	Claims	3	34221	Maul Foster Alongi, Inc.	6,964.48	City of Stanwood
3091	07/15/2021	Claims	3	34222	National Barricade Co LLC	1,111.80	City of Stanwood
3092	07/15/2021	Claims	3	34223	Office Depot	128.37	36274097; 36274097; 36274097
3093	07/15/2021	Claims	3	34224	PUD Of Snohomish County *	8,668.57	200592889; 200367373; 221854284; 200128742; 200240505; 221041510; 200633634; 200142180; 202670675; 202579512; 202882056; 202694204; 202727285; 222799900; 220923312
3094	07/15/2021	Claims	3	34225	Pollardwater	687.69	37807
3095	07/15/2021	Claims	3	34226	Quality Controls Corporation	2,231.50	City of Stanwood; City of Stanwood
3096	07/15/2021	Claims	3	34227	RH2 Engineering Inc	547.00	City of Stanwood
3097	07/15/2021	Claims	3	34228	Reece Construction Company, Inc	202,013.96	city of Stanwood
3098	07/15/2021	Claims	3	34229	Refund - Nicole McVeigh	188.39	refund account 1940
3099	07/15/2021	Claims	3	34230	Ricoh USA, Inc.	1,239.06	1316669-3660140; 1316669-3660090; 1316669-3659652
3100	07/15/2021	Claims	3	34231	Sno Co Public Works *	384.12	CR000024
3101	07/15/2021	Claims	3	34232	Snohomish County Treasurer	16.05	City of Stanwood
3102	07/15/2021	Claims	3	34233	Stanwood City Utility	3,345.81	1075; 2688; 2732; 2741; 2749; 2886; 3184; 3439
3103	07/15/2021	Claims	3	34234	TMG Services Inc	2,218.89	1920010
3104	07/15/2021	Claims	3	34235	US Bank Na Custody/ Treas Div-Money Ctr	36.00	777221717
3105	07/15/2021	Claims	3	34236	Verizon Wireless	1,528.52	372541731-00001; 742373248-00001
3106	07/15/2021	Claims	3	34237	WA St Dept of Ecology *	232,514.67	City of Stanwood ref #L030030A #33/; City of Stanwood ref L030030B #30/
3107	07/15/2021	Claims	3	34238	WA St Dept of Transportation *	314.82	City of Stanwood 916001509 L
3108	07/15/2021	Claims	3	34239	WA St Treasurer	1,121.82	City of Stanwood
3109	07/15/2021	Claims	3	34240	Waste Management Skagit	154.18	8-34465-95001
3110	07/15/2021	Claims	3	34241	Wave Broadband	122.25	3201-0316547-01
3111	07/15/2021	Claims	3	34242	Weed, Graafstra & Associates, Inc., P.S	7,304.50	3868-0000M
3112	07/15/2021	Claims	3	34243	West Coast Code Consultants, Inc.	1,898.06	City of Stanwood
3113	07/15/2021	Claims	3	34244	Ziply Fiber	1,406.02	206-188-0411-053105-5; 360-629-4907-072497-5

CHECK REGISTER

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
3248	07/27/2021	Claims	3	34245	Ace Hardware	852.05	20013
3249	07/27/2021	Claims	3	34246	American Planning Assn	336.00	City of Stanwood ID077978
3250	07/27/2021	Claims	3	34247	Aramark Uniform Services Inc	191.52	937963000 City of Stanwood; 792106997; 792106997; 792106997
3251	07/27/2021	Claims	3	34248	Associated Earth Sciences, Inc.	10,709.81	City of Stanwood
3252	07/27/2021	Claims	3	34249	Builders Exchange of Washington Inc	25.00	City of Stanwood
3253	07/27/2021	Claims	3	34250	Code Publishing Company Inc	1,056.83	City of Stanwood; City of Stanwood
3254	07/27/2021	Claims	3	34251	Confluence Environmental Company, Inc	12,630.50	City of Stanwood
3255	07/27/2021	Claims	3	34252	Edge Analytical Inc	326.00	STA01; STA01
3256	07/27/2021	Claims	3	34253	Forest Land Services Inc	395.09	City of Stanwood
3257	07/27/2021	Claims	3	34254	Hamilton Lumber LLC	16.90	City of Stanwood
3258	07/27/2021	Claims	3	34255	Herc Equipment Rental Corp.	1,025.33	1024925
3259	07/27/2021	Claims	3	34256	KPG	102.01	City of Stamwood
3260	07/27/2021	Claims	3	34257	Lenz Enterprises Inc	53.58	City of Stanwood-Water
3261	07/27/2021	Claims	3	34258	Mackenzie	12,999.66	City of Stanwood
3262	07/27/2021	Claims	3	34259	Office Depot	375.41	36274097; 36274097; 36274097; 36274097; 36274097
3263	07/27/2021	Claims	3	34260	PUD Of Snohomish County *	413.42	201942398; 200103539; 200738672
3264	07/27/2021	Claims	3	34261	Pace Engineers, Inc	16,626.25	City of Stanwood; City of Stanwood; City of Stanwood; City of Stanwood
3265	07/27/2021	Claims	3	34262	Pape' Machinery	323.92	6109854
3266	07/27/2021	Claims	3	34263	Pye Barker Fire & Safety, LLC	2,332.46	C493803; C493801
3267	07/27/2021	Claims	3	34264	RH2 Engineering Inc	138.89	City of Stanwood
3268	07/27/2021	Claims	3	34265	Refund - Nicole McVeigh	52.50	Permit #20210177-refund not City Limits
3269	07/27/2021	Claims	3	34266	Refund -Valentine Roofing	677.84	Permit#20210154 refund permit not needed
3270	07/27/2021	Claims	3	34267	Ricoh USA, Inc.	224.35	1316669-3660140
3271	07/27/2021	Claims	3	34268	Safeway	55.32	191483 City of Stanwood; 191483
3272	07/27/2021	Claims	3	34269	Skagit Farmers Supply	1,594.57	135052; 135052
3273	07/27/2021	Claims	3	34270	Skagit Valley Publishing	57.75	48893 City of Stanwood
3274	07/27/2021	Claims	3	34271	Sno Co Information Services *	11,320.38	DIS1107
3275	07/27/2021	Claims	3	34272	Sno Co Sheriff's Office - CB	5,383.18	City of Stanwood TIN 91-6001368; 91-6001368
3276	07/27/2021	Claims	3	34273	Sno Co Sheriffs Office *	1,357.00	SSH00001
3277	07/27/2021	Claims	3	34274	Snohomish County 911	8,202.99	City of Stanwood
3278	07/27/2021	Claims	3	34275	Stanwood Auto Parts	2,700.42	56100; 56100; 56100; 56100; 56100; 56100; 56100; 56100; 56100; 56100
3279	07/27/2021	Claims	3	34276	Stilly Auto Parts Napa	87.85	27197; 27197
3280	07/27/2021	Claims	3	34277	Summit Law Group	2,309.50	20150-1 DAS
3281	07/27/2021	Claims	3	34278	The Seattle Times	520.00	City of Stanwood 15281
3282	07/27/2021	Claims	3	34279	USA Bluebook	4,377.62	478228; 478228
3283	07/27/2021	Claims	3	34280	Unum Life Insurance	88.40	City of Stanwood
3284	07/27/2021	Claims	3	34281	Utilities Underground Loc	131.58	134200-STNWOD1
3285	07/27/2021	Claims	3	34282	Washington Economic Development Assn.	400.00	City of Stanwood
3286	07/27/2021	Claims	3	34283	Wave Broadband	142.65	3201-0316545-01
3287	07/27/2021	Claims	3	34284	Ziply Fiber	77.91	360-939-0579-080320-5

CHECK REGISTER

City Of Stanwood — Time: 12:16:33 Date: 08/04/2021

07/14/2021 To: 08/03/2021 — Page: 3

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
3303	07/28/2021	Claims	3	34285	Refund - Nicole McVeigh	279.06	Refund Plumber's Bill Acct 3119-City's leak
3304	07/28/2021	Claims	3	34286	Refund -Cecilia Muscolo	1,621.35	Owner & Escrow paid final on accts 2777 & 2778
3305	07/28/2021	Claims	3	34287	WA St Dept of Transportation *	137.31	City of Stanwood

001 General Fund	63,415.14		
101 Street Fund	8,564.78		
103 Street Construction Fund	204,230.47		
104 Park And Trail Improvement Fund	19,594.98		
107 Equipment Reserve Fund	51,364.56		
110 Building Improvement Fund	26,200.47		
115 Tourism And Promotion DSC	7,000.00		
401 Sewer Fund	258,391.94		
403 Sewer Construction Fund	6,531.96		
410 Drainage Fund	5,640.04		
411 Drainage Construction Fund	8,082.00		
421 Water Fund	22,136.23		
457 Sewer Equipment Reserve	25,682.28		
458 Drainage Equipment Reserve	25,682.29		
630 Agency Fund	209.60		
		Claims:	732,726.74
* Transaction Has Mixed Revenue And Expense Accounts	732,726.74		

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 Wendy Dorlon Date: 8-4-21

( ) Deputy Finance Director

CHECK REGISTER

City Of Stanwood

Time: 12:16:53 Date: 08/04/2021

07/14/2021 To: 08/03/2021 Page: 1

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
3134	07/23/2021	Payroll	3	EFT		3,000.00	July 2021 Draw
3135	07/23/2021	Payroll	3	EFT		1,400.00	July 2021 Draw
3136	07/23/2021	Payroll	3	EFT		1,000.00	July 2021 Draw
3137	07/23/2021	Payroll	3	EFT		1,700.00	July 2021 Draw
3138	07/23/2021	Payroll	3	EFT		2,700.00	July 2021 Draw
3139	07/23/2021	Payroll	3	EFT		2,000.00	July 2021 Draw
3140	07/23/2021	Payroll	3	EFT		1,000.00	July 2021 Draw
3141	07/23/2021	Payroll	3	EFT		1,850.00	July 2021 Draw
3142	07/23/2021	Payroll	3	EFT		3,500.00	July 2021 Draw
3143	07/23/2021	Payroll	3	EFT		1,600.00	July 2021 Draw
3144	07/23/2021	Payroll	3	EFT		1,000.00	July 2021 Draw
3145	07/23/2021	Payroll	3	EFT		2,000.00	July 2021 Draw
3146	07/23/2021	Payroll	3	EFT		2,000.00	July 2021 Draw
3147	07/23/2021	Payroll	3	EFT		800.00	July 2021 Draw
3148	07/23/2021	Payroll	3	EFT		1,000.00	July 2021 Draw
3149	07/23/2021	Payroll	3	EFT		2,000.00	July 2021 Draw
3150	07/23/2021	Payroll	3	EFT		1,200.00	July 2021 Draw
3151	07/23/2021	Payroll	3	EFT		500.00	July 2021 Draw
3152	07/23/2021	Payroll	3	EFT		3,450.00	July 2021 Draw
3153	07/23/2021	Payroll	3	EFT		1,500.00	July 2021 Draw
3154	07/23/2021	Payroll	3	EFT		1,000.00	July 2021 Draw
		001 General Fund				36,200.00	
						36,200.00	Payroll: 36,200.00

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 Wendy Dorhom Date: 8-4-21
( ) Deputy Finance Director

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	6b
DATE:	August 12, 2021
SUBJECT:	City Council July 22, 2021 Regular Meeting Minutes
CONTACT PERSON:	Sara Robinson, City Clerk
ATTACHMENTS:	A – Council Regular Meeting Minutes

SUMMARY STATEMENT

Minutes of the July 22, 2021 Regular City Council Meeting are attached.

RECOMMENDED MOTION

MOTION TO APPROVE THE MINUTES OF THE JULY 22, 2021 COUNCIL MEETING AS PRESENTED.

1. Call to Order

Mayor Elizabeth Callaghan called the meeting to order at 7:00 p.m.

2. Roll Call

City Clerk Sara Robinson called the roll with the following Councilmembers present: Rob Johnson, Darren Robb, Tim Pearce, Steve Shepro, Sid Roberts and Judy Williams. The meeting was quorate.

Motion by Councilmember Pearce, Second by Councilmember Robb to excuse Councilmember White. Motion carried unanimously.

Also present: Public Works Director Kevin Hushagen, Community Development Director Patricia Love, Fire Chief John Cermak, Police Chief Rob Martin, Assistant to the Administrator & Communications Manager Krista Hintz, Attorney Brett Vinson, City Administrator Jennifer Ferguson and City Clerk Sara Robinson.

3. Approval of the Agenda

Jennifer Ferguson requested that the Agenda be amended to have Item 8c moved to the end of the meeting as the guest speakers are running late.

Motion by Councilmember Johnson, second by Councilmember Pearce to approve the agenda as amended. Motion carried unanimously.

4. Citizen Comments

The City did not receive written comments and one citizen who would like to verbally address the Mayor and City Council. Citizens who wished to speak verbally, were required registered on the City Website by 9:00 am today, must be visible on camera and identify them-self with name and address.

The City received one request for verbal comment-

Tim Schmitt – 27308 101st Ave- Topic: Open Meeting Violation

City Attorney, Brett Vinson spoke regarding Mr. Schmitt's comment.

5. **Staff Reports**
 a. Police Compstat Report – June 2021

6. **Committee Reports**
 a. Planning Commission Meeting Minutes – June 14, 2021

7. **Consent Agenda**

 a. Approve Vouchers and Payroll Checks
 b. Approve July 08, 2021 Regular City Council Meeting Minutes

Motion by Councilmember Pearce, Second by Councilmember Roberts, to approve the Consent Agenda.
Motion carried unanimously.

8. **New Business**

 a. Authorize the Mayor to Sign a Contract with Perteet Inc. for the Viking Way Project Phase Two

Public Works Director, Kevin Hushagen presented the request to authorize the Mayor to sign a contract with Perteet Engineering for the Viking Way Phase 2 design and right of way work. This project will extend Viking Way from its current end near Petco to 92nd Avenue. This will require right of way purchase from the PUD property and will result in Viking Way lining up with the entrance to the QFC parking lot.

Council discussed the item.

Motion by Councilmember Roberts, Second by Councilmember Pearce, to authorize the Mayor to sign a contract with Perteet, Inc. for the Viking Way Phase 2 design and right of way work, not to exceed 331,615.67.

City Attorney, Brett Vinson interrupted the meeting requesting that City Council adjourn to Executive Session to discuss potential or pending litigation, RCW 42.30.110(1) (I).

Mayor Callaghan adjourned to Executive Session at 7:26 pm. The Session should take approximately five minutes. No action to follow.

The meeting was called back to order at 7:33 pm.

Mayor Callaghan reminded the Council that there was a Motion and a Second on the table and asked the Clerk to do the roll call vote.

Councilmember Robb – Yes, Councilmember Pearce – Yes, Councilmember Shepro –Yes, Councilmember Roberts – Yes, Councilmember Williams – Yes, Councilmember Johnson-Yes
Motion carried unanimously.

b. PUD Transmission Line Project Mitigation Proposal

Community Development Director, Patricia Love explained that this item is for consideration of a mitigation proposal by Snohomish County PUD for impacts to Heritage Park from their Transmission Line project. Snohomish County PUD has submitted a permit application to Snohomish County to run a major transmission line facility along the south side Lover's Lane next to Heritage Park. This transmission line is part of their power system upgrades that will provide reliable power service to downtown Stanwood and Camano Island. Poles will vary in height from 80 to 95 feet and will carry high voltage transmissions lines and fiber optic cable. The existing power line on the north side of Lover's Lane will remain in place.
Nine new poles will be located along the frontage of Heritage Park. To eliminate conflicts with the new transmission line, the 16 poplar trees along the parking lot frontage will need to be removed. These trees have been noted to act as a wind break during the spring and fall months. PUD has proposed to provide the City with tree vouchers that can be used to purchase new trees. Public Works would then plant the replacement trees where needed to provide better wind breaks for those using the ball fields.
The Heritage Park Master Plan envisions a pedestrian / multiuse trail along the entire frontage of the park. In addition, the Stanwood Non-Motorized Plan envisions a 5-mile looped trail system in downtown.
Placement of the poles could potentially hinder locating future segments of the Stanwood Port Susan Trail. To mitigate this impact, PUD agreed in concept to:
Provide the City with a no-cost pedestrian easement over their property where the transmission line maintenance path will go; and Where the PUD has obtained an easement, versus actual ownership, PUD has agreed to work with the property owners and the City to obtain a secondary use easement to allow pedestrian access.
The mitigation proposal was reviewed by the Community Development Committee on July 8th and the Public Works Committee on July 12. However, due to absences, the Public Works Committee consisted of the same members of the Community Development Committee. The Committee was concerned about the loss of trees and its effect on the need for a windbreak at the park.

Council discussed the item.

Motion by Councilmember Robb, Second by Councilmember Shepro to accept the PUD Transmission Line Mitigation proposal as presented which includes:

- *street tree planting along the parking lot frontage and within the parking lot of Heritage Park;*
- *maintaining a 55-foot-wide clearance zone at the eastern parking lot entrance;*
- *providing tree vouchers to the city for windbreak mitigation; and*

- *the City and the PUD will work in good faith to provide and obtain pedestrian use easements along the entire route of the power line alignment in downtown Stanwood.*

Motion carried unanimously.

Jennifer Ferguson asked that the agenda shift back making the Utility Revenue Bonds item 8c as originally presented. Mayor Callaghan agreed.

c. Utility Revenue Bonds 2021 -First Reading Ordinance 1498

City Administrator, Jennifer Ferguson explained that this is item is the first reading of Ordinance 1498 providing for the issuance, sale and delivery of Water and Sewer Revenue Bonds, 2021. This bond issuance will finance sewer capital infrastructure improvements which include construction of the Pioneer Hwy Sewer Line, Church Creek Sewer Collection and Main Lift Station improvements, as well as refinance the 2011 Water Sewer Improvement Bonds for savings on interest expense. The new sewer projects are included in the city's approved 2021-2026 Capital Improvement Plan for construction in 2021 and 2022. Proceeds of this bond issuance were included in the 2021-2022 biennial budget and $4,000,000 was appropriated to construct the improvements. The 2021-2022 biennial budget includes estimated new debt service to begin repayment and the final principal and interest costs will, if needed, be included in the mid-period biennial budget adjustment. The 2021 Bond issue will also include a refinancing of the 2011 Water Sewer Revenue Bonds for savings on bond interest.
Jim Nelson, SVP, DA Davidson Inc provided an overview of the rates and answered questions.

Council discussed the item.

Motion by Councilmember Roberts, Second by Councilmember Pearce to approve first reading of Ordinance 1498 providing for the issuance, sale and delivery of water and sewer revenue bonds, 2021.

Motion carried unanimously.

d. Public Meetings and Public Offices

City Administrator, Jennifer Ferguson explained that this item is for Council discussion regarding public meetings and public offices post COVID-19 pandemic and the reopening of the State of Washington.
Ferguson proposed the following questions for discussion:

1. *When does the City Council want to return to in-person City Council meetings?*
2. *Will all Councilmembers want to attend council meetings in person or do some want to attend virtually?*
3. *Where would the City Council like to hold public meetings?*

4. *Does the City Council want to fully reopen city offices or continue offering limited public office hours and online services?*
5. *How will the City comply with current OPMA Gov Proc 20-28 to allow for both in-person and virtual attendance by the public?*
6. *When does the City Council want to remove the Stanwood emergency declaration enacted March 26, 2020?*

Council discussed the items above. It was decided to continue as things are for now. There is potential for additional changing guidance with the new delta variant starting to show up in our area. Staff will poll other cities to see how they are running their hybrid city council meetings. Automated services have been highly utilized by the public, so there will be a continued effort to refine those services.

9. Citizen Closing Comments – Removed via motion at the 3-26-2020 Meeting

10. Reports of Officers and Committees

a. Mayor's Report –
Mayor Callaghan wanted to remind everyone that the National Night Out event is coming up. She asked Chief Martin to provide the details.
Chief Martin said that the event is Tuesday, August 3 at 6:00 pm in the parking lot next to the Country Store. There is a large vendor turnout this year. The Helicopter is going to be coming again this year. Its going to be a great event with lots of new ideas.

b. City Administrator's Report-
Jennifer Ferguson noted that there is another Summer Concert this weekend, Saturday from 2-4 pm. Shaggy Sweet will be playing in the street out in front of SAAL Brewery. Hope to see everyone there. The City has received a request from the Boy Scouts for an Eagle Scout project. The project involves re-roofing the baseball dugouts at Church Creek Park.

c. Councilmember Reports and Questions-
Councilmember Williams wanted to Thank everyone for supporting the Summer Concerts. Thank you to Public Works for their help with setting up. Even on the 100-degree days they were very cooperative and helpful. It speaks volumes to our wonderful City. The feedback has been very positive. People are coming from out of town and are loving it! This has been so great for the City.

10. Adjourn

Meeting Adjourned at 9:02 pm.

CITY OF STANWOOD ATTEST:

Elizabeth Callaghan, Mayor

Sara Robinson, City Clerk

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	7a
DATE:	August 12, 2021
SUBJECT:	Ordinance 1498 – Providing for the issuance, sale and delivery of Water and Sewer Revenue Bonds, 2021
CONTACT PERSON:	Jennifer Ferguson, City Administrator
ATTACHMENTS:	A – Proposed Ordinance 1498– Second Reading & Adoption B – Financial Advisor - D.A. Davidson presentation materials C – 2021-2026 CIP – Sewer Project Overviews D – 2021-2022 Biennial Budget Debt Financing Summary

PURPOSE

The purpose of this agenda item is for the City Council is to hold the second reading and adoption of Ordinance 1498 providing for the issuance, sale and delivery of Water and Sewer Revenue Bonds, 2021.

BACKGROUND

This bond issuance will finance sewer capital infrastructure improvements which include construction of the Pioneer Hwy Sewer Line, Church Creek Sewer Collection and Main Lift Station improvements, as well as refinance the 2011 Water Sewer Improvement Bonds for savings on interest expense. The new sewer projects are included in the city's approved 2021-2026 Capital Improvement Plan for construction in 2021 and 2022 (See Attachment C).

Proceeds of this bond issuance were included in the 2021-2022 biennial budget and $4,000,000 was appropriated to construct the improvements. The 2021-2022 biennial budget includes estimated new debt service to begin repayment and the final principal and interest costs will, if needed, be included in the mid-period biennial budget adjustment. See Attachment D for a summary of estimated debt financing needed within the 2021-2022 Biennial Budget for utility infrastructure improvements.

The 2021 Bond issue will also include a refinancing of the 2011 Water Sewer Revenue Bonds for savings on bond interest.

The upcoming FCS Group rate study, planned in 2022 will include the updated borrowing, results of the updated water and sewer master plan updates where revised utility capital investments will be identified.

At the July 22, 2021 City Council meeting, Jim Nelson, D.A. Davidson, Inc., Senior Vice President presented an outline of the bond issuance process to the City Council (See Attachment B). The draft Ordinance (See Attachment A) relates to contracting indebtedness; providing for the issuance, sale and delivery of Water and Sewer Revenue Bonds, 2021, 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.

CITY COUNCIL OPTIONS

1. Approve second reading and adoption of Ordinance 1498 providing for the issuance, sale and delivery of Water and Sewer Revenue Bonds, 2021.

2. Do not approve second reading, nor adopt Ordinance 1498 providing for the issuance, sale and delivery of Water and Sewer Revenue Bonds, 2021 and direct staff to areas of concern.

RECOMMENDED MOTION

MOTION TO APPROVE THE SECOND READING AND AUTHORIZE ADOPTION OF ORDINANCE 1498 PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF WATER AND SEWER REVENUE BONDS, 2021.

CITY OF STANWOOD, WASHINGTON

ORDINANCE NO. 1498

AN ORDINANCE of the City of Stanwood, Washington, relating to contracting indebtedness; providing for the issuance and fixing or setting parameters with respect to certain terms and covenants of water and sewer revenue bonds to provide funds to (1) pay or reimburse costs of certain improvements included in the City's Capital Improvement Plan, (2) refund certain of the City's outstanding Water & Sewer Revenue Bonds, 2011 and (3) pay costs of issuing and selling the bonds and the administrative costs of the refunding; appointing the City's designated representative to approve the final terms of the sale of the bonds; and providing for related matters.

Passed August 12, 2021

This document prepared by:

Foster Garvey P.C.
1111 Third Avenue, Suite 3000
Seattle, Washington 98101
(206) 447-6264

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CITY OF STANWOOD, WASHINGTON

ORDINANCE NO. 1498

AN ORDINANCE of the City of Stanwood, Washington, relating to contracting indebtedness; providing for the issuance and fixing or setting parameters with respect to certain terms and covenants of water and sewer revenue bonds to provide funds to (1) pay or reimburse costs of certain improvements included in the City's Capital Improvement Plan, (2) refund certain of the City's outstanding Water & Sewer Revenue Bonds, 2011 and (3) pay costs of issuing and selling the bonds and the administrative costs of the refunding; appointing the City's designated representative to approve the final terms of the sale of the bonds; 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 the 2011 Ordinance in the original principal amount of $2,880,000.

"*2011 Ordinance*" means Ordinance No. 1300, authorizing the issuance, sale and delivery of the 2011 Bonds.

"*2019 Bond*" the Water and Sewer Revenue Bond, 2019, authorized by the 2019 Ordinance in the original principal amount of $3,239,000.

"*2019 Ordinance*" means Ordinance No. 1478, authorizing the issuance, sale and delivery of the 2019 Bond.

"*Acquired Obligations*" means any noncallable Government Obligations purchased to accomplish the refunding of the Refunded Bonds as authorized by this ordinance and in accordance with the 2011 Ordinance.

"*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.

"*Authorized Denomination*" means, unless otherwise specified in the Bond Purchase Agreement, $5,000 or any integral multiple thereof within a maturity of a Series.

"*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.

"*Beneficial Owner*" means, with respect to a Bond, the owner of any beneficial interest in the Bond, and includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares (a) voting power that includes the power to vote, or to direct the voting of, the Bond, and/or (b) investment power that includes the power to dispose, or to direct the disposition of, the Bond.

"*Bond*" means each bond issued pursuant to and for the purposes provided in this ordinance.

"*Bond Counsel*" means the firm of Foster Garvey P.C., 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 Purchase Agreement*" means an offer to purchase a Series, setting forth certain terms and conditions of the issuance, sale and delivery of that Series, which offer is authorized to be accepted by the Designated Representative on behalf of the City, if consistent with this ordinance.

"*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 and the City's adopted capital facilities plan, 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 Administrator*" means the city administrator of the City or such other officer of the City who succeeds to substantially all of the responsibilities of that office.

"*City Contribution*" means legally available money of the City, in addition to Bond proceeds, necessary or advisable to accomplish the refunding of the Refunded Bonds, as determined by the Designated Representative.

"*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 19, 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 facility 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 facility 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.

"*Designated Representative*" means the officer of the City appointed in Section 4 to serve as the City's designated representative in accordance with RCW 39.46.040.

"*DTC*" means The Depository Trust Company, New York, New York, or its nominee.

"*Final Terms*" means the terms and conditions for the sale of a Series, including the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption or prepayment rights, price and other terms or covenants, including minimum savings for refunding bonds (if the refunding bonds are issued for savings purposes).

"*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 Bonds, the payment of the principal of and interest on which is secured by a lien and charge on Net Revenue, ULID Assessments and Tax Credit Subsidy Payments equal in rank with the lien and charge 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, the 2019 Bond and the Bonds.

"*Government Obligations*" means direct, noncallable obligations of, or obligations the payment of 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 and revenues received by the City from 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.

"*Issue Date*" means, with respect to a Bond, the date of initial issuance and delivery of the Bond to the Underwriter in exchange for the purchase price of the Bond.

"*Letter of Representations*" means the Blanket Issuer Letter of Representations between the Issuer substantially in the form on file with the Issuer, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

"*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.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*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.

"*Official Statement*" means an offering document, disclosure document, private placement memorandum, or similar disclosure document provided to purchasers and potential purchasers in connection with the initial offering of a Series in conformance with Rule 15c2-12 or other applicable regulations of the SEC.

"*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 2021 through 2031, inclusive, and the outstanding principal of the 2019 Bond.

"*Outstanding Parity Bond Ordinances*" means the 2011 Ordinance and the 2019 Ordinance.

"*Owner*" means, without distinction, the Registered Owner and the Beneficial Owner.

"*Parity Bond Authorizing Ordinances*" means the 2011 Ordinance, the 2019 Ordinance, this ordinance and any Future Parity Bond Authorizing Ordinance.

"*Parity Bonds*" means the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

"Parity Conditions" means the conditions for issuing Future Parity Bonds set forth in Section 17.

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

"*Projects*" means such water and sewer improvements of the System and other projects that are included from time to time in the Capital Improvement Plan, and includes without limitation: (1) replacement and installation of a sewer line in Pioneer Highway along Fox Hill, a sewer main from SR 532 to the viaduct and sewer pipe from 86th Drive to the viaduct; (2) installation of a gravity sewer line from the lift station in Church Creek Estates across Church Creek Park through the Vine Street property to the newly installed line under SR 532; (3) installation of lift station electrical controls and components and pumps, and the design of a redundant force main to and fine screen at the headworks of the wastewater treatment plant; (4) acquisition, construction and installation of all necessary furniture, equipment, apparatus, accessories, fixtures and appurtenances; (5) acquisition of real property and all appurtenant improvements, structures and interests therein; (6) costs related to the issuance, sale and delivery of Bonds issued for purposes of carrying out the Projects; and (7) incidental costs incurred in connection with carrying out and accomplishing the foregoing.

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

"*Rating Agency*" means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the City.

"*Record Date*" means, unless otherwise specified in the Bond Purchase Agreement, the Registrar's close of business on the 15th day of the month preceding an interest payment date. With respect to redemption or prepayment of a Bond prior to its maturity, "Record Date" means the Registrar's close of business on the date on which the Registrar prepares the notice of redemption or prepayment.

"*Redemption Date*" means the date fixed by the Designated Representative for the payment and redemption of the Refunded Bonds.

"*Refunded Bonds*" means those Refunding Candidates selected by the Designated Representative and identified in a Refunding Plan to be refunded with the proceeds of the Bonds issued to carry out the Refunding Plan.

"*Refunding Candidates*" means the outstanding 2011 Bonds maturing or subject to mandatory redemption on December 1 in the years 2021 through 2031, inclusive.

"*Refunding Plan*" means (as further described in the Refunding Trust Agreement):

(1) the deposit with the Refunding Trustee of proceeds of the Bonds issued to carry out the Refunding Plan (together with the City Contribution, if necessary) sufficient to acquire the Acquired Obligations (as applicable) and establish a beginning cash balance;

(2) the receipt by the Refunding Trustee of the maturing principal of and interest on the Acquired Obligations, and the application of such amounts (together with any other cash held by it) to pay principal of and interest on the Refunded Bonds when due up to and including the Redemption Date, and the call, payment and redemption of

the Refunded Bonds on the Redemption Date at a price equal to the principal amount to be redeemed plus any accrued interest; and

(3) the payment of the costs of issuance, sale and deliver of those Bonds and the costs of carrying out the foregoing elements of the Refunding Plan, if payment of such costs is so specified in the Refunding Trust Agreement.

"*Refunding Trust Agreement*" means a refunding trust or escrow agreement between the City and the Refunding Trustee, dated the Issue Date, providing for the carrying out of the Refunding Plan.

"*Refunding Trustee*" means U.S. Bank National Association of Seattle, Washington, serving as refunding trustee or escrow agent, or any successor trustee or escrow agent.

"*Registered Owner*" means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the City utilizes the book-entry only system for the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

"*Registrar*" means, with respect to each Bond, the Fiscal Agent or any other bond registrar selected by the City for the Bond.

"*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 of Parity Bonds secured by the Reserve Account). When the 2011 Bonds are no longer outstanding, the Reserve Requirement for the 2019 Bond shall be reduced to zero, the Reserve Requirement for the Bonds shall be 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.

"*Rule 15c2-12*" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

"*SEC*" means the United States Securities and Exchange Commission.

"*Securities Depository*" means DTC, any successor thereto, any substitute securities depository selected by the City that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

"*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 18.

"*Series of Bonds*" or "*Series*" means a series of Bonds issued pursuant to this ordinance.

"*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.

"*System of Registration*" means the system of registration for the Bonds forth in Ordinance No. 631 and this ordinance.

"*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 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 Bond*" means each of the 2011 Bonds maturing in 2023, 2025, 2028 and 2031, each Bond subject to mandatory sinking fund redemption or prepayment and designated as a Term Bond in the Bond Purchase Agreement, and any other Parity Bonds designated as term bonds in or pursuant to the applicable Future Parity Bond Authorizing Ordinance.

"*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.

"*Undertaking*" means an undertaking to provide continuing disclosure entered into pursuant to Section 23.

"*Underwriter*" means D.A. Davidson & Co., Seattle, Washington.

"*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 has determined that it is necessary and in the best interests of the City to carry out the Capital Improvement Plan.

(c) The City is in need of carrying out the Projects, the estimated cost of which is $4,500,000, and the City does not have available sufficient funds to pay the cost. The life of the Projects to be acquired or constructed with the proceeds of the Bonds exceeds the term of the Bonds.

(d) Pursuant to the Outstanding Parity Bond Ordinances, the City reserved the right to issue additional water and sewer revenue bonds of the City secured by a lien and charge on the Net Revenue and ULID Assessments on a parity with the Outstanding Parity Bonds if the Parity Conditions are met.

(e) 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; and (2) all other conditions set forth in the Parity Conditions will have been met and satisfied before the Bonds are delivered to the Underwriter.

(f) Pursuant to the 2011 Ordinance, the City issued and sold the 2011 Bonds and reserved the right to redeem the 2011 Bonds maturing on or after December 1, 2023 in whole or in part on any date on or after December 1, 2021 at a price of par plus accrued interest, if any, to the date of redemption. The Refunding Candidates currently are outstanding in the principal amount of $1,855,000 and bear interest at the rate of 4.00% per annum.

(g) Pursuant to chapters 35.41, 35.67, 39.44, 39.46 and 39.53 RCW, the City is authorized to issue revenue bonds to carry out the Projects and the Refunding Plan.

(h) For the purposes of providing funds to pay or reimburse costs of carrying out the Projects and carrying out the Refunding Plan, it is in the best interests of the City and the ratepayers of the System to issue, sell and deliver the Bonds to the Underwriter, pursuant to the terms set forth in the Bond Purchase Agreement as approved by the Designated Representative consistent with this ordinance.

Section 3. Purpose and Authorization of Bonds. The City specifies, adopts and orders the Capital Improvement Plan and the carrying out of the Projects. The City is authorized to issue, sell and deliver the Bonds to pay or reimburse costs of the Projects and to carry out the Refunding Plan.

Section 4. Appointment of Designated Representative; Description of Bonds. The City Administrator is appointed as the Designated Representative of the City and is authorized and directed to conduct the sale of the Bonds, in the manner and upon the terms deemed most advantageous to the City, and to approve the Final Terms of each Series of Bonds, with such additional terms and covenants as the Designated Representative deems advisable, within the parameters set forth in Exhibit A, which is attached to this ordinance and incorporated by this reference

Section 5. Registrar; Registration and Transfer of Bonds.

(a) *Registration of Bonds*. Each Bond shall be issued only in registered form as to both principal and interest and the ownership of each Bond shall be recorded on the Bond Register.

(b) *Registrar; Duties*. Unless otherwise specified in the Bond Purchase Agreement, the Fiscal Agent is appointed as initial Registrar. The Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all reasonable times. The Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds, and to carry out all of the Registrar's powers and duties under this ordinance and the System of Registration. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on each Bond. The Registrar may become an Owner with the same rights it would have if it were not the Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

(c) *Bond Register; Transfer and Exchange*. The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same Series, maturity and interest rate. A Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Registrar shall not be obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the maturity date or date fixed for redemption or prepayment.

(d) *Securities Depository; Book-Entry Only Form*. If a Bond is to be issued in book-entry only form, DTC shall be appointed as initial Securities Depository and the Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City; or (iii) to any person as provided in this ordinance if the Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the City, the City may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the City does not appoint a substitute Securities Depository, or (ii) the City terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this ordinance.

Neither the City nor the Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the City nor the Registrar shall be responsible for any notice that is permitted or required to be given to the Registered Owner of a Bond registered in the name of the Securities Depository except such notice as is required to be given by the Registrar to the Securities Depository.

Section 6. Form and Execution of Bonds.

(a) *Form of Bonds; Signatures and Seal*. Each Bond shall be prepared in a form consistent with the provisions of this ordinance and State law. Each Bond shall be signed by the Mayor and the 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. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated by the Registrar, or issued or delivered by the City, that 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. Any 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 its Issue Date.

(b) *Authentication*. Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "Certificate Of Authentication. This Bond is one of the fully registered City of Stanwood, Washington, Water and Sewer Revenue [and Refunding] Bonds, [Series], described in the Bond Ordinance." 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.

Section 7. Payment of Bonds. Principal of and premium, if any, and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and premium, if any, and interest on each Bond registered in the name of the Securities Depository are payable in the manner set forth in the Letter of Representations. Unless otherwise specified in the Bond Purchase Agreement, principal of and premium, if any, and interest on each Bond not registered in the name of the Securities Depository are payable by electronic transfer on the payment date, or by check or draft of the Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not registered in the name of the Securities Depository is payable only upon presentation and surrender of the Bond by the Registered Owner to the Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 8. Redemption Provisions.

(a) *Optional Redemption*. The Bonds shall be subject to redemption at the option of the City on terms acceptable to the Designated Representative, as set forth in the Bond Purchase Agreement, consistent with the parameters set forth in Exhibit A.

(b) *Mandatory Redemption*. Each Bond that is designated as a Term Bond in the Bond Purchase Agreement, consistent with the parameters set forth in Exhibit A and except as set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the dates and in the amounts as set forth in the Bond Purchase Agreement. If a Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) shall be credited against one or more scheduled mandatory redemption installments for that Term Bond. The City shall determine the manner in which the credit is to be allocated and shall notify the Registrar in writing of its allocation prior to the earliest mandatory redemption date for that Term Bond for which notice of redemption has not already been given.

(c) *Selection of Bonds for Redemption; Partial Redemption*. If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the City shall select the Series and maturities to be redeemed. If fewer than all of the outstanding Bonds of a maturity of a Series are to be redeemed, unless otherwise specified in the Bond Purchase Agreement or the Official Statement, the Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Registrar shall select all other Bonds to be redeemed randomly in such manner as the Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the

Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(d) *Notice of Redemption*. Notice of redemption of each Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption of each other Bond, unless waived by the Registered Owner, shall be given by the Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the City Administrator shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

(e) *Rescission of Optional Redemption Notice*. In the case of an optional redemption, the notice of redemption may state that the City retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and each Bond for which a notice of optional redemption has been rescinded shall remain outstanding.

(f) *Effect of Redemption*. Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Bond Fund or in a trust account established to refund or defease the Bond.

(g) *Purchase of Bonds*. The City reserves the right to purchase any or all of the Bonds offered to the City at any time at any price acceptable to the City plus accrued interest to the date of purchase.

<u>Section 9</u>. <u>Failure to Pay Bonds</u>. If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall, unless otherwise specified in the Bond Purchase Agreement, be obligated to pay, but only from the sources pledged by this ordinance, interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and 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 Bond has been called for payment by giving notice of that call to the Registered Owner.

<u>Section 10</u>. <u>Application of Bond Proceeds – Projects</u>. The Construction Fund has been previously created as a special fund of the City designated the Water and Sewer Revenue Bond Construction Fund. Proceeds of the Bonds issued for purposes of carrying out the Projects received by the City shall be deposited in the Construction Fund and used to pay or reimburse costs of the Projects; provided, such proceeds necessary to pay costs of issuance, sale and delivery of those Bonds may be deposited with the Refunding Trustee to pay such costs. Until needed to pay costs of the Projects, 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 11. Application of Bond Proceeds – Refunding Plan.

(a) *Appointment of the Refunding Trustee*. Pursuant to RCW 39.53.070, the Refunding Trustee is hereby appointed to serve as trustee to oversee the safekeeping and application of the Bond proceeds delivered to it, such appointment to be effective as of the date the Bond Purchase Agreement is executed and delivered by the Designated Representative.

(b) *Selection of Refunded Bonds*. The Designated Representative is authorized and directed to select from the Refunding Candidates the Refunded Bonds. The Designated Representative may choose to refund fewer than all of the Refunding Candidates. The Refunded Bonds, as selected by the Designated Representative, shall be identified in the Refunding Plan set forth in the Refunding Trust Agreement.

(c) *Use of Bond Proceeds; Acquisition of Acquired Obligations*. On the Issue Date, sufficient proceeds of the sale of Bonds issued to carry out the Refunding Plan, together with any City Contribution, shall be deposited with the Refunding Trustee and used to discharge the obligations of the City relating to the Refunded Bonds under the 2011 Ordinance by providing for the payment of the amounts required to be paid by the Refunding Plan. To the extent practicable, such obligations shall be discharged fully by the Refunding Trustee's simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amount required to be paid by the Refunding Plan. The Acquired Obligations shall be listed and more particularly described in a schedule attached to the Refunding Trust Agreement. The Designated Representative is authorized and directed to approve the Acquired Obligations, if any, to be purchased.

Any proceeds of Bonds issued to carry out the Projects deposited with the Refunding Trustee and not used to pay the costs of issuance of those Bonds shall be returned to the City for deposit in the Construction Fund. Any proceeds of Bonds issued to carry out the Refunding Plan or other money deposited with the Refunding Trustee not needed to carry out the Refunding Plan shall be returned to the City for deposit in the Principal and Interest Account to pay interest on such Bonds on the next upcoming interest payment date.

(d) *Administration of Refunding Plan*. The Refunding Trustee is authorized and directed to purchase the Acquired Obligations and to make the payments required to be made pursuant to the Refunding Plan from the Acquired Obligations and money deposited with the Refunding Trustee pursuant to this ordinance and the Refunding Trust Agreement. All Acquired Obligations and money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of the 2011 Ordinance, this ordinance, chapter 39.53 RCW and other applicable laws of the State and the Refunding Trust Agreement. All necessary and proper fees, compensation and expenses of the Refunding Trustee and all other costs incidental to the setting up of the escrow to accomplish the Refunding

Plan and costs related to the issuance, sale and delivery of the Bonds, including bond printing, rating agency fees, verification fees, Bond Counsel's fees and other related expenses, shall be paid out of the proceeds of the Bonds.

(e) *Authorization for Refunding Trust Agreement*. To carry out the Refunding Plan, the Designated Representative is authorized and directed to execute and deliver to the Refunding Trustee the Refunding Trust Agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment, redemption and retirement of the Refunded Bonds as provided herein and stating that the provisions for payment of the fees, compensation and expenses of the Refunding Trustee set forth therein are satisfactory to it.

(f) *Call for Redemption of the Refunded Bonds*. The Designated Representative is authorized to call or cause to be called the Refunded Bonds for redemption on their applicable Redemption Dates at par, plus accrued interest. Such call for redemption shall be irrevocable after the delivery of the Bonds issued to carry out the Refunding Plan to the Underwriter. The Refunding Trustee is authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to the ordinances authorizing the issuance of the Refunded Bonds and the Refunding Trust Agreement to carry out the Refunding Plan.

(g) *Additional Findings with Respect to Refunding*. Prior to the execution and delivery of the Bond Purchase Agreement, the Designated Representative shall determine, on behalf of the City, that the issuance, sale and delivery of the Bonds issued to carry out the Refunding Plan will effect a net present value savings to the City and its ratepayers as set forth in Exhibit A. The City Council finds and determines that such net present value savings is a substantial savings and that achieving such net present value savings by issuing those Bonds is in the best interest of the City and in the public interest. In making the finding and determination that the issuance, sale and delivery of those Bonds will effect such net present value savings, the Designated Representative shall give consideration to the fixed maturities of those Bonds and the Refunded Bonds, the costs related to the issuance, sale and delivery of those Bonds and the known earned income from the investment of the proceeds of the issuance and sale of those Bonds and the City Contribution, if any, used in the Refunding Plan pending payment and redemption of the Refunded Bond.

The Designated Representative further shall find and determine that the money to be deposited with the Refunding Trustee to carry out the Refunding Plan will discharge and satisfy the obligations of the City under the 2011 Ordinance, and the pledges, charges, trusts, covenants and agreements of the City therein made or provided for as to the Refunded Bonds, and that the Refunded Bonds will no longer be deemed to be outstanding under the 2011 Ordinance immediately upon the deposit of such money with the Refunding Trustee.

Section 12. Bond Fund; Payments to Bond Fund.

(a) There has previously been created 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 City Administrator 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 Bonds are 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 secured by the Reserve Account 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 15, 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 15, 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 secured by the Reserve Account. 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 15. 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 15. 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 13. 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 such pledge shall constitute a lien and charge 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. The Bonds do not constitute an obligation of the State, either general or special, or a general obligation of the City, but are special obligations of the City. No Owner shall have any claim against the State arising from the Bonds. Tax revenues may not be used directly or indirectly to secure or guarantee the payment of the principal of or interest on the Bonds.

Section 14. Covenants. The City covenants and agrees with the Underwriter 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 applicable 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.

<u>Section 15</u>. <u>Flow of Funds</u>. All ULID Assessments and Tax Credit Subsidy Payments shall be paid into the Bond Fund as provided by Section 12. 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 lien or charge on the Net Revenue subordinate to the lien or charge 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 16. Rate Stabilization Account. The Rate Stabilization Account has previously been created and established within the Water-Sewer Funds. The City may at any time, in accordance with the flow of funds set forth in Section 15, 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 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 17. 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 15, ULID Assessments and Tax Credit Subsidy Payments.

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

(i) a certificate of the City Administrator, the chief finance officer of the City or the director of the public works department of the City, or any officer who succeeds to substantially all of the responsibilities of any of those offices, 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 lien or charge on the Net Revenue subordinate to the lien or charge 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 18. 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 19. 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: (1) the payments to be made by the City in connection with the Contract Resource Obligation are reasonable for the service rendered; (2) 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 (3) 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 lien or charge on the Net Revenue subordinate to the lien or charge that secures the Parity Bonds until such time as the facilities are placed in service.

Section 20. Tax Matters.

(a) *Preservation of Tax Exemption for Interest on the Bonds*. The City covenants that it will take all actions necessary to prevent interest on the Bonds 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 Bonds or other funds of the City treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds 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 Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bonds.

(b) *Post-Issuance Compliance*. The City Administrator 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 Issue Date to prevent interest on the Bonds from being included in gross income for federal income tax purposes.

(c) *Designation of Bonds as "Qualified Tax-Exempt Obligations."* The Designated Representative may designate a Series as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code, if the following conditions are met:

(i) the Series does not constitute "private activity bonds" 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 Series is issued will not exceed $10,000,000; and

(iii) the amount of tax-exempt obligations, including the Series, 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 Series is issued does not exceed $10,000,000.

Section 21. Refunding or Defeasance of the Bonds. 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 any or all of the Bonds (the "defeased Bonds"); (b) redeeming the defeased Bonds prior to their 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 Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds, shall cease and become void. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds 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 Bonds to any lawful purpose, subject only to the rights of the Owners of any other Parity Bonds then outstanding.

Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

Section 22. Sale and Delivery of the Bonds.

(a) *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell the Bonds in one or more Series by negotiated sale to the Underwriter based on the assessment of the Designated Representative of market conditions, pursuant to the terms of this ordinance and the parameters for Final Terms set forth in Exhibit A and in consultation with appropriate City officials and staff, Bond Counsel and other advisors. In accepting the Final Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the City. The Bond Purchase Agreement for each Series of Bonds shall set forth the Final Terms for such Series of Bonds. The Designated Representative is authorized to execute the Bond Purchase Agreement on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

(b) *Preparation, Execution and Delivery of the Bonds.* The Bonds will be prepared at City expense and will be delivered to the Underwriter in accordance with the Bond Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Bonds.

Section 23. Official Statement; Continuing Disclosure.

(a) *Preliminary Official Statement Deemed Final.* The Designated Representative shall review and, if acceptable, approve the preliminary Official Statement prepared in connection with the sale of the Bonds to be sold to the public. For the sole purpose of the Underwriter's compliance with paragraph (b)(1) of Rule 15c2-12, if applicable, the Designated Representative is authorized to deem that preliminary Official Statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The City approves the distribution to potential purchasers of the Bonds of a preliminary Official Statement that has been approved by the Designated Representative and been deemed final, if applicable, in accordance with this subsection.

(b) *Approval of Final Official Statement.* The City approves the preparation of a final Official Statement for the Bonds to be sold to the public in the form of the preliminary Official Statement that has been approved and deemed final in accordance with subsection (a), with such modifications and amendments as the Designated Representative deems necessary or desirable, and further authorizes the Designated Representative to execute and deliver such final Official Statement to the Underwriter, if required under Rule 15c2-12. The City authorizes and approves the distribution by the Underwriter of the final Official Statement so executed and delivered to purchasers and potential purchasers of the Bonds.

(c) *Undertaking to Provide Continuing Disclosure.* If necessary to meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to the Underwriter acting as a participating underwriter for the Bonds, the Designated Representative is authorized to execute a written undertaking to provide continuing disclosure for the benefit of holders of the Bonds in substantially the form attached as Exhibit B.

(d) *Disclosure Procedure*. The Designated Representative is authorized to adopt, amend and implement, on behalf of the City, written procedures to assist the City in its compliance with securities laws and promote best practices regarding disclosure.

Section 24. 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.

When the 2011 Bonds and the 2019 Bond are no longer outstanding, the entirety of this Section 24 shall be replaced with the following:

(a) *This ordinance shall not be amended or supplemented in any respect subsequent to the issuance of the Bonds, except as provided in and in accordance with and subject to the provisions of this Section.*

(b) *The City, from time to time, and at any time, without the consent of or notice to the Owners, may adopt supplemental ordinances as follows:*

(i) *To cure any formal defect, omission, inconsistency, or ambiguity in this ordinance in a manner not materially adverse to the interests of registered owners of the Parity Bonds;*

(ii) *To grant, confer, or impose upon the Registrar (with its consent) for the benefit of the Registered Owners any additional rights, remedies, powers, authority, security, liabilities, or duties that may lawfully be granted, conferred, or imposed and that are not contrary to or inconsistent with this ordinance as theretofore in effect;*

(iii) *To add to the covenants and agreements of, and limitations and restrictions upon, the City in this ordinance, other covenants, agreements, limitations, and restrictions to be observed by the City that are not contrary or inconsistent with this ordinance as theretofore in effect;*

(iv) *To confirm, as further assurance, any pledge under, and the subjection to any claim, lien, or pledge created or to be created by this ordinance of any other money, securities, or funds;*

(v) *To amend or supplement this ordinance in any other respect that is not materially adverse to the interests of the registered owners of the Parity Bonds;*

(vi) *Because of change in federal law or rulings, to maintain the exclusion from gross income of the interest on the Tax-Exempt Parity Bonds from federal income taxation; and*

(vii) *To add to the covenants and agreements of, and limitations and restrictions upon, the City in this ordinance, other covenants, agreements, limitations and restrictions to be observed by the City in connection with the acquisition of Bond Insurance or any Reserve Security and which are not materially adverse to the interests of registered owners of the Parity Bonds.*

Not less than 15 days before the City adopts any such supplemental ordinance pursuant to this subsection, there shall have been delivered an opinion of Bond Counsel stating that such supplemental ordinance is authorized or permitted by this ordinance and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

(c) *Except for any supplemental ordinance adopted pursuant to subsection (b) of this Section:*

(i) This ordinance shall not be amended or supplemented in any respect subsequent to the issuance of the Bonds unless the registered owners of a majority in principal amount of the outstanding Parity Bonds have consented to its adoption by the City.

(ii) *The City may adopt any supplemental ordinance deemed necessary or desirable by the City for the purpose of amending or supplementing, in any particular, any of the terms or provisions contained in this ordinance only if the following conditions are satisfied within two years prior to the adoption of the supplemental ordinance:*

(1) *The Registrar causes notice of the proposed supplemental ordinance to be given by first-class mail, postage prepaid, to all registered owners of the Parity Bonds, to any provider of Credit Facility or any Reserve Insurance, and to each nationally recognized rating agency then maintaining a rating on the Parity Bonds at the request of the City. Such notice shall briefly set forth the nature of the proposed supplemental ordinance and shall state that a copy thereof is on file with the City for inspection by all registered owners of Parity Bonds.*

(2) *There have been delivered to the Registrar (i) the required consents, in writing, of the registered owners of the Parity Bonds, and (ii) an opinion of Bond Counsel stating that such supplemental ordinance is authorized or permitted by this ordinance and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.*

(3) *Registered owners of Parity Bonds may be deemed to have notice of and have consented to the adoption of any supplemental ordinance so long as (i) the ordinance authorizing the issuance of the Parity Bonds includes the nature of the proposed supplemental ordinance and states that registered owners of the*

Parity Bonds will be deemed to have consented to its adoption and (ii) the preliminary official statement, if any, and the final official statement, if any, for the Parity Bonds include the nature of the proposed supplemental ordinance and state that registered owners of the Parity Bonds will be deemed to have consented to its adoption.

(4) *An underwriter of Future Parity Bonds, either in its capacity as an underwriter or remarketing agent, or as agent for or in lieu of registered owners of the Parity Bonds, may consent to the adoption of a supplemental ordinance.*

(iii) Without the consent of the registered owners of all outstanding Parity Bonds as herein provided, no supplemental ordinance shall permit or be construed as permitting: (i) a change in the times, amounts, or currency of payment of the principal of or interest on any outstanding Parity Bond, or a reduction in the principal amount or redemption or prepayment price of any outstanding Parity Bond, or a change in the method of determining the rate of interest thereon; or (ii) a preference of priority of any Parity Bond over any other Parity Bond; or (iii) a reduction in the aggregate principal amount of Parity Bonds, the consent of the registered owners of which is required for the adoption of any such supplemental ordinance.

(iv) *If registered owners of not less than the percentage of Parity Bonds required by this subsection have consented to the adoption of a supplemental ordinance as herein provided, no owner of Parity Bonds shall have any right to object to the adoption of such supplemental ordinance, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or the Registrar from adopting the same or from taking any action pursuant to the provisions thereof.*

(d) *Upon the adoption of any supplemental ordinance pursuant to the provisions of this Section, this ordinance shall be, and be deemed to be, amended and supplemented in accordance therewith, and the respective rights, duties, and obligations under this ordinance of the City, the Registrar, and all owners of Parity Bonds shall thereafter be determined, exercised, and enforced under this ordinance subject in all respects to such amendments and supplements.*

Section 25. General Authorization and Ratification. The Mayor, the City Administrator, the City Clerk, other appropriate officers of the City and Bond Counsel are severally authorized to take such actions and to create, accept, execute, send, use and rely upon such documents, records and signatures (including in tangible medium, manual, facsimile or electronic form, under any security procedure or platform, and notwithstanding any other City ordinance, resolution, rule or policy) as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of each Series of Bonds to the Underwriter thereof and for the proper application, use and investment of the proceeds of the Bonds. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 26. 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, holds 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 27. Rules of Interpretation. In this ordinance, unless the context or use otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein" and any similar terms refer to this ordinance as a whole and not to any particular section, paragraph, clause or subdivision of this ordinance, and the term "heretofore" means before the date of this ordinance;

(b) All pronouns in this ordinance include all other pronouns, and words importing the singular number mean and include the plural number and vice versa;

(c) The terms: (i) "includes" and "including" are not limiting; (ii) "or" is not exclusive; and (iii) "person" or "persons" include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) The cover page, the table of contents and any headings preceding the text of the several sections and paragraphs of this ordinance, and any marginal notes appended to copies hereof, are solely for convenience of reference and do not constitute a part of this ordinance, nor do they affect its meaning, construction or effect; and

(e) All references herein to "sections," "paragraphs, "clauses" and other subdivisions are to the corresponding sections, paragraphs, clauses or subdivisions hereof.

Section 28. 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 12th day of August, 2021.

CITY OF STANWOOD, WASHINGTON

____

Elizabeth Callaghan, Mayor

ATTEST:

____

Sara Robinson, City Clerk

APPROVED AS TO FORM:

Lee Marchisio

____

Foster Garvey P.C., Bond Counsel

EXHIBIT A
DESCRIPTION OF THE BONDS

(a)	Principal Amount.	The Bonds may be issued in one or more Series and shall not exceed the aggregate principal amount of $8,000,000.
(b)	Date or Dates.	Each Bond shall be dated its Issue Date, which date may not be later than one year after the effective date of this ordinance.
(c)	Denominations, Name, etc.	The Bonds shall be issued in Authorized Denominations and shall be numbered separately in the manner and shall bear any name and additional designation as deemed necessary or appropriate by the Designated Representative.
(d)	Interest Rate(s).	Each Bond shall bear interest at a fixed rate per annum (computed on the basis of a 360-day year of twelve 30-day months) from the Issue Date or from the most recent date for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the Bonds. No rate of interest for any Bond may exceed 5.00%, and the true interest cost to the City for each Series of the Bonds may not exceed 4.50%.
(e)	Payment Dates.	Interest shall be payable semiannually on dates acceptable to the Designated Representative, commencing no later than one year following the Issue Date. Principal payments shall commence on a date acceptable to the Designated Representative and shall be payable at maturity or in mandatory redemption installments on dates acceptable to the Designated Representative.
(f)	Final Maturity.	Each Series shall mature no later than the date that is thirty one years after the Issue Date of that Series.
(g)	Redemption Rights.	The Designated Representative may approve in the Bond Purchase Agreement provisions for the optional and mandatory redemption of Bonds, subject to the following: (1) Optional Redemption. Any Bond may be designated as being (A) subject to redemption at the option of the City prior to its maturity date on the dates and at the prices set forth in the Bond Purchase Agreement; or (B) not subject to redemption prior to its maturity date. If a Bond is subject to optional redemption prior to its maturity, it must be subject to such redemption on one or more dates occurring not more than 10½ years after the Issue Date. (2) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in the amounts set forth in the Bond Purchase Agreement.
(h)	Price.	The purchase price for each Series of the Bonds may not be less than 95% or more than 145% of the stated principal amount of that Series.

(i)	Section 265(b)(3) Designation.	Pursuant to the provisions of this ordinance, the Designated Representative may designate any qualifying Series of Bonds as "qualified-tax exempt obligations" for purposes of Section 265(b)(3) of the Code.
(j)	Selection of Refunded Bonds.	Under the terms and conditions of this ordinance, the Designated Representative is authorized to select the Refunded Bonds to be refunded under the Refunding Plan. Refunded Bonds, as selected by the Designated Representative, shall be identified in the applicable Bond Purchase Agreement and/or the applicable Refunding Trust Agreement.
(k)	Allocation of Bonds.	For any combined Series of Bonds, the Designated Representative is authorized to allocate the maturing principal amounts to the Bonds issued to carry out the Projects and the Bonds issued to carry out the Refunding Plan in such manner as will comply with applicable requirements of the Code, meet restrictions of State law and effectuate any other allocation deemed necessary or advisable for accounting and debt administration purposes.
(l)	Minimum Savings.	The Bonds of any Series allocated to carry out the Refunding Plan shall produce a minimum net present value savings to the City and its ratepayers of 5.00% (as a percentage of the Refunded Bonds). Net present value savings means the aggregate of (i) annual debt service on the Refunded Bonds, less (ii) annual debt service on those Bonds allocated to carry out the Refunding Plan (including expenses related to costs of issuance of such Bonds) discounted to the Issue Date using the yield on the applicable Series of Bonds that includes such Bonds as the discount rate, plus (iii) excess proceeds, if any, of such Bonds distributed to the City on the Issue Date, and less (iv) the amount of the City Contribution, if any, made on such Issue Date.
(m)	Other Terms and Conditions.	(1) The Designated Representative may determine whether it is in the City's best interest to provide for bond insurance or other credit enhancement; and may accept such additional terms, conditions and covenants as he or she may determine are in the best interests of the City, consistent with this ordinance. (2) The Designated Representative must have determined that the Parity Conditions have been met and satisfied as of the Issue Date of the Bonds.

[Form of]
UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

City of Stanwood, Washington
Water and Sewer Revenue [and Refunding] Bonds, 20__

The City of Stanwood, Washington (the "City"), makes the following written Undertaking for the benefit of holders of the above-referenced bonds (the "Bonds"), for the sole purpose of assisting the Underwriter in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds. Capitalized terms used but not defined below shall have the meanings given in Ordinance No. 1498 of the City (the "Bond Ordinance").

(a) Undertaking to Provide Annual Financial Information and Notice of Listed Events. The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in paragraph (b)(i) ("annual financial information");

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such "Bankruptcy Events" are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City or obligated person, any of which reflect financial difficulties. The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

(iii) Timely notice of a failure by the City to provide the required annual financial information described in paragraph (b)(i) on or before the date specified in paragraph (b)(ii).

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the City undertakes to provide in paragraph (a):

(i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to local governmental units of the State such as the City, as such principles may be changed from time to time; (2) a statement of authorized, issued and outstanding debt secured by Net Revenue; and (3) general customer statistics, which may be cross referenced to sections of the Official Statement, when available;

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ending December 31, 20__; and

(iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

If not submitted as part of the annual financial information described in paragraph (b)(i) above, the City will provide or cause to be provided to the MSRB audited financial statements, when and if available.

(c) Amendment of Undertaking. This Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, Rating Agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. This Undertaking shall inure to the benefit of the City and the holder of each Bond, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The City's obligations under this Undertaking shall terminate upon the legal defeasance or redemption of all of the Bonds. In addition, the City's obligations under this Undertaking shall terminate if the provisions of Rule 15c2-12 that require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of Bond Counsel delivered to the City, and the City provides timely notice of such termination to the MSRB.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any failure to comply with this Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with this Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond shall be to take action to compel the City or other obligated person to comply with this Undertaking, including seeking an order of specific performance from an appropriate court.

(g) Designation of Official Responsible to Administer Undertaking. The Finance Officer or his or her designee is the person designated, in accordance with the Bond Ordinance, to carry out the Undertaking in accordance with Rule 15c2-12, including, without limitation, the following actions:

(i) Preparing and filing the annual financial information undertaken to be provided in paragraph (a)(i);

(ii) Determining whether any failure to provide the annual financial information undertaken to be provided in paragraph (a)(i) has occurred and providing any notice undertaken to be provided in paragraph (a)(iii);

(iii) Determining whether any event specified in items (1)-(16) of paragraph (a)(ii) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any notice undertaken to be provided in paragraph (a)(ii) of its occurrence;

(iv) Determining whether any person other than the City is an "obligated person" within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;

(v) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the City in carrying out this Undertaking; and

(vi) Effecting any necessary amendment of this Undertaking.

CERTIFICATION

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

1. The attached copy of Ordinance No. 1498 (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 August 12, 2021 (the “Meeting”), 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.

3. Pursuant to various proclamations and orders issued by the Governor of the State of Washington, options were provided for the public to attend the Meeting remotely, including by telephonic access and, as available, internet access, which options provided the ability for all persons attending the Meeting remotely to hear each other at the same time.

4. The Meeting was duly convened and held in all respects in accordance with law, the public was notified of the access options for remote attendance via the City’s website, a quorum was present throughout the meeting through telephonic and/or internet means of remote access, and a sufficient number of members of the City Council so present voted in the proper manner for the passage of the Ordinance.

Dated: August 12, 2021.

CITY OF STANWOOD, WASHINGTON

____

Sara Robinson, City Clerk

Bond Financing Update

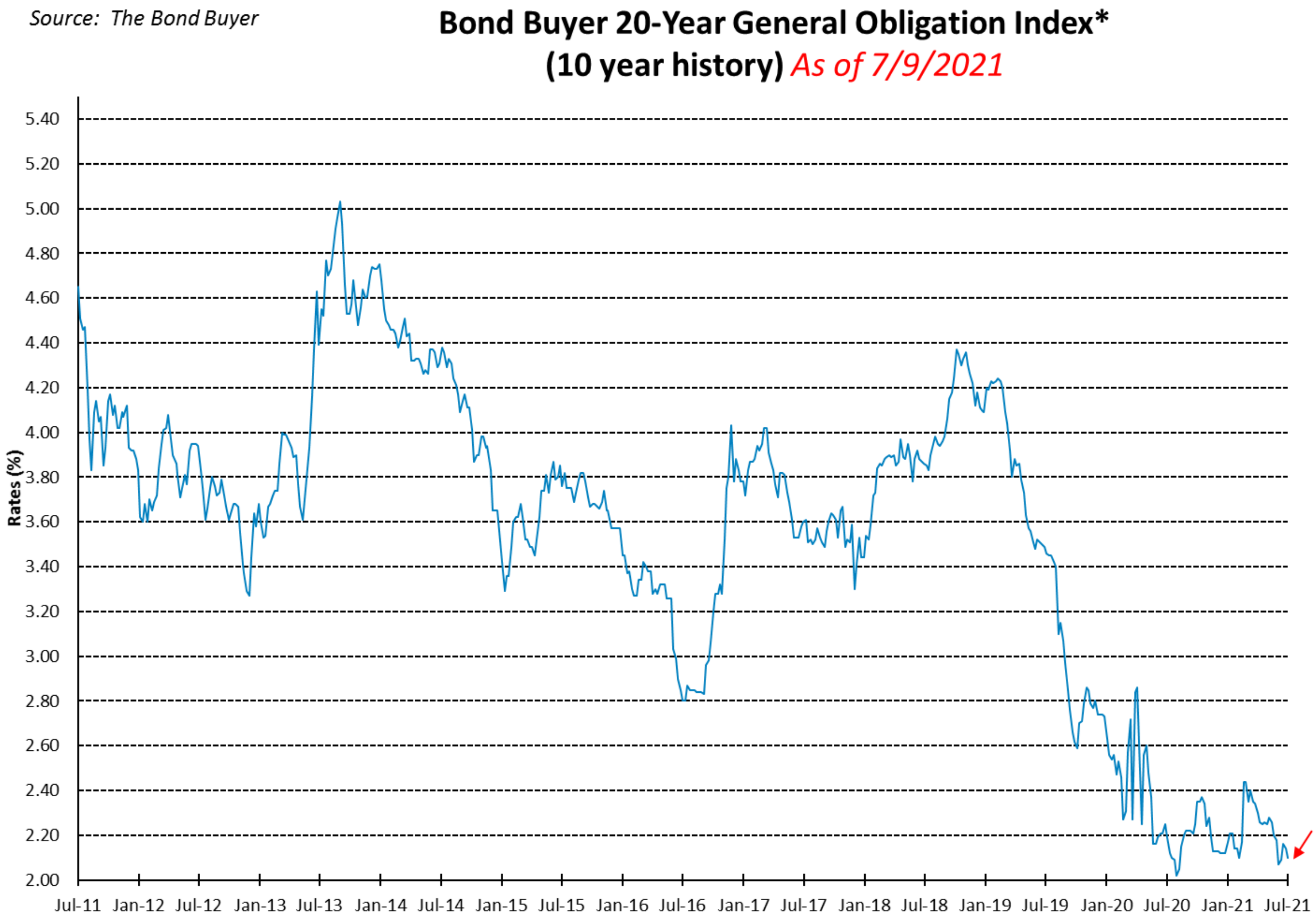
July 22, 2021 7:00 PM
(via Zoom conference call)

Jim Nelson
Senior Vice President
Phone: (206) 389-4062
Cell: (206) 713-9354
Email: jnelson@dadco.com

D|A|DAVIDSON
FIXED INCOME CAPITAL MARKETS
Columbia Center
701 Fifth Ave., Suite 4050
Seattle, WA 98104
www.davidsoncompanies.com/ficm

BOND MARKET INTEREST RATE TREND

Source: The Bond Buyer



**The "20-Bond G.O. Index" is comprised of 20 different issuers whose bonds have an average rating of AA/Aa2 that mature in the 20th year, non bank-qualified.*

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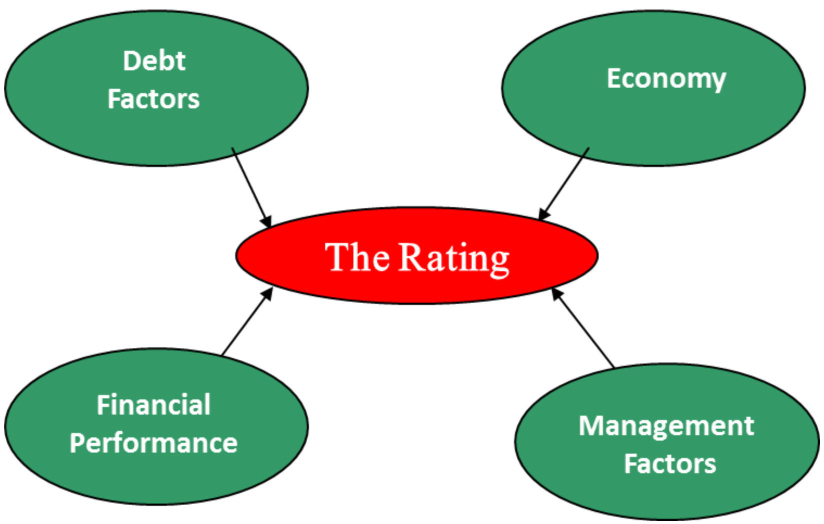
BOND RATING

A rating helps to achieve a lower interest cost.

A higher bond rating results in lower interest rates.



Source: D.A. Davidson & Co.

	S&P	Moody's
Highest/Best Quality	AAA	Aaa
High Investment Grade	AA+	Aa1
	AA	Aa2
	AA-	Aa3
Medium Investment Grade	A+	A1
	A	A2
	A-	A3
Low Investment Grade	BBB+	Baa1
	BBB	Baa2
	BBB-	Baa3

Source: S&P Global Ratings and Moody's Investors Service

SUMMARY OF ESTIMATED PAYMENTS

As of July 15, 2021

20-Year Financing

Fund Net Proceeds	Avg. Annual Payment (1)	Estimated True Interest Cost % (1)
$4,000,000	$242,543	1.77%
$4,250,000	$257,252	1.77%
$4,500,000	$272,332	1.77%

25-Year Financing

Fund Net Proceeds	Avg. Annual Payment (1)	Estimated True Interest Cost % (1)
$4,000,000	$211,837	2.17%
$4,250,000	$225,155	2.17%
$4,500,000	$237,965	2.17%

(1) Preliminary and subject to change.

(2) Assumes a rating of AA-, bank-qualified, NOT fund a Bond Reserve Fund deposit

(3) Assumes Dated and Delivered 9/29/2021. First interest payment 12/1/2021. First principal payment 12/1/2021.

ESTIMATED REFINANCING SAVINGS

Current Refunding of the City of Stanwood's 2011 Water & Sewer Revenue Bonds

Assumes Delivery Date of 9/29/2021, rated AA-, bank-qualified

Year	Principal (1)	Interest (1)	Annual Payments (1)	2011 Water & Sewer Revenue Bonds, 4.00%, 2022-2031	Annual Savings (1)	
2021	$20,000	$7,259	$27,259	$34,400	$7,141	
2022	120,000	41,550	161,550	213,800	52,250	
2023	125,000	37,950	162,950	213,000	50,050	
2024	130,000	34,200	164,200	212,000	47,800	
2025	130,000	30,300	160,300	210,800	50,500	
2026	135,000	26,400	161,400	209,400	48,000	
2027	140,000	22,350	162,350	212,800	50,450	
2028	145,000	18,150	163,150	210,800	47,650	
2029	150,000	13,800	163,800	213,600	49,800	
2030	150,000	9,300	159,300	211,000	51,700	
2031	160,000	4,800	164,800	213,200	48,400	
Total	$1,405,000	$246,059	$1,651,059	$2,154,800	$503,741	(2)
Est. True Interest Cost (1):			**1.00%**		($213,800)	less Reserve Fund
Est. Net Present Value Dollar Savings (1):			$259,122		$289,941	(3)
Est. Net Present Value Savings % (1) (4):			**15.07%**			

(1) Preliminary and subject to change.

(2) Estimated gross savings includes liquidating the Bond Reserve Fund.

(3) Estimated net savings deducts the Bond Reserve Fund contribution.

(4) A refunding bond should achieve a net present value savings percentage of 5.00% or greater.

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SCHEDULE GOING FORWARD

Steps	Target Dates	Action
1	July 11	Distribute 1st draft of Bond Ordinance for review & comments.
2	July 22	Present overview of the Revenue Bonds and draft Bond Ordinance to the City Council.
3	July 28	Distribute draft of Preliminary Official Statement ("POS") for review & comments.
4	August 12	Approval of the Bond Ordinance by the City Council.
5	August 23	Rehearsal Conference Call to prepare for Rating Presentation to S&P Global Ratings.
6	August 23	Rating Presentation Conference Call with City staff and S&P rating analysts.
7	August 26	Release the POS and begin marketing bonds to prospective investors.
8	**September 16**	**Set the final interest rates.**
9	September 29	Bond Closing and distribution of funds.

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City of Stanwood
Multi-Year Capital Project

Project:	Pioneer Hwy Main Line Replacement
Tracking Fund:	403 Sewer
Department:	Public Works - Wastewater
Project Manager:	Shawn Smith
Year Identified:	2019
Completion Year:	2021
Strategic or Master Plan Reference:	Sewer Master Plan
Program Reference:	N/A
Project Priority:	N/A
Project Score:	N/A
Asset Category:	Collection
Address/Location:	Pioneer Hwy
Related Projects(s):	N/A

Project Overview:

Install new upsized sewer mains in Pioneer Highway along Fox Hill and from SR532 to the viaduct

Justification:

Increased capacity for future growth

Detailed Project Description:

One portion of this project replaces and upsizes 650 lineal feet of 8-inch sewer line to 15-inch along the northwest side of the Fox Hill development. The other portion replaces and upsizes the sewer main from SR532 to the viaduct. The third section replaces the pipe from 86th Dr. to the viaduct.

Operating Impacts:

Capital Budget	Previous Years	2020	2021	2022	2023	2024	2025	2026	Total
Sources/Funding	**Appropriated to Date**	**Budget**	**Projection**	**Projection**	**Projection**	**Projection**	**Projection**	**Projection**	**Overall Project Sources**
Transfer in - Plant Investment Fees	$ 19,190	$ 200,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 219,190
Debt - Utilities	$ -	$ -	$ 900,000	$ -	$ -	$ -	$ -	$ -	$ 900,000
Developer Funded	$ -	$ -	$ -	$ 1,700,000	$ -	$ -	$ -	$ -	$ 1,700,000
Total Sources	**$ 19,190**	**$ 200,000**	**$ 900,000**	**$ 1,700,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,819,190**
Uses/Costs	**Appropriated to Date**	**Budget**	**Projection**	**Projection**	**Projection**	**Projection**	**Projection**	**Projection**	**Overall Project Uses**
Design, Engineering & Permitting	$ 19,190	$ 200,000	$ -	$ 200,000	$ -	$ -	$ -	$ -	$ 419,190
Construction	$ -	$ -	$ 900,000	$ 1,500,000	$ -	$ -	$ -	$ -	$ 2,400,000
Total Uses	**$ 19,190**	**$ 200,000**	**$ 900,000**	**$ 1,700,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,819,190**
Capital Sources Over (Under) Uses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Project Updates:

City of Stanwood
Multi-Year Capital Project

Project:	Church Creek Collection	**Project Overview:**
Tracking Fund:	403 Sewer	Install gravity sewer from the lift station in Church Creek Estates through Church Creek Park, through the Vine Street property and connect to the newly installed line under SR532.
Department:	Public Works - Wastewater	
Project Manager:	Shawn	**Justification:**
Year Identified:	2020	
Completion Year:	2021	
Strategic or Master Plan Reference:	Sewer Master Plan	**Detailed Project Description:**
Program Reference:	N/A	In an effort to eventually take two lift stations off line (Cedarhome and Church Creek Estates), this project installs a gravity line from the existing lift station in Church Creek Estates across Church Creek Park, through the Vine Street property and ties into the new line the school installed underneath SR532.
Project Priority:	N/A	
Project Score:	N/A	
Asset Category:	Collection	
Address/Location:	Church Creek Park	
Related Projects(s):		

Operating Impacts:

Capital Budget	Previous Years	2020	2021	2022	2023	2024	2025	2026	Total
Sources/Funding	**Appropriated to Date**	**Budget**	**Projection**	**Projection**	**Projection**	**Projection**	**Projection**	**Projection**	**Overall Project Sources**
Transfer in - Plant Investment Fees	$ -	$ 150,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 150,000
Debt - Utilities	$ -	$ -	$ 1,025,000	$ -	$ -	$ -	$ -	$ -	$ 1,025,000
Total Sources	**$ -**	**$ 150,000**	**$ 1,025,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,175,000**
Uses/Costs	**Appropriated to Date**	**Budget**	**Projection**	**Projection**	**Projection**	**Projection**	**Projection**	**Projection**	**Overall Project Uses**
Design, Engineering & Permitting	$ -	$ 150,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 150,000
Construction	$ -	$ -	$1,025,000	$ -	$ -	$ -	$ -	$ -	$ 1,025,000
Total Uses	**$ -**	**$ 150,000**	**$ 1,025,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,175,000**
Capital Sources Over (Under) Uses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Project Updates:

City of Stanwood
Multi-Year Capital Project

Project:	Main Lift Station Upgrades
Tracking Fund:	403 Sewer
Department:	Public Works - Wastewater
Project Manager:	Shawn Smith
Year Identified:	2015
Completion Year:	2022
Strategic or Master Plan Reference:	Sewer Master Plan
Program Reference:	N/A
Project Priority:	N/A
Project Score:	N/A
Asset Category:	Lift Station
Address/Location:	Public Works Facilities
Related Projects(s):	

Project Overview:

This project upgrades the electrical controls and components, installs new pumps and adds a fourth pump, designs a redundant force main to the WWTP and designs upgrades to the fine screen at the

Justification:

Detailed Project Description:

The project includes the installation of new electrical controls and components, replacing the three existing pumps and adding a fourth, piping water to the pumps for their cooling jackets, designing a new/redundant force main from the station under SR532 and to the WWTP and design and analysis for upgrading the fine screen at the headworks to the WWTP.

Operating Impacts:

Capital Budget	**Previous Years**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Horizon Years**	**Total**
Sources/Funding	**Appropriated to Date**	**Budget**	**Projection**	**Projection**	**Projection**	**Projection**	**Projection**	**Projection**	**Overall Project Sources**
Transfer in - Plant Investment Fees	$ 91,350	$ 300,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 391,350
Debt - Utilities	$ -	$ -	$ 1,922,000		$ -	$ -	$ -	$ -	$ 1,922,000
Total Sources	**$ 91,350**	**$ 300,000**	**$ 1,922,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,313,350**
Uses/Costs	**Appropriated to Date**	**Budget**	**Projection**	**Projection**	**Projection**	**Projection**	**Projection**	**Projection**	**Overall Project Uses**
Design, Engineering & Permitting	$ 91,350	$ 300,000	$ 122,000	$ -	$ -	$ -	$ -	$ -	$ 513,350
Construction	$ -	$ -	$1,800,000		$ -	$ -	$ -	$ -	$ 1,800,000
Total Uses	**$ 91,350**	**$ 300,000**	**$1,922,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,313,350**
Capital Sources Over (Under) Uses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Project Updates:

Debt Financing Analysis

Unfunded Capital Projects	2021	2022	2023	2024	2025	2026	Horizon Years	Total Debt by Asset Type	Potential Funding Sources for Debt Service	Estimated New Debt Service 2021-2022
Debt-Transportation	$ -	$ -	$ 6,170,000	$ -	$ 6,725,000	$ -	$ 1,000,000	**$ 13,895,000**	Transportation Benefit District (TBD) Sales Tax - Requires ballot measure to extend the current TBD	
Debt-Parks & Trails	$ -	$ 4,489,000				$ -	$ -	**$ 4,489,000**	Metro Parks District (MPD); or Park Benefit District (TBD) - Requires ballot measure to add in new levy or add in new sales tax; or Issue debt in 2022- 20-year term	298,000
Debt-Utilities	$6,847,000		$ 6,000,000		$ 2,000,000	$ -	$ -	**$ 14,847,000**	Utility Revenue Bonds - Requires updated rate study to be completed in 2023 for 2024-2029 Rates	450,000
Total Unfunded	**$ 6,847,000**	**$ 4,489,000**	**$ 12,170,000**	**$ -**	**$ 8,725,000**	**$ -**	**$ 1,000,000**	**$ 33,231,000**		
Transportation-								**$ 13,895,000**		
SR532 Intersection				$ 2,700,000		$ 2,975,000				
106th Bypass			$ 500,000	$ 2,470,000						
Main 270th-271st						$ 3,250,000				
City Beautification				$ 500,000	$ 500,000		$ 1,000,000			
Utilities-								$ 14,847,000		
Sewer Pioneer Hwy Main Line	$ 900,000									
Sewer Church Creek	$ 1,025,000									
Sewer Main Lift Station	$ 1,922,000	$ -								
Sewer Treatment Plant		$ 2,000,000	$ 2,000,000							
Drainage IS4		$ 1,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ -				
Parks & Trails-								$ 4,489,000		
Ovenell					$ 1,000,000					
Port Susan Trail	$ -	$ 734,000	$ 450,000	$ 200,000	$ 1,105,000					
Downtown Park				$ 1,000,000						

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	7b
DATE:	August 12, 2021
SUBJECT:	Notice of Intention to Annex – Kottsick Property
CONTACT PERSON:	Patricia Love, Community Development Director
ATTACHMENTS:	A – 10% Annexation Petition Resolution 2021-07 B – Notice of Intent to Commence Annexation

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PURPOSE

The purpose of this agenda item is for Council consideration of whether to accept the 10% petition and to allow for the circulation of a 60% petition to annex approximately 30 acres into the City of Stanwood. The properties are located at 7615-284th St. NW (parcel: 32041800401300 and the southern half of the parcel located at 28801-80th Ave NW (parcel: 32041800401600).

BACKGROUND

On June 28, 2021, the City received a request from the applicant, Edwards Development Group, LLC, on behalf of Maryln Kottsick, to annex approximately 30 acres into the City. Their application became complete on July 14, 2021 and a Notice of Application was issued on July 20, 2021.

The annexation consists of two parcels located at the addresses noted above (Parcel No. 32041800401300 and the southern 10 acres of 32041800401600. The second parcel noted (32041800401600) is partially located within the Stanwood Urban Growth Area (UGA) while the northern portion (approximately 10 acres) is located outside the UGA. In order to remedy this situation, the applicant is also proposing to submit a Boundary Line Adjustment (BLA) to Snohomish County that would move part of the north property line of parcel 32041800401300 to the north, to essentially split the parcel 32041800401600 into two approximately 10-acre parcels. The adjusted property line will follow the existing east-west UGA line.

ANALYSIS

Annexation Process:

The most frequently used method of annexing territory is by petition of the owners of at least 60 percent of the property value in the area, computed according to the assessed valuation of the property in the proposed annexation area for general taxation purposes.

This process begins by the applicant submitting a 10 percent petition, commonly referred to as a Notice of Intent to Annex, consisting of signatures representing not less than 10 percent of the assessed value of the property value in the proposed annexation area. The City has received a sufficient petition from Edwards Development Group meeting this requirement.

Once a sufficient 10% petition is received, state law requires a meeting with the petitioner by the City Council to consider the request of the applicant to annex into the City. Under state law the Council will need to consider three key items as the annexation is considered:

- Whether the city will accept, reject, or geographically modify the proposed annexation;

- Whether it will require the simultaneous adoption of a comprehensive plan; and

- Whether it will require the assumption of all or any portion of existing city indebtedness by the area to be annexed.

If the council requires simultaneous adoption of a comprehensive plan or the assumption of indebtedness, it is to record this action in its meeting minutes.

The decision of the Council whether to "accept" the proposed annexation is entirely within the Council's discretion. By accepting the proposed annexation, the council is not committing itself to ultimately annex the territory proposed when a sufficient petition is presented to it. The decision to accept merely allows the annexation to go forward procedurally by authorizing the applicant to circulate a petition seeking to secure the necessary 60% of assessed value consenting to annex of the property proposed for annexation. If the Council rejects the proposed annexation, the initiating parties have no right of appeal.

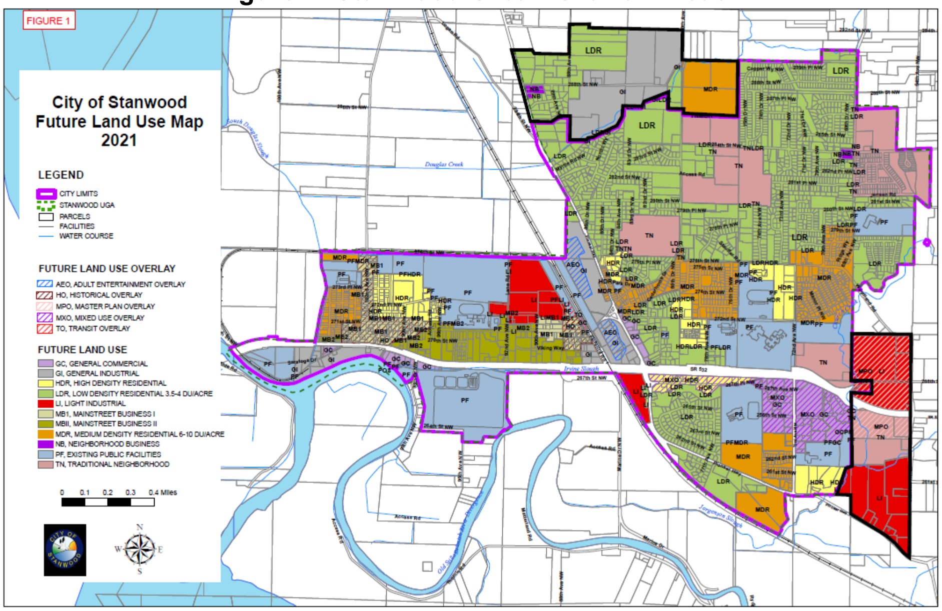
The applicant is required to submit a Boundary Line Adjustment application to Snohomish County for review and approval prior to approval of the annexation.

Kottsick Annexation Request:

The applicant, Edwards Development Group, LLC, on behalf of Marlyn Kottsick, is requesting annexation into the City of Stanwood in order to connect to the City’s sewer services and construct a future residential subdivision to City of Stanwood’s development standards. City Staff will conduct a preliminary internal review of the subdivision application concurrently with the annexation proposal; however no approvals will be given until the annexation is complete. No pre-annexation agreement is required as all improvements will be tied to the subdivision application.

Stanwood’s 2015-2035 Comprehensive Plan identifies those areas within the UGA which are intended to eventually be annexed into the city. The City has two urban growth areas: 1) the northwest Hill Top area and 2) along the city's eastern border between 68th and 64th Avenue. These urban growth areas are outlined in black on the map below showing the location of the UGA in relationship to the City's jurisdictional limits.

Figure 1: Stanwood Urban Growth Areas



The Kottsick annexation will add approximately 30 acres to the City directly adjacent to the city's most northern boundary east of 80th Ave NW. Below, Figures 2 and 3 show the proposed annexation in relation to the UGA.

Figure 2: Proposed Annexation Area

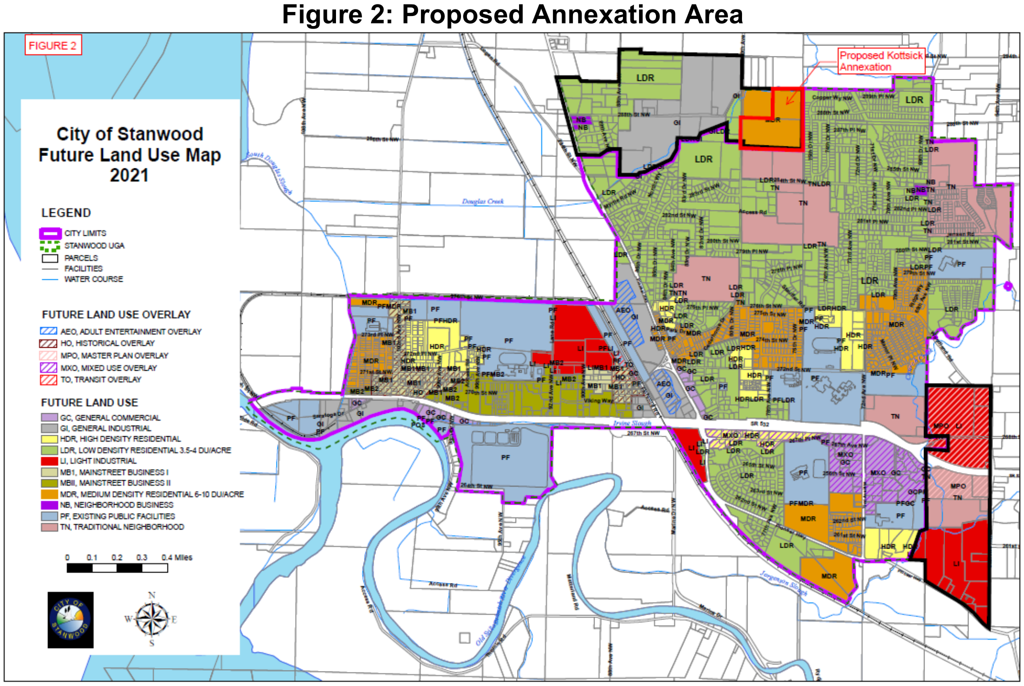


Figure 3: Proposed Annexation Area (large-scale)

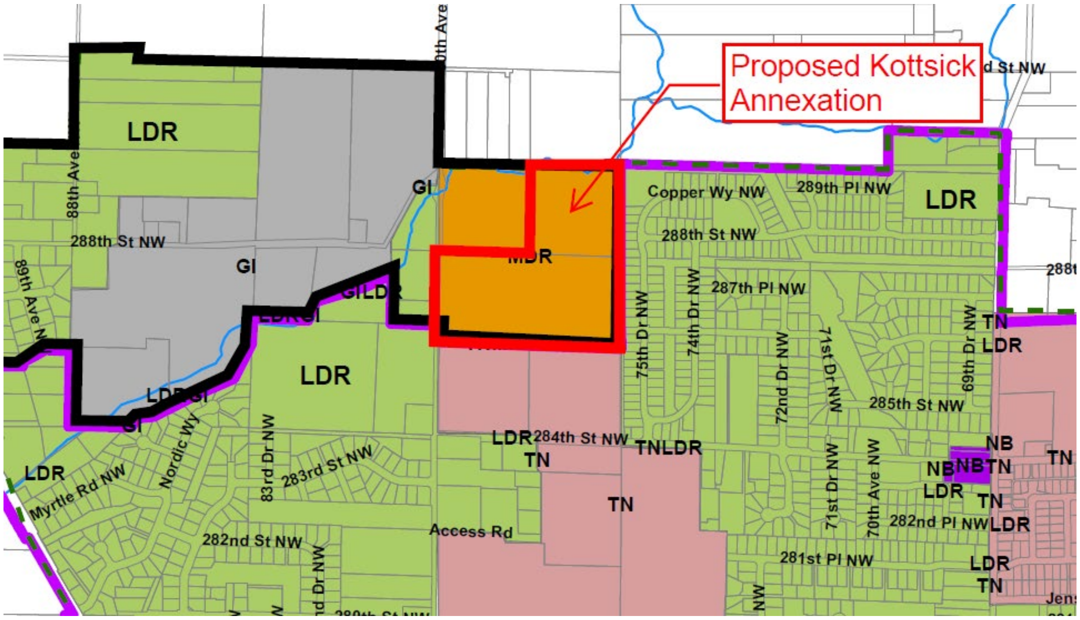
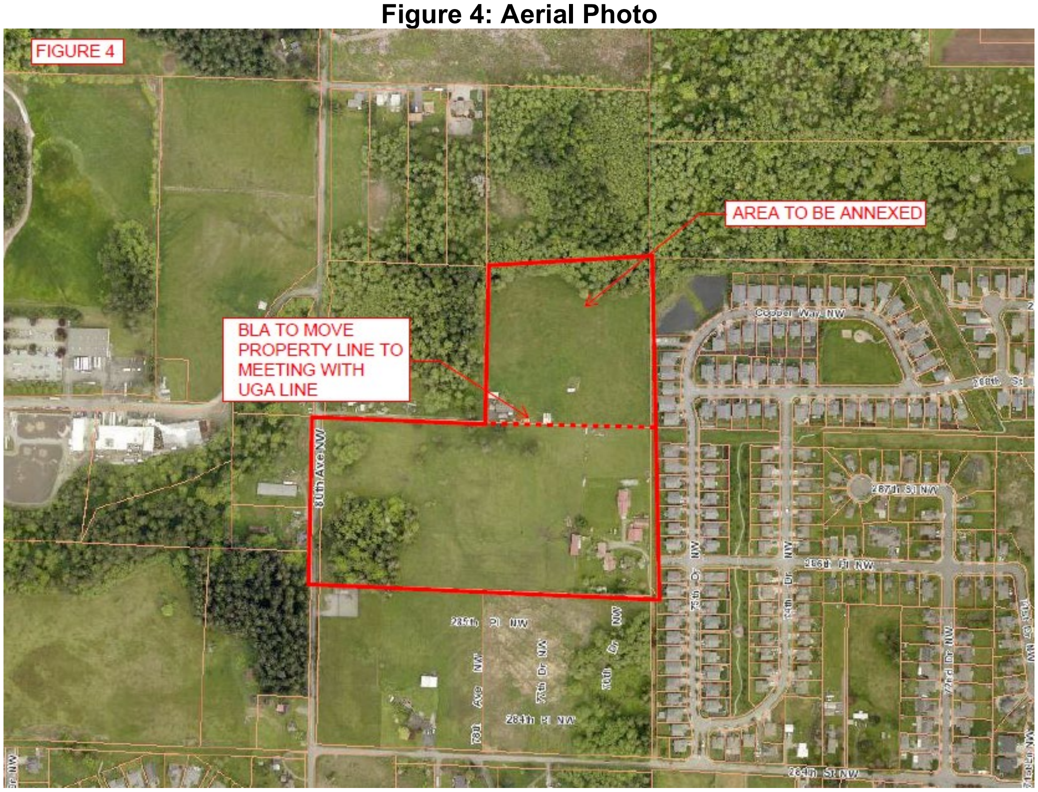


Figure 4: Aerial Photo



As part of the annexation process, staff will prepare an evaluation report that analyzes:

- Consistency with the City's Comprehensive Plan policies and Urban Growth Boundary;

- The availability and capacity of municipal services which includes: overall governmental functions, water, sewer, drainage, parks, fire, police and transportation facilities; and
- The financial impact to the City and County on the proposed annexation.

Initial Annexation Criteria Analysis:
As noted above, in accepting the annexation petition, the Council will need to consider three key items as the annexation is considered. Below is a summary of the considerations and proposed findings:

1. Whether the city will accept, reject, or geographically modify the proposed annexation.

   Applicant Response: Due to the location of the proposed property, an expansion of the annexation area is necessary to include subject properties as shown above. The annexation would allow for a continuous road network within City jurisdictional boundaries. The annexation area includes just two parcels and, therefore, the proposed annexation they would easily meet the 60% valuation criteria for annexation.

   Staff Response: Beyond the proposed area, no expansion is suggested for consideration. No irregularities in terms of city or county boundary lines will occur as a result of the proposed annexation area. Additionally, city staff met with the property owners of 28807-80th AVE NW on July 26th and they were not interested in annexing their property into the City.

2. Whether it will require the simultaneous adoption of a comprehensive plan.

   Applicant Response: The County's and City's proposed zoning for the property is SR 7.0. This is consistent with the existing and planned use of the property. Therefore, no comprehensive plan amendment is necessary.

   Staff Response: City's proposed zoning for the property is SR 7.0 (base density of 6 du/acre and the Comprehensive designation is Medium Density Residential (MDR 6-10 du/ac). No Comprehensive Plan amendment is needed.

3. Whether it will require the assumption of all or any portion of existing city indebtedness by the area to be annexed.

   Applicant Response: None known but will do so if required.

Next Steps:
The annexation request is reviewed by and accepted by the City Council. Acceptance of the 10% Petition Resolution is the first step in the annexation process and does not obligate the City or the petitioners to finalize the annexation: it allows the study and annexation evaluation process to begin.

In addition, a boundary line adjustment (B:LA) is needed due to the City's Urban Growth Area line bisecting the northern parcel. This BLA is being processed by Snohomish

County and the annexation timeline is dependent on the County's approval of the BLA. The following generalized actions are necessary to finalize the annexation:

- Once the BLA is approved, the applicant will submit their 60% petition to the City;
- The Council holds a public hearing and determines whether to annex the property or not;
- If Council choses to annex, then a Notice of Intent will be sent to the Snohomish County Boundary Review Board for review and approval; and
- Council adopts final annexation ordinance.

<table>
<tr><th colspan="4">Fiscal Impact</th></tr>
<tr><td colspan="4">No financial impact at this time. If City Council allows the applicant to circulate a 60% petition, staff will address any fiscal impacts associated with this annexation during the required public hearing. Impacts of annexation are typically associated with water, sewer, staffing needs to police, fire, staffing, and property taxes.</td></tr>
<tr><td>Fund(s):</td><td colspan="3">N/A</td></tr>
<tr><td>Amount:</td><td>$ N/A</td><td>Project Estimate:</td><td>$ N/A -</td></tr>
<tr><td>Budget Authorized</td><td>[ ] Yes [ ] No</td><td>Amendment Required</td><td>[ ] Yes [ ] No
[ ] Monitor</td></tr>
</table>

RECOMMENDATIONS

Staff Recommendation:

As the property is located within the City's adopted Urban Growth Area and intended to be annexed into the city, staff recommends that the Council accept the 10% annexation petition and allow the annexation process to begin. Recommended Council actions include:

1. Review and discuss the proposed annexation.
2. Deliberate and provide direction to city staff on how to proceed with the request to annex.

Committee/Board Recommendation:

The Public Works Committee met on August 2, 2021 prior to the Council's upcoming public meeting scheduled for August 12, 2021. The Committee recommended to move forward with the 10% petition and requested a thorough traffic analysis as well as water/sewer availability. Allowing this project to move forward provides additional time to fully evaluate the annexation request and any impacts on the city.

CITY COUNCIL OPTIONS

1. Approve Resolution 2021-07 to allow for the applicant to circulate the 60% petition.

-

2. Do not approve Resolution 2021-07 and deny the request of the applicant to further pursue annexation into the City.

3. Do not approve Resolution 2021-07 at this time and direct staff to address specific Council issues or concerns prior to Council reconsidering the Resolution.

PROPOSED MOTION

MOTION TO APPROVE RESOLUTION 2021-07 TO ALLOW FOR THE CIRCULATION OF A 60% PETITION FOR THE KOTTSICK ANNEXATION REQUEST.

Resolution No. 2021-07

A RESOLUTION OF THE CITY OF STANWOOD, SNOHOMISH COUNTY, WASHINGTON RELATING TO THE RECEIPT OF A NOTICE OF INTENT TO ANNEX CERTAIN REAL PROPERTY KNOW AS THE KOTTSICK ANNEXATION AND AUTHORIZING THE CIRCULATION OF A 60% ANNEXATION PETITION SUBJECT TO CONDITIONS.

WHEREAS, the City of Stanwood has received a 10 percent petition and Notice of Intent for an annexation meeting the requirements of RCW 35.13.125; and

WHEREAS, the City of Stanwood desires to work with property owners adjacent to the City of Stanwood in unincorporated Snohomish County and within the established Urban Growth Area of the City to become part of the City of Stanwood; and

WHEREAS, the proposed annexation area contains approximately 30 acres; and

WHEREAS, the area proposed for annexation is within the Urban Growth Area established by Snohomish County under the State Growth Management Act; and

WHEREAS, Snohomish County tax records available through the Assessor's Office reflect that 100% of the parcel owners (Marlyn Kottsick and MJK LLC) have signed said petition in the proposed annexation area, which contain a total assessed value of approximately $1,138,850 representing more than 10% percent of the assessed value in the annexation area, and

WHEREAS, having received the written notification of intent to annex that satisfies the ten percent assessed value threshold, the City Council reviewed the matter for consideration at its regular public meeting on August 12, 2021, and

WHEREAS, within sixty days of receiving a written notification of intent to commence annexation proceedings from the property owner or owners holding assessed valuation to make such request, the City Council has considered the matter at a public meeting, at which time the City Council may accept, reject, or geographically modify the proposed annexation; determine if the City will require the simultaneous adoption of proposed comprehensive plan and zoning regulations; and determine whether the City will require the assumption of all or any portion of existing City indebtedness by the area to be annexed; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STANWOOD AS FOLLOWS:

<u>Section 1.</u> Circulation of Annexation Petitions Approved. Under authority of Chapter 35.13 RCW, the City Council of the City of Stanwood hereby approves the written request by Marlyn Kottsick to circulate an annexation petition for an area of unincorporated

Snohomish County that is generally located at 7615-284th Street (parcel number 32041800401300) and 28801-80th Avenue (parcel number 32041800401600)just west of 80th Avenue and north of 284th Street NW and is more specifically depicted on Exhibit “A,” a copy of which is attached hereto and incorporated by this reference.

Section 2. Petitions to Require Assumption of Existing City Indebtedness. It is the intent of the Stanwood City Council that, upon annexation, all property within the proposed annexation area shall be assessed and taxed at the same rate and on the same basis as other property within the City of Stanwood including assessments or taxes in payment of all or any portion of the outstanding indebtedness of the City contracted, incurred prior to, or existing on the date of annexation. Accordingly, any annexation petition circulated under approval granted by this Resolution shall be written to clearly indicate this fact.

Section 3. Comprehensive Plan and Zoning. The City of Stanwood will require the simultaneous implementation and adoption of the Comprehensive Plan and zoning regulations.

PASSED AND APPROVED by the City Council of the City of Stanwood this 12th day of August 2021.

CITY OF STANWOOD

____
Elizabeth Callaghan, Mayor

ATTEST:

____
Sara Robinson,
City Clerk

APPROVED AS TO FORM:

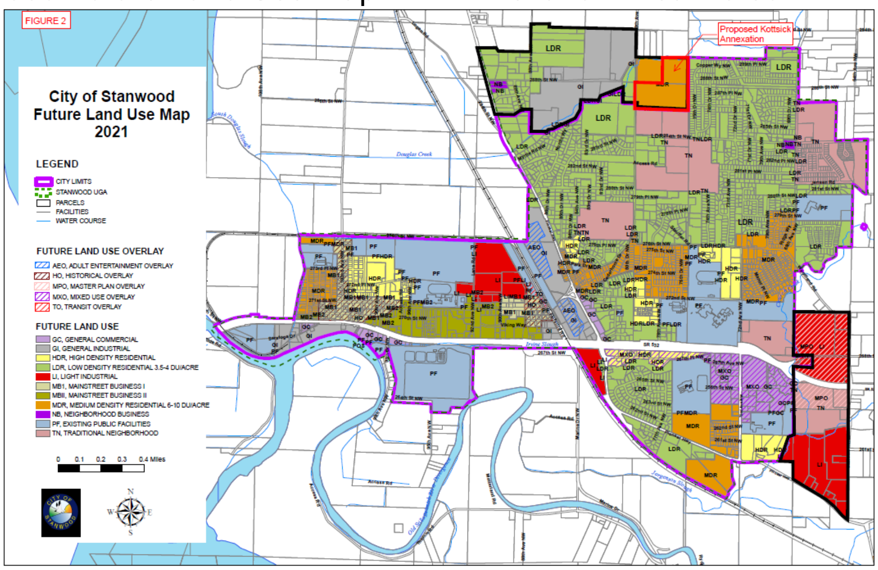
____
Brett Vinson, City Attorney

EXHIBIT A
Resolution 2021-07

Parcel Number: 32041800401300
Section 18 Township 32 Range 04 Quarter SE TH PTN FDP LY WITHIN TCA 1637: TH PTN PAR A CITY STAN BLA FILE NO 2018-0604 REC AFN 201908015001 BEING PTN SE1/4 SE1/4 SD SEC - OSG-08 (17.75 OF 19.75AC)

Parcel Number: 32041800401600
SEC 18 TWP 32 RGE 04 RT-28) E1/2 NE1/4 SE1/4 (19.00 OF 20.00 TRANSF FROM OSA-82) OSG-AG CONS-2011

City of Stanwood Future Land Use Map with Annexation Area Noted:



Aerial Image of Kottsick Annexation Area:

LAND USE PERMIT APPLICATION

COMMUNITY DEVELOPMENT
10220 270th Street NW Stanwood, WA 98292

Date: ______________

Permit Number(s): ______________

Fee: ______________

PERMIT TYPE

- [ ] Accessory Dwelling Unit
- [ ] Administrative Conditional Use
- [ ] Administrative Modification
- [x] Annexation
- [ ] Binding Site Plan
- [ ] Boundary Line Adjustment
- [ ] Conditional Use Permit
- [ ] Development Agreement
- [ ] Final Short Plat (9 lots or less)
- [ ] Final Plat (10 lots or more)
- [ ] Floodplain Development Permit
- [ ] Manufactured Housing Infill
- [ ] Major Site Development
- [ ] Minor Site Development
- [ ] Preliminary Short Plat / PRD (9 lots or less)
- [ ] Preliminary Plat / PRD (10 lots or more)
- [ ] Right-to-Farm Registration
- [ ] Sensitive Area Reasonable Use Allowance
- [ ] Shoreline Conditional Use
- [ ] Shoreline Substantial Development
- [ ] Shoreline Variance
- [ ] Variance (including Flood Hazard & Signs)
- [ ] Vacation of Streets and Alleys
- [ ] Zoning Map Amendment
- [ ] Other: ______________

*** All applications need to submit the checklists for the specific permit type ***

	OWNER	APPLICANT	CONTACT
Business Name	MJK LLC	Edwards Development Group LLC.	
Name	Marlyn Kottsick	CC Edwards	
Full Address	7615 284th St NW, Stanwood, WA 98292	PO Box 1387, Sumner, WA 98390	
Phone Number		206-730-2410	
E-mail		ccedwards@ccedwardsconstruction.com	

	PROJECT ARCHITECT	PROJECT ENGINEER	PROJECT SURVEYOR
Business Name		LDC, Inc.	
Name		Mark Villwock	
Full Address		20210 142nd Ave NE, Woodinville, WA 98072	
Phone Number		425-806-1869	
E-mail		mvillwock@ldccorp.com	

SITE INFORMATION					
Project Address	N/A		**Tax Parcel ID Numbers**	32041800401300 and the southern 10 acres of 32041800401600	
Acreage & Square Footage of Property	Approximately 30 acres		**Zoning Classification**	SR 7.0	
			Comprehensive Plan Designation	MDR	
Water Supply	**Current**	**Proposed**	**Sewer Supply**	**Current**	**Proposed**
	Well	Stanwood		Septic	Stanwood
Existing Use of Property	Single-family residential				
Proposed Use of Property	Single-family residential				
On-Site Critical Areas?	☒ Yes ☐ No		**Critical Area Type**	Wetlands	
Does the Site have a Shoreline Designation?	☐ Yes ☒ No		**Shoreline Designation**	N/A	
Will the Site Be Logged as Part of This Project?	☐ Yes ☐ No		**DNR Permit Required?**	☐ Yes ☐ No	
Parking Spaces Provided	N/A		**Landscaping Area (square feet)**	N/A	
Building Footprint Area (square feet)	N/A		**Lot Building Coverage**	N/A	
Number of Proposed Units	N/A		**Building Height**	N/A	

APPLICANT CERTIFICATION

I certify that I am the Owner or Owner's authorized agent. If acting as an authorized agent, I further certify that I am authorized to act as the Owners agent regarding the property at the above referenced address for the purpose of filing applications for permits or review under the Stanwood Municipal Code and I have full power and authority to perform on behalf of the Owner all acts required to enable the City to process and review such applications.

I do hereby declare under penalty of perjury under the laws of the State of Washington that I have familiarized myself with the rules and regulations with respect to preparing and filing this application and that the statements and information submitted herewith are in all respects true and correct to the best of my knowledge and belief.

CC Edwards Digitally signed by CC Edwards DN: C=US, E=ccedwards@ccedwardsconstruction.com, O=CC Edwards Construction, CN=CC Edwards Date: 2021.06.16 14:44:23-07'00' 6.16.21

Applicant's Signature Date

CC Edwards

Print Name

REAL PROPERTY OWNER CERTIFICATION

I do hereby declare under penalty of perjury under the laws of the State of Washington that I am the owner of the subject property or an officer/member of the entity owning the subject property, that it is my desire to seek the subject land use permit, and that I will abide by any requirements and conditions that may be part of the approval of this request. I also hereby grant permission for City employees, agents of the City and/or other agency officials to enter the subject property, if necessary, for the purpose of site inspections.

Marlyn J Kottsick 6-16-21

Owner's Signature Date

MARLYN J KOTTSICK

Print Name

For additional owners please supply each owners name, signature and date on a separate sheet.

SITE INFORMATION					
Project Address	N/A		Tax Parcel ID Numbers	32041800401300 and the southern 10 acres of 32041800401600	
Acreage & Square Footage of Property	Approximately 30 acres		Zoning Classification	SR 7.0	
			Comprehensive Plan Designation	MDR	
Water Supply	Current	Proposed	Sewer Supply	Current	Proposed
	Well	Stanwood		Septic	Stanwood
Existing Use of Property	Single-family residential				
Proposed Use of Property	Single-family residential				
On-Site Critical Areas?	☒ Yes ☐ No		Critical Area Type	Wetlands	
Does the Site Have a Shoreline Designation?	☐ Yes ☒ No		Shoreline Designation	N/A	
Will the Site Be Logged as Part of This Project?	☐ Yes ☐ No		DNR Permit Required?	☐ Yes ☐ No	
Parking Spaces Provided	N/A		Landscaping Area (square feet)	N/A	
Building Footprint Area (square feet)	N/A		Lot Building Coverage	N/A	
Number of Proposed Units	N/A		Building Height	N/A	

APPLICANT CERTIFICATION

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Applicant's Signature Date

CC Edwards

Print Name

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Todd A Kottsick 6-16-21

Owner's Signature Date

TODD A KOTTSICK

Print Name

For additional owners please supply each owners name, signature and date on a separate sheet.

NOTICE OF INTENT
TO COMMENCE ANNEXATION PROCEEDINGS

COMMUNITY DEVELOPMENT
10220 270th Street NW Stanwood, WA 98292

PURPOSE: To annex 30 acres into the Stanwood City limits, including parcel number(s): 32041800401300 and approximately the southern 10 acres of parcel 32041800401600

TO: THE HONORABLE CITY COUNCIL OF THE CITY OF STANWOOD, WASHINGTON
We the undersigned, do hereby notify the City Council of the City of Stanwood of our intent to annex property, as described in the attached legal description and shown on the attached map, to the City of Stanwood of the State of Washington. This notice is signed by owners of not less than 10 percent of the valuation of the acreage for which annexation is sought.

WARNING
Every person who signs this petition with any other than his or her true name, or who knowingly signs more than one of these petitions, or signs a petition seeking an election when he or she is not a legal voter, or signs a petition when he or she is otherwise not qualified to sign, or who makes herein any false statement, shall be guilty of a misdemeanor.

Each signature shall be executed in ink and shall be followed by the name and address of the signor and the date of signing.

PETITION FOR ANNEXATION SIGNATURES

	SIGNATURE	PRINT NAME	ADDRESS	DATE
1.	Marlyn J Kottsick	MARLYN J KOTTSICK	7615 B 284TH ST NW STANWOOD WA 98292	6-16-21
2.	Todd A Kottsick	TODD A KOTTSICK	11405 Nth LAKESHORE DR LAKE STEVENS WA 98258	6-16-21
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

PETITION FOR ANNEXATION

COMMUNITY DEVELOPMENT
10220 270th Street NW Stanwood, WA 98292

PURPOSE: To annex 30 acres into the Stanwood City limits, including parcel number(s):

32041800401300 and approximately the southern 10 acres of parcel 32041800401600

TO: THE HONORABLE CITY COUNCIL OF THE CITY OF STANWOOD, WASHINGTON
We the undersigned, do hereby petition for annexation of the area of land described in this petition, which is contiguous to the City of Stanwood, a non-charter Code City of the State of Washington, signed by the PROPERTY OWNERS OF ACREAGE REPRESENTING 60% OF THE ASSESSED VALUE of the acreage proposed for annexation, as described in the attached legal description and shown on the attached map, to the City of Stanwood of the State of Washington.

WARNING

Every person who signs this petition with any other than his or her true name, or who knowingly signs more than one of these petitions, or signs a petition seeking an election when he or she is not a legal voter, or signs a petition when he or she is otherwise not qualified to sign, or who makes herein any false statement, shall be guilty of a misdemeanor.

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PETITION FOR ANNEXATION SIGNATURES

	SIGNATURE	PRINT NAME	ADDRESS	DATE
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3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

EXHIBIT “ ”
CITY OF STANWOOD ANNEXATION DESCRIPTION

A PORTION OF THE EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 18, TOWNSHIP 32 NORTH, RANGE 4 EAST, W.M.;

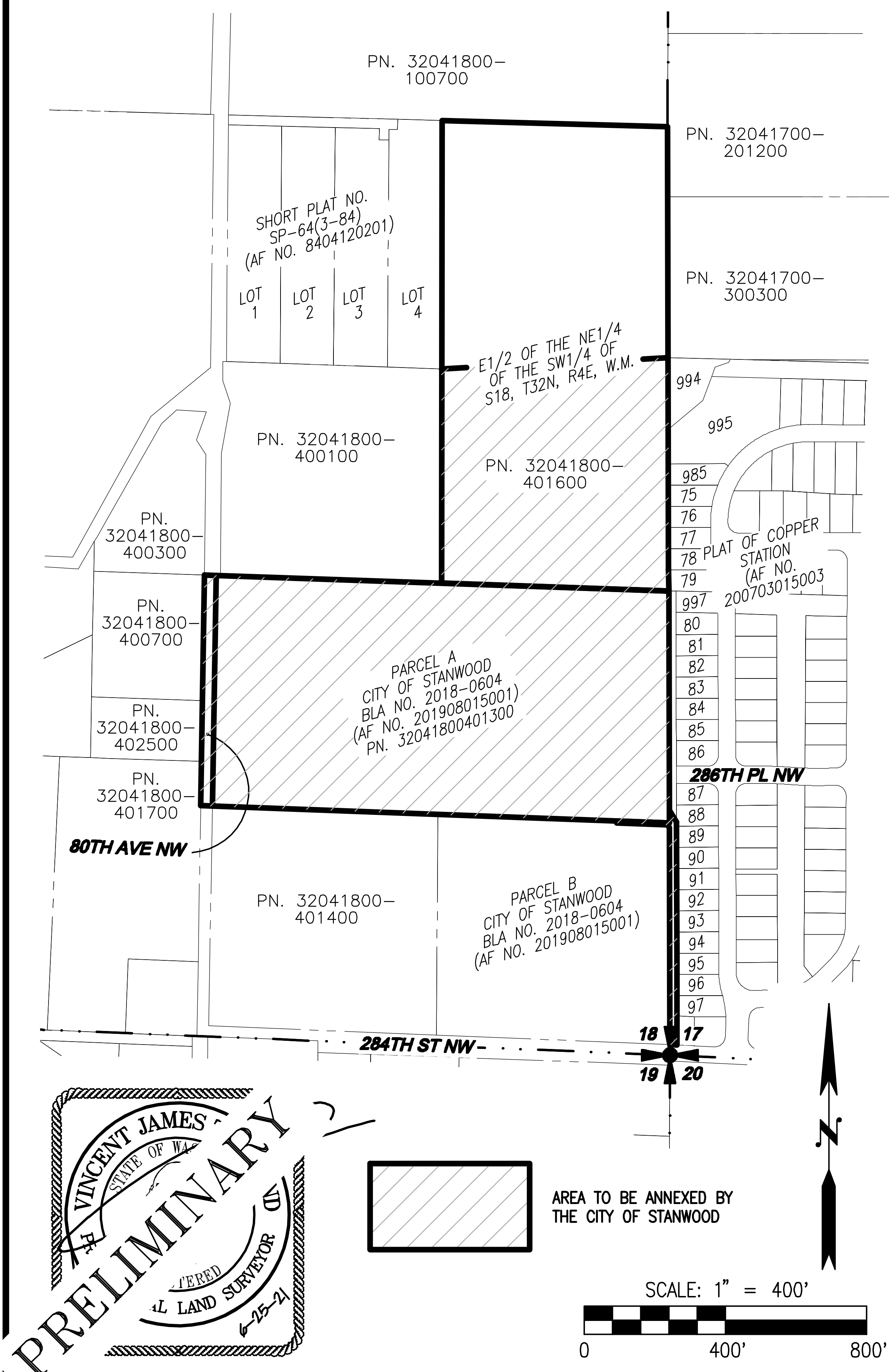
MORE PARTICULARLY DESCRIBED AS FOLLOWS;

BEGINNING A THE SOUTHEAST CORNER OF LOT 4 OF SNOHOMISH COUNTY SHORT PLAT NO. SP-64 (3-84), AS RECORDED UNDER AUDITOR FILE NUMBER 8404120201, RECORDS OF SNOHOMISH COUNTY, WASHING TON;
THENCE EASTERLY TO THE NORTHWEST CORNER OF TRACT 994 OF THE PLAT OF COPPER STATION, AS RECORDED UNDER AUDITOR FILE NUMBER 200703015003, RECORDS OF SNOHOMISH COUNTY, WASHINGTON, ALSO BEING A POINT ON THE EAST LINE OF SAID EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER;
THENCE SOUTHERLY ALONG THE WEST BOUNDARY OF SAID PLAT OF COPPER STATION AND SAID EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER TO THE SOUTHEAST CORNER OF SAID EAST HALF;
THENCE WEST ALONG THE SOUTH LINE OF SAID EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER TO THE SOUTHWEST CORNER OF SAID EAST HALF;
THENCE NORTH ALONG THE WEST LINE OF SAID EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER TO SOUTHEAST CORNER OF SAID LOT 4 AND THE POINT OF BEGINNING.

TOGETHER WITH PARCEL A, CITY OF STANWOOD BOUNDARY LINE ADJUSTMENT NUMBER BLA 2018-0604, RECORDED UNDER INSTRUMENT NO. 201908015001, BEING A PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER SECTION 17, TOWNSHIP 32 NORTH, RANGE 4 EAST, W.M. AND A PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER SECTION 18, TOWNSHIP 32 NORTH, RANGE 4 EAST, W.M.
SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

AND TOGETHER WITH THAT PORTION OF 80TH AVE COINCIDENT WITH THE ABOVE DESCRIBED PARCEL A AS ESTABLISHED BY DEED RECORDED UNDER AUDITOR’S FILE NO. 176522, RECORDS OF SNOHOMISH, WASHINGTON.

EXHIBIT " "



LDC | Surveying Engineering Planning

Woodinville
20210 142nd Avenue NE
Woodinville, WA 98072

Kent
1851 Central Pl S, #101
Kent, WA 98030

T 425.806.1869 www.LDCcorp.com F 425.482.2893

CITY OF STANWOOD ANNEXATION EXHIBIT

SE 1/4 & THE NE 1/4 OF THE SE 1/4 OF SEC.18, TWN.32N., RNG.4E., W.M., CITY OF STANWOOD, SNOHOMISH, WA

DRAWN BY:	DATE:	DRAWING FILE NAME:	SCALE:	JOB NUMBER:
NSY	6-26-21	C20-174-ANX	1"=400'	C20-174

June 28, 2021

City of Stanwood
Community Development
10220 270th Street NW
Stanwood, WA 98292

Attn: Patricia Love, Community Development Director
RE: Annexation of Parcels 32041800401300 and part of 32041800401600
7615 284th St. NW and 28801 80th Ave NW east of 80th Ave. NW
Kottsick Annexation

Dear Patricia,

Please accept this letter as a request to begin the annexation process for the above referenced parcels, consisting of approximately 30 acres, currently located outside Stanwood city limits and within the City's Urban Growth Area (UGA). We would request that the meeting held on June 16, 2021, be considered as the Pre-Application conference per SMC 17.158.050 and this letter as the SMC 17.158.060 notice of intent.

Our client, Edwards Development Group, LLC, and our team very much appreciated the meeting on June 16th. As we discussed, the intention of this request is to annex the two parcels, one of which is a portion of the parcel (approximately 10 acres), into the City of Stanwood for the future development as single-family residences. The parcels are already pre-zoned and designated for medium-density single family residential, as noted on the City's official zoning map and future land use maps (SR 7.0 and MDR, respectively). The parcels are also immediately adjacent to existing single family residential to the east and will have primary access from three existing roads – 80th Ave. NW, 284th St. NW, and 286th Pl NW.

We would like to note that one of the subject parcels (32041800401600) is partially located outside the City's UGA. In order to remedy this, the applicant will be submitting a Boundary Line Adjustment (BLA) to partially shift a property line to the north that will align with the existing UGA boundary. This will essentially split the parcel in two, with the southern half of the parcel to be included in the annexation while the remaining would remain outside of the UGA and not included in the annexation. The attached annexation application, legal descriptions and maps provide further details about the intended annexation.

Should you need additional information regarding our request, please let us know.

We look forward to the processing of this as quickly as possible.

Sincerely,

Mark Villwock, Vice President
LDC, Inc.