



# AGENDA

## SHORELINE CITY COUNCIL REGULAR MEETING

Monday, November 7, 2016  
7:00 p.m.

Council Chamber · Shoreline City Hall  
17500 Midvale Avenue North

	<u>Page</u>	<u>Estimated Time</u>
<b>1. CALL TO ORDER</b>		7:00
<b>2. FLAG SALUTE/ROLL CALL</b>		
(a) Proclamation of Veterans Appreciation Day	<u>2a-1</u>	
<b>3. REPORT OF THE CITY MANAGER</b>		
<b>4. COUNCIL REPORTS</b>		
<b>5. PUBLIC COMMENT</b>		
<i>Members of the public may address the City Council on agenda items or any other topic for three minutes or less, depending on the number of people wishing to speak. The total public comment period will be no more than 30 minutes. If more than 10 people are signed up to speak, each speaker will be allocated 2 minutes. Please be advised that each speaker's testimony is being recorded. Speakers are asked to sign up prior to the start of the Public Comment period. Individuals wishing to speak to agenda items will be called to speak first, generally in the order in which they have signed. If time remains, the Presiding Officer will call individuals wishing to speak to topics not listed on the agenda generally in the order in which they have signed. If time is available, the Presiding Officer may call for additional unsigned speakers.</i>		
<b>6. APPROVAL OF THE AGENDA</b>		7:20
<b>7. CONSENT CALENDAR</b>		7:20
(a) Minutes of Regular Meeting of September 26, 2016	<u>7a1-1</u>	
Minutes of Special Meeting of October 10, 2016	<u>7a2-1</u>	
(b) Authorize the City Manager to enter into an Interlocal Agreement with DSHS for Respite Care Reimbursement	<u>7b-1</u>	
(c) Adoption of Res. No. 396 – Delegating Authority to Designate Expenditures for Reimbursement from Bonds that may be Authorized and Approved in the Future	<u>7c-1</u>	
(d) Adoption of Ord. No. 763 – Amending Surface Water Utility Bond Ord. No. 271 to Revise the Exhibit to Conform to Council's Intent to Issue the Bonds in 2016	<u>7d-1</u>	
(e) Authorizing the City Manager to execute an agreement with the Port of Seattle for \$54,500 for a Request for Expressions of Interest (RFEI) for a media campus in Shoreline	<u>7e-1</u>	
(f) Adoption of Ord. No. 764 – Authorizing the Refunding of Unlimited Tax and General Obligations Bonds (Parks) and Limited Tax General Obligation Bonds (City Hall)	<u>7f-1</u>	
(g) Motion to Authorize the City Manager to Purchase Bulk Furniture	<u>7g-1</u>	

from Global Industries for the City Hall Improvement Project

**8. ACTION ITEMS**

- (a) Public Hearing and Discussion of the Proposed 2017 Budget and 2017-2022 Capital Improvement Program 8a-1 7:20

*Public hearings are held to receive public comment on important matters before the Council. Persons wishing to speak should sign in on the form provided. After being recognized by the Mayor, speakers should approach the lectern and provide their name and city of residence. Individuals may speak for three minutes. Public hearings should commence at approximately 7:20 p.m.*

**9. STUDY ITEMS**

- (a) Discussion of Ord. No. 757 - 2016 Budget Amendment 9a-1 8:15

**10. ADJOURNMENT**

8:35

*The Council meeting is wheelchair accessible. Any person requiring a disability accommodation should contact the City Clerk's Office at 801-2231 in advance for more information. For TTY service, call 546-0457. For up-to-date information on future agendas, call 801-2236 or see the web page at [www.shorelinewa.gov](http://www.shorelinewa.gov). Council meetings are shown on Comcast Cable Services Channel 21 and Verizon Cable Services Channel 37 on Tuesdays at 12 noon and 8 p.m., and Wednesday through Sunday at 6 a.m., 12 noon and 8 p.m. Online Council meetings can also be viewed on the City's Web site at <http://shorelinewa.gov>.*

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Proclamation of Veterans Appreciation Day		
<b>DEPARTMENT:</b>	City Manager's Office/CCK		
<b>PRESENTED BY:</b>	Jessica Simulcik Smith, City Clerk		
<b>ACTION:</b>	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	<input checked="" type="checkbox"/> Proclamation

**PROBLEM/ISSUE STATEMENT:**

November 11, 1919, was initially proclaimed as "Armistice Day" to honor the country's World War I Veterans, and in order for a grateful Nation to pay homage to Veterans of all wars, on June 1, 1954, Dwight Eisenhower, the 34th President of the United States, signed into law the renaming of Armistice Day to Veterans Day.

Friday, November 11, 2016 marks the 62<sup>th</sup> anniversary of Veterans Day in the United States. This proclamation recognizes the dedication and sacrifice that the veterans of our community, state, and country have made for the cause of freedom and peace.

Rosemary Whiteside, Shoreline Community College (SCC) Veterans Advisor and student members of the SCC V.E.T.S. Club, along with Shoreline Veteran's Association Members, will be present to accept the proclamation.

**RECOMMENDATION**

Mayor Roberts should read the Veterans Day Proclamation.

**ATTACHMENT:**

Attachment A – Veterans Day Proclamation

Approved By:           City Manager **DT**   City Attorney **MK**



## **P R O C L A M A T I O N**

WHEREAS, Our Great Nation was founded on the belief that all Americans are created equal and guaranteed the inalienable rights of life, liberty, and the pursuit of happiness; and

WHEREAS, our nation's Veterans have sacrificed to preserve and protect our country and constitution from all enemies foreign and domestic; and

WHEREAS, November 11, 1919, was initially proclaimed as "Armistice Day" to honor our country's World War I Veterans, and in order for a grateful Nation to pay homage to Veterans of all wars, on June 1, 1954, Dwight Eisenhower the 34th President of the United States, signed into law the renaming of Armistice Day to Veterans Day; and

WHEREAS, the quality of life we enjoy today was purchased at great cost by the unselfish devotion of these Veterans, as many of our soldiers lost their lives during wars to defend our freedom, and some are still missing in action; and

WHEREAS, the City of Shoreline recognizes the contributions of the men and women in the military who have served our country, and who continue to serve their communities through veterans organizations,

WHEREAS, Shoreline Community College has a nationally recognized Veterans Program and a V.E.T.S Student Club, and offers a range of services to Veterans, and

WHEREAS, on Friday, November 11, 2016 at 2:00 p.m. at Shoreline City Hall, the Shoreline Veterans Association is hosting their annual Veterans Day event to honor local Veterans, and invites Shoreline residents to attend.

NOW, THEREFORE, I, Christopher Roberts, Mayor of the City of Shoreline, on behalf of the Shoreline City Council, do hereby proclaim November 11, 2016 as

### **VETERANS APPRECIATION DAY**

in Shoreline, and urge all citizens to honor the sacrifices of the loyal and courageous Veterans who have given so much for the cause of peace.

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Christopher Roberts, Mayor

**CITY OF SHORELINE**  
**SHORELINE CITY COUNCIL**  
**SUMMARY MINUTES OF REGULAR MEETING**

Monday, September 26, 2016  
7:00 p.m.

Council Chambers - Shoreline City Hall  
17500 Midvale Avenue North

PRESENT: Mayor Roberts, Deputy Mayor Winstead, Councilmembers McGlashan, Scully, Hall, McConnell, and Salomon

ABSENT: None

1. CALL TO ORDER

At 7:00 p.m., the meeting was called to order by Mayor Roberts who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Roberts led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present.

(a) Proclamation of Safe Shoreline Month

Mayor Roberts read a proclamation declaring October 2016 as Safe Shoreline Month. City of Shoreline Emergency Management Coordinator Brian Dixon and Police Captain Troy Olmsted accepted the proclamation. Captain Olmsted thanked the Council for their recognition of all the efforts to keep Shoreline safe.

3. REPORT OF CITY MANAGER

Debbie Tarry, City Manager, provided reports and updates on various City meetings, projects and events.

4. COUNCIL REPORTS

Councilmember Hall reported that the Association of Washington Cities is not able to take action on the Council's request to institute a travel ban to North Carolina, originated by City of Shoreline Resolution No. 395, until their December 2016 Board Meeting.

Councilmember Salomon reported that the King County Council approved the Best Start for Kids Implementation Plan.

Mayor Roberts reported that the Sound Cities Association will adopt their Legislative Priorities and Issues at their next meeting. He reported attending King County Executive Dow

Constantine's Budget address, and highlighted the impacts that affect Shoreline including an additional year of funding for Marine One and the Helicopter Unit, and Executive Constantine's support and acknowledgement of a need to change the one percent property tax rate.

5. PUBLIC COMMENT

**Councilmember McConnell moved to allow three (3) minutes for anyone in the audience wishing to address the Council during Public Comment. The motion was seconded by Councilmember Salomon.**

Councilmember McConnell stated the 145<sup>th</sup> Street Station Subarea Rezone is a significant and important issue to the Community, and everyone should be provided the opportunity to speak.

**The motion passed unanimously, 7-0.**

Nick Bratton, Forterra, submitted a letter to be entered into the public record. He thanked Council and staff for their work on the 145<sup>th</sup> Street Station Subarea Plan, and said it reflects good community input. He noted that the need for infrastructure is a common theme throughout the Plan and Amendments, and shared that Shoreline needs to develop a plan on how to pay for them. He said they support Amendment D and a non-motorized bridge.

Alycia Roberts said she lives at Camp United We Stand Tent City. She shared living there has helped her a lot and that she has been sober since moving there. She thanked Council for their support and said she hopes it is something they will continue to support.

Dia Dreyer, Shoreline resident, commented that the Planning Commission did not vote against phased zoning, and said the 145<sup>th</sup> Street Citizens Subcommittee recommended a phased zoning approach. She expressed that she does not want MUR-35 outside of the walkshed in Phase 1, and shared why it would not be smart growth.

Yoshiko Saheki, Shoreline resident, requested that R-6 standards be applied to the MUR-45 zone. She commented that the proposed Ordinance does not allow her to expand her house like she wants. She stated that Council's actions are analogous to changing the rules in the middle of a game, and speaks to how the City conducts business.

Ann Bates, Shoreline resident, commented that she moved to Ridgecrest five years ago and that the rezone would turn her neighborhood into an urban area. She said she supports tall apartment buildings next to the Station if they include affordable housing. She noted that the area selected for the rezone has the lowest income and housing costs in Shoreline, and is already affordable housing. She said an added economic burden should not be imposed on these residents, and asked Council to consider phased zoning.

Michael Jensen, Shoreline resident, said he is grateful to be a part of the Shoreline Community. He said a lot of planning has gone into the development of the preferred alternative and asked Council not to be cavalier in adopting amendments. He said the Planning Commission's phasing plan is missing from the staff report, discussed Map area G2, and recommended phased zoning.

Janet Way, Shoreline Preservation Society, stated support for adding policy language to acquire property in critical areas, including phasing on the zoning map, and eliminating the Planned Action Ordinance. She said she opposes extending MUR-45 up 5<sup>th</sup> Avenue to the Crest Theater, and noted this change has not been properly studied or noticed. She said she supports amendments that limit development around Paramount and Twin Ponds Parks.

Wendy DiPeso, Shoreline resident, commented that the City needs to effectively manage change. She shared that people are not against change, but want to enjoy their homes and neighborhoods, and participate in project level planning.

Patty Hale, Shoreline resident, commented on unintended consequences she perceives are associated with Amendment D. She stated that the location on the map is at the highest point in the Ridgecrest Neighborhood and buildings would exceed maximum zoning. She said the area on 8<sup>th</sup> Avenue NE is not buildable due to mandatory utility corridor setbacks, an underground river, and high tension lines.

Lindsay Hanna, Shoreline resident, commented that she supports the adoption of the Ordinances and appreciates amendments for walkability, a non-motorized bridge, and believe they will increase livability and quality of life in the Subarea. She suggested carefully weighing the zoning amendments and maintaining maximum development capacity within walking distance of the Station.

John Lombard, Thornton Creek Alliance, stated they strongly support proposed Amendments F1, G1, and K1 to the Planning Commission recommended zoning for the 145<sup>th</sup> Street Station Subarea Plan. He explained why they are requesting that R-6 be maintained in the steep slope areas near Paramount Open Space.

Laura Mork, Shoreline resident, thanked Council for bike and pedestrian friendly amendments.

Donna Thomas, Shoreline resident, commented that she supports the Planning Commission's recommendation. She talked about her decision to live in a city without a car. She shared that she has worked with people with disabilities her entire life, and if things are accessible to people with disabilities, they are accessible to everyone. She stated she supports all amendments to approve access, and shared why she is not in favor of phased zoning.

Debora DeMoss, Shoreline resident, expressed that it is a conflict of interest for Planning Commissioners to speak at the Council Meeting when the meeting should be about the residents. She asked Council to consider the residents and not the developers in decision making. She said the Millennial Towers sinking in San Francisco provides an example of poor planning.

Dan Catchpole, Shoreline resident, talked about how Shoreline has changed and shared that it is time for Shoreline to keep growing up, but in a smart way. He encouraged Council to approve Amendment D and talked about slopes located in the Ridgecrest area.

Jeff Eisenbrey, Shoreline resident, spoke in support of phased zoning. He expressed concern that the City does not have proper delineations of wetlands and critical areas in the immediate Station area. He stated proper designations require expert and detailed studies, and said none of this has

been done. He commented on the correlation between freeway pollution and autism spectrum disorder, and said the construction of 145 foot buildings will exacerbate the matter. He said noise pollution also needs to be addressed.

6. APPROVAL OF THE AGENDA

**The agenda was approved by unanimous consent.**

7. CONSENT CALENDAR

**Upon motion by Councilmember Hall and seconded by Deputy Mayor Winstead, and unanimously carried, 7-0, the following Consent Calendar items were approved:**

**(a) Minutes of Special Meeting of September 12, 2016**

**(b) Approval of expenses and payroll as of September 9, 2016 in the amount of \$1,077,460.15**

**\*Payroll and Benefits:**

<b>Payroll Period</b>	<b>Payment Date</b>	<b>EFT Numbers (EF)</b>	<b>Payroll Checks (PR)</b>	<b>Benefit Checks (AP)</b>	<b>Amount Paid</b>
8/14/16-8/27/16	9/2/2016	67976-68214	14553-14582	64609-64614	\$549,780.91
					<u>\$549,780.91</u>

**\*Accounts Payable Claims:**

<b>Expense Register Dated</b>	<b>Check Number (Begin)</b>	<b>Check Number (End)</b>	<b>Amount Paid</b>
8/30/2016	64175	64175	(\$500.00)
9/1/2016	64449	64499	\$1,540.97
9/1/2016	64500	64507	\$82,707.77
9/1/2016	64508	64524	\$147,077.50
9/1/2016	64525	64537	\$14,524.46
9/1/2016	64538	64549	\$66,808.09
9/1/2016	64550	64561	\$101,646.19
9/8/2016	64562	64573	\$42,776.26
9/8/2016	64574	64579	\$15,095.80
9/8/2016	64580	64593	\$24,869.96
9/8/2016	64594	64606	\$27,793.21
9/8/2016	64607	64607	\$31.75
9/8/2016	64608	64608	\$3,307.28
			<u>\$527,679.24</u>

8. ADJOURNMENT

(a) Adoption of Ordinance Nos. 750, 751, 752, and 756 - 145th Street Station



Subarea Plan Package and Amendments to Development Regulations Related to Light Rail Station Subareas (145th and 185th)

Mayor Roberts thanked the Planning Commission and staff for their work on the 185<sup>th</sup> Street and 145<sup>th</sup> Street Station Subarea Plans, and expressed appreciation to the Community for their participation and input.

Senior Planners Miranda Redinger and Steve Szafran provided the staff report. Ms. Redinger presented the planning timeline for the 145<sup>th</sup> Street Station Subarea Plan, reviewed the purpose of Ordinance Nos. 750, 751, 752 and 756, and next steps to implement the Plan. She displayed the Potential Zoning Scenario Map recommended by the Planning Commission, an updated version of the Map integrating walk and bike-sheds, and a map incorporating Council amendments. She then reviewed and displayed the Draft Comprehensive Plan Future Land Use Map.

**Councilmember Scully moved to adopt Ordinance No. 750, amending the Comprehensive Plan and the Future Land Use Map to include the 145th Street Station Subarea Plan, and adopt Ordinance No. 751, amending the Official Zoning Map to implement the Plan, as recommended by the Planning Commission. The motion was seconded by Councilmember McConnell.**

Councilmember Scully thanked staff for their work, talked about the length of the process, and assured the public that the City Council has been listening and taking their feedback into consideration throughout the process.

**Councilmember Salomon moved Amendment A to amend the Planning Commission's recommendation to change MUR-35 to R-6 south of/adjacent to Twin Ponds Park. The motion was second by Councilmember McConnell.**

Councilmember Salomon shared that his intent is to expand Paramount and Twin Ponds Parks, preserve wetland areas, and increase recreational areas. He explained that it may be more expensive for the City to acquire property in this area if it is zoned MUR-35. He then provided New York's Central Park as an example of this type of successful planning.

Councilmember McGlashan stated he supports the Amendment. He asked if the separation between the parks and the homes are funded by the City or homeowners. Ms. Redinger said she is not aware of a city maintained boundary and assumes it is supported by homeowners.

**The motion to adopt Amendment A passed unanimously, 7-0.**

**Councilmember Scully moved L to amend the Planning Commission's recommendation to change all MUR zoning north of NE 155th Street to R-6 except the MUR-45' between 14th and 15th Avenues NE, north of NE 155th Street. The motion was seconded by Councilmember McConnell**

Councilmember Scully expressed concern about looking too far into the future without knowing how the properties are going to develop. He said this area can be built out in Phase 2, and added there are land use conflicts in a lot of these areas.

Councilmember Salomon stated that he is abstaining from Amendments L and K because he owns property in those areas and does not want the appearance that his votes are based on his homeownership. He recalled, from the September 12, 2016 City Council Meeting, that he plans to recuse himself from votes specific to where he owns property and vote on the more general amendments effecting a broader or different area.

Councilmember Hall stated he can support the Amendment.

Councilmember McGlashan expressed concern about the impact the Amendment will have on homeowners and said he will not be supporting it.

Mayor Roberts commented that he will support the Amendment because development will occur within the Station's walkshed. He encouraged Councilmembers to support it.

Councilmember McConnell shared that she wants to stay focused on rezoning as it pertains to Light Rail, and said this area is clearly outside the walkshed. She stated she will be supporting the motion.

**The motion to adopt Amendment L passed 5-1-1, with Councilmember McGlashan voting no, and Councilmember Salomon abstaining.**

**Councilmember Hall moved Amendment D to amend the Planning Commission's recommendation to change MUR-45 to MUR-70 in the blocks between 6th and 8th Avenues NE south of NE 152nd Street. The motion was seconded by Councilmember McGlashan.**

Councilmember Hall shared that the land in this area is closer to the Station. He acknowledged the power line easement concern mentioned in public comment, but said it is walking distance to the Station and therefore an appropriate area for rezoning.

Councilmember McGlashan stated that it is important to have the highest density around the Station, and said he will be supporting the motion.

Councilmember Salomon said that since this area is within the walkshed of the Station, it should be more densely zoned, and he will be supporting the motion.

Mayor Roberts noted that property owners are also in support of this Amendment.

**The motion to adopt Amendment D passed 5-2, with Councilmembers McConnell and Scully voting no.**

**Councilmember Hall moved Amendment E to amend the Planning Commission's recommendation to change MUR-70' to MUR-45' on the block between 5th and 6th**

**Avenues NE north of NE 152nd Street and south of N 155th Street. The motion was seconded by Councilmember McGlashan.**

Councilmember Hall stated that changing this area to MUR-45 will provide a more compact station area and prevent taller buildings from moving further away from the core of the area. Councilmember McGlashan and Deputy Mayor Winstead agreed.

**The motion to adopt Amendment E passed unanimously, 7-0.**

**Councilmember McGlashan moved Amendment C to amend the Planning Commission's recommendation to change MUR-70 to MUR-45 on the north and south sides of NE 153rd Street, west of 5th Avenue NE. The motion was seconded by Councilmember Winstead.**

**Councilmember McGlashan moved to amend Amendment C to add two parcels (#2881700301 and #2881700300) to area C. The motion was seconded by Councilmember Hall.**

Councilmember McGlashan stated that the Amendment will prevent MUR-70 zoning from moving too far north of the Station, and added that the two parcels, #2881700301 and #2881700300, should also remain MUR-45 to avoid MUR-70 from encroaching on that area.

**The motion to amend Amendment C passed, unanimously, 7-0.**

Councilmember Salomon stated that he does not see the logic in changing this area to MUR-45 and pointed out that it is within the half mile walkshed of the Station.

**The motion to adopt Amendment C, as amended, passed 5-2, with Councilmembers Hall and Salomon voting no.**

**Councilmember Hall moved F1 to amend the Planning Commission's recommendation to change MUR-35 to R-6 between 9th Place NE and 10th Avenue NE, south of NE 147th Street. The motion was seconded by Councilmember McConnell.**

Councilmember Hall stated Shoreline's natural environment needs to be cared for. He said he was persuaded by the Community that the parcels next to Little's Creek are identified in the buffer and need to be protected.

Councilmember Salmon said he does not support Amendment F1 because he is in support of Amendment F. He stated that the area is a downward slope leading towards Paramount Open Space, and the impacts from a higher density rezone could have a negative effect on the Open Space. He urged Councilmembers to vote no on F1.

Councilmember McConnell said she will support F1.

**Councilmember Scully moved to amend the Amendment to encompass the entire area F, with the exception of F2 - which would amend the Planning Commission's recommendation to change MUR-35' to R-6 between NE 145th and 147th Streets and**

**between 8th and 10th Avenues NE, except one parcel depth along 8th Avenue NE to remain MUR-35' to provide transition between MUR-70' and R-6. The motion was seconded by Councilmember McConnell.**

Councilmember Scully agreed with Councilmember Salomon. He shared there would be challenges to developing this area, negative impacts to the wetlands, and adverse traffic impacts. He said he does not see it as land for multifamily development and it should remain R-6.

**The motion to amend the Amendment to encompass the entire area F, with the exception of F2, passed 5-2 with Councilmembers Hall and McGlashan voting no.**

**The motion to amend the Planning Commission's recommendation, to include the entire area F except for one parcel depth along 8th Avenue NE to remain MUR-35' to provide transition between MUR-70' and R-6, passed, 6-1 with Councilmember McGlashan voting no.**

**Councilmember McConnell moved G, with the exception of G2 to amend the Planning Commission's recommendation to change MUR-35' to R-6 between NE 151st and 147th Streets and between 8th and 10th Avenues NE., with the exception for keeping one parcel depth along 8th Avenue NE MUR-35' to provide transition between MUR-70' and R-6. The motion was seconded by Councilmember Scully.**

**Councilmember McGlashan moved to amend the Amendment to remove Area G, leaving only G1. The motion was seconded by Deputy Mayor Winstead.**

Councilmember McGlashan expressed that the Amendment provides a good transition to Area F. Councilmember Hall concurred, and added that it provides a buffer to the wildlife habitat and is within walking distance of the Station. Councilmember Salomon stated support for the Amendment. Mayor Roberts said he opposes it due to potential parking challenges.

**The motion to amend the Amendment to remove Area G, leaving only G1, passed, 4-3, with Mayor Roberts and Councilmembers Scully and McConnell voting no.**

Councilmember Hall commented that he can support the Amendments because any significant development in this area will also require improvements to the road.

**The amended motion, to approve G1, passed, unanimously, 7-0.**

**Councilmember Salomon moved K1 to amend the Planning Commission's recommendation to change MUR-35' to R-6 north of Paramount Open Space, between 10th and 11th Avenues NE and between NE 152nd and 153rd Streets. The motion was seconded by Councilmember Hall.**

Councilmember Salomon stated that after consultation with Wetland Biologist and a Salmon Enhancement Specialist, and walking the area, he is convinced the Amendment will allow for protection of the wetlands from higher density impacts.

**Councilmember Scully moved to amend the K1 Amendment to include the entire Area of K to amend Planning Commission's recommendation to change MUR-35' and MUR-45' to existing zoning east of 10th Avenue NE and north of NE 152nd Street. The motion was seconded by Councilmember McConnell.**

Councilmember Scully stated that he supports Amendment K because of its distance from the Station. He shared that it is outside the walkshed and he does not see a need to upzone.

Councilmember McGlashan said he is not supporting the Amendment because the area can be serviced by transit to get to the Station. Councilmember Hall agreed and pointed out the area's proximity to commercial nodes and the Station. He said people will benefit from having amenities they can walk or bike to, and that the proposed rezone is supported by three years of study.

Mayor Roberts stated he supports the Amendment to minimize transitions and not go beyond the scope of the Station area.

Councilmember McConnell stated she will be supporting the Amendment to focus rezoning within the walkshed.

Deputy Winstead expressed that she is leaning toward supporting K because of its proximity to Paramount Park, and stated that the 15<sup>th</sup> Avenue Business District is not the same as the one located on 5<sup>th</sup> Avenue.

**The motion to amend Amendment K1 to include the entire area of K, passed 4-2-1, with Councilmember McGlashan and Hall voting no, and Councilmember Salomon abstaining.**

**The amended motion to approve the entire area of K, failed, 3-3-1, with Deputy Mayor Winstead and Councilmembers McGlashan and Hall voting no, and Councilmember Salomon abstaining.**

**Deputy Mayor Winstead moved to reconsider the previous motion. The motion was seconded by Councilmember Scully.**

At 9:04 p.m., Mayor Roberts called for a six minute recess, and at 9:17 p.m. he reconvened the meeting.

Margaret King, City Attorney, advised that Deputy Mayor's motion to reconsider the previous motion was in order and any Councilmember can second it.

Deputy Mayor Winstead withdrew her motion. Councilmember Scully asked if instead the motion to amend Amendment K1 to include the entire Area K could be reconsidered. Ms. King stated she would need to conduct research and report back to Council.

**Councilmember Scully moved to amend Amendments H, I, and J to the Planning Commission's recommendation as follows: H to change MUR-35 to R-6 between NE 145th and 148th Streets and between 10th and 12th Avenues NE; I: to change MUR-45' to R-6 in**

**square between NE 147th and 148th Streets on the east side of 12th Ave NE; and J to change all MUR-35 and MUR-45 that are currently zoned R-6 between 12th and 15th Avenues NE and between NE 147th and 152nd Streets. The motion was seconded by Councilmember McConnell.**

Councilmember Hall noted that staff did not recommend supporting these Amendments and stated they would position R-6 next to MUR-70 making them inconsistent with transition criteria.

Councilmember Scully commented that these amendments recognize that a portion of the area is already zoned for commercial business and the Amendments do not create any additional conflicts.

Councilmember Salomon stated his inclination is to oppose the motion, and reminded Council that he will be recommending this area to be rezoned in Phase 2.

Mayor Roberts stated he will be supporting the motion but his preference is to keep Area H MUR-35 because it is adjacent to 145<sup>th</sup> Street, and in the walkshed. He referenced the Map and stated he wants to be thoughtful and deliberate about transitions in this area and how the 15<sup>th</sup> Avenue Corridor will look.

Councilmember McConnell pointed out that this area is outside the half mile walkshed.

**The motion failed 3-4, with Mayor Roberts and Councilmember Scully and McConnell voting yes.**

**Councilmember Hall moved J1 to amend the Planning Commission's recommendation to change parcels currently zoned Community Business (CB) to MUR-70' on the west side of the intersection of 15th Avenue NE and NE 147th Street. The motion was seconded by Councilmember Scully.**

Councilmember Hall explained that this is a staff initiated amendment to clean up zoning to match the rest of the commercial zoning in that area.

**The motion to amend the Planning Commission's recommendation with J1 passed unanimously, 7-0.**

**Deputy Mayor Winstead moved M and M1 to amend the Planning Commission's recommendation to change R-6 to MUR-35 one parcel deep on the west and east sides of 5th Avenue NE up to Ridgecrest Business District; and since L previously passed, change zoning within one parcel depth on the east and west side of 5th Avenue NE between NE 155th St and NE 158th St back to MUR-35. The motion was seconded by Councilmember McGlashan.**

Deputy Mayor Winstead stated the Amendment focuses on increasing density up to the Ridgecrest Business District, which will improve walkability, offer more housing options, and create business opportunities. She said this zoning was studied in the Connecting Corridor

scenario, and the Amendment is comparable to what was done in the 185<sup>th</sup> Subarea rezone to connect the Station Area to the Aurora Avenue Corridor.

Councilmember McGlashan commented on the importance of connecting communities, stated development can lead to road improvements, and noted that 5th Avenue NE is used by transit. He said the connectivity will help develop the Avenue, and he will be supporting the motion.

Councilmember Scully stated he does not support the Amendment because the area is outside the Station walkshed, will increase traffic in the area, and possibly cause conflicts with R-6. He recommended looking at Ridgecrest separately in future planning.

Councilmember Hall stated the proposal is only one parcel deep at MUR-35, and he does not anticipate seeing massive buildings that disrupt the neighborhood. He shared that although it is not in the core of the Station walkshed, he sees an advantage for the Ridgecrest Business Community and for 5th Avenue becoming a boulevard that connects it to the Station. He said he will support the Amendment.

Councilmember Salmon recalled a conversation during the 185<sup>th</sup> Street Station Subarea process where the Economic Development Manager spoke about the need to first have a corridor with MUR-35 development, as proof that it works, before MUR-70 investors will come aboard. Ms. Redinger confirmed that is generally how growth happens. Councilmember Salomon asked if it will be difficult to aggregated land in Area M since it is only one parcel deep and has a minimum density of MUR-35. Mr. Szafran responded that it has not proven to be a problem in the 185<sup>th</sup> Street Station Subarea.

Councilmember Salomon agreed with Deputy Mayor Winstead that the Amendment will connect this area to the Station, and shared that there is the benefit of adding density to a business district that has the potential to grow. He stated that a lot of MUR-35 zoning has been removed and that there is a future benefit to vote for Area M.

Mayor Roberts said he understands the long term rational to increase the density in this area, similar to the 15<sup>th</sup> Avenue Corridor, but expressed that he continues to support the Station area remaining compact as presented in the maps. He said it will surprise residents to see Area M rezoned, and he will be opposing the amendment.

Deputy Mayor Winstead clarified that the Amendment has been studied and discussed, shared that the higher the density in the area the better the transit service will be, and said she does not believe the hills in the area will dissuade people from riding their bikes.

**The motion passed, 4-3, with Mayor Roberts, and Councilmembers McConnell and Scully voting no.**

**Councilmember McConnell moved B to amend the Planning Commission's recommendation to change MUR-45' to MUR-35' between 1st and Corliss Avenues N and NE 148th and 149th Streets. The motion was seconded by Councilmember Scully.**

Councilmember McConnell commented that this area is outside the walkshed and that without the installation of a pedestrian bridge she does not support higher density. She said a better transition is also needed going from R-6 to MUR-45.

Councilmember Hall stated partnerships can be developed to secure funding for a pedestrian bridge. He advised that adoption of policy and land use, and committing to a bridge to safely get people to light rail is required. He shared why he is convinced that the City can get a bridge built and said he will keep working on it. He said he is comfortable keeping these areas at MUR-45, and noted that with the bridge, Area B will be inside the walkshed.

Mayors Roberts stated he will be supporting the Amendments to protect the transitions.

Councilmember Salomon pointed that the remaining R-6 in this area it will ultimately become a park and there will be less need for a transition zone.

**The motioned failed 2-5, with Mayor Roberts and Councilmember McConnell voting yes.**

Mayor Roberts pointed out five parcels on 147<sup>th</sup> Street that are MUR-35, said the remaining parcels are R-6, and suggested they also be changed to R-6. Councilmember Hall questioned where zoning boundaries should be changed, and said he does not believe there is a right or wrong answer. Councilmember Scully asked a procedural question about a motion regarding the five parcels. Jessica Simulcik Smith, City Clerk, responded that the five parcels can be considered in a motion since this would be a new motion that was not previously considered.

**Councilmember Scully moved to change parcels 900, 904, 910, 916 and 924, on 147<sup>th</sup> from MUR- 35 back to R-6 in subsection G. The motion was seconded by Councilmember Salomon.**

Councilmember Scully commented that a transition area is needed because of the steep slope in this area, and shared that his original intent was to make this area part of Area F. Councilmember Salomon agreed.

**Councilmember Salomon moved to amend the motion to add 901, 905, 911, and 915 on 148<sup>th</sup> Street. The motion was seconded by Councilmember Scully.**

**Councilmember Hall moved to extend the meeting to 11:00 p.m. The motion was seconded by Councilmember Scully, and passed 6-1 with Councilmember McConnell voting no.**

Councilmember Salomon pointed out that there are steep slopes near the four parcels and he believes a higher density will negatively impact the area. Councilmember Hall stated that there are a lot of developments in Shoreline on steep slopes, and provided examples of how topography can be used to develop on steep slopes.

**The Amendment to amend the motion to add 901, 905, 911, and 915 passed 4-3, with Deputy Mayor Winstead, and Councilmembers McGlashan and Hall voting no.**



**The motion to change 900, 904, 910, 916 and 924 on 147<sup>th</sup> Street, and 901- 905, 911, 915 on 148<sup>th</sup> Street from MUR- 35 back to R-6 in Area G, as amended, passed 4-3, with Deputy Mayor Winstead, and Councilmembers McGlashan and Hall voting no.**

Ms. King advised on the previous parliamentary procedure question explaining that a motion to reconsider can be applied to the motion to include the entire area of K (the 3-3-1 vote), but it cannot be applied to the motion to amend K1 to include the entire area of K (vote of 4-2-1). Since Amendment K-1 was never voted on, it could be presented as a new motion.

**Councilmember Salomon moved to adopt Amendment K-1. The motion was seconded by Councilmember Hall.**

Councilmember Salomon shared that he walked the area with a Wetland Biologist and an Ecology Expert. He said the steep slopes extend into Paramount Park and development in this area can adversely impact the Park.

**The motion passed unanimously, 7-0.**

**Councilmember Hall moved Amendment H1 to amend the Planning Commission's recommendation to change MUR-35 to R-6 west of 12<sup>th</sup> Avenue between NE 147<sup>th</sup> Street and 14615 12<sup>th</sup> Avenue NE. The motion was seconded by Councilmember Scully.**

Mayor Roberts stated that the Amendment will keep the entire cul-de-sac at the same zoning.

**The motion passed 6-1, with Councilmember McGlashan voting no.**

**Councilmember McGlashan moved to rezone all the properties fronting 155<sup>th</sup> from I-5 to 14<sup>th</sup> Avenue NE (106 NE 155<sup>th</sup> Street to 1216 155<sup>th</sup> Street) to MUR-35. The motion was seconded by Councilmember Hall.**

Councilmember McGlashan stated that the Amendment would help to create a boulevard effect and transition boundary lines.

**The motion failed 3-3-1, with Deputy Mayor Winstead, and Councilmembers McGlashan and Hall voting yes. Councilmember Salomon abstained.**

At 10:19 p.m., Mayor Roberts convened a five minute recess. At 10:20 p.m. the meeting reconvened.

**Councilmember Salomon moved to amend the main motion to include Phased Zoning for Ordinance No. 751. The Ordinance and the Official Zoning Map would be amended to denote 2 phases, the first phase being effective immediately and the second phase being effective 17 years from the date of adoption of Ordinance No. 751 provided that the ordinance has not been replaced or otherwise amended. The motion was seconded by Councilmember McConnell.**

Councilmember Salomon stated that the Amendment encourages the highest density in Phase 1. He noted Phase 1 is predominantly within the half mile walkshed, accommodates a non-motorized bridge, and will help prevent spot development. He said Phase 2 will provide developers more market opportunities and address concerns if they were hesitant about locating in Phase 1. He added that the release date for Phase 2 can be discussed.

Councilmember Hall stated he opposes the motion and shared that he believes that the phasing approach dictates to owners what to do with their property. His preference is to put all the zoning in place and let the individual owners make decisions about their property.

Councilmember McGlashan noted that the 145<sup>th</sup> Street Station Subarea is smaller than 185<sup>th</sup> and therefore phased zoning is not needed. He said the rezone to accommodate higher density is appropriately pocketed around the Station and he will not be supporting the motion.

Mayor Roberts stated he will be supporting the motion. He shared that he supports not allowing R-6 development in MUR-45 in the area on the west side of Interstate 5 until a bridge is built.

Deputy Mayor Winstead pointed out that it is a small area, and said she is not supporting the motion because there will be a better opportunity to leverage funding for a bridge at 147<sup>th</sup> Street if density is included in the Plan.

Councilmember Scully stated he will be supporting the motion because he is concerned about the areas to the east, and a phased approach will provide future Councils an opportunity to see how things develop.

Councilmember McConnell said because she did not support upzoning the areas that failed to remain R-6 east of I-5, that she will be supporting phased zoning.

**The motion passed 4-3 with Deputy Mayor Winstead and Councilmembers McGlashan and Hall voting no.**

**Councilmember Hall moved adoption of the set of Subarea Plan amendments to Ordinance No. 750 to include Amendments 1, 2, and 3 listed for Roberts; Amendment 1 listed under Hall; Amendment 1 and 2 listed under McGlashan; and Amendment 1 listed under Salomon.**

**The motion was seconded by Councilmember McGlashan.**

Councilmember Hall explained that adoption of these policy amendments will improve the Community by developing policies to support purchasing critical area property, placing a lid over I-5 or creating a new crossing, pedestrian improvements, a non-motorized trail, and the development and expansion of park space.

Councilmember McGlashan pointed out that the Amendment will connect the 145<sup>th</sup> and 185<sup>th</sup> Street Stations by a safe trail underneath the light rail track. Councilmember Salomon added that his amendment includes policy to establish active park space with active recreation areas near denser development and outside wetland and other critical areas.

**The motion passed unanimously, 7-0.**

**Councilmember Hall moved that staff make the appropriate amendments to the Comprehensive Plan Map consistent with the amendments Council made to the zoning map, but with the understanding that Phasing only applies to the zoning map. The motion was seconded by Deputy Mayor Winstead.**

Councilmember Hall commented that the Amendment will provide consistency between the Comprehensive Plan and zoning maps.

**The motion passed unanimously, 7-0.**

**Councilmember Hall moved to authorize City Staff to remove all “draft” references in the 145th Street Station Subarea Plan and to replace all comprehensive land use and zoning maps so as to reflect the changes adopted tonight. The motion was seconded by Councilmember McConnell.**

**The motion passed unanimously, 7-0.**

Councilmembers made final comments regarding the adoption of Ordinance Nos. 750 and 751.

Councilmember Scully expressed that it is not his ideal plan, but said he will be supporting the motion. He said the Amendments keep development away from Paramount Open Space and concentrated around the Station. Councilmember Hall concurred, and said it is a better product because of the Community input received.

Mayor Roberts extended his appreciation to the Planning Commission, staff, and the public. He said the Amendments meet the goals of the City’s Light Rail Guiding Principles and focuses development around the Station. He said he will support the motion, and recommended that future corridors like 15<sup>th</sup> Avenue, 5<sup>th</sup> Avenue, and 185<sup>th</sup> Street be treated separately from station area planning.

Councilmember Salomon expressed his ultimate respect for his fellow Councilmembers and the Community, and said the process was respectful.

Deputy Mayor Winstead expressed gratitude to the residents for participating in the process, and reassured them that the Council listens to, reads, and considers their testimony and written comments. She also expressed respect for the process and fellow Councilmembers.

Councilmember McConnell thanked everyone for reaching out to her. She stated that her amendments were crafted by the comments she received from the Community, and said she is pleased with the outcome.

**The main motion to adopt Ordinance No. 750 amending the Comprehensive Plan and the Future Land Use Map to include the 145th Street Station Subarea Plan, and adopt Ordinance No. 751, amending the Official Zoning Map to implement the Plan, as amended, passed unanimously, 7-0.**

**Councilmember Hall moved to extend the meeting to 11:30 p.m. The motion was seconded by Deputy Mayor Winstead, and passed unanimously, 5-2 with Mayor Roberts and Councilmembers McConnell voting no.**

**Councilmember Hall moved to adopt Ordinance No. 756, amending the City's Light Rail Station Subarea regulations set forth in Title 20 of the Shoreline Municipal Code, relating to both the 145th and 185th Subareas, as recommended by the Planning Commission. The motion was seconded by Deputy Mayor Winstead.**

**Councilmember Hall moved to amend the main motion to change minimum density in the MUR-70' zone from 80 dwelling units per acre to 48 dwelling units per acre. The motion was seconded by Councilmember Scully.**

Councilmember Hall shared that he appreciates the Planning Commission planning for higher minimum density to promote development projects, but stated that he prefers to have the 48 dwelling units per acre that has been discussed for years.

**The motion passed unanimously, 7-0.**

**Councilmember Hall moved to amend the Planning Commission's recommendation to change 20.40.160 to not allow single-family detached in the MUR-45' zone. The motion was seconded by Councilmember Salomon.**

Councilmember Hall shared why the Amendment encourages more energy efficiency, is economical, better for environment, and promotes affordable housing.

Councilmember Scully commented that those are not reasons for not allowing single family detached units in MUR-45, and said the amendment restricts property owners from developing their property.

Mayor Roberts stated he will be supporting the Amendment, that it does allow an owner to rebuild and increase their footage by 50%, and it discourages the building of McMansions.

**The motion passed, 4-3, with Councilmembers McConnell, Salomon, and Scully and voting no.**

**Councilmember Hall moved to amend the Planning Commission's recommendation to strike "and MUR-45" in 20.40.506. The motion was seconded by Councilmember McConnell.**

Councilmember Hall explained that the Amendment provides consistency in the Shoreline Municipal Code.

**The motion passed to, 6-1 with Councilmember Scully voting no.**

**Councilmember Hall moved to amend the Development Code to strike “and detached” in 20.50.125. The motion was seconded by Councilmember Salomon.**

Councilmember Hall said the Amendment is a technical clean up.

**The motion passed, 6-1 with Councilmember Scully voting no.**

Mayor Roberts asked clarifying questions regarding Shoreline Municipal Code 20.50.020 Dimension Requirements and Setbacks. Mr. Szafran explained that requirements can be evaluated by Public Works or the maximum required setback can be used. Mayor Roberts said his preference would have been to use the maximum required setback, and said the language is ambiguous.

**The motion to adopt Ordinance No. 756, as amended, passed, 6-1 with Councilmember Scully voting no.**

**Councilmember Hall moved to adopt Ordinance No. 752, enacting a Planned Action Ordinance for the 145th Street Station Subarea, as recommended by the Planning Commission. The motion was seconded by Councilmember McGlashan.**

Councilmember Hall stated that concerns regarding adopting a Planned Action Ordinance for the 145<sup>th</sup> Street Station Subarea have been addressed, the Final Environmental Impact Statement is reasonable, and the City Attorney has advised that it is legal.

Councilmember Scully stated he opposes the adoption of Ordinance No. 752 because a significant number of new dwelling units have already been exempted, and the Ordinance exempts every project within the Planned Action Ordinance from the Statement of Environmental Policy Action (SEPA) review and said it will not allow for valuable public comment.

**Councilmember Hall moved to amend the Planned Action Boundary Line denoted on Exhibit C to the Ordinance to encompass only those areas within the 145th Street Station Subarea zoned MUR-45 and MUR-70 on the City’s Official Zoning Map adopted tonight via Ordinance No. 751. The motion was seconded by Councilmember McGlashan.**

Councilmember Hall stated the Amendments supports the Planning Commission’s recommendation using the City’s Official Zoning Map adopted tonight.

**The motion passed unanimously, 7-0.**

**Councilmember Hall moved to amend the mitigation measures set forth in Exhibit A to the Ordinance to reflect only those mitigation measures necessary to address the environmental impacts based on the Planned Action Boundary line adopted tonight, and authorizes staff to make these necessary changes. The motion was seconded by Deputy Mayor Winstead.**

**Councilmember Hall moved to extend the meeting to 11:35 p.m. The motion was seconded by Deputy Mayor Winstead and passed unanimously, 7-0.**

**The motion to amend the mitigation measures set forth in Exhibit A to the Ordinance passed unanimously, 7-0.**

**Councilmember Hall moved to amend the Development Regulations set forth in Exhibit B to the Ordinance to reflect the amendments adopted earlier tonight via Ordinance No. 756. The motion was seconded by Deputy Mayor Winstead.**

**The motion passed unanimously, 7-0.**

**The vote on the Main Motion: Adoption of Ordinance No. 752, enacting a Planned Action Ordinance for the 145th Street Station Subarea, as amended, passed 5-2, with Mayor Roberts and Councilmember Scully voting no.**

At 11:30 p.m., Mayor Roberts declared the meeting adjourned.

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Jessica Simulcik Smith, City Clerk

**CITY OF SHORELINE**  
**SHORELINE CITY COUNCIL**  
**SUMMARY MINUTES OF SPECIAL MEETING**

Monday, October 10, 2016  
5:30 p.m.

Conference Room 303 - Shoreline City Hall  
17500 Midvale Avenue North

PRESENT: Mayor Roberts, Deputy Mayor Winstead, Councilmembers Scully, Hall, McConnell, and Salomon

ABSENT: Councilmember McGlashan

STAFF: Debbie Tarry, City Manager; Eric Friedli, Parks, Recreation and Cultural Services Director; Shawn Ledford, Police Chief; and Bonita Roznos, Deputy City Clerk

GUESTS: Shoreline School District Board: President David Wilson, Vice President Debi Ehrlichman, Boardmembers Mike Jacobs and Dick Nicholson, Superintendent Rebecca Miner, Deputy Superintendent Marla Miller, Shorecrest Student Representative Owen Leupold, and Shorewood Student Representative Luke Gersmehl-Hudson

At 5:34 p.m., the meeting was called to order by Mayor Roberts.

Rebecca Miner, Shoreline School District Superintendent, thanked Councilmembers for the opportunity to be present tonight and for their partnership. She shared that Facility Planning and the February 2017 Capital Bond Issue are top priorities for the District. She said the District completed a Demographic Study, a Building Conditions Study, formed an Instruction Program Planning Committee (IPPC) and a Facility Committee, to help address the future of the District. She reviewed the IPPC's recommendations to address Early Learning and High Capable Programs, and Grade Band Configuration. She shared that the Facility Committee recommended placing a \$250 Million Bond Request on the February 2017 Ballot, and highlighted projects the bond will fund. She shared that student enrollment is 9,342 and increasing. She noted there are 687 students enrolled in kindergarten and said they are no longer accepting students outside the District's boundary. She presented District highlights, including rankings and awards received by Shoreline Schools.

Mayor Roberts asked if projected student enrollments include consideration of the Station Subarea rezones. Ms. Miner responded that it has been factor into projections, and they realize that enrollments will depend on what gets build. Councilmember Salomon asked how the proposal to address the McCleary Decision will impact the Shoreline School District if localized funds are distributed throughout the State. Ms. Miner shared that legislators are proposing a Property Tax Levy Swap, and said the District could potentially realize a \$6 million shortfall, resulting in teacher's lays off in a teacher shortage environment. She said they are working with

their legislators to find solutions, and preparing two budgets. Ms. Miller added that the State can also consider taking on compensation.

Ms. Tarry shared that the City Council adopted the 145<sup>th</sup> Station Subarea Plan and noted changes that could impact the District. She said Phase I took effect five days after adoption of the Ordinance and Phase 2 will activate in 2033. She stated the City is working with Sound Transit, who are now at 30% Final Design Phase, to ensure good access points and safely get people to the Stations. She shared that ST3 is on the November Ballot and includes improvements to the 145<sup>th</sup> Street Corridor from Interstate 5 east to Lake City Way and Bus Rapid Transit service connections to Bothell, Kenmore, and Lake Forest Park. She provided an update on the City's single family and multifamily housing development activity. She noted there were 200 new single family housing units developed since January 2015 and 588 multifamily units.

Eric Friedli, Parks, Recreation and Cultural Services Director, shared that the City is updating the Parks, Recreation, and Open Space Plan, and reviewed the process and timeline. He said the Plan's theme is centered on "Securing Our Foundation" and "Shaping Our Future", and shared strategies that can be taken to meet theme objectives. He said a feasibility study is being conducted for a Community/Aquatics Center, and Don Dalziel from the District, the YMCA, and other partners providing recreational services to the Community are included in discussions.

Police Chief Ledford talked about law enforcement and civilians' events headlining news. He said the goal of the Shoreline Police Department is to be proactive in building relationships and trust. He shared about meeting with Black students from Shorewood High School to discuss their concerns, and address perceptions and expectations. He described the meeting as positive, acknowledged the students expressed legitimate concerns about what they are seeing in the news, and said students are looking for solutions. He stated that the Police Department is looking for more opportunities to engage students and develop relationships. He shared the Shorewood Girls Volleyball Team and Shoreline Police Officers participated in a volleyball match, and said additional relationship building activities are planned for the winter. He noted the great work School Resource Officer Greg McKinney is doing at the high schools, developing relationships with students and appropriately handling situations as they arise.

Ms. Miner shared about her discussion with Ms. Tarry for funding to allow officers to share a meal with students on campus. Ms. Tarry suggested that every school have police officer visits so it will be seen as a normal routine. Boardmember Nicholson commended the police officers that attended his block party and stated that officers should continue to attend community events. Vice President Ehrlichman expressed that she is proud of the Shoreline Police and appreciates their participation at community events. She requested that Resource Officers be provided for each side of the District and include the elementary schools. Councilmember McConnell agreed that a fulltime Resource Office is needed to cover both sides of the District.

Councilmember Salomon asked the Student Representatives if they have seen a deescalation in violence with the presence of the Resource Office on campus. Shorecrest Student Representative Leupold commented on hearing positive feedback regarding the Officer, and said he is well respected and his presence makes a difference.



Shorewood Student Representative Luke Gersmehl-Hudson stated that it is helpful for the police to have a regular presence on campus and expressed that people care for civic issues. He said students see the officers on campus and grow to care about them.

Chief Ledford talked about the success of the Nurturing Trust Program and said they are looking for opportunities to provide sessions to more community residents.

Mayor Roberts thanked Ms. Miner for the opportunity to present Constitution Day Proclamations to Shorecrest and Shorewood High Schools, and said he enjoys participating in school events. He also thanked School Boardmembers for supporting the City's Levy Lid Lift.

At 6:36 p.m. the meeting was adjourned.

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Bonita Roznos, Deputy City Clerk

DRAFT

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Authorize the City Manager to Execute an Interlocal Agreement Between the City of Shoreline and the State of Washington Department of Social and Health Services for the Community Settings Respite Care Program
<b>DEPARTMENT:</b>	Parks, Recreation, and Cultural Services
<b>PRESENTED BY:</b>	Mary Reidy, PRCS Recreation Supervisor
<b>ACTION:</b>	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:**

Certain members of City's Specialized Recreation Program qualify for reimbursement of their program fees through the Washington State Department of Social and Health Services (DSHS) Community Settings Respite Care Program. In 2013, the City of Shoreline and the DSHS Respite Care Program entered into an Interlocal Agreement that allows the City to bill DSHS for program fee reimbursement. This Interlocal Agreement is now due for renewal.

Renewing the Respite Care Agreement allows for uninterrupted service delivery of Shoreline recreation programs for Respite Care qualified Specialized Recreation participants. The new Respite Care Agreement is identical to the old agreement, except for the term of the agreement. The new term for the Respite Agreement would be December 1, 2016 through September 30, 2019.

**FINANCIAL IMPACT:**

This contract does not include any expense on the City's part.

**RECOMMENDATION**

Staff recommends that Council authorize the City Manager to enter into an Interlocal Agreement with the Washington State Department of Social and Health Services Community Settings Respite Care Program.

Approved By:            City Manager **DT**    City Attorney **MK**

## **BACKGROUND**

Certain members of City's Specialized Recreation Program qualify for reimbursement of their program fees through the Washington State Department of Social and Health Services (DSHS) Community Settings Respite Care Program. In 2013, the City of Shoreline and the DSHS entered into an Interlocal Agreement that allows the City to bill DSHS for program fee reimbursement. This Interlocal Agreement is now due for renewal. Renewing the Respite Agreement allows for uninterrupted service delivery of Shoreline recreation programs for Respite Care qualified Specialized Recreation participants.

In 2015, the City had 19 Specialized Recreation participants that qualified for reimbursement from the State. The total amount of state reimbursement equaled \$21,848. These reimbursed costs were reimbursed through the Respite Care program and another agreement the City has with DSHS for reimbursement. Shoreline has a variety of specialized recreation offerings including weekend trips, special events and adult day programs for individuals with developmental disabilities. This agreement provides specialized recreation participants improved access to these programs and facilities.

## **DISCUSSION**

The new Respite Care Agreement (Attachment A) is identical to the old agreement, except for the term of the agreement. The new term for the Respite Care Agreement would be December 1, 2016 through September 30, 2019. The Respite Care Agreement can be terminated by either party with 30 days of written notice.

The ability for participants to utilize DSHS funding is one factor that makes the City of Shoreline's specialized recreation program attractive to participants. In addition, it supports accessibility to participants who do not have the ability to manage the complicated billing process themselves.

### **FINANCIAL IMPACT:**


This contract does not include any expense on the city's part.

## **RECOMMENDATION**

Staff recommends that Council authorize the City Manager to enter into an Interlocal Agreement with the Washington State Department of Social and Health Services Respite Care Program.

## **ATTACHMENTS**

Attachment A: December 1, 2016 – September 30, 2019 Interlocal Agreement Between the City of Shoreline and the Washington State Department of Social and Health Services for the Community Settings Respite Care Program

		<b>INTERLOCAL AGREEMENT</b> <b>Community Settings Respite Care</b> (excluding IFS Program Participants)		DSHS Agreement Number: 1664-75393	
This Agreement is by and between the State of Washington Department of Social and Health Services (DSHS) and the Contractor identified below, and is issued pursuant to the Interlocal Cooperation Act, chapter 39.34 RCW.				Program Contract Number:  Contractor Contract Number: P1# 111961301	
CONTRACTOR NAME			CONTRACTOR doing business as (DBA)		
City of Shoreline			Parks, Recreation & Cultural Service Dept - 01		
CONTRACTOR ADDRESS			WASHINGTON UNIFORM BUSINESS IDENTIFIER (UBI)		DSHS INDEX NUMBER
17500 Midvale Ave N Shoreline, WA 98133-4921			601-638-167		22380
CONTRACTOR CONTACT		CONTRACTOR TELEPHONE	CONTRACTOR FAX		CONTRACTOR E-MAIL ADDRESS
Debra Tarry		(206) 801-2211			dtarry@shorelinewa.gov
DSHS ADMINISTRATION		DSHS DIVISION		DSHS CONTRACT CODE	
Developmental Disabilities Admin		Division of Developmental Disabilities		1803LP-64	
DSHS CONTACT NAME AND TITLE			DSHS CONTACT ADDRESS		
Lyuda Kozlova Contract Manager			1700 E Cherry St  Seattle, WA 98122		
DSHS CONTACT TELEPHONE		DSHS CONTACT FAX		DSHS CONTACT E-MAIL ADDRESS	
(206)568-5762		(206)720-3334		lyuda.kozlova@dshs.wa.gov	
IS THE CONTRACTOR A SUBRECIPIENT FOR PURPOSES OF THIS CONTRACT?			CFDA NUMBER(S)		
No					
AGREEMENT START DATE		AGREEMENT END DATE		MAXIMUM AGREEMENT AMOUNT	
12/01/2016		09/30/2019		Fee For Service	
<b>EXHIBITS. The following Exhibits are attached and are incorporated into this Agreement by reference:</b> <input checked="" type="checkbox"/> Exhibits (specify): Exhibit A - Rate Table <input type="checkbox"/> No Exhibits.					
The terms and conditions of this Agreement are an integration and representation of the final, entire and exclusive understanding between the parties superseding and merging all previous agreements, writings, and communications, oral or otherwise regarding the subject matter of this Agreement, between the parties. The parties signing below represent they have read and understand this Agreement, and have the authority to execute this Agreement. This Agreement shall be binding on DSHS only upon signature by DSHS.					
CONTRACTOR SIGNATURE		PRINTED NAME AND TITLE		DATE SIGNED	
DSHS SIGNATURE		PRINTED NAME AND TITLE		DATE SIGNED	

## DSHS General Terms and Conditions

1. **Definitions.** The words and phrases listed below, as used in this Contract, shall each have the following definitions:
- a. "Central Contract Services" means the DSHS central headquarters contracting office, or successor section or office.
  - b. "Confidential Information" or "Data" means information that is exempt from disclosure to the public or other unauthorized persons under RCW 42.56 or other federal or state laws. Confidential Information includes, but is not limited to, Personal Information.
  - c. "Contract" or "Agreement" means the entire written agreement between DSHS and the Contractor, including any Exhibits, documents, or materials incorporated by reference. The parties may execute this contract in multiple counterparts, each of which is deemed an original and all of which constitute only one agreement. E-mail or Facsimile transmission of a signed copy of this contract shall be the same as delivery of an original.
  - d. "Contracts Administrator" means the manager, or successor, of Central Contract Services or successor section or office.
  - e. "Contractor" means the individual or entity performing services pursuant to this Contract and includes the Contractor's owners, members, officers, directors, partners, employees, and/or agents, unless otherwise stated in this Contract. For purposes of any permitted Subcontract, "Contractor" includes any Subcontractor and its owners, members, officers, directors, partners, employees, and/or agents.
  - f. "Debarment" means an action taken by a Federal agency or official to exclude a person or business entity from participating in transactions involving certain federal funds.
  - g. "DSHS" or the "Department" means the state of Washington Department of Social and Health Services and its employees and authorized agents.
  - h. "Encrypt" means to encode Confidential Information into a format that can only be read by those possessing a "key"; a password, digital certificate or other mechanism available only to authorized users. Encryption must use a key length of at least 128 bits.
  - i. "Personal Information" means information identifiable to any person, including, but not limited to, information that relates to a person's name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, telephone numbers, Social Security Numbers, driver license numbers, other identifying numbers, and any financial identifiers.
  - j. "Physically Secure" means that access is restricted through physical means to authorized individuals only.
  - k. "Program Agreement" means an agreement between the Contractor and DSHS containing special terms and conditions, including a statement of work to be performed by the Contractor and payment to be made by DSHS.
  - l. "RCW" means the Revised Code of Washington. All references in this Contract to RCW chapters or sections shall include any successor, amended, or replacement statute. Pertinent RCW chapters can be accessed at <http://apps.leg.wa.gov/rcw/>.
  - m. "Regulation" means any federal, state, or local regulation, rule, or ordinance.

## DSHS General Terms and Conditions

- n. "Secured Area" means an area to which only authorized representatives of the entity possessing the Confidential Information have access. Secured Areas may include buildings, rooms or locked storage containers (such as a filing cabinet) within a room, as long as access to the Confidential Information is not available to unauthorized personnel.
  - o. "Subcontract" means any separate agreement or contract between the Contractor and an individual or entity ("Subcontractor") to perform all or a portion of the duties and obligations that the Contractor is obligated to perform pursuant to this Contract.
  - p. "Tracking" means a record keeping system that identifies when the sender begins delivery of Confidential Information to the authorized and intended recipient, and when the sender receives confirmation of delivery from the authorized and intended recipient of Confidential Information.
  - q. "Trusted Systems" include only the following methods of physical delivery: (1) hand-delivery by a person authorized to have access to the Confidential Information with written acknowledgement of receipt; (2) United States Postal Service ("USPS") first class mail, or USPS delivery services that include Tracking, such as Certified Mail, Express Mail or Registered Mail; (3) commercial delivery services (e.g. FedEx, UPS, DHL) which offer tracking and receipt confirmation; and (4) the Washington State Campus mail system. For electronic transmission, the Washington State Governmental Network (SGN) is a Trusted System for communications within that Network.
  - r. "WAC" means the Washington Administrative Code. All references in this Contract to WAC chapters or sections shall include any successor, amended, or replacement regulation. Pertinent WAC chapters or sections can be accessed at <http://apps.leg.wa.gov/wac/>.
2. **Amendment.** This Contract may only be modified by a written amendment signed by both parties. Only personnel authorized to bind each of the parties may sign an amendment.
3. **Assignment.** The Contractor shall not assign this Contract or any Program Agreement to a third party without the prior written consent of DSHS.
4. **Billing Limitations.**
- a. DSHS shall pay the Contractor only for authorized services provided in accordance with this Contract.
  - b. DSHS shall not pay any claims for payment for services submitted more than twelve (12) months after the calendar month in which the services were performed.
  - c. The Contractor shall not bill and DSHS shall not pay for services performed under this Contract, if the Contractor has charged or will charge another agency of the state of Washington or any other party for the same services.
5. **Compliance with Applicable Law.** At all times during the term of this Contract, the Contractor shall comply with all applicable federal, state, and local laws and regulations, including but not limited to, nondiscrimination laws and regulations.
6. **Confidentiality.**
- a. The Contractor shall not use, publish, transfer, sell or otherwise disclose any Confidential Information gained by reason of this Contract for any purpose that is not directly connected with Contractor's performance of the services contemplated hereunder, except:

## DSHS General Terms and Conditions

- (1) as provided by law; or,
  - (2) in the case of Personal Information, with the prior written consent of the person or personal representative of the person who is the subject of the Personal Information.
- b. The Contractor shall protect and maintain all Confidential Information gained by reason of this Contract against unauthorized use, access, disclosure, modification or loss. This duty requires the Contractor to employ reasonable security measures, which include restricting access to the Confidential Information by:
- (1) Allowing access only to staff that have an authorized business requirement to view the Confidential Information.
  - (2) Physically Securing any computers, documents, or other media containing the Confidential Information.
  - (3) Ensure the security of Confidential Information transmitted via fax (facsimile) by:
    - (a) Verifying the recipient phone number to prevent accidental transmittal of Confidential Information to unauthorized persons.
    - (b) Communicating with the intended recipient before transmission to ensure that the fax will be received only by an authorized person.
    - (c) Verifying after transmittal that the fax was received by the intended recipient.
  - (4) When transporting six (6) or more records containing Confidential Information, outside a Secured Area, do one or more of the following as appropriate:
    - (a) Use a Trusted System.
    - (b) Encrypt the Confidential Information, including:
      - i. Encrypting email and/or email attachments which contain the Confidential Information.
      - ii. Encrypting Confidential Information when it is stored on portable devices or media, including but not limited to laptop computers and flash memory devices.
  - (5) Send paper documents containing Confidential Information via a Trusted System.
  - (6) Following the requirements of the DSHS Data Security Requirements Exhibit, if attached to this contract.
- c. Upon request by DSHS, at the end of the Contract term, or when no longer needed, Confidential Information shall be returned to DSHS or Contractor shall certify in writing that they employed a DSHS approved method to destroy the information. Contractor may obtain information regarding approved destruction methods from the DSHS contact identified on the cover page of this Contract.
- d. Paper documents with Confidential Information may be recycled through a contracted firm, provided the contract with the recycler specifies that the confidentiality of information will be protected, and

## DSHS General Terms and Conditions

the information destroyed through the recycling process. Paper documents containing Confidential Information requiring special handling (e.g. protected health information) must be destroyed on-site through shredding, pulping, or incineration.

- e. **Notification of Compromise or Potential Compromise.** The compromise or potential compromise of Confidential Information must be reported to the DSHS Contact designated on the contract within one (1) business day of discovery. Contractor must also take actions to mitigate the risk of loss and comply with any notification or other requirements imposed by law or DSHS.
7. **Debarment Certification.** The Contractor, by signature to this Contract, certifies that the Contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency from participating in transactions (Debarred). The Contractor also agrees to include the above requirement in any and all Subcontracts into which it enters. The Contractor shall immediately notify DSHS if, during the term of this Contract, Contractor becomes Debarred. DSHS may immediately terminate this Contract by providing Contractor written notice if Contractor becomes Debarred during the term hereof.
8. **Governing Law and Venue.** This Contract shall be construed and interpreted in accordance with the laws of the state of Washington and the venue of any action brought hereunder shall be in Superior Court for Thurston County.
9. **Independent Contractor.** The parties intend that an independent contractor relationship will be created by this Contract. The Contractor and his or her employees or agents performing under this Contract are not employees or agents of the Department. The Contractor, his or her employees, or agents performing under this Contract will not hold himself/herself out as, nor claim to be, an officer or employee of the Department by reason hereof, nor will the Contractor, his or her employees, or agent make any claim of right, privilege or benefit that would accrue to such officer or employee.
10. **Inspection.** The Contractor shall, at no cost, provide DSHS and the Office of the State Auditor with reasonable access to Contractor's place of business, Contractor's records, and DSHS client records, wherever located. These inspection rights are intended to allow DSHS and the Office of the State Auditor to monitor, audit, and evaluate the Contractor's performance and compliance with applicable laws, regulations, and these Contract terms. These inspection rights shall survive for six (6) years following this Contract's termination or expiration.
11. **Maintenance of Records.** The Contractor shall maintain records relating to this Contract and the performance of the services described herein. The records include, but are not limited to, accounting procedures and practices, which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Contract. All records and other material relevant to this Contract shall be retained for six (6) years after expiration or termination of this Contract.

Without agreeing that litigation or claims are legally authorized, if any litigation, claim, or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

12. **Order of Precedence.** In the event of any inconsistency or conflict between the General Terms and Conditions and the Special Terms and Conditions of this Contract or any Program Agreement, the inconsistency or conflict shall be resolved by giving precedence to these General Terms and Conditions. Terms or conditions that are more restrictive, specific, or particular than those contained in the General Terms and Conditions shall not be construed as being inconsistent or in conflict.
13. **Severability.** If any term or condition of this Contract is held invalid by any court, the remainder of the



## DSHS General Terms and Conditions

Contract remains valid and in full force and effect.

**14. Survivability.** The terms and conditions contained in this Contract or any Program Agreement which, by their sense and context, are intended to survive the expiration or termination of the particular agreement shall survive. Surviving terms include, but are not limited to: Billing Limitations; Confidentiality, Disputes; Indemnification and Hold Harmless, Inspection, Maintenance of Records, Notice of Overpayment, Ownership of Material, Termination for Default, Termination Procedure, and Treatment of Property.

**15. Contract Renegotiation, Suspension, or Termination Due to Change in Funding.**

If the funds DSHS relied upon to establish this Contract or Program Agreement are withdrawn, reduced or limited, or if additional or modified conditions are placed on such funding, after the effective date of this contract but prior to the normal completion of this Contract or Program Agreement:

- a. At DSHS's discretion, the Contract or Program Agreement may be renegotiated under the revised funding conditions.
- b. DSHS's discretion, DSHS may give notice to Contractor to suspend performance when DSHS determines that there is reasonable likelihood that the funding insufficiency may be resolved in a timeframe that would allow Contractor's performance to be resumed prior to the normal completion date of this contract.
  - (1) During the period of suspension of performance, each party will inform the other of any conditions that may reasonably affect the potential for resumption of performance.
  - (2) When DSHS determines that the funding insufficiency is resolved, it will give Contractor written notice to resume performance. Upon the receipt of this notice, Contractor will provide written notice to DSHS informing DSHS whether it can resume performance and, if so, the date of resumption. For purposes of this subsection, "written notice" may include email.
  - (3) If the Contractor's proposed resumption date is not acceptable to DSHS and an acceptable date cannot be negotiated, DSHS may terminate the contract by giving written notice to Contractor. The parties agree that the Contract will be terminated retroactive to the date of the notice of suspension. DSHS shall be liable only for payment in accordance with the terms of this Contract for services rendered prior to the retroactive date of termination.
- c. DSHS may immediately terminate this Contract by providing written notice to the Contractor. The termination shall be effective on the date specified in the termination notice. DSHS shall be liable only for payment in accordance with the terms of this Contract for services rendered prior to the effective date of termination. No penalty shall accrue to DSHS in the event the termination option in this section is exercised.

**16. Waiver.** Waiver of any breach or default on any occasion shall not be deemed to be a waiver of any subsequent breach or default. Any waiver shall not be construed to be a modification of the terms and conditions of this Contract. Only the DSHS Contracts Administrator or designee has the authority to waive any term or condition of this Contract on behalf of DSHS.

### Additional General Terms and Conditions – Interlocal Agreements:

**17. Disputes.** Disputes shall be determined by a Dispute Board. Each party to this Agreement shall appoint one member to the Dispute Board. The members so appointed shall jointly appoint an

## DSHS General Terms and Conditions

additional member to the Dispute Board. The Dispute Board shall review the facts, Agreement terms, and applicable statutes and rules and make a determination of the dispute. As an alternative to this process, either party may request intervention by the Governor, as provided by RCW 43.17.330, in which event the Governor's process shall control. Participation in either dispute process shall precede any judicial or quasi-judicial action and shall be the final administrative remedy available to the parties.

### 18. Hold Harmless.

- a. The Contractor shall be responsible for and shall hold DSHS harmless from all claims, loss, liability, damages, or fines arising out of or relating to the Contractor's, or any Subcontractor's, performance or failure to perform this Agreement, or the acts or omissions of the Contractor or any Subcontractor. DSHS shall be responsible for and shall hold the Contractor harmless from all claims, loss, liability, damages, or fines arising out of or relating to DSHS' performance or failure to perform this Agreement.
- b. The Contractor waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend, and hold harmless the State and its agencies, officials, agents, or employees.

### 19. Ownership of Material.

Material created by the Contractor and paid for by DSHS as a part of this Contract shall be owned by DSHS and shall be "work made for hire" as defined by Title 17 USCA, Section 101. This material includes, but is not limited to: books; computer programs; documents; films; pamphlets; reports; sound reproductions; studies; surveys; tapes; and/or training materials. Material which the Contractor uses to perform the Contract but is not created for or paid for by DSHS is owned by the Contractor and is not "work made for hire"; however, DSHS shall have a perpetual license to use this material for DSHS internal purposes at no charge to DSHS, provided that such license shall be limited to the extent which the Contractor has a right to grant such a license.

### 20. Subrecipients.

- a. General. If the Contractor is a subrecipient of federal awards as defined by 2 CFR Part 200 and this Agreement, the Contractor shall:
  - (1) Maintain records that identify, in its accounts, all federal awards received and expended and the federal programs under which they were received, by Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the federal agency, and name of the pass-through entity;
  - (2) Maintain internal controls that provide reasonable assurance that the Contractor is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs;
  - (3) Prepare appropriate financial statements, including a schedule of expenditures of federal awards;
  - (4) Incorporate 2 CFR Part 200, Subpart F audit requirements into all agreements between the Contractor and its Subcontractors who are subrecipients;
  - (5) Comply with the applicable requirements of 2 CFR Part 200, including any future amendments to 2 CFR Part 200, and any successor or replacement Office of Management and Budget (OMB) Circular or regulation; and
  - (6) Comply with the Omnibus Crime Control and Safe streets Act of 1968, Title VI of the Civil Rights

## DSHS General Terms and Conditions

Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act of 1990, Title IX of the Education Amendments of 1972, The Age Discrimination Act of 1975, and The Department of Justice Non-Discrimination Regulations, 28 C.F.R. Part 42, Subparts C.D.E. and G, and 28 C.F.R. Part 35 and 39. (Go to [www.ojp.usdoj.gov/ocr/](http://www.ojp.usdoj.gov/ocr/) for additional information and access to the aforementioned Federal laws and regulations.)

- b. Single Audit Act Compliance. If the Contractor is a subrecipient and expends \$750,000 or more in federal awards from any and/or all sources in any fiscal year, the Contractor shall procure and pay for a single audit or a program-specific audit for that fiscal year. Upon completion of each audit, the Contractor shall:
  - (1) Submit to the DSHS contact person the data collection form and reporting package specified in 2 CFR Part 200, Subpart F, reports required by the program-specific audit guide (if applicable), and a copy of any management letters issued by the auditor;
  - (2) Follow-up and develop corrective action for all audit findings; in accordance with 2 CFR Part 200, Subpart F; prepare a "Summary Schedule of Prior Audit Findings" reporting the status of all audit findings included in the prior audit's schedule of findings and questioned costs.
- c. Overpayments. If it is determined by DSHS, or during the course of a required audit, that the Contractor has been paid unallowable costs under this or any Program Agreement, DSHS may require the Contractor to reimburse DSHS in accordance with 2 CFR Part 200.

### 21. Termination.

- a. Default. If for any cause, either party fails to fulfill its obligations under this Agreement in a timely and proper manner, or if either party violates any of the terms and conditions contained in this Agreement, then the aggrieved party will give the other party written notice of such failure or violation. The responsible party will be given 15 working days to correct the violation or failure. If the failure or violation is not corrected, this Agreement may be terminated immediately by written notice from the aggrieved party to the other party.
- b. Convenience. Either party may terminate this Interlocal Agreement for any other reason by providing 30 calendar days' written notice to the other party.
- c. Payment for Performance. If this Interlocal Agreement is terminated for any reason, DSHS shall only pay for performance rendered or costs incurred in accordance with the terms of this Agreement and prior to the effective date of termination.

- 22. **Treatment of Client Property.** Unless otherwise provided, the Contractor shall ensure that any adult client receiving services from the Contractor has unrestricted access to the client's personal property. The Contractor shall not interfere with any adult client's ownership, possession, or use of the client's property. The Contractor shall provide clients under age eighteen (18) with reasonable access to their personal property that is appropriate to the client's age, development, and needs. Upon termination of the Contract, the Contractor shall immediately release to the client and/or the client's guardian or custodian all of the client's personal property.

## Special Terms and Conditions

- 23. Definitions.** The words and phrases listed below, as used in this Contract, shall each have the following definitions:
- a. "Assistance" means help provide to a client for the purpose of aiding him/her in the performance of tasks.
  - b. "Authorized" means approved by a DDD case manager/social worker as evidenced by receipt of an SSPS Social Services notice.
  - c. "Case Resource Manager" means the DSHS or DDD worker assigned to a client and who authorized the services performed under this Contract.
  - d. "Client" means a person whom DSHS has determined financially and programmatically eligible to receive services and for whom specific services have been authorized.
  - e. "Community Settings" means a public place such as community center, senior center, city or county park and recreation, camps, or adult day care. Service cannot be provided in a private home.
  - f. "DDD" means the Division of Developmental Disabilities within the DSHS Aging and Disabilities Service Administration.
  - g. "In-home respite" means respite provided by a home care agency in the client's home. Upon client or primary caregiver request, home care agency provider may bring the client into their community.
  - h. "Individual Support Plan" or "ISP" means a written plan for long term care service delivery. The ISP identifies ways to meet the Client's needs with the most appropriate services.
  - i. "Out-of-home respite" means respite provide out of the client's home by a licensed or certified setting
  - j. "Personal care services" means those specific services defined in WAC 388-106 provided to DSHS clients.
  - k. "Physical Assistance" means the provision of hands-on assistance on the performance of daily tasks or activities.
  - l. "Primary Caregiver(s)" or "Caregiver" means the parents, legal guardians or other persons who have or assume primary responsibility for the necessary care of the client.
  - m. "Protective Supervision" means supervision to ensure the safety and well being of a client, exclusive of those responsibilities which should be assumed by a legal guardian.
  - n. "Provider One" means the DSHS payment system which is scheduled to replace the current SSPS payment system about November 2012.
  - o. "Respite Care" means intermittent relief for persons providing care for developmentally disabled individuals on either an emergency or planned basis.
  - p. "SSPS" means the Social Service Payment System, the service authorization and payment system used by DSHS.
  - q. "Transportation Services" means the process of transporting a client from one location to another.

## Special Terms and Conditions

- r. "Unusual Incidents" means a change in circumstances or events that concern a client's safety or well being. These may include, but are not limited to the following examples: an increased frequency, intensity, or duration of any medical conditions; adverse reactions to medication, severe behavioral incidents that are unlike the client's ordinary behavior, severe injury, running away, physical or verbal abuse to themselves or others, etc.

### 24. Purpose.

The purpose of respite care is to provide intermittent relief for persons providing care for individuals eligible for DDD services, on either an emergency or planned basis, to assist a client to remain in the least restrictive environment.

### 25. Contractor Qualifications.

- a. The Contractor shall be licensed, registered, and certified as is required by law.
- b. Community settings providing respite care must meet the regulations governing their business or activity.
- c. Contractors offered services must be published on website and include;
  - (1) Identified number of service hours being provided in your program/class/event including days/date and start and end time;
  - (2) Identify activities that will occur during program/class/event; and
  - (3) Published Fee schedule.
- d. The Contractor agrees to undergo a criminal history background check conducted by DSHS, as required by RCW 43.20A.710. If the Contractor has employees or volunteers who will have unsupervised access to Clients in the course of performing the work under this Contract, the Contractor will conduct criminal history background checks on those employees.

### 26. Statement of Work. The Contractor shall provide the services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

- a. Upon receipt of and in accordance with the provisions of a written service authorization form issued by DSHS to the Contractor shall:
  - (1) Provide physical assistance, support and protective supervision to the client in daily routine activities and to prevent injury to him or herself and to others;
  - (2) Obtain information about the client's identified needs and care requirements from the parent(s) or primary caregiver(s) and ensure that the client's needs are met while providing services;
  - (3) Contact the client's parent or primary caregiver(s) if the Contractor has not heard from them within seven (7) days of the Contractor's receipt of the service authorization to make arrangements for specific dates and times of care;
  - (4) Make arrangement with the primary provider of assistance for emergency medical treatment should this become a necessity;
  - (5) Ensure that the respite care is provided in the specific Community Setting and Respite services

## Special Terms and Conditions

provided are as authorized and outlined in the ISP. If additional hours/services are provided DSHS is not liable for payment;

- (6) Maintain copies of all service authorizations to provide services; and
  - (7) Complete and maintain copies of the work verification records for all services provided. These records shall be kept on file by the Contractor for the duration of this Contract and thereafter for a period of 6 years and will be available to DSHS upon request for purposes of audit, monitoring and/or service verification.
- b. The Contractor may also provide transportation to and from the respite services community resources and agencies as authorized and outlined in the ISP.
  - c. Maintain transportation records to document the dates, times, destinations, and distances of each Client's Transportation Services. Upon request, the Contractor shall make the records available to DSHS or DSHS/designee for review and audit.
  - d. Maintain sufficient vehicle and passenger insurance coverage in accordance with the requirements in this Contract.
  - e. Operate and maintain the transportation vehicles in a manner consistent with protecting and promoting the Client's health and welfare.
  - f. Community Settings shall provide all care that assists the client's participation in a safe manner.
  - g. Contractor shall provide written progress reports as requested by a DDD Case Resource Manager or per other DDD written guidelines.
  - h. Contractor shall not require client, client's guardian and/or client's legal representative to enter into any agreement releasing or limiting Contractor's legal liability for injuries arising out of premises operation, acts of independent contractors, products completion, or personal injuries sustained due to contractor's negligence in connection with providing services under this contract unless contractor, at the same time, requires client, client's guardian and/or client's legal representative to release the State of Washington and all of its agencies, agents, contractors, servants and employees from liability for any acts of contractor causing injuries arising out of premises operation, acts of independent contractors, products completion, or personal injuries sustained due to contractor's negligence in connection with providing services under this Contract.
  - i. Contractor shall ensure that they or their care providers possess the following minimum qualifications:
    - (1) Be eighteen (18) years of age or older;
    - (2) Possess the following minimum standards of knowledge and experience:
      - (a) General knowledge of acceptable standards of performance, including the necessity to perform dependably, report punctually, maintain flexibility, and to demonstrate kindness and caring to the client; and
      - (b) Knowledge of when and how to contact the client's representative and the client's case manager.
    - (3) Adequate skills to read, either directly or through an interpreter, understand, and implement the

## Special Terms and Conditions

services authorized in the plan;

(4) Adequate communication skills to convey and understand, either directly or through an interpreter, information required to implement the client's written ISP(s) and verbal instructions; and

(5) Adequate skills to maintain provider records of services performed and payments received.

j. Contractor shall ensure that the care providers are able to:

(1) Understand specific directions for providing the care that an individual client requires;

(2) Provide services within the scope of practice for their profession/skill level;

(3) Observe the client for change in health status, including weakness, confusion, and loss of appetite;

(4) Identify problem situations and take appropriate action;

(5) Respond to emergencies without direct supervision; and

(6) Accept the client's individual differences and preferences when performing routine tasks.

k. The Contractor shall provide after-service duties, including but not limited to:

(1) Satisfaction Surveys and/or follow-up contact with clients, their families, guardians or primary caregivers regarding their satisfaction with the services provided. Such surveys or follow up contact will include a process to document and report responses;

(2) Investigation, documentation and resolution of all complaints or incidents regarding the service provided; and

(3) Periodic monitoring of service documentation records, verification of provider qualifications, and of billing and payment data in SSPS, functions and documentation need to be performed in a manner that can be proven upon inspection.

The Contractor shall make available to DSHS any request for the inspection or verification of the above mentioned duties for monitoring purposes.

**27. Consideration.** Total consideration payable to Contractor for satisfactory performance of the work under this Contract shall be based on the following:

a. The fee for service shall not exceed the rate listed in Exhibit A – Rate Table.

b. DSHS will only reimburse the Contractor for the number of hours authorized and provided per client.

c. In case of a legislatively mandated vendor rate changes, the rates will be adjusted accordingly and will be incorporated into this Contract on the date the rate(s) become effective. DSHS will provide written notification of rate changes to the Contractor.

d. The fee for transportation is an established rate of 0.51 per mile. The monthly payment for all services provided to any Client will not exceed the amount authorized in the Client's ISP and in the

## Special Terms and Conditions

Social Service Payment System (SSPS). The rate established in this Contract is subject to change and does not require a contract amendment. Notification of rate changes will be made in a letter from DSHS to the Contractor. Rates shall not exceed the DSHS Aging and Disability Services Administration rates published for the Contractor's geographic area. Published rates are not disputable.

- e. DSHS shall reimburse the Contractor as preauthorized for fares and public transportation service at the actual costs. Such costs must not exceed the preauthorized amount.

### 28. Billing and Payment.

- a. DSHS shall issue invoices generated by SSPS to the Contractor.
- b. The Contractor shall indicate on each invoice received from DSHS whether the services were delivered.
- c. The Contractor shall submit the invoices for payment as directed on the invoice or by using Invoice Express.
- d. The Contractor shall contact the DSHS staff who authorized the services if there is any problem with the SSPS invoice.
- e. DSHS shall use the completed SSPS invoice to generate payment to the Contractor.
- f. DSHS shall not pay the Contractor for cancelled or missed appointments or for scheduled hours of service when clients are not seen or served by the Contractor.
- g. DSHS will not pay in advance of services being provided; all payments are contingent on completion of planned activity.
- h. In the event that the Client has fewer waiver resources available than the rate set in Exhibit A, the client or their family may choose to pay for additional hours of service but may not supplement the department's rate. The Contractor accepts the DSHS payment rate as sole and complete payment for the services provided under this Contract.
- i. If DSHS pays the Contractor for services authorized but not provided by the Contractor the amount paid shall be considered to be an overpayment.
- j. If this Contract is terminated for any reason, DSHS shall pay for only those services authorized and provided through the date of termination.
- k. DSHS Provider One payment system is scheduled to replace the current DSHS SSPS on or about November of 2012. In the event this contract is in place at that time DSHS will notify you of new billing instructions. Any new billing instructions will replace the SSPS billing instructions listed above and will thereby be incorporated by reference into this contract.

**29. Duty to Report Suspected Abuse.** The Contractor shall report, in accordance with state law, all instances of suspected Client abuse immediately to the Department at the current state abuse hotline (1-800-562-6078).

**30. Duty to Report Unusual Incidents.** The Contractor shall submit written information of any unusual incident to the DDD Resource Manager or the DSHS contact listed on page 1 of this Contract within seventy-two (72) hours.



### Special Terms and Conditions

31. **Duty to Report Death of Clients.** The Contractor shall report all deaths of DSHS clients receiving services from the Contractor within twenty-four (24) hours to the DDD Resource Manager or the DSHS contact listed on page 1 of this contract.
32. **Drug Free Workplace.** The Contractor, and the Contractor's employees and sub-contractors, shall abstain from the use of alcohol and illegal drugs in the workplace and in the performance of their duties.
33. **Insurance.**
- a. DSHS certifies that it is self-insured under the State's self-insurance liability program, as provided by RCW 4.92.130, and shall pay for losses for which it is found liable.
- b. The Contractor certifies, by checking the appropriate box below, initialing to the left of the box selected, and signing this Agreement, that:
- \_\_\_\_\_  The Contractor is self-insured or insured through a risk pool and shall pay for losses for which it is found liable; or
- \_\_\_\_\_  The Contractor maintains the types and amounts of insurance identified below and shall, prior to the execution of this Agreement by DSHS, provide certificates of insurance to that effect to the DSHS contact on page one of this Agreement.

Commercial General Liability Insurance (CGL) – to include coverage for bodily injury, property damage, and contractual liability, with the following minimum limits: Each Occurrence - \$1,000,000; General Aggregate - \$2,000,000. The policy shall include liability arising out of premises, operations, independent contractors, products-completed operations, personal injury, advertising injury, and liability assumed under an insured contract. The State of Washington, DSHS, its elected and appointed officials, agents, and employees shall be named as additional insureds.

### Exhibit A Rate Table

Provider	Rate	Payment Calculation	Payment Codes
Out-of home in a Adult day care center (must be contracted with the Area Agency on Aging (AAA))	\$10.03 hr  Daily = \$80.24 [8 hrs x \$10.03]	Not to exceed 8 hours in a 24 hour period.  Prior approval required to authorize more than 8 hours	8177, 8277, 8377, 8777
Camp and other community settings providing respite	\$17.46 hr	Community Settings will be reimbursed at the Contractor's published fee for services provided <u>unless</u> the number of hours authorized exceeds the number of hours of respite provided.  The maximum rate for one hour of service \$17.46.  Number of respite Hours = Cost of service (published fee) ÷ \$17.46.	8177, 8277, 8377, 8777

**Notes:**

- Respite and personal care cannot be paid at the same time for the same service. Respite services include any personal care and supervision that is needed.
- SSPS authorizations will be authorized at an hourly rate.
- A copy of the Contractor's Published Service and Fee Schedule can be located at the following web site  
<http://www.cityofshoreline.com/government/departments/parks-recreation-cultural-services>. A printed copy of the Contractor's Published Service and Fee Schedule shall be maintained in the Contractor's Contract file for each year services are provided by this Contract.

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Adoption of Resolution No. 396 Delegating Authority to Designate Expenditures for Reimbursement from Bonds that may be Authorized and Approved in the Future
<b>DEPARTMENT:</b>	Administrative Services Department
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Director
<b>ACTION:</b>	<input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:**

Internal Revenue Service (IRS) regulations allow the City within certain restrictions to reimburse eligible expenditures that have been contributed from other funds prior to bond issuance. The declaration of intent to reimburse from tax-exempt bond proceeds must be done within 60 days of the payment of the original expenditure of the funds, and, with limited exceptions, the reimbursement from bonds must be completed within three years of the date of the original expenditure.

Proposed Resolution No. 396 allows the City Manager or her designee to certify eligible expenses within 60 days of being incurred. The certification would become back-up documentation to the future reimbursement from bond proceeds. Council discussed this resolution at its meeting on October 17, 2016 and directed staff to return the resolution for adoption on the consent calendar.

**RESOURCE/FINANCIAL IMPACT:**

Without appropriate authorization to reimburse expenditures from potential future bond proceeds the City may incur higher interest and or arbitrage charges that could be avoided with timely documentation of potentially reimbursable expenses. The actual impact would be dependent on several factors including market rate of return, the amount of the bond issue and the amount of potentially reimbursable expenses.

**RECOMMENDATION**

Staff recommends that Council adopt Resolution No. 396 delegating authority to designate expenditures for reimbursement from bonds that may be authorized and approved in the future.

Approved By:            City Manager **DT**    City Attorney **MK**

## **BACKGROUND**

Issuers of governmental bonds, qualified 501(c)(3) bonds, and private activity bonds issued for the purpose of financing governmentally owned facilities, may allocate all or a portion of the proceeds of such bonds to the reimbursement of expenditures made prior to the date of issuance if certain rules are followed. These bonds are referred to as “reimbursement bonds.” If the rules are followed, the portion of the proceeds allocated to the reimbursement will be considered “spent” when the allocation is made, and will not be subject to the general arbitrage and rebate rules imposed under the Internal Revenue Code of 1986, as amended (the “Code”) and the federal tax regulations (the “Regulations”).

## **DISCUSSION**

During the financial planning process, the City may identify the potential need for future debt funding for a project. The City tries to time the issuance of the debt carefully to avoid unnecessary interest and administrative costs.

Once staff issues the debt, the City begins to incur interest costs and has monitoring requirements including the need to ensure that the City is not earning more interest than it is paying (called Arbitrage). Compliance monitoring continues throughout the life of a bond, but Arbitrage monitoring is only required until the bond proceeds are fully expended.

The IRS regulations would allow the City to identify potential reimbursable expenses in advance, thus allowing the City to have maximum flexibility on the timing of the Debt without delaying project expenditures. A good example of where this would be beneficial would be future work on the North Maintenance Facility, where timing of design and construction is unknown and immediate costs needed to complete planning is needed to proceed.

Proposed Resolution No. 396 (Attachment A) allows the City Manager or her designee to certify eligible expenses within 60 days of being incurred. The certification would become back-up documentation to the future reimbursement from bond proceeds. The IRS has developed rules related to reimbursement to prevent abuse of this management tool. These are described at Attachment B.

## **RESOURCE/FINANCIAL IMPACT**

Without appropriate authorization to reimburse expenditures from potential future bond proceeds the City may incur higher interest and or arbitrage charges that could be avoided with timely documentation of potentially reimbursable expenses. The actual impact would be dependent on several factors including market rate of return, the amount of the bond issue and the amount of potentially reimbursable expenses.

## **RECOMMENDATION**

Staff recommends that Council adopt Resolution No. 396 delegating authority to designate expenditures for reimbursement from bonds that may be authorized and approved in the future.

## **ATTACHMENTS**

Attachment A – Proposed Resolution No. 396, including Exhibit A  
Attachment B – Municipal Bonds: Reimbursement Rules

**RESOLUTION NO. 396**

**A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON, APPOINTING THE CITY MANAGER FOR THE PURPOSE OF DESIGNATING CERTAIN EXPENDITURES FOR REIMBURSEMENT FROM BONDS THAT MAY BE AUTHORIZED AND APPROVED BY THE CITY FOR ISSUANCE IN THE FUTURE.**

WHEREAS, the City of Shoreline, Washington (the “City”) issues tax-exempt obligations, including bonds, notes, and leases from time to time for the purpose of financing its governmental activities; and

WHEREAS, the United States Department of the Treasury has published regulations (the “Regulations”) governing the ability of the City to use the proceeds of tax-exempt obligations for reimbursement of prior expenditures; and

WHEREAS, the Regulations require that a governmental entity declare its intent (“Official Intent”) to issue tax-exempt bonds to reimburse itself for expenditures made prior to the issuance of such bonds before the expenditures are incurred and such Official Intent may be made by a representative of the entity authorized or designated for such purposes;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE HEREBY RESOLVES:

**Section 1.** The City Council hereby appoints and designates the City Manager, or his or her designee (the “Authorized Representative”) as the official responsible for issuing statements of Official Intent in compliance with Treasury Regulation Section 1.150-2. Upon a determination by the Authorized Representative that the costs of a particular capital project may be reimbursed from the proceeds of tax-exempt obligations of the City, the Authorized Representative is authorized and directed to execute a certificate of Official Intent, substantially in the form attached hereto as Exhibit A. Each certificate so executed shall become a part of the official records of the City available for public inspection and review.

**Section 2.** The adoption of this resolution and any statement of Official Intent made by the Authorized Representative shall not obligate the City to issue tax-exempt obligations. The issuance of such obligations shall require separate and additional official approval by the City Council.

**Section 3.** This resolution shall take effect and be in full force immediately after passage by the City Council.

**ADOPTED BY THE CITY COUNCIL ON NOVEMBER 7, 2016.**

\_\_\_\_\_  
Mayor Christopher Roberts

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Jessica Simulcik-Smith  
City Clerk

\_\_\_\_\_  
Pacifica Law Group LLP  
Bond Counsel

Date of Publication: \_\_\_\_\_, 2016

Effective Date: \_\_\_\_\_, 2016

**EXHIBIT A**

**FORM OF OFFICIAL INTENT CERTIFICATE**

Pursuant to Resolution No. 396 of the City of Shoreline, Washington (the “City”), the undersigned, [City Manager][\_\_\_\_\_, as designee of the City Manager], hereby states as follows:

Section 1. The City reasonably expects to reimburse the expenditures described herein with the proceeds of debt to be incurred by the City (the “Reimbursement Bonds”).

Section 2. The maximum principal amount of Reimbursement Bonds expected to be issued is \$[\_\_\_\_\_].

Section 3. The expenditures with respect to which the City reasonably expects to be reimbursed from the proceeds of Reimbursement Bonds will be made from the City’s [\_\_\_\_\_] Fund for project costs related to the [brief description of the project].

Dated this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
City Manager]  
[\_\_\_\_\_, as designee of the City Manager]



**EXHIBIT A**

**FORM OF OFFICIAL INTENT CERTIFICATE**

Pursuant to Resolution No. 396 of the City of Shoreline, Washington (the “City”), the undersigned, City Manager, or \_\_\_\_\_, as designee of the City Manager, hereby states as follows:

Section 1. The City reasonably expects to reimburse the expenditures described herein with the proceeds of debt to be incurred by the City (the “Reimbursement Bonds”).

Section 2. The maximum principal amount of Reimbursement Bonds expected to be issued is \$[\_\_\_\_\_].

Section 3. The expenditures with respect to which the City reasonably expects to be reimbursed from the proceeds of Reimbursement Bonds will be made from the City’s [\_\_\_\_\_] Fund for project costs related to the [brief description of the project].

Dated this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
City Manager  
\_\_\_\_\_, as designee of the City Manager



## Municipal Bonds: Reimbursement Rules

Issuers of governmental bonds, qualified 501(c)(3) bonds, and private activity bonds issued for the purpose of financing governmentally owned facilities, may allocate all or a portion of the proceeds of such bonds to the reimbursement of expenditures made prior to the date of issuance if certain rules are followed. These bonds are referred to as “reimbursement bonds.” If the rules are followed, the portion of the proceeds allocated to the reimbursement will be considered “spent” when the allocation is made, and will not be subject to the general arbitrage and rebate rules imposed under the Internal Revenue Code of 1986, as amended (the “Code”) and the federal tax regulations (the “Regulations”). The following is a summary of the general requirements for qualifying reimbursements.

**Official Intent Declaration Requirement.** The issuer, or in limited circumstances the ultimate borrower, must declare its “official intent” to reimburse itself not later than 60 days after payment of the original expenditure. The declaration of official intent may be made before any expenditures are made, and will essentially “start the clock” for purposes of reimbursement. The official intent declaration must include the following requirements:

- The declaration may be made in any reasonable form, including a resolution or other legislative authorization. The legislative action may specifically declare the intent to reimburse or may delegate to an individual the authority to make the declaration.
- The declaration of official intent must:
  - contain a general functional description of the project, property or program to be financed by the reimbursement bonds (for instance, highway capital improvement program or school building renovation). The project description is sufficient if it identifies, by name and functional purpose, the fund or account from which the original expenditure is paid (for instance, parks and recreation fund-recreational facility capital improvement program); and
  - state the maximum principal amount of the obligations expected to be issued for the project.

The Regulations allow for reasonable deviations in the project description, so long as the actual project is reasonably related in function to the described project.

- The declaration of intent must be “reasonable.” A declaration of intent will be considered reasonable if, on the date of the declaration, the issuer or ultimate borrower had a reasonable expectation that it would reimburse the original expenditure with proceeds of reimbursement bonds. Reasonableness is based on the relevant facts and circumstances, including the issuer’s history of making declarations and actually reimbursing expenditures. For instance, declarations of intent made as a matter of course or in amounts substantially in excess of the amounts expected to be necessary for the project are not reasonable. Similarly, a pattern of failing to reimburse original

expenditures covered by declarations of official intent (other than due to extraordinary circumstances) is evidence of unreasonableness.

**Eligible Expenditures.** Generally, the expenditures to be reimbursed must be “capital expenditures.” A capital expenditure is any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles. The Regulations also include extraordinary working capital expenditures, bond costs of issuance, grants, qualified student loans, and qualified mortgage loans as expenditures eligible for reimbursement. Non-extraordinary working capital expenditures are typically not eligible. The determination of whether an expenditure is a capital expenditure is made at the time the expenditure is made, not at the time of issuance of the reimbursement bonds.

**Reimbursement Period.** The reimbursement bonds must be issued and proceeds must be allocated to reimburse the issuer or conduit borrower not later than 18 months after the *later* of:

- The date on which the original expenditure is paid, or
- The date that the project to be financed was placed in service, but in no event more than three years after the original expenditure is paid.

Special rules apply for governmental issuers that expect to issue no more than \$5 million of governmental bonds in any calendar year, and for long term construction projects.

Proceeds of reimbursement bonds will be “allocated” to reimbursement once there is written evidence of an issuer’s (or conduit borrower’s) use of the proceeds to reimburse a prior expenditure. An allocation made within 30 days of issuance of the reimbursement bonds may be treated as made on the date of issuance of the reimbursement bonds.

**Special Exceptions.** The official intent declaration requirement and the timing of issuance of reimbursement bonds do not apply to:

- costs of issuance for a bond issue;
- an amount not in excess of the lesser of \$100,000 or 5% of the bond proceeds; or
- preliminary expenditures not in excess of 20% of the aggregate issue price of the related reimbursement bond issue. Preliminary expenditures include architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred before commencement of acquisition, construction or rehabilitation of the financed property. Land acquisition, site preparation and other costs incident to commencement of construction do not constitute preliminary expenditures.

Original expenditures in these categories may be reimbursed with bond proceeds without following the reimbursement bond rules.

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Adoption of Ordinance No. 763 Amending Surface Water Utility Bond Ordinance No. 721 to Revise an Exhibit to Conform to the City Council's Intent to Issue the Bonds in 2016
<b>DEPARTMENT:</b>	Administrative Services Department
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Director
<b>ACTION:</b>	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:**

The City Council approved Ordinance No. 721 authorizing the issuance of \$2,000,000 (plus bank fees and closing costs) in Surface Water Utility Fund debt on August 17, 2015. That Ordinance intended to provide the authority for the City to issue the debt when needed in 2016. Proposed Ordinance No. 763 corrects an error in an exhibit to Ordinance No. 721 that limited the timing of the debt issuance. The bonds are anticipated to be issued in the 4<sup>th</sup> quarter 2016.

City Council discussed this Ordinance at its meeting on October 17, 2016 and directed staff to return it for adoption on November 7, 2016.

**RESOURCE/FINANCIAL IMPACT:**

The adopted CIP Budget for 2016-2021 for the Surface Water Utility Fund is \$12,907,461. The adopted budget included the issuance of \$2,000,000 in debt in 2016 and an additional \$2,000,000 in 2017. Annual debt service payments for this issuance are estimated at \$182,391 and included in the adopted CIP. The debt service payments are fully payable from and secured by revenue of the SWM Utility. The bonds are not general obligations of the City. The bonds will be issued for a term not to exceed 15 years.

**RECOMMENDATION**

Staff recommends that Council adopt Ordinance No. 763 amending Surface Water Utility Bond Ordinance No. 721.

Approved By:            City Manager **DT**    City Attorney **MK**

## **BACKGROUND**

The City Council adopted Ordinance No. 721 (Attachment A) authorizing the issuance of \$2,000,000 (plus bank fees and closing costs) in Surface Water Utility Fund debt on August 17, 2015. That ordinance intended to provide the authority for the City to issue the debt as needed in 2015 or 2016. Proposed Ordinance No. 763 (Attachment B) corrects an error in an exhibit to Ordinance No. 721 that limited the timing of the debt issuance. The bonds are planned to be issued in the 4<sup>th</sup> quarter 2016.

## **DISCUSSION**

The City has been actively monitoring the appropriate timing for the issuance of the Surface Water Utility revenue bonds. When the initial ordinance was approved last year, staff recognized that the timing would be dependent on the project execution and that staff didn't want to issue the debt before funds were needed. Staff have identified the fourth quarter of 2016 as the appropriate time, and in reviewing the Bond Ordinance with the City's new Bond Counsel, they identified an error in the Exhibit that limited the issuance to 12 months from the date of the ordinance. A review of all other materials confirmed the intent to allow issuance throughout 2016.

No other changes are being proposed to the ordinance. The Bonds will be issued using a negotiated private placement method, which is a lower cost option than a public sale and a more attractive option for investors for a bond issue of this size. Ordinance No. 721 authorizes issuance of revenue bonds ("the Bonds") in a principal amount not to exceed \$2,000,000 plus bank fees and closing costs. The Bonds will have a maximum 15-year maturity. The Bonds will be issued at an interest rate not to exceed 5.0% for a term of no more than 15 years. The City will need to maintain a debt service reserve of approximately \$177,590, and the administrative costs to issue the debt are estimated at \$30,390.

## **COUNCIL GOAL(S) ADDRESSED**

The Surface Water Utility CIP projects funded through the Bonds directly supports Council Goal #2 – Improve Shoreline's utility, transportation, and environmental infrastructure.

## **RESOURCE/FINANCIAL IMPACT**

The adopted CIP Budget for 2016-2021 for the Surface Water Utility Fund is \$12,907,461. The adopted budget included the issuance of \$2,000,000 in debt in 2016 and an additional \$2,000,000 in 2017. Annual debt service payments for this issuance are estimated at \$182,391 and included in the adopted CIP. The debt service payments are fully payable from and secured by revenue of the SWM Utility. The Bonds are not a general obligation of the City. The Bonds will be issued for a term not to exceed 15 years.

## **RECOMMENDATION**

Staff recommends that Council adopt Ordinance No. 763 amending Surface Water Utility Bond Ordinance No. 721.

## **ATTACHMENTS**

Attachment A - Ordinance No. 721

Attachment B - Proposed Ordinance No. 763

**ORDINANCE NO. 721**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, RELATING TO THE CITY'S SURFACE WATER UTILITY AND ANY OTHER UTILITY SYSTEM WITH WHICH IT MAY HEREAFTER BE COMBINED; SPECIFYING, ADOPTING AND ORDERING THE CARRYING OUT OF A PLAN OF ADDITIONS (AS DEFINED); PROVIDING FOR THE ISSUANCE OF ONE OR MORE SERIES OF UTILITY REVENUE BONDS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$2,000,000 PLUS BANK FEES AND CLOSING COSTS TO PROVIDE FUNDS NECESSARY TO PAY ALL OR A PORTION OF THE COSTS OF CARRYING OUT THE PLAN OF ADDITIONS; FIXING OR SETTING PARAMETERS WITH RESPECT TO CERTAIN TERMS AND COVENANTS OF THE BONDS; APPOINTING THE CITY'S DESIGNATED REPRESENTATIVE TO APPROVE THE SALE TERMS OF THE SALE OF THE BONDS; AND PROVIDING FOR OTHER RELATED MATTERS.**

WHEREAS, the City of Shoreline is a non-charter optional municipal code city as provided in Title 35A RCW, incorporated under the laws of the state of Washington; and

WHEREAS, on April 10, 2006, the City adopted Ordinance 419 establishing a surface water utility; and

WHEREAS, the City now finds that it is advisable for it to acquire, construct, and install improvements to the surface water utility so as to add, better, and/or extend the City's existing storm and surface water utility; and

WHEREAS, the City has determined that it is in need of funds to finance such additions, betterments, and extensions and does not have available sufficient funds to pay the costs; and

WHEREAS, as authorized by chapters 35.67 and 35.41 RCW, the City has determined that funds for defraying costs can be provided from the proceeds of the issuance and sale of utility revenue bonds; and

WHEREAS, on July 27, 2015, the City Council discussed the proposed issuance and sale of bonds; and

WHEREAS, the City has determined it is in the best interests of the City to issue and sell the bonds as set forth in this Ordinance;

**THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO ORDAIN AS FOLLOWS:**

**Section 1. Surface Water Utility Revenue Bonds.** The terms and conditions for the issuance and sale of the Surface Water Utility Revenue Bonds are set forth in Attachment A, which is incorporated by reference in its entirety.

**Section 2. Publication and Effective Date.** A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect five days after publication and is not subject to referendum.

**PASSED BY THE CITY COUNCIL ON AUGUST 17, 2015**

  
\_\_\_\_\_  
Mayor Shari Winstead

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Jessica Simulcik Smith  
City Clerk

  
\_\_\_\_\_  
Margaret King  
City Attorney

Date of Publication: August 20, 2015  
Effective Date: August 25, 2015



CITY OF SHORELINE, WASHINGTON

ORDINANCE NO. 721

EXHIBIT A

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Attachment A Description of the Bonds

Attachment B Parity Conditions For Issuance of Future Parity Bonds

Attachment C Description of Plan of Additions

*\*The table of contents and section headings of this Exhibit are for convenience of reference only, and shall not be used to resolve any question of interpretation of this Exhibit.*

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

Section 1. Findings and Determinations. The City Council of the City of Shoreline, Washington (the “City”) makes the findings and determinations set forth below. Capitalized terms have the meanings given in Section 2.

(a) *The Surface Water Utility; Plan of Additions.* Pursuant to Ordinance 419, passed April 10, 2006, the City established the surface water utility. The City Council finds that it is advisable for the City to acquire, construct and install the improvements to the Surface Water Utility comprising the Plan of Additions, as further described in Section 3 of this Ordinance. The various improvements comprising the Project represent additions, betterments, and/or extensions of the City’s existing storm and surface water utility, under chapter 35.67 RCW. In accordance with RCW 35.67.030, the City declares the estimated cost of the Plan of Additions to be at least \$2,000,000. The City is in need of funds with which to finance the Plan of Additions, and the City does not have available sufficient funds to pay the costs. It is advisable for the City to provide funds for defraying costs of the Project from the proceeds of the issuance and sale of the Bonds pursuant to chapters 35.67 and 35.41 RCW, as authorized in this Ordinance. The life of the improvements comprising the Plan of Additions is declared to be at least 15 years.

(b) *Previously Issued Bonds and Loans.* The City has no outstanding utility revenue bonds secured by a pledge of net revenues prior or equal to the pledge securing the Bonds authorized by this ordinance. The City has two outstanding Loans, which are secured by a pledge of net revenues that is junior to the pledge securing the Bonds.

(c) *Sufficiency of Gross Revenue.* The City Council finds and determines that the Gross Revenue and benefits to be derived from the operation and maintenance of the Utility System at the rates to be charged for services from the Utility System will be more than sufficient to meet all Operating and Maintenance Expense 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 Bonds 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 Operating and Maintenance Expense and has not obligated the City to set aside and pay into the Bond Fund a greater amount of Gross Revenue of the Utility System than in its judgment will be available over and above such Operating and Maintenance Expense.

(d) *Issuance and Sale of Bonds.* Based on the foregoing, the City Council finds that it is in the best interest of the City to issue and sell the Bonds pursuant to the terms set forth in a Bond Purchase Contract as approved by the City’s Designated Representative consistent with this ordinance.

Section 2. Definitions. As used in this ordinance, the following words shall have the following meanings:

(a) “*Adjusted Net Revenue*” means Net Revenue, plus withdrawals from the Rate Stabilization Account and less deposits into the Rate Stabilization Account.

(b) “*Annual Debt Service*” means, for any calendar year, all amounts required to be paid in that year in respect of principal of and interest on those Parity Bonds with respect to which the calculation is being performed, less all interest on those bonds payable from the proceeds of Parity Bonds in that year, less all principal of those bonds scheduled to be redeemed

or defeased as of the date of such calculation, and less all Tax Credit Subsidy Payments scheduled to be received in that year. For purposes of calculating future Annual Debt Service, interest on Variable Interest Rate Bonds shall be assumed to be a fixed rate equal to (i) for then-outstanding Variable Interest Rate Bonds, the highest variable rate borne during the preceding 12 months, and (ii) for Future Parity Bonds proposed to be issued as Variable Interest Rate Bonds, the highest rate during the preceding 12 months as determined by reference to the index or formula to be used to determine the interest rate on the Future Parity Bonds (or a comparable index).

(c) “*Authorized Denominations*” means, unless otherwise specified in the Bond Purchase Contract, \$5,000 or any integral multiple thereof within a maturity of a Series.

(d) “*Average Annual Debt Service*” means, as of its date of calculation, the sum of the Annual Debt Service for the current calendar year and the calendar years remaining to the last scheduled maturity of the applicable series of bonds, divided by the number of those years.

(e) “*Beneficial Owner*” means, with respect to a Bond, the owner of any beneficial interest in that Bond.

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

(g) “*Bond Fund*” means the City’s Utility System Revenue Bond Fund created by this ordinance for the payment of the principal of and interest on all Parity Bonds.

(h) “*Bond Insurance Policy*” means a municipal bond insurance policy issued by a Bond Insurer insuring the payment when due of the principal of and interest on any Parity Bonds as provided in such policy.

(i) “*Bond Insurer*” or “*Insurer*” means a bond insurance company providing a Bond Insurance Policy or Reserve Surety for any outstanding Parity Bonds.

(j) “*Bond Purchase Contract*” means an offer to purchase one or more Series of the Bonds, setting forth certain terms and conditions of the issuance, sale and delivery of those Bonds, which offer is authorized to be accepted by the Designated Representative on behalf of the City, if consistent with this ordinance.

(k) “*Bond Register*” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Bond.

(l) “*Bond Registrar*” means either the Finance Officer or the Fiscal Agent, as appointed by the Designated Representative.

(m) “*Bonds*” means the bonds authorized to be issued by this ordinance.

(n) “*City*” means the City of Shoreline, Washington, a municipal corporation duly organized and existing under the laws of the State.

(o) “*City Council*” means the legislative authority of the City, as duly and regularly constituted from time to time.

(p) “*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(q) “*Construction Fund*” means the fund or account designated by the Finance Officer for the payment of the costs of the Plan of Additions.

(r) “*Coverage Requirement*” means for any calendar year, an amount of Adjusted Net Revenue at least equal to 1.25 times the Annual Debt Service in that year on all then-outstanding Parity Bonds. For purposes of calculating the Coverage Requirement, ULID Assessments due in that year and not delinquent shall be subtracted from Annual Debt Service.

(s) “*Designated Representative*” means the officer of the City appointed in Section 5 of this ordinance to serve as the City’s designated representative in accordance with RCW 39.46.040(2).

(t) “*Finance Officer*” means the Administrative Services Director of the City or any other City official who succeeds to the duties now delegated to that office, or the designee of such officer.

(u) “*Financial Advisor*” means the firm of Public Financial Management, Inc., or any other Financial Advisor then appointed and acting as financial advisor to the City.

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

(w) “*Future Parity Bond Authorizing Ordinance*” means an ordinance of the City authorizing the issuance and sale and establishing the terms of Future Parity Bonds.

(x) “*Future Parity Bonds*” means all revenue obligations and other obligations of the City for borrowed money (including, without limitation, financing leases) issued or incurred after the date of the issuance of the Bonds, the payment of the principal of and interest on which constitutes a charge or lien on the Net Revenue and ULID Assessments equal in rank with the charge and lien upon such revenue and assessments required to be paid into the Bond Fund to pay and secure the payment of the principal of and interest on the Bonds and other then-outstanding Parity Bonds.

(y) “*Government Obligations*” means those obligations described under the definition of government obligations in RCW 39.53.010(4), as it now reads or hereafter may be amended, and which are otherwise lawful investments for the City.

(z) “*Gross Revenue*” means all of the earnings and revenues received from the maintenance and operation of the Utility System, including all connection and capital improvement charges, plus earnings from the investment of money on deposit in the various accounts of the Utility System, unless expressly excluded. Gross Revenue excludes: (1) principal proceeds of Parity Bonds or any other borrowings; (2) local improvement district assessments and ULID Assessments; (3) earnings or proceeds from any investments in a refunding or defeasance trust account or in a special account for the purpose of paying a rebate to the United States Government under the Code; (4) other grants, gifts, revenue and investment income which are restricted or may not legally be pledged for revenue bond debt service; (5) payments received in respect of any Bond Insurance Policy or Reserve Surety, or insurance or condemnation proceeds used for the replacement of capital projects or equipment; (6) proceeds from the sale of Utility System property; (7) amounts collected in respect of City-imposed utility taxes; (8) Tax Credit Subsidy Payments, if any; and (9) revenue from any Separate System.



(aa) “*Independent Utility Consultant*” means a professional consultant experienced with municipal utilities similar to the Utility System and experienced in such areas as are relevant to the purpose for which he or she is being retained. Such a consultant shall be deemed independent so long as he or she is not an employee or officer of the City.

(bb) “*Issue Date*” means, with respect to a Bond, the date of initial issuance and delivery of that Bond to the Purchaser thereof in exchange for the purchase price of that Bond.

(cc) “*Loans*” means any State of Washington Public Works Trust Fund loans, State Drinking Water Revolving Fund loans, or similar loans entered into by the City to fund improvements to the Utility System, the payment of which is a claim on the Net Revenue that is junior to the lien and charge of the Parity Bonds.

(dd) “*Maximum Annual Debt Service*” means, as of the date of calculation, the maximum amount of Annual Debt Service for the then-current calendar year or any future calendar year.

(ee) “*Net Revenue*” means the Gross Revenue, less Operating and Maintenance Expense.

(ff) “*Operating and Maintenance Expense*” means all reasonable expenses incurred in causing the Utility System to be operated and maintained in good repair, working order and condition and properly treated as maintenance and operation expenses under generally accepted accounting principles applicable to similar municipal utilities including, without limitation, deposits, premiums, assessments or other payments for insurance, if any, on the Utility System; amounts paid in respect of Utility System employee pensions and post-employment benefits (if any); amounts paid in respect of State-imposed utility taxes; payments made to any other municipal corporation or private entity for utility commodities or services (e.g., transmission, treatment and disposal of wastewater), including payments under Contract Resource Obligations; and overhead and administration expenses allocated to the Utility System. Operating and Maintenance Expense excludes capital expenditures; amounts paid in respect of City-imposed utility taxes; and non-cash accounting items (e.g., depreciation, amounts treated as expenses under accounting guidelines with respect to unfunded contributions to pension or other post-employment benefit plans, non-exchange financial guarantees, environmental liabilities, and similar items).

(gg) “*Outstanding*” when used with reference to any bonds or other obligations means, as of any particular date, the aggregate of all such bonds or other obligations properly authenticated and delivered, except for: (1) those that have been redeemed at maturity or on a redemption date or have otherwise been cancelled or delivered to or held by the Fiscal Agent for cancellation; (2) those legally defeased in accordance with the provisions of this ordinance (or a Parity Bond Authorizing Ordinance) authorizing a defeasance of bonds or other obligations; (3) those in lieu of or in exchange or substitution for which other bonds or obligations shall have been authenticated and delivered pursuant to their authorizing ordinances, unless such other bonds or obligations are held by a bona fide holder in due course; and (4) those that have matured or been called for redemption, but which have not been presented for payment, assuming no nonpayment.

(hh) “*Owner*” means, without distinction, the Registered Owner and the Beneficial Owner.

(ii) “*Parity Bond Authorizing Ordinance(s)*” means, as applicable to each series of Parity Bonds, this ordinance and any Future Parity Bond Authorizing Ordinance.

(jj) “*Parity Bonds*” means the Bonds and any Future Parity Bonds.

(kk) “*Parity Conditions*” means the conditions precedent to the issuance of Future Parity Bonds, set forth in Attachment B to this Exhibit, which is incorporated by this reference.

(ll) “*Permitted Investments*” means investments that are legal investments for the City at the time of such investment.

(mm) “*Plan of Additions*” means the system or plan of additions and improvements to and betterments and extensions of the Utility System specified, adopted and ordered to be carried out by Section 3 of this ordinance.

(nn) “*Principal and Interest Account*” means the account of that name created in the Bond Fund for the payment of the principal of and interest on the Parity Bonds.

(oo) “*Purchaser*” means the corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement.

(pp) “*Rate Stabilization Account*” means the account of that name created for the purposes described in Section 16.

(qq) “*Record Date*” means the Bond Registrar’s close of business on the 15<sup>th</sup> day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with Section 9.

(rr) “*Registered Owner*” means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register.

(ss) “*Reserve Account*” means the account of that name created in the Bond Fund for the purpose of securing the payment of the principal of and interest on the Parity Bonds.

(tt) “*Reserve Surety*” means, in lieu of cash and investments, any bond insurance, collateral, security, letter of credit, guaranty, surety bond or similar credit enhancement device providing for or securing the payment of all or part of the principal of and interest on Parity Bonds, issued by an institution which has been assigned a credit rating at the time that such Reserve Security is provided, in the two highest rating categories without regard to gradations within those categories (i.e., AAA or AA).

(uu) “*Reserve Requirement*” means, as of any date of calculation, the lesser of Maximum Annual Debt Service on the then-Outstanding Parity Bonds secured by the Reserve Account, or 125% of Average Annual Debt Service on the then-Outstanding Parity Bonds secured by the Reserve Account, but at no time shall the Reserve Requirement exceed 10% of the original proceeds of the Parity Bonds secured by the Reserve Account. The Reserve Requirement may be met by a deposit of cash, Reserve Surety, or any combination of the foregoing, and the amount payable under any Reserve Surety shall be credited against the amount otherwise required to be deposited into the Reserve Account.

(vv) “*Sale Terms*” means the terms and conditions for the sale of a Series of the Bonds including the amount, date or dates, denominations, interest rate or rates (or mechanism for

determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants.

(ww) “*Separate System*” means any utility service or facilities that may be hereafter created, acquired or constructed by the City and financed as a separate system as provided in Section 17 of this ordinance.

(xx) “*Series of the Bonds*” or “*Series*” means a series of the Bonds issued pursuant to this ordinance.

(yy) “*State*” means the State of Washington.

(zz) “*Surface Water Utility*” means the surface water utility created pursuant to chapter 13.10.110 of the Shoreline Municipal Code.

(aaa) “*System of Registration*” means the system of registration for the City’s bonds and other obligations set forth in Ordinance No. 453 of the City.

(bbb) “*Tax Credit Subsidy Bond*” means any bond that is designated by the City as a “build America bond” or other type of tax credit bond, pursuant to the Code, and which is further designated as a “qualified bond” under Section 6431 of the Code (or under similar provisions of the Code providing for “direct-pay” tax credit bonds), and with respect to which the City expects to receive a Tax Credit Subsidy Payment.

(ccc) “*Tax Credit Subsidy Payment*” means the amounts which the City expects to receive as a tax credit payable by the United States Treasury to the City under Section 6431 of the Code (or under similar provisions of the Code providing for “direct-pay” tax credit bonds), in respect of any bonds issued as Tax Credit Subsidy Bonds.

(ddd) “*Tax-Exempt Bonds*” means any Series issued on a tax-exempt basis.

(eee) “*Term Bond*” means those Bonds that are designated as term bonds and are subject to mandatory redemption prior to maturity in the years and amounts set forth in the Bond Purchase Contract.

(fff) “*ULID*” means any utility local improvement district now existing or hereafter created for the acquisition or construction of additions, extensions or betterments of any portion of the Utility System, which additions, extensions or betterments are financed through the issuance of Parity Bonds. As used in this ordinance, the term ULID does not include any utility local improvement district created with respect to a Separate System or for the financing of additions, extensions or betterments by methods other than the issuance of Parity Bonds.

(ggg) “*ULID Assessments*” means the assessments levied in any ULID, including installment payments of any assessment as well as the interest and penalties (if any) thereon, less any prepaid assessments permitted by law to be paid into a construction fund or account.

(hhh) “*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. With respect to Future Parity Bonds, the method of computing such a variable interest rate (or parameters with respect thereto) shall be specified in the ordinance authorizing such Future Parity Bonds, which ordinance also shall specify either (i) 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 (ii) the time or times upon which any change in such variable interest rate shall become effective.

(iii) “*Variable Interest Rate Bonds*” means, for any period of time, Parity Bonds which bear a Variable Interest Rate during that period. From and after such time as the interest rate or rates on a series of Parity Bonds is fixed for the remaining life of such series, then such series shall no longer be deemed to be Variable Interest Rate Bonds.

(jjj) “*Utility System*” means the Surface Water Utility of the City as it now exists, together with all additions thereto and betterments and extensions thereof at any time made. The Utility System shall also include any properly acquired or constructed water, sewer or other utility system that is hereafter combined with the Utility System by ordinance.

(kkk) “*Utility System Fund*” means the Surface Water Utility Enterprise Fund, which has previously been established by the City, together with any other enterprise fund created with respect to a utility system that is hereafter combined into the Utility System.

Section 3. Adoption of Plan of Additions. The City specifies, adopts and orders the carrying out of the projects described in Attachment C as a system or plan of additions to and betterments and extensions of the Utility System. The Plan of Additions shall be carried out in accordance with the plans and specifications therefor prepared by the City’s engineers and consulting engineers. The City Council may modify the details of the Plan of Additions where, in its judgment, it appears advisable if such modifications do not substantially alter the purposes of that system or plan. The cost of the Plan of Additions, including the cost of issuance and sale of the Bonds, shall be paid from the proceeds of the Bonds and from other money available to the Utility System.

Section 4. Purpose and Authorization of the Bonds. The City is authorized to borrow money on the credit of the City and issue utility revenue bonds evidencing indebtedness in the amount of not to exceed \$2,000,000 plus bank fees and closing costs to provide the funds necessary to carry out a portion of the Plan of Additions. The Bonds shall be allocated to paying the costs of the respective projects included within the Plan of Additions in such order of time as the City determines is advisable and practicable.

Section 5. Description of the Bonds; Appointment of Designated Representative. The City Manager 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 Sale Terms of each Series of the Bonds, with such additional terms and covenants as the Designated Representative deems advisable, within the parameters set forth in Attachment A, which is attached to this ordinance and incorporated by this reference.

Section 6. Bond 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. The Bonds will be initially registered in the name of the Purchaser and will not be registered through a securities depository.

(b) *Bond Registrar; Duties.* The Designated Representative shall appoint either the Finance Officer or the Fiscal Agent as initial Bond Registrar. The Bond 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 times. The Bond 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 Bond Registrar's powers and duties under this ordinance and the System of Registration. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each Bond. The Fiscal Agent may become an Owner with the same rights it would have if it were not the Bond 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 of Bonds.* 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 may be assigned or transferred only in whole and only if endorsed in the manner provided thereon and surrendered to the Bond Registrar, subject to the Purchaser's representations in a certificate to be provided on the Issue Date. Any such transfer shall be without cost to the owner or transferee and shall be noted in the Bond Register. A Bond may only be assigned by the Purchaser to another qualified investor satisfying the requirements set forth in the certificate to be signed by the Purchaser on the Issue Date and as set forth on that Bond. Upon the final payment of principal of and interest on each Bond, the Registered Owner shall surrender that Bond to the City for destruction or cancellation in accordance with law.

Section 7. 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 Bond 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 Bond 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 Shoreline, Washington, Utility Revenue Bonds, YYYY (Year of Issuance)." 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 8. Payment of Bonds. Principal of and interest on each Bond shall be payable in lawful money of the United States of America. Interest on each Bond and mandatory redemption installments (if applicable) are payable by electronic transfer on the interest payment date, or by check or draft mailed on the interest payment date to the Registered Owner at the

address appearing on the Bond Register on the Record Date. However, 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. The final installment of principal of each Bond is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 9. Redemption Provisions and Open Market Purchase of Bonds.

(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 Contract, consistent with the parameters set forth in Attachment A.

(b) *Mandatory Redemption.* Each Bond that is designated as a Term Bond in the Bond Purchase Contract, consistent with the parameters set forth in Attachment A, and except for optional redemptions 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 Contract. 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 Bond 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, the Bond Registrar shall select the Bonds to be redeemed randomly in such manner as the Bond 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 Bond 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 shall be given as set forth in the Bond Purchase Contract.

(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.

(e) *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.

(f) *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.

Section 10. Failure To Pay Bonds. If the principal of any Bond is not paid when the Bond is properly presented at its maturity date or date fixed for redemption, the City shall be obligated to pay, from the sources pledged herein, 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.

Section 11. 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 inclusion in a refunding or defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

Section 12. Security for the Bonds; Bond Fund.

(a) *Pledge of Net Revenue and ULID Assessments.* The Net Revenue and ULID Assessments are pledged irrevocably to the payment of the amounts required to be paid into the Bond Fund for the payment of the Bonds and all Future Parity Bonds. This pledge shall constitute a lien and charge upon the Net Revenue and ULID Assessments prior and superior to any other charges whatsoever.

(b) *Bond Fund; Deposits to Bond Fund.* The Bond Fund has been established within the Utility System Fund as a special fund of the City and divided into two accounts: the Principal and Interest Account and the Reserve Account.



So long as any of the Parity Bonds are outstanding, the City obligates and binds itself to set aside and pay into the Bond Fund all ULID Assessments and, out of the Net Revenue, certain fixed amounts, without regard to any fixed proportion, namely:

- (1) Into the Principal and Interest Account, before each interest payment date of the Parity Bonds, an amount that will be sufficient, together with other money on deposit therein, to pay the interest on the Parity Bonds on the next succeeding interest payment date; and
- (2) Into the Principal and Interest Account, before each principal payment date of the Parity Bonds (including any mandatory redemption date), an amount that will be sufficient, together with other money on deposit therein, to pay the principal of the Parity Bonds on the next succeeding Principal Payment Date, including mandatory redemption amounts due on that date with respect to any Term Bonds; and
- (3) Into the Reserve Account, an amount sufficient so that the amount on deposit in the Reserve Account satisfies the Reserve Requirement for the Parity Bonds in the time and manner required by this ordinance.

When the total amount on deposit in the Bond Fund equals the total outstanding amount of principal and interest for all Parity Bonds to the last maturity thereof, no further payment need be made into the Bond Fund. The Finance Officer may create sinking fund accounts or other accounts in the Bond Fund for the payment or securing the payment of Parity Bonds as long as the maintenance of such accounts does not conflict with the rights of the owners of Parity Bonds.

(c) *The Reserve Account; Reserve Requirement.* The City covenants and agrees that it will at all times maintain in the Reserve Account an amount (including the value of all Reserve Surety deposited therein) equal to the Reserve Requirement, except for withdrawals as authorized in this subsection, until there is a sufficient amount in the Principal and Interest Account and Reserve Account to pay the principal of and interest on all outstanding Parity Bonds, at which time the money in the Reserve Account may be used to pay any such principal and interest so long as the money remaining on deposit in the Reserve Account is not less than the Reserve Requirement calculated based on the remaining outstanding Parity Bonds. The Reserve Requirement shall be deemed satisfied by any combination of Parity Bond proceeds, Reserve Surety or other legally available money equal to the Reserve Requirement, or by the deposit of available funds of the City in approximately equal annual installments so that the Reserve Requirement is funded no later than three years after the issuance of any Future Parity Bonds.

If there is a deficiency in the Principal and Interest Account in the Bond Fund to make the next upcoming payment of either principal or interest, that deficiency shall be made up from the Reserve Account by the withdrawal of amounts necessary for that purpose. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up from the next available payments of Net Revenue and ULID Assessments after making necessary provision for the required payments into the Principal and Interest Account.

(d) *Investment of Money Deposited in Bond Fund.* All money in the Bond Fund may be kept in cash; deposited with an institution (as permitted by law) in an amount in each institution not greater than the amount insured by any department or agency of the United States

Government; or invested in Permitted Investments or other legal investments permitted to the City maturing not later than the date when needed (for investments in the Principal and Interest Account) or the last maturity of any outstanding Parity Bonds (for investments in the Reserve Account). Income from investments in the Principal and Interest Account shall be deposited in that account. Income from investments in the Reserve Account shall be deposited in that account until the amount therein is equal to the Reserve Requirement, and thereafter shall be deposited in the Principal and Interest Account or used for other Utility System purposes.

(e) *Action to Compel Payments.* If the City fails to set aside and pay into the Bond Fund the amounts set forth above, the owner of any of the outstanding Parity Bonds may bring action against the City and compel the setting aside and payment.

Section 13. Deposit of Bond Proceeds. The proceeds of the Bonds shall be deposited in the Construction Fund and be used to pay the costs of carrying out the Plan of Additions and bank fees and closing costs. Until needed to pay such costs, the City may invest those proceeds temporarily in any legal investment, and the investment earnings shall be retained in the Construction Fund and used for the purposes of that fund, except that earnings subject to a federal tax or rebate requirement (if applicable) may be withdrawn from the Construction Fund and used for those tax or rebate purposes.

Section 14. Flow of Funds. So long as any Parity Bonds are outstanding, the City covenants that all ULID Assessments (if any) shall be paid into the Bond Fund, and the Gross Revenue shall be deposited into the Utility System Fund to be used for the following purposes only in the following order of priority:

- (1) To pay Operating and Maintenance Expenses.
- (2) To make when due the required payments into the Principal and Interest Account in respect of interest on the Parity Bonds.
- (3) To make when due the required payments into the Principal and Interest Account in respect of principal of (and premium on, if any) the Parity Bonds, whether at maturity or pursuant to redemption prior to maturity.
- (4) To make when due all payments required to be made into the Reserve Account.
- (5) To make when due all payments required to be made under any reimbursement agreement with a Bond Insurer in any priority not inconsistent with this ordinance, which the City may hereafter establish by ordinance.
- (6) To make when due the required payments to be made into any revenue bond, note warrant or other revenue obligation redemption fund, debt service account or reserve account created to pay and secure the payment of any revenue obligations of the Utility System having a charge upon the Net Revenue junior to the charge thereon for the payment of the Parity Bonds.
- (7) Without priority, to retire by redemption or to purchase in the open market any outstanding Parity Bonds or junior lien obligations, to make necessary betterments and replacements of or repairs, additions or extensions to the Utility System, to make deposits into the Rate Stabilization Account, or for any other lawful purpose.

Section 15. Additional Covenants. So long as any Parity Bonds are outstanding, the City covenants and agrees with the owner of each Bond at any time outstanding as follows:

(a) *Maintenance and Operation.* The City will at all times maintain, preserve and keep the properties of the Utility 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 Utility System and the business in connection therewith in an efficient manner and at a reasonable cost.

(b) *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 Utility System which will be fair and nondiscriminatory. The City 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 Maintenance and Operation Expenses 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, (C) pay all taxes (or payments in lieu thereof), assessments or other governmental charges lawfully imposed on the Utility System 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 Adjusted Net Revenue in each fiscal year will be at least equal to the Coverage Requirement.

(c) *Sale or Disposition of Utility Property.* The City will not sell, lease, mortgage or in any manner encumber or dispose of all the property of the Utility System unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of and interest on all Parity Bonds then outstanding. Further, the City will not sell, lease, mortgage, or in any manner encumber or dispose of (each, a "disposition") any part of the property of the Utility System that is used, useful and material to the operation thereof (the "affected portion") unless provision is made for replacement thereof or for payment into the Bond Fund of an amount which shall bear the same ratio to the amount of Parity Bonds then outstanding (less the amount of cash and investments in the Bond Fund and the accounts therein) as (i) the Net Revenue from affected portion of the Utility System for the twelve months preceding such disposition bears to (ii) the Net Revenue from the entire Utility System for the same period. Any money paid into the Bond Fund as a result of such a disposition shall be used to retire that proportion of then-outstanding Parity Bonds at the earliest possible date.

(d) *Books and Records.* The City will maintain complete books and records relating to the operation of the Utility System and its financial affairs, and will cause such books and records to be audited annually, and cause to be prepared an annual financial and operating statement, which shall be provided to any owner of Parity Bonds upon request.

(e) *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 Utility System free of charge to any person, firm or corporation, public or private, other than the City.

(f) *Collection of Delinquent Accounts.* On at least an annual basis, the City will determine all accounts that are delinquent and will take all necessary action to enforce payment of such accounts against those property owners whose accounts are delinquent.

(g) *Insurance.* The City will at all times carry fire and such other forms of insurance on such of the buildings, equipment, facilities and properties of the Utility System as are ordinarily carried on such buildings, equipment, facilities, and properties by utilities engaged in the operation of similar utility systems to the full insurable value thereof, and also will carry adequate public liability insurance at all times. The City may self insure or participate in a joint intergovernmental insurance pool or similar plan, and the cost of that insurance or self insurance shall be considered a part of Operating and Maintenance Expenses.

(h) *ULID Assessments.* The City will promptly collect all ULID Assessments and deposit such collections into the Bond Fund to pay or secure the principal of and interest on any Parity Bonds without those ULID Assessments being particularly allocated to any particular series of Parity Bonds.

Section 16. Rate Stabilization Account. The City may at any time establish a Rate Stabilization Account. Deposits and withdrawals shall be made in accordance with this section at any time up to and including the date 90 days after the end of the fiscal year for which the deposit or withdrawal will be included as Adjusted Net Revenue for that fiscal year, as follows:

(a) *Deposits to the Rate Stabilization Account.* The City may at any time, as determined by the Finance Officer and as consistent with the covenants contained in this ordinance, deposit into the Rate Stabilization Account amounts of Gross Revenue and any other money received by the Utility System and available to be used therefor, excluding principal proceeds of Parity Bonds or other borrowing. However, no deposit of Gross Revenue may be made into the Rate Stabilization Account to the extent that such deposit would prevent the City from meeting the Coverage Requirement in the relevant fiscal year.

(b) *Withdrawals from the Rate Stabilization Account.* The City may withdraw money from the Rate Stabilization Account at any time upon authorization of the City Council (which may be by motion, resolution or ordinance) for inclusion in the Adjusted Net Revenue for any fiscal year of the Utility System, except that the total amount withdrawn from the Rate Stabilization Account in any fiscal year may not exceed the Annual Debt Service in that year. Earnings from investments in the Rate Stabilization Account shall be deposited in that account and shall not be included as Adjusted Net Revenue unless and until withdrawn from that account.

Section 17. Separate Systems. The City may create, acquire, construct, finance, own and operate one or more separate systems for water supply, sewer service, water, sewage or stormwater transmission, treatment or other commodity or utility service. The revenue of that Separate System, and any utility local improvement district assessments payable solely with respect to improvements to a Separate 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 the Separate System. Neither the Gross Revenue of the Utility System nor the Net Revenue of the Utility System may be pledged to the payment of any obligations of a Separate System except that the Net Revenue may be pledged on a basis subordinate to the lien of the Parity Bonds.

Section 18. Sale and Delivery of the Bonds.

(a) *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell each Series of the Bonds by negotiated sale or private placement consistent with this ordinance, based on the assessment of the Designated Representative of market



conditions, in consultation with appropriate City officials and staff, Bond Counsel, the Financial Advisor and other advisors. The Designated Representative shall select one or more Purchasers with which to negotiate such sale. In accepting the Sale 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 Designated Representative is authorized to execute the Bond Purchase Contract 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 Purchaser in accordance with the Bond Purchase Contract, together with the approving legal opinion of Bond Counsel regarding the Bonds. The costs of issuing and selling the Bonds shall be paid from any money of the City legally available therefor.

Section 19. Parity Conditions. The City reserves the right to issue Future Parity Bonds which will constitute a charge and lien upon the Net Revenue and ULID Assessments on a parity with the Bonds if the Parity Conditions are met and complied with at the time of the issuance of those Future Parity Bonds. Nothing contained in the Parity Conditions shall prevent the City from issuing revenue obligations having a lien on the Net Revenue that is junior to the lien thereon that secures the Parity Bonds, or from pledging to pay into a bond redemption fund or account for such junior lien obligations assessments (including interest and penalties thereon) in any utility local improvement district that are levied to pay part or all of the cost of improvements being constructed out of the proceeds of the sale of such junior lien obligations. Neither shall anything contained in this ordinance prevent the City from issuing revenue obligations to refund maturing Parity Bonds for the payment of which money is not otherwise available.

Section 20. Tax Matters.

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

(b) *Post-Issuance Compliance.* The Finance Officer is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal tax purposes.

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

- (1) the Series of Tax-Exempt Bonds does not constitute “private activity bonds” within the meaning of Section 141 of the Code;
- (2) 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 Tax-Exempt Bonds are issued will not exceed \$10,000,000; and
- (3) the amount of tax-exempt obligations, including the Series of Tax-Exempt Bonds, 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 of Tax-Exempt Bonds are issued does not exceed \$10,000,000.

Section 21. Amendatory Ordinances.

(a) This ordinance shall not be modified or amended in any respect subsequent to the initial 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 of the Bonds, may pass amendatory ordinances as follows:

- (1) To cure any formal defect, omission, inconsistency or ambiguity in this ordinance in a manner not adverse to the owner of any Parity Bonds;
- (2) To impose upon the Bond Registrar (with its consent) for the benefit of the registered owners of the Parity Bonds any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with this ordinance as theretofore in effect;
- (3) 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 which are not contrary or inconsistent with this ordinance as theretofore in effect;
- (4) 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;
- (5) To authorize different denominations of the Bonds and to make correlative amendments and modifications to this ordinance regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature;
- (6) To modify, alter, amend or supplement this ordinance in any other respect which is not materially adverse to the registered owners of the Parity Bonds and which does not involve a change described in subsection (c) of this section; and

- (7) Because of change in federal law or rulings, to maintain the exclusion from gross income of the interest on Tax-Exempt Bonds from federal income taxation.
- (c) Except for any amendatory ordinance passed into pursuant to subsection (b) of this section, subject to the terms and provisions contained in this subsection (c) and not otherwise:
- (1) Registered owners of not less than 50% in aggregate principal amount of the Parity Bonds then outstanding shall have the right from time to time to consent to the passage of any amendatory ordinance deemed necessary or desirable by the City for the purpose of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this ordinance. However, consent by the registered owners of all the Bonds then outstanding is required for any amendatory ordinance authorizing: (i) a change in the times, amounts or currency of payment of the principal of or interest on any outstanding Bond, or a reduction in the principal amount of redemption price of any outstanding Bond or a change in the redemption price of any outstanding Bond or a change in the method of determining the rate of interest thereon; (ii) a preference of priority of any Bond or Bonds or any other bond or bonds; or (iii) a reduction in the aggregate principal amount of Bonds.
  - (2) Any amendatory ordinance passed for any of the purposes of this subsection (c), shall not become effective except in accordance with this subsection (c)(2). Upon passage of any such amendatory ordinance, the City shall cause notice of the proposed ordinance to be given by first class United States mail to all registered owners of the then outstanding Parity Bonds. Such notice shall briefly describe the proposed ordinance and shall state that a copy is available from the Finance Officer for inspection. The amendatory ordinance shall become effective in substantially the form described in the notice only if within two years after mailing of such notice, the City has received (i) the required consents, in writing, of the registered owners of the Parity Bonds (or of the Bonds, as applicable) and (ii) an opinion of Bond Counsel stating that such amendatory ordinance is permitted by this ordinance; that upon the effective date thereof, it will be valid and binding upon the City in accordance with its terms; and its passage will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.
  - (3) If registered owners of not less than the percentage of Parity Bonds (or Bonds, as applicable) required by this subsection (c) have consented, no owner of the Parity Bonds shall have any right to object to the passage of the ordinance (or to any of the terms and provisions contained therein or the operation thereof), or in any manner to question the propriety of the passage thereof, or to enjoin or restrain the City from passing, or from taking any action pursuant to, the same.
- (d) Upon the effective date of any amendatory ordinance passed pursuant to the provisions of this Section 21, this ordinance shall be amended in accordance therewith, and the respective rights, duties and obligations under this ordinance of the City, the Bond Registrar and all Registered Owners of Bonds then outstanding, shall thereafter be determined, exercised and enforced under this ordinance subject in all respects to such amendments.

Section 22. General Authorization and Ratification. The Designated Representative and other appropriate officers of the City are severally authorized to take such actions and to execute such documents 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 the Bonds to the Purchaser 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 23. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 24. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law and is not subject to referendum.

ATTACHMENT A  
DESCRIPTION OF THE BONDS

- (i) **Principal Amount.** The Bonds may be issued in one or more Series and shall not exceed the aggregate principal amount of \$2,000,000 plus bank fees and closing costs, and may be issued as either taxable or tax-exempt obligations.
- (ii) **Date or Dates.** Each Bond shall be dated the Issue Date, which date may not be later than one year after the effective date of this ordinance.
- (iii) **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.
- (iv) **Interest Rate(s).** Unless otherwise specified in the Bond Purchase Contract, 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 5.00%.
- (v) **Payment Dates.** Interest shall be payable not less frequently than 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.
- (vi) **Final Maturity.** Each Series of the Bonds shall mature no later than December 1, 2031.
- (vii) **Redemption Rights.** The Designated Representative may approve in the Bond Purchase Contract 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 Contract; 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 Contract.

**(viii) Price.**

The purchase price for each Series of the Bonds may not be less than 98% or more than 120% of the stated principal amount of that Series.

**(ix) Other Terms & Conditions.**

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.



ATTACHMENT B

**PARITY CONDITIONS FOR ISSUANCE OF FUTURE PARITY BONDS**

The City may issue Future Parity Bonds on a parity with the Bonds if and only if the following conditions are met and complied with at the time of issuance of those proposed Future Parity Bonds:

(a) At the time of issuance of such Future Parity Bonds, there may not be any deficiency in the Principal and Interest Account or the Reserve Account of the Bond Fund.

(b) The Future Parity Bond Authorizing Ordinance must require that all ULID Assessments levied in connection with those Future Parity Bonds will be paid directly into the Bond Fund.

(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 must provide for the deposit into the Reserve Account of amounts necessary to comply with the Reserve Requirement and Section 12 of this ordinance.

(e) At the time of the issuance of such Future Parity Bonds, the City shall have on file, either:

(1) A certificate from an Independent Utility Consultant showing that, in his or her professional opinion, the annual Net Revenue available for debt service on the Parity Bonds then outstanding and the Future Parity Bonds proposed to be issued shall, for each year, be at least equal to the Coverage Requirement. In making such certification, the Net Revenue for any 12 consecutive calendar months out of the immediately preceding 24 consecutive months shall be used, and the following adjustments may be made to the historical net operating revenue:

- (i) Any rate change that has taken place or been approved, may be reflected;
- (ii) Revenue may be added from customers actually added to the Utility System subsequent to the 12-month base period;
- (iii) Revenue may be added from customers to be served by the improvements being constructed out of the proceeds of the Future Parity Bonds to be issued; and
- (iv) A full year's revenue may be included from any customer being served, but who has not been receiving service for the full period of operation used as a basis for the certificate; and
- (v) Actual or reasonably anticipated changes to the Operating and Maintenance Expenses subsequent to such 12-month period shall be added or deducted, as is applicable.

(2) A certificate of the Finance Officer showing that, in his or her professional opinion, the annual Net Revenue available for debt service on the Parity Bonds then outstanding and the Future Parity Bonds proposed to be issued shall, for each year, be at least equal to the Coverage Requirement. In making such certification, the

Finance Officer shall assume that (A) the proposed Future Parity Bonds will remain outstanding to their scheduled maturities, and (B) any Parity Bonds to be refunded by those Future Parity Bonds are not outstanding. The Finance Officer shall not make any of the adjustments referred to above.

However, if the Future Parity Bonds are being issued for the sole purpose of refunding then-outstanding Parity Bonds (including paying costs of issuance and providing for the Reserve Requirement), no coverage certification is required if, as result of the issuance of those Future Parity Bonds, (a) the Annual Debt Service on the Future Parity Bonds to be issued is not increased by more than \$5,000 over the Annual Debt Service for that year of the bonds being refunded, and (b) the various annual maturities of the refunding Future Parity Bonds will not extend more than one year longer than the Parity Bonds being refunded. Furthermore, no certificate shall be required in connection with the issuance of Future Parity Bonds if the amount of such bonds proposed to be issued does not exceed the ULID Assessments levied in support of such Future Parity Bond issue by more than \$5,000 plus any amount of the proceeds of such Future Parity Bonds deposited in the Reserve Account as capitalized reserve.



## ATTACHMENT C

### DESCRIPTION OF PLAN OF ADDITIONS

The planned additions and betterments to the Surface Water Utility consist of those set forth in the City's 2015-2020 Adopted Capital Improvement Plan, as it may be amended from time to time by the City Council (the "CIP").

A summary of the improvements expected to be financed, in whole or in part, with proceeds of the Bonds is as follows:

- Stormwater pipe and culvert repair and replacement
- NE 25<sup>th</sup> flood reduction project
- Hidden Lake Dam removal
- Infrastructure improvements
- Surface water planning
- Any other capital project of the Surface Water Utility described in the then-current CIP, as determined by the Finance Officer

**ORDINANCE NO. 763**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING AN EXHIBIT TO ORDINANCE NO. 721 AUTHORIZING THE ISSUANCE OF SURFACE WATER UTILITY REVENUE BONDS.**

WHEREAS, the City Council of the City of Shoreline, Washington (the “City”) previously adopted Ordinance No. 721 on August 17, 2015 (the “Bond Ordinance”) authorizing the issuance of one or more series of surface water utility revenue bonds of the City in the aggregate principal amount of not to exceed \$2,000,000 plus bank fees and closing costs (the “Bonds”); and

WHEREAS, the City now desires to amend Exhibit A to Attachment A of the Bond Ordinance to conform the delegation period for the Bonds to the intent expressed in the Agenda Item for Ordinance No. 721 to allow for the potential issuance of debt in 2016, as provided herein;

THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO ORDAIN AS FOLLOWS:

**Section 1. Definitions.** Definitions used herein shall have the meanings set forth in the Bond Ordinance.

**Section 2. Amendment.** Subsection (ii) of Exhibit A to Attachment A (“Description of the Bonds”) of the Bond Ordinance is hereby amended as follows (deletions are ~~stricken~~, additions are double underlined):

...

(ii) **Date or Dates.** Each Bond shall be dated the Issue Date, which date may not be later than December 31, 2016 ~~one year after the effective date of this ordinance.~~

...

**Section 3. Ratification.** Except as hereby amended, the remaining terms and conditions of the Bond Ordinance are hereby ratified and confirmed in all respects. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

**Section 4. Effective Date.** This ordinance shall be effective five days after its passage, approval, and publication as provided by law.

**PASSED BY THE CITY COUNCIL ON NOVEMBER 7, 2016.**

\_\_\_\_\_  
Mayor Christopher Roberts

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Jessica Simulcik-Smith  
City Clerk

\_\_\_\_\_  
Pacifica Law Group LLP  
Bond Counsel

Date of Publication: \_\_\_\_\_, 2016

Effective Date: \_\_\_\_\_, 2016

**ORDINANCE NO. 763**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON,  
AMENDING ORDINANCE NO. 721 AUTHORIZING THE ISSUANCE OF  
SURFACE WATER UTILITY REVENUE BONDS.**

WHEREAS, the City Council of the City of Shoreline, Washington (the “City”) previously adopted Ordinance No. 721 on August 17, 2015 (the “Bond Ordinance”) authorizing the issuance of one or more series of surface water utility revenue bonds of the City in the aggregate principal amount of not to exceed \$2,000,000 plus bank fees and closing costs (the “Bonds”); and

WHEREAS, the City now desires to amend Attachment A to the Bond Ordinance to revise provisions related to the debt service reserve account and to amend Exhibit A to Attachment A of the Bond Ordinance to conform the delegation period for the Bonds to the intent expressed in the Agenda Item for Ordinance No. 721 to allow for the potential issuance of debt in 2016, as provided herein;

THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE,  
WASHINGTON DO ORDAIN AS FOLLOWS:

**Section 1. Definitions.** All words and phrases not otherwise defined herein shall have the meanings set forth in the Bond Ordinance.

**Section 2. Amendment to Definitions.** Section 2 (“Definitions”) of the Bond Ordinance is hereby amended as follows (deletions are ~~stricken~~, additions are double underlined):

...

(ss) “Reserve Account” means the account of that name created in the Bond Fund ~~for the purpose of securing the payment of the principal of and interest on the Parity Bonds.~~

...

(uu) “Reserve Requirement” is the dollar amount to be calculated with respect to all Parity Bonds secured by the Reserve Account as set forth in the applicable Parity Bond Authorizing Ordinance. “Reserve Requirement” means, as of any date of calculation, (a) the lesser of Maximum Annual Debt Service on the then-Outstanding Parity Bonds secured by the Reserve Account, or 125% of Average Annual Debt Service on the then-Outstanding Parity Bonds secured by the Reserve Account, but at no time shall the Reserve Requirement exceed 10% of the original proceeds of the Parity Bonds secured by the Reserve Account, (b) the dollar amount specified in the Parity Bond Authorizing Ordinance for series of Parity Bonds secured by the Reserve Account, or (c) zero for Parity Bonds not secured by the Reserve Account. The Reserve Requirement may be met by a deposit of cash, Reserve Surety, or any combination of

the foregoing, and the amount payable under any Reserve Surety shall be credited against the amount otherwise required to be deposited into the Reserve Account.

...

**Section 3. Amendment to Security for the Bonds.** Subsection (c) of Section 12 (“Security for the Bonds; Bond Fund”) of the Bond Ordinance is hereby amended as follows (deletions are ~~stricken~~, additions are double underlined):

...

(c) *The Reserve Account; Reserve Requirement.* There has been created by the City a special account known as the Reserve Account for the purpose of securing the payment of the principal of and interest on all Parity Bonds secured by the Reserve Account. Each Parity Bond Authorizing Ordinance shall establish the Reserve Requirement, if any, applicable to that series of Parity Bonds.

The Bonds may be secured by the Reserve Account. If the Bonds are to be secured by the Reserve Account, such designation and the applicable Reserve Requirement shall be set forth in the Bond Purchase Contract. If the Bonds are not to be secured by the Reserve Account, the Reserve Requirement at the time of issuance of the Bonds shall be zero.

The City covenants and agrees that it will at all times maintain in the Reserve Account an amount (including the value of all Reserve Surety deposited therein) equal to the Reserve Requirement, except for withdrawals as authorized in this subsection, until there is a sufficient amount in the Principal and Interest Account and the Reserve Account to pay the principal of and interest on all outstanding Parity Bonds secured by the Reserve Account, at which time the money in the Reserve Account may be used to pay such principal and interest so long as the money remaining on deposit in the Reserve Account is not less than the Reserve Requirement calculated based on the remaining outstanding Parity Bonds secured by the Reserve Account. The Reserve Requirement shall be deemed satisfied by any combination of Parity Bond proceeds, Reserve Surety or other legally available money equal to the Reserve Requirement, or by the deposit of available funds of the City in approximately equal annual installments so that the Reserve Requirement is funded no later than three years after the issuance of any Future Parity Bonds that are secured by the Reserve Account.

If there is a deficiency in the Principal and Interest Account in the Bond Fund to make the next upcoming payment of either principal or interest on Parity Bonds secured by the Reserve Account, that deficiency shall be made up from the Reserve Account by the withdrawal of amounts necessary for that purpose. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up from the next available payments of Net Revenue and ULID Assessments after making necessary provision for the required payments into the Principal and Interest Account.

...

**Section 4. Amendment to Exhibit A of Attachment A.** Subsection (ii) of Exhibit A to Attachment A (“Description of the Bonds”) of the Bond Ordinance is hereby amended as follows (deletions are ~~stricken~~, additions are double underlined):

...

(ii) **Date or Dates.** Each Bond shall be dated the Issue Date, which date may not be later than December 31, 2016 ~~one year after the effective date of this ordinance.~~

...

**Section 5. Ratification.** Except as hereby amended, the remaining terms and conditions of the Bond Ordinance are hereby ratified and confirmed in all respects. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

**Section 6. Effective Date.** This ordinance shall be effective five days after its passage, approval, and publication as provided by law.

**PASSED BY THE CITY COUNCIL ON NOVEMBER 7, 2016.**

\_\_\_\_\_  
Mayor Christopher Roberts

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Jessica Simulcik-Smith  
City Clerk

\_\_\_\_\_  
Pacifica Law Group LLP  
Bond Counsel

Date of Publication: \_\_\_\_\_, 2016

Effective Date: \_\_\_\_\_, 2016

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Authorize the City Manager to Execute the Port of Seattle Economic Development Partnership Agreement
<b>DEPARTMENT:</b>	City Manager's Office
<b>PRESENTED BY:</b>	Dan Eernisse, Economic Development Manager
<b>ACTION:</b>	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Public Hearing <input type="checkbox"/> Discussion

**PROBLEM/ISSUE STATEMENT:**

Staff is requesting that Council authorize the City Manager to execute an agreement with the Port of Seattle (POS) for \$54,500 in economic development funding for the creation of a Request for Expressions of Interest (RFEI) for a media campus in Shoreline. This funding requires a fifty percent (50%) funding match by the City.

Exploring the development of a state-of-the-art media campus that makes Shoreline the regional center of the digital media production industry is part of Action Step 6 under Council's 2016-18 Goal #1. The POS funding will allow the City to create and solicit interest to public and private investment partners for the Shoreline Media Campus. The RFEI Prospectus will describe how an investor can purchase an individual studio that combines the effects of agglomeration and scale economies to offer a relatively low-cost of entry with the practical flexibility and resources of a shared campus.

**RESOURCE/FINANCIAL IMPACT:**

The \$54,500 of funding will be added to the Economic Development Program budget in 2016 through the Budget Amendment to be discussed by Council this evening. The funding will likely be carried over to 2017, and the project completed by June 2017. The POS grant requires a \$27,250 match from the City of Shoreline which will be fulfilled through existing 2016 and 2017 economic development program budget for staff, consultants, travel, and marketing that are targeted at this effort.

**RECOMMENDATION**

Staff recommends that the Council authorize the City Manager to execute an agreement with the Port of Seattle for \$54,500 to fund the creation of a Request for Expressions of Interest (RFEI) for a media campus in Shoreline.

Approved By:            City Manager *DT*    City Attorney            *JA-T*

**ATTACHMENTS**

Attachment A – Port of Seattle Agreement



**ECONOMIC DEVELOPMENT PARTNERSHIP AGREEMENT  
BETWEEN  
THE PORT OF SEATTLE AND THE CITY OF SHORELINE**

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This Economic Development Partnership Agreement (the "Agreement") is made and entered into as of October \_\_\_\_, 2016, by and between the Port of Seattle (the "Port") and the City of Shoreline (the "City"), both municipal corporations of the State of Washington (each, a "Party" or, collectively, the "Parties").

**R E C I T A L S**

WHEREAS, engaging in the promotion of economic development is a recognized Port purpose authorized under RCW 53.08.245; and

WHEREAS, RCW 35.21.703 similarly authorizes cities to engage in economic development programs; and

WHEREAS, RCW 53.08.240(2) permits the Port to contract with another municipality to perform such undertakings each is authorized to perform; and

WHEREAS, the Port Commission of the Port of Seattle established the Economic Development Partnership Program (the "Program"), to advance the Port's Century Agenda, promote a dramatic growth agenda, support the creation of middle class jobs and help address the lack of economic development funding for local projects; and

WHEREAS, grant funding across the region is very limited for cities that want to pursue economic development projects or initiatives, and cities in the State of Washington have very limited economic development tools; and

WHEREAS, the Program will provide 38 King County cities per capita funding to advance local economic development throughout the region, and requires a 50% local match by the cities that receive the grants; and

WHEREAS, the Program will help the Port advance regional economic vitality through focused partnerships with King County cities; and

WHEREAS, the Program will make grants to cities that pursue programs and projects that stimulate business development, job creation and community revitalization, such as small business development, industry retention and



expansion, and other economic development projects that support new investment and job creation;

NOW, THEREFORE, the Parties agree as follows:

1. Purpose. The purpose of this Agreement is to establish a contractual arrangement under which the Port will contribute Program funds to the City in the amount set forth on Section 2, solely for the purpose of assisting the City in carrying out the local initiative and deliverables described in Exhibit A, attached and incorporated hereto by this reference (the "Project"). This Agreement shall be interpreted in furtherance of this purpose.

2. Responsibilities of the Port. The Port shall contribute Fifty-Four Thousand Five Hundred and No/100 Dollars (\$54,500.00) (the "Grant Fund Amount") to assist the City in funding the Project. The Port shall disburse the Grant Fund Amount to the City on a monthly basis and no later than 30 days after receipt of an invoice detailing those Project deliverables completed in accordance with Exhibit A. Subject to the requirements of this Section and of Section 18 (where applicable), the Port shall make the final payment of the Grant Fund Amount to the City by no later than June 30, 2017, or upon the Port's receipt of the final report, whichever occurs later.

3. Responsibilities of the City.

3.1 The City shall contribute Twenty-Seven Thousand Two Hundred-Fifty and No/100 Dollars (\$27,250.00) towards the Project, an amount that is equivalent to at least fifty percent (50%) of the Grant Fund Amount (the "City Match").

3.2 The City may contract with local non-profits to complete the Project or elements of the Project; *provided*, that the Port shall not, under any circumstance, disburse the Grant Fund Amount to any of the City's contractors or subcontractors.

3.3 The City shall complete the Project deliverables set forth in Exhibit A by no later than May 31, 2017.

4. Term. This Agreement shall become effective as of the date first set forth above, and shall terminate on May 31, 2017, unless earlier terminated under another provision of this Agreement.

5. Termination for Convenience. Either party may terminate this Agreement at any time, for any reason, by giving the other party thirty (30)

days' written notice. In the event the Port terminates this Agreement and the City has completed any portion of the Project by the time it receives the Port's notice of termination, the Port shall pay the City a percentage of the Grant Fund Amount that is proportional to the City's completed portion of the Project.

6. Termination for Default. Except in the case of delay or failure resulting from circumstances beyond the control and without the fault or negligence of the City, the Port shall be entitled, by written or oral notice to the City, to terminate Agreement for breach of any of the terms and to have all other rights against the City by reason of the City's breach as provided by law.

7. Waiver. Failure at any time of either Party to enforce any provision of this Agreement shall not constitute a waiver of such provision or prejudice the right of either Party to enforce such provision at any subsequent time. No term or condition of this Agreement shall be held to be waived, modified or deleted except by a written amendment signed by the Parties

8. Partial Invalidity. If any provision of this Agreement is or becomes void or unenforceable by force or operation of law, all other provisions hereof shall remain valid and enforceable.

9. Indemnification and Hold Harmless Agreement. The City shall defend, indemnify, and hold harmless the Port, its Commissioners, officers, employees, and agents (hereafter, collectively, the "Port") from all liability, claims, damages, losses, and expenses (including, but not limited to attorneys' and consultants' fees and other expenses of litigation or arbitration) arising out of or related to the fulfillment of this Agreement; *provided*, however, if and to the extent that this Agreement is construed to be relative to the construction, alteration, repair, addition to, subtraction from, improvement to, or maintenance of, any building, highway, road, railroad, excavation, or other structure, project, development, or improvement attached to real estate, including moving or demolition in connection therewith, and therefore subject to Section 4.24.115 of the Revised Code of Washington, it is agreed that where such liability, claim, damage, loss or expense arises from the concurrent negligence of (i) the Port, and (ii) the City, its agents, or its employees, it is expressly agreed that the City's obligations of indemnity under this paragraph shall be effective only to the extent of the City's negligence. Such obligations shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any person or entity described in this paragraph. This paragraph shall not be construed so as to require the City to defend, indemnify, or hold harmless the Port from such claims, damages, losses or expenses caused by or resulting from the sole negligence of the Port.

In any and all claims against the Port, by any employee of the City, its agent, anyone directly or indirectly employed by either of them, or anyone for whose acts any of them may be liable, the indemnification obligation of this paragraph shall not be limited in any way by any limitation on the amount or type of damages, compensation benefits payable by or for the City, or other person under applicable industrial insurance laws (including, but not limited to Title 51 of the Revised Code of Washington), it being clearly agreed and understood by the Parties hereto that the City expressly waives any immunity the City might have had under such laws. By executing this Agreement, the City acknowledges that the foregoing waiver has been mutually negotiated by the parties.

The City shall pay all attorneys' fees and expenses incurred by the Port in establishing and enforcing the Port's right under this paragraph, whether or not suit was instituted.

10. Comply with All Laws. The Parties shall at all times comply with all federal, state and local laws, ordinances and regulations, including but not limited to all environmental laws, which in any manner apply to the performance of this Agreement.

11. Integration. This Agreement, together with the attached Exhibit A, constitutes the entire agreement between the Parties and unless modified in writing by an amendment executed by the Parties, shall be implemented only as described herein.

12. Governing Law and Venue. This Agreement shall be governed by the laws of the State of Washington. Any action arising out of this Agreement shall be brought in King County.

13. No Employment Relationship Created. The Parties agree that nothing in this Agreement shall be construed to create an employment relationship between the City and the Port.

14. No Entity Created. The Parties agree that nothing in this Agreement shall be construed to create a joint entity between the City and the Port.

15. Notices. Notices to the Port shall be sent to the following address:

Port of Seattle  
Economic Development Division  
P. O. Box 1209  
Seattle, WA 98121

Notices to the City shall be sent to the following address:

City of Shoreline  
Economic Development Manager  
17500 Midvale Ave N  
Shoreline, WA 98133

16. Audits and Retention of Records. The City shall retain and make all books, records and documents (the "Records") relating to the performance of this Agreement open to inspection or audit by representatives of the Port or Washington State during the term of this Agreement and for a period of not less than six (6) years after termination of the Agreement; *provided*, that if any litigation, claim or audit arising out of, in connection with or related to this Agreement is initiated, the City shall retain such Records until the later of (a) resolution or completion of litigation, claim or audit; or (b) six (6) years after the termination of this Agreement.

17. Amendment. This Agreement may only be amended by written agreement of the Parties.

18. Dispute Resolution. The signatories below or their authorized delegates shall use good faith efforts to cooperatively resolve disputes that arise in connection with this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement as of the date first set forth above.

**PORT OF SEATTLE**

**CITY OF SHORELINE**

By: Tim Jayne  
Sr. Manager, Purchasing

By: Dan Eernisse  
Economic Development Manager

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Dated*

\_\_\_\_\_  
*Dated*

EXHIBIT A  
SCOPE OF WORK/SPECIFIC REQUIREMENTS

1. Scope of Work:

a. Shoreline Media Campus Project:

i. Request for Expressions of Interest (RFEI) Prospectus:

Development of the content of the RFEI Prospectus by a) retaining a firm to provide design services for the facility; b) contract with an estimator to provide construction estimates; c) contract with a law firm to provide ownership association structure; and d) contract with a law firm to provide financial analysis. All elements of this portion of the Scope of Work to be complete by May 31, 2017.

ii. Create RFEI Prospectus: Creation of the RFEI Prospectus will involve a) contracting with a public relations firm to create a professional prospectus describing the opportunity; b) contracting with a web designer to create a web-based presentation describing the opportunity; and c) contract with translators and/or facilitators. All elements of this portion of the Scope of Work to be complete by March 2017.

iii. Presentation of RFEI Prospectus: Presentation of the RFEI Prospectus to key decision makers in person, online, or in printed form.

b. The City will submit a written report to the Port within 45 days of completion of the Scope of Work but no later than, May 31, 2017, a final report shall be submitted to the Port.

c. Port may request periodic project updates from the City.

2. Definition and restatement of how funds are to be used.

Category:	Port of Seattle Funds:	Matching Funds:	Total Funds:
<i>Staffing:</i> <i>City Manager Office (15%)</i> <i>Economic Development (65%)</i> <i>Communications Team (5%)</i> <i>Administrative support and overhead (5%)</i>	\$0	\$22,000	\$22,000
<i>Consultants</i>	\$45,000	\$4,000	\$49,000
<i>Travel, meals and lodging for face-to-face meetings</i>	\$3,000	\$750	\$3,750
<i>Marketing – Printing, graphic and web design</i>	\$6,500	\$500	\$7,000
<b>TOTAL FUNDS</b>	\$54,500	\$27,250	\$91,750

Any funds obtained from the Port for economic development and tourism activities are to be used specifically for projects that create jobs, foster business growth, and support the Port’s business interests, advertising, promotion, marketing, or attendance at trade shows that have the potential to generate incremental visitor expenditures and/or increase visitors to the City of Shoreline and the surrounding area. Travel expenses will be paid as agreed upon in the budget for those line items.

2. Access and Process for obtaining funds.

The Port may authorize reimbursement of eligible expenses upon approval by the Port and documentation from the City providing information on expenses and required match. Port may require appropriate documentation to validate participation in the activity, advertising placement, or a specific project that will be initiated.

3. **Port Approval and Recognition:**

- a. All projects must utilize and identify the Port as a partner or sponsor. Prior to implementation, Port requires a review of the proposed placement of the Port logo on advertising, promotion materials, booth displays, online, digital or printed materials.
- b. Prior to specific advertising execution or implementation, the Port will review and approve the advertising placement and schedule.

4. **The Agreement and Final Report:**

TASK	DESCRIPTION	SCHEDULE
Task 1	Execute Agreement	No later than October 5, 2016
Task 2	Execution of Agreement by Port	No later than October 10, 2016
Task 3	Provide an Invoice for the total amount remaining due from the Port	No later than May 31 2017
Task 4	Final Report and Accounting: <ol style="list-style-type: none"> <li>1. Provide a copy of the RFEI Prospectus.</li> <li>2. Provide a copy of the marketing information, presentation materials.</li> <li>3. Provide a link(s) to websites which market or promote the RFEI Prospectus.</li> <li>4. Provide a detailed accounting of the monies spent, including 50% matching funds.</li> </ol>	No later than May 31, 2017

5. **Miscellaneous:**

No Port funds can be used to underwrite general or capital expenses associated with an event or program already in progress.

End of Exhibit A - Scope of Work/Specific Requirements

DRAFT



**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Adoption of Ordinance No. 764 Authorizing the Refunding of Unlimited Tax General Obligation Bonds (Parks) and Limited Tax General Obligation Bonds (City Hall)
<b>DEPARTMENT:</b>	Administrative Services Department
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Director
<b>ACTION:</b>	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:**

Bond refinancing (refunding) is an important debt management tool for state and local government issuers. Refundings are commonly executed to achieve interest cost savings, remove or change burdensome bond covenants, or restructure the stream of debt service payments. The City has two debt issues that are currently good candidates for refunding. The Government Finance Officers Association recommends that present value savings from refunding's be at least 3.00%.

Proposed Ordinance No. 764 would provide for this refunding of the City's Unlimited Tax General Obligation (UTGO) bonds that were issued as a result of the 2006 voter-approved Park Bond Levy and the Limited Tax General Obligation (LTGO) bonds that were issued in 2009 for Shoreline City Hall. Council discussed the proposed Ordinance No. 764 at its meeting on October 17, 2016 and directed staff to return the ordinance for adoption on November 7, 2016.

**RESOURCE/FINANCIAL IMPACT:**

The refunding of the UTGO Parks Bonds is estimated to provide savings of approximately \$558,000 with a net present value of \$518,000 or 6.87% of refunded bonds. The refunding of the 2009 LTGO City Hall Bonds is estimated to provide net interest savings of approximate \$3,100,000 (present value of \$2,285,000 or 13.27% of refunded bonds).

**RECOMMENDATION**

Staff recommends that Council adopt Ordinance No. 764 authorizing the refunding of UTGO and LTGO Bonds.

Approved By:            City Manager **DT**    City Attorney **MK**

## **BACKGROUND**

Bond refinancing (refunding) is an important debt management tool for state and local government issuers. Refunding's are commonly executed to achieve interest cost savings, remove or change burdensome bond covenants, or restructure the stream of debt service payments. The City has two debt issues that are currently good candidates for refunding:

- In May 2006, Shoreline voters approved a bond levy totaling \$18,795,000 for park and open space acquisition and parks improvements. These UTGO bonds were issued in 2006 and have maturity dates that range from 2007 through 2021. The interest rates range from 3.55% to 4.09%. As of December 31, 2015, the City has \$8,885,000 in debt remaining on these bonds. \$7,540,000 is eligible for refunding.
- In July 2009, the City issued \$18,340,000 in LTGO (Councilmanic) Build America Bonds for construction of City Hall. These bonds mature between 2019 and 2039 with interest rates ranging from 4.69% to 6.40%. Build America Bonds were offered as an incentive to build during the economic downturn and provide a subsidy for a portion of the interest by the Federal Government.

While the interest rates on these bonds are all very good, the current bond market offers savings that make refunding beneficial to the City and its taxpayers. Staff has worked with Fred Eoff from PFM Financial Advisors, LLC, the City's financial advisor, to monitor the bond market and determine whether refunding might be advantageous to the City. Based on an analysis of the City's current debt and the market, staff is recommending that Council approve a delegating ordinance that authorizes staff to pursue refunding of the debt. Proposed Ordinance No. 764 (Attachment A) would provide for this refunding.

## **DISCUSSION**

The following is a discussion regarding the considerations for both of the bond issues being considered for refunding.

### **UTGO 2006 Parks Bonds**

These bonds will be refunded using an accelerated payoff strategy. The net present value savings is estimated at \$518,000 (6.87%). Debt service payments for the refunding would remain fairly consistent with the current outstanding bonds for 2017 through 2020. Given that the interest rate will be lower, keeping the bond payments consistent for the next five years allows more of the debt service payment to be applied towards principal and reduces the interest being paid. Ultimately in 2021, the total debt service payment will be lower, and as such the property taxes needed to generate the funds for the debt service payment, than the previous five years which generates the majority of the savings for tax payers. The comparison of existing and anticipated debt service is included in Attachment B.

### Method of Sale

The delegating ordinance provides the City the option to do either a public sale (also referred to as Underwritten Bonds) or a private placement (also referred to as Direct Purchase Bonds). Either option would be done competitively. Because the costs and administrative efforts required for a private placement are lower than for a public sale, staff would first perform a Request for Proposal (RFP) to find potential investors. If there are no satisfactory responses to the RFP that achieve the anticipated savings, staff would move to a public sale.

### Refunding Parameters

In the delegating ordinance, Council provides the following parameters for the refunding:

- Maximum principal amount: \$8,500,000
- Minimum Net Present Value Savings: 3.00%
- Maturity Date: No later than 12/1/2021
- True Interest Cost (in aggregate) not to exceed: 2.65%

### **LTGO 2009 City Hall Bonds**

Refunding of these bonds is estimated to provide annual savings ranging between \$155,000 and \$160,000 per year starting in 2019. The net present value savings of the complete refunding is estimated to be \$2,285,000 (13.3% of the par amount of the refunded 2009 City Hall Bonds). Because the interest on the 2009 City Hall Bonds is subsidized by the Federal Government, this refunding would be accomplished as a “crossover” advanced refunding to avoid the potential loss of interest subsidy prior to the December 1, 2019 redemption date of the 2009 Bonds. This means that the new refunding debt would be fully secured and paid by the refunding escrow up to December 1, 2019, at which point the escrow matures and fully redeems the 2009 Bonds. At that point the City first becomes liable for the replacement bonds. No debt service savings is achieved prior to December 1, 2019. Savings is valued by comparing new debt service versus prior debt service after deduction of the Federal subsidy.

### Method of Sale

The delegating ordinance provides the City the option to do either a public sale (also referred to as Underwritten Bonds) or a private placement (also referred to as Direct Purchase Bonds). Depending on market conditions, the City may pursue an RFP for potential investors as a private placement. Due to the size of this financing, however, the City’s financial advisory has indicated that this sale may be more advantageous as a competitive publicly offered sale.

### Refunding Parameters

In the delegating ordinance, Council provides the following parameters for the refunding:

- Maximum principal amount: \$18,500,000
- Minimum Net Present Value Savings: 3.00%
- Maturity Date: No later than 12/1/2039
- True Interest Cost (in aggregate) not to exceed: 3.20%

## **RESOURCE/FINANCIAL IMPACT**

The refunding of the UTGO Parks Bonds is estimated to provide savings of approximately \$558,000 with a net present value of \$518,000 or 6.87% of refunded bonds. The refunding of the 2009 LTGO City Hall Bonds is estimated to provide net interest savings of approximate \$3,100,000 (present value of \$2,285,000 or 13.27% of refunded bonds).

## **RECOMMENDATION**

Staff recommends that Council adopt Ordinance No. 764 authorizing the refunding of UTGO and LTGO Bonds.

## **ATTACHMENTS**

- Attachment A: Proposed Ordinance No. 764, including Exhibit A
- Attachment B: UTGO Debt Service Savings Calculations
- Attachment C: LTGO Debt Service Savings Calculations

CITY OF SHORELINE, WASHINGTON  
UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS  
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS  
ORDINANCE NO. 764

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, AUTHORIZING THE ISSUANCE OF LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$18,800,000 AND UNLIMITED TAX GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$8,500,000 FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE CITY AND PAYING COSTS OF ISSUING THE BONDS; DELEGATING CERTAIN AUTHORITY TO APPROVE THE METHOD OF SALE AND FINAL TERMS OF THE BONDS; AND AUTHORIZING OTHER MATTERS RELATED THERETO.

PASSED: November 7, 2016

PREPARED BY:

PACIFICA LAW GROUP LLP  
Seattle, Washington

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\* This Table of Contents is provided for convenience only and is not a part of this ordinance.

**ORDINANCE NO. 764**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, AUTHORIZING THE ISSUANCE OF LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$18,800,000 AND UNLIMITED TAX GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$8,500,000 FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE CITY AND PAYING COSTS OF ISSUING THE BONDS; DELEGATING CERTAIN AUTHORITY TO APPROVE THE METHOD OF SALE AND FINAL TERMS OF THE BONDS; AND AUTHORIZING OTHER MATTERS RELATED THERETO.**

WHEREAS, the City of Shoreline, Washington (the “City”), has issued the following general obligation bonds, which remain outstanding as follows:

<u>Bonds</u>	<u>Authorizing Ordinance</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>
Unlimited Tax General Obligation Bonds, 2006 (the “2006 Bonds”)	454	\$18,795,000	\$8,885,000
Limited Tax General Obligation Bonds, Series 2009B (Taxable Build America Bonds – Direct Payment) (the “2009 Bonds”)	556	\$18,340,000	\$18,340,000

WHEREAS, Ordinance No. 454 (the “2006 Ordinance”) provides that the City may call the 2006 Bonds maturing on or after December 1, 2017 (the “2006 Refunding Candidates”), for redemption on or after December 1, 2016, in whole or in part on any date, at the price of par plus accrued interest, if any, to the date of redemption; and

WHEREAS, after due consideration it appears that all or a portion of the 2006 Refunding Candidates (the “2006 Refunded Bonds”) may be defeased and refunded on a current basis by the proceeds of unlimited tax general obligation bonds at a savings to the City and its taxpayers; and

WHEREAS, Ordinance No. 556 (the “2009 Ordinance”) provides that the City may call the 2009 Bonds maturing on or after December 1, 2021 (the

“2009 Refunding Candidates” and together with the 2006 Refunding Candidates, the “Refunding Candidates”), for redemption on or after December 1, 2019, in whole or in part on any date, at the price of par plus accrued interest, if any, to the date of redemption; and

WHEREAS, after due consideration it appears that all or a portion of the 2009 Refunding Candidates (the “2009 Refunded Bonds” and together with the 2006 Refunded Bonds, the “Refunded Bonds”) may be refunded on a crossover basis by the proceeds of limited tax general obligation bonds at a savings to the City and its taxpayers; and

WHEREAS, the Council deems it in the best interest of the City to issue unlimited tax general obligation refunding bonds and limited tax general obligation refunding bonds (as further defined herein, the “Bonds”) to redeem the Refunded Bonds as described herein and to pay costs of issuing the Bonds; and

WHEREAS, the Council wishes to delegate authority to the City Manager (the “Designated Representative”), for a limited time, to select the method of bond sale for each series of bonds authorized hereunder that is in the best interest of the City (if any) and to approve the interest rates, maturity dates, redemption terms and principal maturities for each series of Bonds within the parameters set by this ordinance, in order to effect such a refinancing; and

WHEREAS, the Bonds of each series shall be sold by either a private placement or be underwritten, all as set forth herein;

THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO ORDAIN AS FOLLOWS:

**Section 1. Definitions.** As used in this ordinance, the following words and terms shall have the following meanings, unless the context or use indicates another or different meaning or intent. Unless the context indicates otherwise, words importing the singular number shall include the plural number and vice versa.

*Acquired Obligations* means the Government Obligations acquired by the City under the terms of this ordinance and each Escrow Agreement to effect the refunding of the Refunded Bonds, but only to the extent that the same are acquired at Fair Market Value.

*Administrative Services Director* means the City’s Administrative Services Director, or the successor to such officer.

*Beneficial Owner* means any person that has or shares the power, directly or indirectly to make investment decisions concerning ownership of any Underwritten Bonds (including persons holding Underwritten Bonds through nominees, depositories or other intermediaries).



*Bond Counsel* means Pacifica Law Group LLP or an attorney at law or a firm of attorneys, selected by the City, of nationally recognized standing in matters pertaining to the tax exempt nature of interest on bonds issued by states and their political subdivisions.

*Bond Purchase Contract* means one or more contracts, if any, for the purchase of any Underwritten Bonds sold by negotiated sale to the initial purchaser, executed pursuant to Section 11.

*Bond Register* means the registration books showing the name, address and tax identification number of each Registered Owner of a series of Bonds, maintained for the Bonds in the manner required pursuant to Section 149(a) of the Code.

*Bond Registrar* means (a) for any Underwritten Bonds, initially, the fiscal agent of the State, and (b) for any Direct Purchase Bonds, the Administrative Services Director of the City.

*Bonds* mean together, the LTGO Bonds and the UTGO Bonds.

*Certificate of Award* means one or more certificates, if any, for the purchase of any Underwritten Bonds sold by competitive sale awarding the Bonds of a series to the bidder as set forth in Section 11 of this ordinance.

*City* means the City of Shoreline, Washington, a municipal corporation duly organized and existing by virtue of the laws of the State.

*City Clerk* means the duly appointed and acting City Clerk of the City or the successor to the duties of that office.

*City Manager* means the duly appointed and acting City Manager of the City or the successor to the duties of such office.

*City Mayor* or *Mayor* means the duly elected and acting Mayor of the City or the successor to the duties of such office.

*Closing* means the date of delivery of a Bond or Bonds of a series to the initial purchaser thereof.

*Code* means the Internal Revenue Code of 1986 as in effect on the date of issuance of a series of Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

*Commission* means the Securities and Exchange Commission.

*Continuing Disclosure Certificate* means one or more written undertakings for the benefit of the owners and Beneficial Owners of any Underwritten Bonds as required by Section (b)(5) of the Rule.

*Crossover Date* means December 1, 2019.

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

*Designated Representative* means the City Manager, any successors to the functions of such office, and his or her designee.

*Direct Purchase Bonds* means any Bonds or Bond sold to a Direct Purchaser pursuant to Section 11 of this ordinance.

*Direct Purchaser* means any bank or other financial institution selected to purchase (or to accept delivery of one or more Direct Purchase Bonds to evidence the City's obligations under a Loan Agreement) one or more Direct Purchase Bonds pursuant to Section 11 of this ordinance.

*DTC* means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for any Underwritten Bonds pursuant to Section 3 of this ordinance.

*Escrow Agent* means the trust company or state or national bank having powers of a trust company selected by the City to serve as escrow agent pursuant to Section 7 of this ordinance.

*Escrow Agreement* means one or more Escrow Deposit Agreements between the City and the Escrow Agent to be dated as of the date of Closing of a series of Bonds.

*Fair Market Value* means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

*Federal Tax Certificate* means one or more certificates executed by the Administrative Services Director or City Manager setting forth the requirements of the Code for maintaining the tax exemption of interest on the Bonds of a series to be dated as of the date of Closing for such Bonds, and attachments thereto.

*Government Obligations* means those obligations now or hereafter defined as such in chapter 39.53 RCW, as such chapter may be amended or restated.

*Letter of Representations* means the Blanket Issuer Letter of Representations from the City to DTC.

*Loan Agreement* means one or more loan or purchase agreements, if any, between the City and a Direct Purchaser under which the Direct Purchaser will make a loan to the City, evidenced by a Direct Purchase Bond, or under which the Direct Purchaser will purchase the Direct Purchase Bond.

*LTGO Bonds* mean the limited tax general obligation refunding bonds authorized to be issued by the City in the aggregate principal amount of not to exceed \$18,800,000 pursuant to the terms of this ordinance.

*LTGO Debt Service Fund* means the fund or account established by the City for the purpose of paying debt service on the LTGO Bonds.

*LTGO Escrow Fund* means the fund or account established by the Escrow Agent under the Escrow Agreement executed in connection with the redemption, on a crossover basis, of the 2009 Refunded Bonds.

*MSRB* means the Municipal Securities Rulemaking Board or any successors to its functions.

*Official Statement* means the disclosure document(s) prepared and delivered in connection with the issuance of any Underwritten Bonds.

*Projects* mean the capital projects financed with proceeds of the Refunded Bonds.

*Record Date* means the close of business on the fifteenth day of the month preceding each principal and/or interest payment date.

*Refunded Bonds* mean together, the 2006 Refunded Bonds and the 2009 Refunded Bonds.

*Refunding Candidates* mean together, the 2006 Refunding Candidates and the 2009 Refunding Candidates.

*Registered Owner* means the person named as the registered owner of a Bond in the Bond Register.

*Rule* means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

*Sale Document* means the Bond Purchase Contract, Certificate of Award, or Loan Agreement, if any, executed by the Designated Representative in connection with the sale of a series of Bonds, which shall provide for the name, principal and interest payment dates and amounts, redemption/prepayment rights, description of the applicable series of Refunded Bonds, crossover provisions (if applicable), and other terms to describe such series of Bonds as determined to be necessary by the Designated Representative.

*State* means the State of Washington.

*2006 Bonds* mean the City's Unlimited Tax General Obligation Bonds, 2006, issued pursuant to the 2006 Ordinance as described in the recitals of this ordinance.

*2006 Bonds Call Date* means the call date set forth in the Escrow Agreement for the 2006 Refunded Bonds, which date shall be on or after December 1, 2016.

*2006 Ordinance* means Ordinance No. 454 passed by the Council on November 29, 2006, authorizing the issuance of the 2006 Bonds.

*2006 Refunded Bonds* mean those 2006 Refunding Candidates designated by the Designated Representative for refunding pursuant to Section 7 and Section 11.

*2006 Refunding Candidates* mean the outstanding 2006 Bonds maturing on or after December 1, 2017.

*2009 Bonds* mean the City's Limited Tax General Obligation Bonds, Series 2009B (Taxable Build America Bonds – Direct Payment), issued pursuant to the 2009 Ordinance as described in the recitals of this ordinance.

*2009 Ordinance* means Ordinance No. 556 passed by the Council on July 29, 2009, authorizing the issuance of the 2009 Bonds.

*2009 Refunded Bonds* mean those 2009 Refunding Candidates designated by the Designated Representative for refunding pursuant to Section 7 and Section 11.

*2009 Refunding Candidates* mean the outstanding 2009 Bonds maturing on or after December 1, 2021.

*Underwriter* means any underwriter, in the case of a negotiated sale, or initial purchaser, in the case of a competitive sale, for any series of Underwritten Bonds selected pursuant to Section 11.

*Underwritten Bonds* means Bonds of a series, if any, sold pursuant to a negotiated or a competitive sale by the City to an Underwriter pursuant to Section 11 of this ordinance.

*UTGO Bonds* mean the unlimited tax general obligation refunding bonds authorized to be issued by the City in the aggregate principal amount of not to exceed \$8,500,000 pursuant to the terms of this ordinance.

*UTGO Debt Service Fund* means the fund or account established by the City for the purpose of paying debt service on the UTGO Bonds.

*UTGO Escrow Fund* means the fund or account established by the Escrow Agent under the Escrow Agreement executed in connection with the redemption of the 2006 Refunded Bonds.

## **Section 2. Purpose and Authorization of Bonds.**

(a) *UTGO Bonds.* For the purpose of defeasing and refunding on a current basis the 2006 Refunded Bonds and paying related costs of issuance, the City is hereby authorized to issue and sell unlimited tax general obligation refunding bonds in an aggregate principal amount not to exceed \$8,500,000 (the “UTGO Bonds”). The UTGO Bonds shall be general obligations of the City, shall be designated “City of Shoreline, Washington, Unlimited Tax General Obligation Refunding Bonds, 20XX,” or other such designation as set forth in the applicable Sale Document. The UTGO Bonds shall be dated as of the date of Closing of the UTGO Bonds. The UTGO Bonds shall be fully registered as to both principal and interest and shall be sold as either Direct Purchase Bonds or Underwritten Bonds.

(b) *LTGO Bonds.* For the purpose of advance refunding, on a crossover basis, the 2009 Refunded Bonds and paying related costs of issuance, the City is hereby authorized to issue and sell limited tax general obligation refunding bonds in an aggregate principal amount not to exceed \$18,800,000 (the “LTGO Bonds”). The LTGO Bonds shall be general obligations of the City, shall be designated “City of Shoreline, Washington, Limited Tax General Obligation Refunding Bonds, 20XX (2019 Crossover Refunding),” or other such designation as set forth in the applicable Sale Document. The LTGO Bonds shall be dated as of the date of Closing of the LTGO Bonds. The LTGO Bonds shall be fully registered as to both principal and interest and shall be sold as either Direct Purchase Bonds or Underwritten Bonds.

## **Section 3. Bond Details; Registration, Exchange and Payments.**

(a) *Underwritten Bonds.*

(1) Bond Details. Any Bonds of a series may be sold as Underwritten Bonds. Underwritten Bonds shall be issued in denominations of \$5,000, or any integral multiple thereof, within a series and maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; shall bear interest payable on the dates set forth in the applicable Sale Document; and shall be subject to optional and/or mandatory redemption and mature on the dates and in the principal amounts set forth in the applicable Sale Document.

(2) Bond Registrar/Bond Register. The City hereby specifies and adopts the system of registration approved by the State Finance Committee from time to time through the appointment of a state fiscal agent. The City shall cause a bond register to be maintained by the Bond Registrar. So long as any Underwritten Bonds remain

outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Underwritten Bonds at its designated office. The Bond Registrar may be removed at any time at the option of the Administrative Services Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Administrative Services Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Underwritten Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Underwritten Bonds.

(3) Registered Ownership. The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Underwritten Bond as the absolute owner thereof for all purposes (except as otherwise provided in this ordinance or in the Continuing Disclosure Certificate), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Underwritten Bond shall be made only as described below, but such Underwritten Bond may be transferred as provided herein. All such payments made as described below shall be valid and shall satisfy and discharge the liability of the City upon such Underwritten Bond to the extent of the amount or amounts so paid.

(4) DTC Acceptance/Letters of Representations. The Underwritten Bonds initially shall be held in fully immobilized form by DTC acting as depository. The City has executed and delivered to DTC the Letter of Representations. Neither the City nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Underwritten Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Underwritten Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Underwritten Bonds are held in fully-immobilized form, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

(5) Use of Depository.

(A) The Underwritten Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the maturity dates for the Underwritten Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such

immobilized Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository appointed by the Administrative Services Director pursuant to subsection (B) below or such substitute depository's successor; or (iii) to any person as provided in subsection (D) below.

(B) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Administrative Services Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Administrative Services Director may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(C) In the case of any transfer pursuant to clause (i) or (ii) of subsection (A) above, the Bond Registrar shall, upon receipt of all outstanding Underwritten Bonds, together with a written request on behalf of the Administrative Services Director, issue a single new Underwritten Bond for each series and maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Administrative Services Director.

(D) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the Administrative Services Director determines that it is in the best interest of the beneficial owners of the Underwritten Bonds that such owners be able to obtain such Underwritten Bonds in the form of bond certificates, the ownership of such Underwritten Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held by a depository. The Administrative Services Director shall deliver a written request to the Bond Registrar, together with a supply of physical Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Underwritten Bonds together with a written request on behalf of the Administrative Services Director to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(6) Registration of Transfer of Ownership or Exchange; Change in Denominations. The transfer of any Underwritten Bond may be registered and Underwritten Bonds may be exchanged, but no transfer of any such Underwritten Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Underwritten Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Underwritten Bond(s) of the same series, date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as

Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Underwritten Bond, in exchange for such surrendered and cancelled Underwritten Bond. Any Underwritten Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Underwritten Bonds of the same series, date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer of or to exchange any Underwritten Bond during the 15 days preceding any principal payment or redemption date.

(7) Bond Registrar's Ownership of Bonds. The Bond Registrar may become the Registered Owner of any Underwritten Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Underwritten Bonds.

(8) Place and Medium of Payment. Both principal of and interest on the Underwritten Bonds shall be payable in lawful money of the United States of America. Interest on the Underwritten Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Underwritten Bonds are held by DTC, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Underwritten Bonds are no longer held by a depository, interest on the Underwritten Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date, or upon the written request of a Registered Owner of more than \$1,000,000 of Underwritten Bonds (received by the Bond Registrar at least by the record date), such payment shall be made by the Bond Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Underwritten Bonds shall be payable upon presentation and surrender of such Underwritten Bonds by the Registered Owners at the designated office of the Bond Registrar.

If any Underwritten Bond shall be duly presented for payment and funds have not been duly provided by the City on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Underwritten Bonds until it is paid.

(b) *Direct Purchase Bonds.*

(1) Bond Details. Any Bonds of a series may be sold as Direct Purchase Bonds. Direct Purchase Bonds shall be dated as of the date of delivery to the Direct Purchaser, shall be fully registered as to both principal and interest, shall be in one denomination, and shall mature on the date set forth in the applicable Sale Document. Direct Purchase Bonds shall bear interest from the dated date or the most recent date to which interest has been paid at the interest rate set forth in the applicable Sale Document. Interest on the principal amount of Direct Purchase Bonds shall be calculated per annum on a 30/360 basis, or as otherwise provided in the Bond and in the applicable Sale



Document. Principal of and interest on Direct Purchase Bonds shall be payable at the times and in the amounts as set forth in the payment schedule attached to the Direct Purchase Bond.

(2) Registrar/Bond Registrar. The Administrative Services Director shall act as Bond Registrar for any Direct Purchase Bonds. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Direct Purchase Bonds if transferred or exchanged in accordance with the provisions of the Direct Purchase Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance with respect to Direct Purchase Bonds.

(3) Registered Ownership. The City and the Bond Registrar may deem and treat the Registered Owner of any Direct Purchase Bond as the absolute owner for all purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

(4) Transfer or Exchange of Registered Ownership. Direct Purchase Bonds shall not be transferrable without the consent of the City unless (i) the Direct Purchaser's corporate name is changed and the transfer is necessary to reflect such change, or (ii) the transferee is a successor in interest of the Direct Purchaser by means of a corporate merger, an exchange of stock, or a sale of assets. Notwithstanding the foregoing, Direct Purchase Bonds may be transferred upon satisfaction of the requirements, if any, set forth in the applicable Sale Document and the Direct Purchase Bonds.

(5) Place and Medium of Payment. Both principal of and interest on Direct Purchase Bonds shall be payable in lawful money of the United States of America. Principal and interest on Direct Purchase Bonds shall be payable by check, warrant, ACH transfer or by other means mutually acceptable to the Direct Purchaser and the City.

#### **Section 4. Redemption and Purchase of Bonds.**

(a) *Redemption of Bonds.* The Bonds of each series shall be subject to mandatory redemption to the extent, if any, as set forth in the applicable Sale Document and as approved by the Designated Representative pursuant to Section 11. The Bonds of each series shall be subject to optional redemption and/or prepayment on the dates, at the prices and under the terms set forth in the applicable Sale Document approved by the Designated Representative pursuant to Section 11.

(b) *Purchase of Bonds.* The City reserves the right to purchase any of the Bonds at any time at a price deemed reasonable by the Designated Representative.

(c) *Selection of Bonds for Redemption.* If the Underwritten Bonds of a series are held in book-entry only form, the selection of particular Underwritten Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Underwritten Bonds are no longer held by a depository, the selection of such Underwritten Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following

provisions of this subsection (c). If the City redeems at any one time fewer than all of the Underwritten Bonds having the same maturity date, the particular Underwritten Bonds or portions of Underwritten Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of an Underwritten Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Underwritten Bond as representing such number of separate Underwritten Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Underwritten Bond by \$5,000. In the event that only a portion of the principal sum of a Underwritten Bond is redeemed, upon surrender of such Underwritten Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Underwritten Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption or Prepayment.*

(1) Official Notice. Notice of any prepayment of Direct Purchase Bonds shall be provided by the City to the Direct Purchaser as provided in the applicable Sale Document.

For so long as the Underwritten Bonds of a series are held by a depository, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Underwritten Bonds are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Underwritten Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Underwritten Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state: (A) the redemption date, (B) the redemption price, (C) if fewer than all outstanding Underwritten Bonds of such series are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (D) any conditions to redemption; (E) that (unless such notice is conditional) on the redemption date the redemption price will become due and payable upon each such Underwritten Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and (F) the place where such Underwritten Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Bond Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the City

shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Underwritten Bonds or portions of Underwritten Bonds which are to be redeemed on that date. The City retains the right to rescind any redemption notice and the related optional redemption of Underwritten Bonds by giving notice of rescission to the affected registered owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Underwritten Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

If notice of redemption has been given and not rescinded or revoked, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the Underwritten Bonds or portions of Underwritten Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and, if the Bond Registrar then holds sufficient funds to pay such Underwritten Bonds at the redemption price, then from and after such date such Underwritten Bonds or portions of Underwritten Bonds shall cease to bear interest. Upon surrender of such Underwritten Bonds for redemption in accordance with said notice, such Underwritten Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Underwritten Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

If addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Underwritten Bonds being redeemed; (B) the date of issue of the Underwritten Bonds as originally issued; (C) the rate of interest borne by each Underwritten Bond being redeemed; (D) the maturity date of each Underwritten Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Underwritten Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to the Continuing Disclosure Certificate and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Underwritten Bonds.

The foregoing notice provisions of this Section 4, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

**Section 5. Form of Bonds.** The Bonds shall be in substantially the form set forth in Exhibit A, which is incorporated herein by this reference.

**Section 6. Execution of Bonds.** The Bonds of each series shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond may be signed and attested on behalf of the City by such persons who at the date of the actual execution of such Bond, are the proper officers of the City, although at the original date of such Bond any such person shall not have been such officer of the City.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

**Section 7. Refunding Plan; Application of Bond Proceeds.**

(a) *Refunding Plan.* For the purpose of realizing an aggregate debt service savings and benefiting the taxpayers of the City, the Council proposes to refund the Refunded Bonds as set forth herein. The Refunded Bonds shall include those Refunding Candidates (or portions thereof) as are selected by the Designated Representative and set forth in the applicable Sale Document.

Net proceeds of the UTGO Bonds and other available funds of the City, if any, shall be deposited into an escrow fund or account (the "UTGO Escrow Fund") held by the Escrow Agent pursuant to the Escrow Agreement and shall be invested in certain Government Obligations, the principal of and interest on which shall be used, together with funds deposited with the Escrow Agent as cash, to defease and pay the redemption price of the 2006 Refunded Bonds on the 2006 Bonds Call Date, and interest thereon and before such date.

Net proceeds of the LTGO Bonds and other available funds of the City, if any, shall be deposited into an escrow fund or account (the "LTGO Escrow Fund") held by the Escrow Agent pursuant to the Escrow Agreement and invested in certain Government Obligations, the principal of and interest on which shall be used, together with other funds deposited with the Escrow Agent as cash, to pay the interest due on the LTGO Bonds on and prior to the Crossover Date and the redemption price of the 2009 Refunded Bonds on the Crossover Date. The 2009 Refunded Bonds shall remain outstanding until the Crossover Date. Prior to the Crossover Date, the 2009 Refunded Bonds shall not be considered reissued, defeased or redeemed for any purpose, including but not limited to

for purposes of federal tax law and statutory and constitutional debt limitations applicable to cities.

Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

(b) *Escrow Agent/Escrow Agreement.* The Designated Representative is hereby authorized to solicit proposals from and to select an Escrow Agent. The proceeds of the Bonds remaining after acquisition of the Acquired Obligations and provision for the necessary cash balance shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations and expenses of the issuance of the Bonds.

In order to carry out the purposes of this Section 7, the Designated Representative is authorized and directed to execute and deliver to the Escrow Agent one or more Escrow Agreements.

(c) *Call for Redemption of Refunded Bonds.* The City hereby calls the 2006 Refunded Bonds for redemption on the 2006 Bonds Call Date and the 2009 Refunded Bonds for redemption on the Crossover Date in accordance with the provisions of the 2006 Ordinance and the 2009 Ordinance authorizing the redemption and retirement of the 2006 Bonds and the 2009 Bonds, respectively, prior to their fixed maturities. Said call for redemption of the Refunded Bonds shall be irrevocable after the issuance of the Bonds and delivery of the Acquired Obligations to the Escrow Agent. The Designated Representative and the Escrow Agent are hereby authorized and directed to provide for the giving of notices of the redemption in accordance with the provisions of the 2006 Ordinance and the 2009 Ordinance. The costs of publication of such notices shall be an expense of the City.

**Section 8. Tax Covenants.** The City will take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds, including but not limited to the following:

(a) *Private Activity Bond Limitation.* The City will assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(b) *Limitations on Disposition of Project.* The City will not sell or otherwise transfer or dispose of (i) any personal property components of the projects financed with proceeds of the Refunded Bonds (the "Projects") other than in the ordinary course of an established government program under Treasury Regulation 1.141-2(d)(4) or (ii) any real property components of the Projects, unless it has received an opinion of Bond Counsel to the effect that such disposition will not adversely affect the treatment of interest on the Bond as excludable from gross income for federal income tax purposes.

(c) *Federal Guarantee Prohibition.* The City will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) *Rebate Requirement.* The City will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(e) *No Arbitrage.* The City will not take, or permit or suffer to be taken by the Escrow Agent or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(f) *Registration Covenant.* The City will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code until all Bonds have been surrendered and canceled.

(g) *Record Retention.* The City will retain its records of all accounting and monitoring it carries out with respect to the Bonds for at least three years after the Bonds mature or are redeemed (whichever is earlier); however, if the Bonds are redeemed and refunded, the City will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the Bonds.

(h) *Compliance with Federal Tax Certificate.* The City will comply with the provisions of the Federal Tax Certificate with respect to each series of Bonds, which are incorporated herein as if fully set forth herein. The covenants of this Section will survive payment in full or defeasance of the Bonds.

## **Section 9. Debt Service Funds and Provision for Tax Levy Payments.**

(a) *UTGO Bonds.* The City hereby authorizes the creation of a fund or account to be used for the payment of debt service on the UTGO Bonds (the “UTGO Bond Fund”). No later than the date each payment of principal or interest on the UTGO Bonds becomes due, the City shall transmit sufficient funds, from the UTGO Bond Fund or from other legally available sources, to the Bond Registrar for the payment of such principal or interest. Money in the UTGO Bond Fund may be invested in legal investments for City funds. Any interest or profit from the investment of such money shall be deposited in the UTGO Bond Fund, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value.

The City hereby irrevocably covenants that, unless the principal of and interest on the UTGO Bonds are paid from other sources, it will make annual levies of taxes without limitation as to rate or amount upon all of the property in the City subject to taxation in amounts sufficient to pay such principal and interest as the same shall become due. All of such taxes and any of such other money so collected shall be paid into the UTGO

Bond Fund. None of the money in the UTGO Bond Fund shall be used for any other purpose than the payment of the principal of and interest on the UTGO Bonds.

The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of the principal of and interest on the UTGO Bonds when due.

(b) *LTGO Bonds.* The City hereby authorizes the creation of a fund or account to be used for the payment of debt service on the LTGO Bonds (the “LTGO Bond Fund”). No later than the date each payment of principal of or interest on the LTGO Bonds becomes due, the City shall transmit sufficient funds, from the LTGO Bond Fund or from other legally available sources, to the Bond Registrar for the payment of such principal or interest. Money in the LTGO Bond Fund may be invested in legal investments for City funds, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value. Any interest or profit from the investment of such money shall be deposited in the LTGO Bond Fund.

Pursuant to RCW 39.53.070, until proceeds of the LTGO Bonds and other funds on deposit in the LTGO Escrow Fund are required to be used to redeem the 2009 Refunded Bonds on the Crossover Date, proceeds of the LTGO Bonds and other funds on deposit in the LTGO Escrow Fund and the income therefrom shall be used to pay and secure the payment of interest on the LTGO Bonds. The City hereby irrevocably pledges proceeds of the LTGO Bonds and other funds on deposit in the LTGO Escrow Fund to the payment of debt service on the LTGO Bonds due prior to the Crossover Date. From and after the Crossover Date, without further action on the part of the City or the owners or Beneficial Owners of the LTGO Bonds, the LTGO Bonds will be secured by an ad valorem property tax to be levied on all taxable property within the City as provided in this Section 9(b).

The City hereby irrevocably covenants and agrees that on and after the Crossover Date, for as long as any of the LTGO Bonds are outstanding and unpaid that each year it will include in its budget and levy an ad valorem tax upon all the property within the City subject to taxation in an amount that will be sufficient, together with all other revenues and money of the City legally available for such purposes, to pay the principal of and interest on the LTGO Bonds when due.

The City hereby irrevocably pledges that on and after the Crossover Date, the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the tax levy permitted to cities without a vote of the people, and that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the LTGO Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes on and after the Crossover Date and for the prompt payment of the principal of and interest on the LTGO Bonds when due on and after such date.

## **Section 11. Sale of Bonds.**

(a) *Bond Sale.* The Council has determined that it would be in the best interest of the City to delegate to the Designated Representative for a limited time the authority to determine the method of sale for each series of Bonds, to approve the selection of the Refunded Bonds, and to approve the final interest rates, maturity dates, redemption terms and principal maturities for each series of Bonds. The Designated Representative is hereby authorized to approve the issuance, from time to time, of one or more series of Bonds and to approve whether the Bonds of such series shall be sold in a private placement to a Direct Purchaser or to an Underwriter through a competitive public sale or a negotiated sale, as set forth below.

(b) *Direct Purchase.* If the Designated Representative determines that the Bonds of a series are to be sold by private placement, the Designated Representative shall solicit proposals to purchase the Direct Purchase Bonds and to select the Direct Purchaser that submits the proposal that is in the best interest of the City. Direct Purchase Bonds shall be sold to the Direct Purchaser pursuant to the terms of a Loan Agreement.

(c) *Negotiated Bond Sale.* If the Designated Representative determines that the Bonds of a series are to be sold by negotiated public sale, the Designated Representative shall solicit bond underwriting proposals and shall select the Underwriter that submits the proposal that is in the best interest of the City. Such Bonds shall be sold to the Underwriter pursuant to the terms of a Bond Purchase Contract.

(d) *Competitive Sale.* If the Designated Representative determines that the Bonds of a series are to be sold at a competitive public sale, the Designated Representative shall: (1) establish the date of the public sale; (2) establish the criteria by which the successful bidder will be determined; (3) request that a good faith deposit in an amount not less than one percent of the principal amount of the offering accompany each bid; (4) cause notice of the public sale to be given; and (5) provide for such other matters pertaining to the public sale as he or she deems necessary or desirable. The Designated Representative shall cause the notice of sale to be given and provide for such other matters pertaining to the public sale as he or she deems necessary or desirable. Such Bonds shall be sold to the Underwriter pursuant to the terms of a Certificate of Award.

(e) *Sale Parameters.* The Designated Representative is hereby authorized to designate a portion or all of the Refunding Candidates as Refunded Bonds and to approve the method of sale and the final interest rates, aggregate principal amount, principal maturities, and redemption rights for each series of Bonds in the manner provided hereafter so long as:

- (1) the aggregate principal amount of the UTGO Bonds does not exceed \$8,500,000,
- (2) the final maturity date for the UTGO Bonds is no later than December 1, 2021,



(3) the UTGO Bonds are sold for a price that results in a minimum net present value debt service savings over the 2006 Refunded Bonds (in the aggregate) of 3.0%,

(4) the true interest cost for the UTGO Bonds (in the aggregate) does not exceed 2.65%,

(5) the aggregate principal amount of the LTGO Bonds does not exceed \$18,800,000,

(6) the final maturity date for the LTGO Bonds is no later than December 1, 2039,

(7) the LTGO Bonds are sold for a price that results in a minimum net present value debt service savings over the 2009 Refunded Bonds (in the aggregate) of 3.0%,

(8) the true interest cost for the LTGO Bonds (in the aggregate) does not exceed 3.25%,

(9) the Bonds of each series are sold (in the aggregate) at a price not less than 98%, and

(10) the coupon rates for any maturity of the Bonds of each series does not exceed 5.00%.

Subject to the terms and conditions set forth in this section, the Designated Representative is hereby authorized to execute the applicable Sale Document for a series of Bonds. Following the execution of the applicable Sale Document, the Designated Representative shall provide a report to the Council describing the final terms of the Bonds approved pursuant to the authority delegated in this section.

The authority granted to the Designated Representative by this Section 11 shall expire one year after the effective date of this ordinance. If a Sale Document for the LTGO Bonds or the UTGO Bonds has not been executed by such date, the authorization for the issuance of such series of Bonds shall be rescinded, and such Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by ordinance of the Council.

(f) *Delivery of Bonds; Documentation.* The proper officials of the City, including the Administrative Services Director and the Designated Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the purchaser thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the applicable Sale Document. Such documents may include, but are not limited to, documents related to a municipal bond insurance policy delivered by an insurer to insure the payment when due of the principal of and interest on

all or a portion of the Bonds as provided therein, if such insurance is determined by the Designated Representative to be in the best interest of the City.

(g) *Preliminary and Final Official Statements.* The Administrative Services Director and the City Manager are each hereby authorized to deem final the preliminary Official Statement(s) relating to any Underwritten Bonds for the purposes of the Rule. The Administrative Services Director and the City Manager are each further authorized to approve for purposes of the Rule, on behalf of the City, the final Official Statement(s) relating to the issuance and sale of any Underwritten Bonds and the distribution of the final Official Statement pursuant thereto with such changes, if any, as may be deemed to be appropriate.

**Section 12. Undertaking to Provide Ongoing Disclosure; Covenants.**

(a) The City covenants to execute and deliver at the time of Closing of any Underwritten Bonds a Continuing Disclosure Certificate. The Administrative Services Director and the City Manager are each hereby authorized to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery and sale of any Underwritten Bonds with such terms and provisions as such individuals shall deem appropriate and in the best interests of the City.

(b) The City may agree to provide the Direct Purchaser certain financial or other information and agree to such additional covenants as determined to be necessary by the Designated Representative and as set forth in the Loan Agreement and approved by the Designated Representative pursuant to Section 11.

**Section 13. Lost, Stolen or Destroyed Bonds.** In case any Bond or Bonds shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like date, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City and the Bond Registrar in connection therewith and upon his/her filing with the City evidence satisfactory to the City that such Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the City and/or the Bond Registrar with indemnity satisfactory to the City and the Bond Registrar.

**Section 14. Severability; Ratification.** If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

**Section 15. Payments Due on Holidays.** If an interest and/or principal payment date for a series of Bonds is not a business day, then payment shall be made on the next business day and no interest shall accrue for the intervening period.

**Section 16. Amendments Related to Crossover Refunding.** Upon approval of the City Attorney and Bond Counsel and without further action of the Council, provisions of this ordinance as they relate to the crossover advance refunding of the 2009 Refunded Bonds may be amended by the Sale Document for the LTGO Bonds order to effect such crossover refunding.

**Section 17. Corrections by Clerk.** Upon approval of the City Attorney and Bond Counsel and without further action of the Council, the City Clerk is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

**Section 18. Effective Date of Ordinance.** This ordinance shall take effect and be in force five (5) days from and after its passage, approval, and publication, as required by law. A summary of this ordinance, consisting of the title, may be published in lieu of publishing the ordinance in its entirety.

**PASSED BY THE CITY COUNCIL ON NOVEMBER 7, 2016.**

\_\_\_\_\_  
Mayor Christopher Roberts

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Jessica Simulcik-Smith  
City Clerk

\_\_\_\_\_  
Pacifica Law Group LLP  
Bond Counsel

Date of Publication: \_\_\_\_\_, 2016  
Effective Date: \_\_\_\_\_, 2016

Exhibit A

Form of Bond

[DTC LANGUAGE][TRANSFER RESTRICTIONS]

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF WASHINGTON

CITY OF SHORELINE

[UNLIMITED][LIMITED] TAX GENERAL OBLIGATION REFUNDING BOND, 20[\_\_\_]  
[(2019 CROSSOVER REFUNDING)]

INTEREST RATE: %

MATURITY DATE:

[CUSIP NO.:]

REGISTERED OWNER:

PRINCIPAL AMOUNT:

[The City of Shoreline, Washington (the "City") hereby acknowledges itself to owe and for value received promises to pay, but only from the sources and as hereinafter provided, to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from the date of delivery, or the most recent date to which interest has been paid or duly provided for, at the Interest Rate set forth above (the "Interest Rate"). Interest on this bond shall accrue from its dated date until paid and shall be computed per annum on the principal amount outstanding on a 30/360 basis. Principal of and accrued interest on this bond shall be payable on the dates set forth in the payment schedule attached hereto.] [The City of Shoreline, Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from \_\_\_\_\_, 2016, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on \_\_\_\_\_ 1, 20\_\_\_\_, and semiannually thereafter on the first days of each succeeding \_\_\_\_\_ and \_\_\_\_\_. Both principal of and interest on this bond are payable in lawful money of the United States of America. The fiscal agent of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the "Bond Registrar"). For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC.]

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. 764 duly

passed by the City Council on November 7, 2016 (the “Bond Ordinance”). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond [is one of an authorized issue of bonds of like series, date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of \$\_\_\_\_\_ and] is issued pursuant to the Bond Ordinance to provide a portion of the funds necessary (a) to refund [on a crossover basis] certain [unlimited][limited] tax general obligation bonds of the City (the “Refunded Bonds”), and (b) to pay costs of issuance and costs related to the administration of the refunding.

[insert description of redemption or prepayment terms]

[Pursuant to RCW 39.53.070, until proceeds of the bonds of this issue and other funds on deposit in the escrow fund (the “Escrow Fund”) held under the Escrow Deposit Agreement between the City and \_\_\_\_\_ as escrow agent (the “Escrow Agreement”) are required to be used to redeem the Refunded Bonds on December 1, 2019 (the “Crossover Date”), proceeds of the bonds of this issue and other funds on deposit in the Escrow Fund and the income therefrom shall be used to pay and secure the payment of interest on this bond. The City hereby irrevocably pledges proceeds of the bonds of this issue and other funds on deposit in the Escrow Fund to the payment of debt service on this bond due prior to the Crossover Date. From and after the Crossover Date, without further action on the part of the City or the owners or Beneficial Owners of the bonds of this issue, this bond will be secured by an ad valorem property tax to be levied on all taxable property within the City as hereinafter provided. The City hereby irrevocably covenants and agrees with the owner of this bond that on and after the Crossover Date it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to the City without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond as the same shall become due on and after such date. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest on and after the Crossover Date.][The City has irrevocably covenanted with the owner of this bond that it will levy taxes annually upon all the taxable property in the City without limitation as to rate or amount and in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond when due. The full faith, credit and resources of the City are irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.]

The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist and to have happened, been done and performed precedent to and in the issuance of this bond exist and have happened, been done and performed

and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Shoreline, Washington, has caused this bond to be executed by the manual or facsimile signatures of the Mayor and the City Clerk and the seal of the City to be imprinted, impressed or otherwise reproduced hereon as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

[SEAL]

CITY OF SHORELINE, WASHINGTON

By       /s/ manual or facsimile        
Mayor

ATTEST:

      /s/ manual or facsimile        
City Clerk

[FOR UNDERWRITTEN BONDS]

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the [Unlimited][Limited] Tax General Obligation Refunding Bonds, 20\_\_ [2019 Crossover Refunding)], of the City of Shoreline, Washington, dated \_\_\_\_\_, 20\_\_\_\_.

WASHINGTON STATE FISCAL AGENT,  
as Bond Registrar

By \_\_\_\_\_

[FOR DIRECT PURCHASE BONDS]

REGISTRATION CERTIFICATE

This bond is registered in the name of the Registered Owner on the books of the City, in the office of the Administrative Services Director of the City (the "Bond Registrar"), as to both principal and interest, as noted in the registration blank below. All payments of principal of and interest on this bond shall be made by the City as provided in the Bond Ordinance.

Date of Registration	Name and Address of Registered Owner	Signature of Bond Registrar
_____, 20____		Administrative Services Director

**PAYMENT SCHEDULE**

Principal and interest on this bond shall be payable as set forth in the following schedule:

Date	Principal	Interest	Total Payment
------	-----------	----------	---------------

CERTIFICATE

I, the undersigned, City Clerk of the City Council of the City of Shoreline, Washington (the "City"), DO HEREBY CERTIFY:

1. The attached copy of Ordinance No. 764 (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on November 7, 2016, as that ordinance appears in the minute book of the City; and the Ordinance will be in full force and effect five (5) days after its passage and publication as provided by law; and

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been fully fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

3. The Ordinance has not been amended, supplemented or rescinded since its passage and is in full force and effect and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of November, 2016.

---

City Clerk



**City of Shoreline  
Refunding of UTGO 2006 Bonds  
Comparison of Issuance Methods**

**Debt Service Savings**

<u>Year</u>	<u>Existing</u>	<u>Direct Placement Refunding</u>	
	<u>Debt Service</u>	<u>Debt Service</u>	<u>Savings</u>
12/1/2016	\$857		\$857
12/1/2017	1,703,575	1,701,836	1,739
12/1/2018	1,695,800	1,694,210	1,590
12/1/2019	1,692,800	1,691,670	1,130
12/1/2020	1,692,600	1,688,850	3,750
12/1/2021	1,690,000	1,140,750	549,250
	8,475,632	7,917,316	558,316
	<u>Net PV Savings</u>		
	Nominal		\$518,219.00
	% of Refunded		6.87%

**Cost of Issuance Summary**

Bond Counsel	\$25,000
Financial Advisor	15,000
Escrow Trustee	1,000
	<u>\$41,000</u>



**City of Shoreline**  
**Refunding of LTGO 2009 Bonds**

**Debt Service Savings**

<i>Period Ending</i>	<i>Existing Debt Service</i>	<i>Refunding Debt Service</i>	<i>Debt Service Savings</i>
12/1/2017	\$755,111	\$755,111	
12/1/2018	755,111	755,111	
12/1/2019	755,111	755,111	
12/1/2020	1,345,111	1,189,300	155,811
12/1/2021	1,343,694	1,186,700	156,994
12/1/2022	1,341,551	1,182,450	159,101
12/1/2023	1,337,611	1,181,950	155,661
12/1/2024	1,337,911	1,179,950	157,961
12/1/2025	1,333,346	1,176,450	156,896
12/1/2026	1,332,686	1,176,450	156,236
12/1/2027	1,325,712	1,169,700	156,012
12/1/2028	1,322,643	1,166,450	156,193
12/1/2029	1,323,260	1,164,450	158,810
12/1/2030	1,317,344	1,161,250	156,094
12/1/2031	1,314,179	1,156,850	157,329
12/1/2032	1,309,442	1,150,150	159,292
12/1/2033	1,308,134	1,147,850	160,284
12/1/2034	1,305,030	1,149,800	155,230
12/1/2035	1,300,130	1,140,850	159,280
12/1/2036	1,297,290	1,141,300	155,990
12/1/2037	1,292,380	1,135,850	156,530
12/1/2038	1,285,400	1,129,650	155,750
12/1/2039	1,281,350	1,122,700	158,650
	\$28,619,530	\$25,475,432	\$3,144,098

**Net PV Savings**

Net Total PV	\$2,284,701
% of Refunded	13.27%

**Sources of Funds:**

Par Amount of Bonds	\$16,655,000
Reoffering Premium	<u>2,138,895</u>
Total Sources	\$18,793,895

**Uses of Funds:**

Deposit to Escrow Fund	\$15,609,729
Underwriter Discount	99,930
Costs of Issuance	80,000
Rounding/Miscellaneous	<u>4,235</u>
Total Uses	\$15,793,895



**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Motion to Authorize the City Manager to Purchase Bulk Furniture from Global Industries for the Police Station at City Hall Project and for Ronald Wastewater District staff relocating to City Hall
<b>DEPARTMENT:</b>	Administrative Services
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Director Dan Johnson, Fleet & Facilities Manager
<b>ACTION:</b>	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:** Staff is requesting City Council approval to authorize the City Manager to execute a purchase order in the amount of \$223,871 to purchase bulk furniture from Global Industries. The furniture predominately consists of work station panels with small daylight windows, file cabinets and desks. The furniture will be purchased for both the Police Station at City Hall Project which entails installation of furniture for work stations on the 1<sup>st</sup> and 3<sup>rd</sup> floors for Police and Planning and Community Development and changes on the 4<sup>th</sup> floor to accommodate Ronald Wastewater District staff when they move into City Hall in October 2017.

The State of New York is under contract with Global Industries to purchase furniture products at competitive rates. On October 13, 2008, Council authorized staff to execute an Intergovernmental Cooperative Purchasing Agreement with the State of New York to utilize their contract to purchase furniture from Global Industries to furnish City Hall. Staff is committed to utilizing existing cooperative purchasing agreements such as the State of New York because they provide the best value for the City.

In accordance with Section 2.60.050 (5) of the Shoreline Municipal Code (SMC), City Council authorization is required for purchases of materials and equipment in excess of \$100,000.

**RESOURCE/FINANCIAL IMPACT:** The cost to purchase the furniture totals \$223,871 including sales taxes. By using the New York contract and purchasing all furniture needed directly from Global Industries in 2016, the City will save \$12,042 as a result of consolidating the order for all floors into a single bulk order. The 2016 General Fund Citywide Budget includes sufficient appropriation to purchase the furniture.

**RECOMMENDATION**

Staff recommends that Council authorize the City Manager to purchase bulk furniture from Global Industries in the amount of \$223,871.

Approved By:            City Manager \_\_\_\_\_ City Attorney \_\_\_\_\_

## **INTRODUCTION**

The floor design plans for the Police Station at City Hall Project are complete. With the relocation of staff to various floors and with police and Ronald Wastewater staff moving into City Hall in the near future, the construction process requires purchasing furniture for required staff work stations. Staff is requesting approval to purchase the furniture in bulk from Global Industries through the use of a Cooperative Purchasing Agreement with the State of New York.

The City of Shoreline per SMC 2.60.080 enters into Interlocal Cooperative Purchasing Agreements with other governmental entities to benefit from competitive bidding processes that are already completed by other agencies. These processes are beneficial because they save staff time and allow the City to receive cost savings from use of larger lower cost competitive purchasing agreements, thus providing direct cost savings to the City. This contract provides for purchases of this magnitude at a 63% discount off of the listed prices.

## **BACKGROUND**

On October 13, 2008, City Council authorized staff to execute an Intergovernmental Cooperative Purchasing Agreement with the State of New York to utilize a furniture contract they executed with Global Industries. The utilization of the New York contract and purchasing furniture from Global Industries at this time provides several benefits including the following:

- The City can save financial resources by purchasing all of the furniture needed at this time at discounted prices.
- Utilizes a competitive bidding process that has been already completed by the State of New York.
- The furniture will be stored in a local warehouse upon arrival and will be installed when needed without delaying the project construction schedule.
- Employees can continue working at their new work stations with minimal interruptions.
- The furniture panels are made from 100% recycled materials which support the City's Green Initiatives.

## **RESOURCE/FINANCIAL IMPACT**

The cost to purchase the furniture totals \$223,871 including sales taxes. By using the New York contract and purchasing all furniture needed directly from Global Industries in 2016, the City will save \$12,042. The 2016 General Fund Citywide Budget includes sufficient budget appropriation to purchase the furniture.

## **RECOMMENDATION**

Staff recommends that Council authorize the City Manager to purchase bulk furniture from Global Industries in the amount of \$223,871

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Public Hearing and Council Discussion on 2017 Proposed Budget and 2017-2022 Capital Improvement Plan (CIP)
<b>DEPARTMENT:</b>	Administrative Services
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Director Rick Kirkwood, Budget Supervisor
<b>ACTION:</b>	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input checked="" type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:**

The City Manager presented the 2017 Proposed Budget to the City Council on October 10. The 2017 Proposed Budget and 2017-2022 Capital Improvement Plan (CIP) book can be found on the City's website (<http://cityofshoreline.com/home/showdocument?id=29187>) and is available to the public at City Hall, the Shoreline Police Station, and the Shoreline and Richmond Beach libraries. Department budget presentations were provided to the Council on October 17 and October 24. A presentation of the 2017-2022 CIP was also made on October 24.

Tonight the City Council will hold a public hearing on the 2017 Proposed Budget and 2017-2022 CIP. Following the public hearing, the City Council will have an opportunity to continue their discussion of the 2017 Proposed Budget and 2017-2022 CIP. A second public hearing on the 2017 Proposed Budget will be held on November 14 with special emphasis on revenue sources, including the property tax levy.

**RESOURCE/FINANCIAL IMPACT:**

The City's 2017 Proposed Budget as presented to the City Council on October 10, is balanced in all funds and totals \$86.352 million. The 2017 Proposed Budget included a \$148,000 rebate expenditure in the City's Surface Water Utility Fund, which approximated a 50% credit of the Surface Water Utility fees assessed to the Shoreline School District. Staff is recommending that this rebate expenditure be removed from the 2017 Proposed Budget and that Council reinstate the Surface Water Utility Education Fee Credit (EFC) program for public schools in 2017. Making this change will require an amendment to both the resources and appropriations for the Surface Water Utility Fund. This will be further discussed with Council on November 14 as part of the revenue discussion.

Proposed appropriations for the Operating Funds total \$49.588 million, which account for 57.4% of the total budget. Proposed appropriations for the Debt Service Funds total \$3.634 million, which account for 4.2% of the total budget. Proposed appropriations for the Capital Funds total \$25.595 million, which account for 29.6% of the total budget. The 2017 Proposed Budget also includes appropriations for the Transportation Impact Fees Fund, which was created with adoption of the 2015 budget. Proposed appropriations for the

Transportation Impact Fees Fund total \$0.221 million, which account for 0.3% of the total budget.

At this time, the City's only Enterprise Fund is the Surface Water Utility. Proposed appropriations for the Surface Water Utility, including those for operating expenditures and those for capital projects, total \$6.245 million, which account for 7.2% of the total budget.

The remaining portion of the 2017 Proposed Budget comprises the Internal Service Funds. Proposed appropriations for Internal Service Funds total \$1.069 million, which account for 1.3% of the total budget.

The 2017 Proposed Budget is \$2.687 million, or 3.0%, less than the 2016 current budget as exhibited in the 2017 Proposed Budget Summary (Attachment A). The 2017 Proposed Budget includes adequate reserve levels to meet all adopted budget policies.

Staff presented the proposed 2017-2022 CIP to the City Council on October 24. The proposed 2017-2022 CIP is balanced as required by the Growth Management Act and totals \$65.736 million. Of this six year amount, the 2017 total is \$28.809 million. Detailed information about projects can be found in pages 284 through 399 of the 2017 Proposed Budget and 2017-2022 Capital Improvement Plan book. The proposal by fund is as follows:

Capital Fund	2017 Budget	2018 Est.	2019 Est.	2020 Est.	2021 Est.	2022 Est.	Total
Facilities & Parks	8,618,743	1,831,143	1,353,074	1,041,304	1,044,066	1,053,782	14,942,112
Facilities Major Maintenance	96,000	147,513	124,032	124,032	124,032	124,032	739,641
Transportation	16,880,010	8,697,104	2,509,442	1,964,015	2,091,066	2,246,869	34,388,506
Surface Water Utility	3,214,299	2,119,479	4,512,646	2,133,194	2,357,728	1,328,789	15,666,135
<b>CIP Total by Year</b>	<b>28,809,052</b>	<b>12,795,239</b>	<b>8,499,194</b>	<b>5,262,545</b>	<b>5,616,892</b>	<b>4,753,472</b>	<b>65,736,394</b>

Attachment B to this staff report is the proposed 2017-2022 Capital Improvement Plan summary of projects.

### **RECOMMENDATION**

Staff recommends that Council conduct the public hearing to take public comment on the 2017 Proposed Budget and 2017-2022 CIP. Staff also recommends that the City Council continue discussion on the 2017 Proposed Budget and provide input to staff.

**ATTACHMENTS:**

Attachment A: 2017 Proposed Budget Summary

Attachment B: 2017-2022 Capital Improvement Plan Program Summary

Approved By:           City Manager **DT**   City Attorney **MK**

**2017 Proposed Budget Summary**

Fund	2017 Proposed Budget				2016 Current Budget Expenditures	2016-2017 % Change
	Beginning Fund Balance	Revenue	Expenditures	Ending Fund Balance		
<b>Operating Funds:</b>						
General Fund	\$ 10,000,797	\$ 41,092,089	\$ 45,968,252	\$ 5,124,634	\$ 44,609,822	3.05%
Revenue Stabilization Fund	5,150,777	0	0	5,150,777	0	n/a
Property Tax Equalization Fund	500,799	0	500,799	0	691,313	-27.56%
Street Fund	864,649	1,521,225	1,718,950	666,924	1,713,773	0.30%
Code Abatement	170,023	80,550	100,000	150,573	100,000	0.00%
State Drug Enforcement Forfeiture Fund	210,653	18,243	214,043	14,853	168,243	27.22%
Federal Drug Enforcement Forfeiture Fund	315,230	13,200	300,397	28,033	263,000	14.22%
Federal Criminal Forfeiture Fund	818,800	201,500	785,151	235,149	2,802,444	-71.98%
Sub-Total Operating Funds	\$ 18,031,728	\$ 42,926,807	\$ 49,587,592	\$ 11,370,943	\$ 50,348,595	-1.51%
<b>Debt Service Funds:</b>						
2006 General Obligation Bond	\$ 14,831	\$ 1,700,000	\$ 1,710,375	\$ 4,456	\$ 1,710,375	0.00%
2009 General Obligation Bond	3,957	1,662,817	1,662,817	3,957	1,663,417	-0.04%
2013 General Obligation Bond	237	260,948	260,948	237	260,948	0.00%
Sub-Total Debt Service Funds	\$ 19,025	\$ 3,623,765	\$ 3,634,140	\$ 8,650	\$ 3,634,740	-0.02%
<b>Capital Funds:</b>						
General Capital	\$ 2,399,144	\$ 6,597,296	\$ 8,618,743	\$ 377,697	\$ 9,141,524	-5.72%
City Facility-Major Maintenance Fund	830	124,044	96,000	28,874	866,754	-88.92%
Roads Capital	4,112,638	14,331,192	16,880,010	1,563,820	16,474,476	2.46%
Traffic Impact Fees Fund	454,780	200,000	221,400	433,380	359,775	-38.46%
Sub-Total Capital Funds	\$ 6,967,392	\$ 21,252,532	\$ 25,816,153	\$ 2,403,771	\$ 26,842,529	-3.82%
<b>Enterprise Funds:</b>						
Surface Water Utility Fund	\$ 2,848,599	\$ 4,993,487	\$ 6,245,453	\$ 1,596,633	\$ 7,356,193	-15.10%
Sub-Total Enterprise Funds	\$ 2,848,599	\$ 4,993,487	\$ 6,245,453	\$ 1,596,633	\$ 7,356,193	-15.10%
<b>Internal Service Funds:</b>						
Equipment Replacement	\$ 2,232,000	\$ 443,487	\$ 511,387	\$ 2,164,100	\$ 483,768	5.71%
Public Art Fund	99,689	8,000	86,580	21,109	84,216	2.81%
Unemployment	65,953	0	17,500	48,453	17,500	0.00%
Vehicle Operations & Maintenance	242,906	438,123	453,123	227,906	271,216	67.07%
Sub-Total Internal Service Funds	\$ 2,640,548	\$ 889,610	\$ 1,068,590	\$ 2,461,568	\$ 856,700	24.73%
<b>Total City Budget</b>	<b>\$ 30,507,292</b>	<b>\$ 73,686,201</b>	<b>\$ 86,351,928</b>	<b>\$ 17,841,565</b>	<b>\$ 89,038,757</b>	<b>-3.02%</b>

City of Shoreline 2017 - 2022 Capital Improvement Plan  
PROGRAM SUMMARY

	Proposed 2017	Proposed 2018	Proposed 2019	Proposed 2020	Proposed 2021	Proposed 2022	Total 2017-2022
<b>EXPENDITURES</b>							
<b>Fund</b>							
<b>Project</b>							
<b>General Capital</b>							
<b>Parks Projects</b>							
Ballinger Neighborhood Parks	\$0	\$150,000	\$0	\$0	\$0	\$0	\$150,000
King County, Trails And Open Space Replacement Levy	\$0	\$110,000	\$110,000	\$0	\$0	\$0	\$220,000
Park At Town Center	\$0	\$50,000	\$200,000	\$0	\$0	\$0	\$250,000
Park Ecological Restoration Program	\$60,000	\$0	\$0	\$0	\$0	\$0	\$60,000
Parks Repair And Replacement	\$227,236	\$238,597	\$250,528	\$263,054	\$265,816	\$275,000	\$1,520,231
Parks, Recreation And Open Space Update	\$30,000	\$0	\$0	\$0	\$0	\$0	\$30,000
Regional Trail Signage	\$80,000	\$0	\$0	\$0	\$0	\$0	\$80,000
Ridgecrest Park Master Plan	\$100,000	\$0	\$0	\$0	\$0	\$0	\$100,000
Turf & Lighting Repair And Replacement	\$1,700,000	\$290,000	\$0	\$0	\$0	\$0	\$1,990,000
<b>Facilities Projects</b>							
North Maintenance Facility	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
Police Station At City Hall	\$5,531,779	\$215,000	\$0	\$0	\$0	\$0	\$5,746,779
Recreation Facilities Exterior Security Lighting	\$25,000	\$0	\$0	\$0	\$0	\$0	\$25,000
<b>Non-Project Specific</b>							
General Capital Engineering	\$105,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$530,000
Cost Allocation Charges	\$45,782	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$195,782
City Hall Debt Service Payment	\$663,946	\$662,546	\$677,546	\$663,250	\$663,250	\$663,782	\$3,994,320
<b>General Capital Fund Total</b>	<b>\$8,618,743</b>	<b>\$1,831,143</b>	<b>\$1,353,074</b>	<b>\$1,041,304</b>	<b>\$1,044,066</b>	<b>\$1,053,782</b>	<b>\$14,942,112</b>
<b>City Facilities - Major Maintenance</b>							
<b>General Facilities Projects</b>							
City Hall Long-Term Maintenance	\$32,000	\$10,000	\$77,904	\$84,182	\$68,400	\$40,000	\$312,486
City Hall Parking Garage Long-Term Maintenance	\$0	\$0	\$16,128	\$0	\$0	\$0	\$16,128
Duct Cleaning	\$10,000	\$33,900	\$10,000	\$13,350	\$10,000	\$13,350	\$90,600
<b>Parks Projects</b>							
Parks Restrooms Long-Term Maintenance	\$19,000	\$0	\$0	\$0	\$25,632	\$10,682	\$55,314
Shoreline Pool Long-Term Maintenance	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$120,000
Richmond Highlands Community Center Long-Term Maintenance	\$15,000	\$74,613	\$0	\$2,000	\$0	\$40,000	\$131,613
Spartan Recreation Center	\$0	\$9,000	\$0	\$4,500	\$0	\$0	\$13,500
<b>City Facilities - Major Maintenance Fund Total</b>	<b>\$96,000</b>	<b>\$147,513</b>	<b>\$124,032</b>	<b>\$124,032</b>	<b>\$124,032</b>	<b>\$124,032</b>	<b>\$739,641</b>



City of Shoreline 2017 - 2022 Capital Improvement Plan  
PROGRAM SUMMARY

	Proposed 2017	Proposed 2018	Proposed 2019	Proposed 2020	Proposed 2021	Proposed 2022	Total 2017-2022
<b>EXPENDITURES</b>							
<b>Fund</b>							
<i>Project</i>							
<b>Roads Capital Fund</b>							
<b><i>Pedestrian / Non-Motorized Projects</i></b>							
Traffic Safety Improvements	\$157,881	\$160,775	\$163,814	\$167,005	\$175,355	\$184,123	\$1,008,953
147th/148th Non-Motorized Bridge	\$500,000	\$0	\$0	\$0	\$0	\$0	\$500,000
25th Ave. Ne Sidewalks	\$0	\$112,000	\$483,000	\$0	\$0	\$0	\$595,000
Bike System Implementation	\$585,725	\$0	\$0	\$0	\$0	\$0	\$585,725
Echo Lake Safe Routes To School	\$405,000	\$5,624	\$0	\$0	\$0	\$0	\$410,624
Interurban Trail/Burke-Gilman Connectors	\$436,017	\$0	\$0	\$0	\$0	\$0	\$436,017
Trail Along The Rail	\$275,000	\$0	\$0	\$0	\$0	\$0	\$275,000
<b><i>System Preservation Projects</i></b>							
Annual Road Surface Maintenance Program	\$2,592,145	\$2,200,137	\$1,110,000	\$843,000	\$1,120,000	\$1,250,000	\$9,115,282
Curb Ramp, Gutter And Sidewalk Maintenance Program	\$190,000	\$190,000	\$190,000	\$200,000	\$200,000	\$200,000	\$1,170,000
Traffic Signal Rehabilitation Program	\$115,763	\$121,551	\$127,628	\$134,010	\$140,711	\$147,746	\$787,409
<b><i>Safety / Operations Projects</i></b>							
145th Corridor - 99th To I5	\$4,253,657	\$1,437,281	\$0	\$0	\$0	\$0	\$5,690,938
145th and I5 Interchange	\$3,375,000	\$1,125,000	\$0	\$0	\$0	\$0	\$4,500,000
160th and Greenwood/Innis Arden Intersection	\$125,000	\$0	\$0	\$0	\$0	\$0	\$125,000
185th Corridor Study	\$500,000	\$135,000	\$0	\$0	\$0	\$0	\$635,000
Aurora Avenue North 192nd - 205th	\$208,630	\$0	\$0	\$0	\$0	\$0	\$208,630
Aurora Led Light Conversion	\$0	\$215,000	\$0	\$0	\$0	\$0	\$215,000
Aurora Median Retrofits	\$0	\$0	\$0	\$175,000	\$0	\$0	\$175,000
Meridian Ave N & N 155th St Signal Improv	\$300,000	\$0	\$0	\$0	\$0	\$0	\$300,000
N 175th St - Stone Ave N to I5	\$1,640,000	\$2,460,000	\$0	\$0	\$0	\$0	\$4,100,000
Radar Speed Signs	\$95,456	\$0	\$0	\$0	\$0	\$0	\$95,456
Richmond Beach Re-Channelization	\$200,000	\$0	\$0	\$0	\$0	\$0	\$200,000
Westminster And 155th Improvements	\$300,000	\$0	\$0	\$0	\$0	\$0	\$300,000
<b><i>Non-Project Specific</i></b>							
General Fund Cost Allocation Overhead Charge	\$64,736	\$64,736	\$50,000	\$50,000	\$50,000	\$50,000	\$329,472
Transportation Master Plan Update	\$200,000	\$100,000	\$0	\$0	\$0	\$0	\$300,000
Roads Capital Engineering	\$360,000	\$370,000	\$385,000	\$395,000	\$405,000	\$415,000	\$2,330,000
<b>Roads Capital Fund Total</b>	<b>\$16,880,010</b>	<b>\$8,697,104</b>	<b>\$2,509,442</b>	<b>\$1,964,015</b>	<b>\$2,091,066</b>	<b>\$2,246,869</b>	<b>\$34,388,506</b>

City of Shoreline 2017 - 2022 Capital Improvement Plan  
PROGRAM SUMMARY

	Proposed 2017	Proposed 2018	Proposed 2019	Proposed 2020	Proposed 2021	Proposed 2022	Total 2017-2022
<b>EXPENDITURES</b>							
<b>Fund</b>							
<i>Project</i>							
<b>Surface Water Capital</b>							
<i>Capacity</i>							
10th Ave NE Drainage Improvements	\$250,000	\$0	\$0	\$0	\$600,000	\$30,000	\$880,000
25th Ave. NE Flood Reduction Improvements	\$615,000	\$370,000	\$2,817,853	\$0	\$0	\$0	\$3,802,853
Boeing Creek Regional Stormwater Facility Study	\$150,000	\$0	\$0	\$0	\$0	\$0	\$150,000
NE 148th Infiltration Facilities	\$11,701	\$365,000	\$0	\$0	\$0	\$0	\$376,701
<i>Repair and Replacement</i>							
Goheen Revetment Repair	\$11,500	\$6,000	\$6,000	\$6,000	\$0	\$0	\$29,500
Hidden Lake Dam Removal	\$30,085	\$160,000	\$70,000	\$850,000	\$0	\$0	\$1,110,085
Boeing Creek Restoration Project	\$79,000	\$0	\$0	\$0	\$0	\$0	\$79,000
Stormwater Pipe Replacement Program	\$235,000	\$40,000	\$400,000	\$50,000	\$520,000	\$50,000	\$1,295,000
Surface Water Small Projects	\$250,000	\$0	\$0	\$0	\$0	\$0	\$250,000
<i>Other</i>							
Surface Water Master Plan	\$400,000	\$0	\$0	\$0	\$0	\$0	\$400,000
Thornton Creek Basin Condition Assessment	\$150,000	\$150,000	\$0	\$0	\$0	\$0	\$300,000
<i>Non-Project Specific</i>							
General Fund Cost Allocation Overhead Charge	\$204,105	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,204,105
Surface Water Capital Engineering	\$182,000	\$191,100	\$200,655	\$210,688	\$221,222	\$232,283	\$1,237,948
Public Works Debt Service Payment	\$344,431	\$335,902	\$334,269	\$332,637	\$332,637	\$332,637	\$2,012,513
Maintenance Facility Debt Service	\$119,086	\$119,086	\$119,086	\$119,086	\$119,086	\$119,086	\$714,516
Stormwater Pipe Replacement Program - Debt Service	\$182,391	\$182,391	\$364,783	\$364,783	\$364,783	\$364,783	\$1,823,914
<b>Surface Water Capital Fund Total</b>	<b>\$3,214,299</b>	<b>\$2,119,479</b>	<b>\$4,512,646</b>	<b>\$2,133,194</b>	<b>\$2,357,728</b>	<b>\$1,328,789</b>	<b>\$15,666,135</b>
<b>TOTAL EXPENDITURES</b>	<b>\$28,809,052</b>	<b>\$12,795,239</b>	<b>\$8,499,194</b>	<b>\$5,262,545</b>	<b>\$5,616,892</b>	<b>\$4,753,472</b>	<b>\$65,736,394</b>

City of Shoreline 2017 - 2022 Capital Improvement Plan  
PROGRAM SUMMARY

	Proposed 2017	Proposed 2018	Proposed 2019	Proposed 2020	Proposed 2021	Proposed 2022	Total 2017-2022
<b>RESOURCES</b>							
General Fund Contribution	\$3,606,996	\$456,844	\$418,854	\$415,970	\$413,435	\$410,956	\$5,723,055
State and Federal Forfeiture Fund Contribution to General Cap Fund	\$437,397	\$0	\$0	\$0	\$0	\$0	\$437,397
Treasury Seizure Fund Contribution to General Cap Fund	\$785,151	\$0	\$0	\$0	\$0	\$0	\$785,151
Transportation Benefit District	\$1,497,359	\$858,327	\$780,000	\$780,000	\$780,000	\$780,000	\$5,475,686
Transportation Impact Fees	\$221,400	\$332,100	\$0	\$0	\$0	\$0	\$553,500
Real Estate Excise Tax - 1st Quarter Percent	\$1,195,965	\$1,261,315	\$1,286,415	\$1,393,487	\$1,446,024	\$1,537,797	\$8,121,003
Real Estate Excise Tax - 2nd Quarter Percent	\$1,195,965	\$1,261,315	\$1,286,415	\$1,393,487	\$1,446,024	\$1,537,797	\$8,121,003
Soccer Field Rental Contribution	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$780,000
Surface Water Fees	\$1,509,661	\$1,355,542	\$1,543,269	\$1,742,026	\$1,950,761	\$2,171,719	\$10,272,979
Investment Interest Income	\$139,463	\$91,153	\$73,782	\$58,739	\$83,039	\$106,700	\$552,876
King County Flood Zone District Opportunity Fund	\$110,898	\$110,898	\$110,898	\$110,898	\$110,898	\$110,898	\$665,388
Recreation & Conservation Office	\$250,000	\$145,000	\$200,000	\$0	\$0	\$0	\$595,000
Grants - Awarded	\$10,024,610	\$5,190,014	\$0	\$0	\$0	\$0	\$15,214,624
<u>Future Grants</u>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Future Financing</u>	\$1,800,000	\$0	\$2,000,000	\$0	\$0	\$0	\$3,800,000
King County Voter Approved Trail Funding	\$110,000	\$110,000	\$110,000	\$0	\$0	\$0	\$330,000
Use / (Gain) of Accumulated Fund Balance	\$5,794,187	\$1,492,731	\$559,561	(\$762,062)	(\$743,289)	(\$2,032,395)	\$4,308,732
<b>TOTAL RESOURCES</b>	<b>\$28,809,052</b>	<b>\$12,795,239</b>	<b>\$8,499,194</b>	<b>\$5,262,545</b>	<b>\$5,616,892</b>	<b>\$4,753,472</b>	<b>\$65,736,394</b>

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Discussion of Ordinance No. 757 - Budget Amendment for 2016		
<b>DEPARTMENT:</b>	Administrative Services		
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Director Rick Kirkwood, Budget Supervisor		
<b>ACTION:</b>	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

**PROBLEM/ISSUE STATEMENT:**

During the course of the year, changes to the adopted budget are identified. A final budget amendment to formally adopt these changes is a routine procedure that occurs at approximately this time each year. Proposed Ordinance No. 757 (Attachment A) provides for this budget amendment.

**FINANCIAL IMPACT:**

Proposed Ordinance No. 757 totals \$132,904, and increases both revenues and expenditures with a net effect on the bottom line of \$65,433, as follows:

**General Fund: \$97,500**

- City Manager’s Office – Economic Development (grant funded): \$54,500
- Contingency for Demolition on Molver Property: \$43,000

**Street Fund: \$0**

- Convert savings from the upgrade of the Sign Truck (VN#116) to a transfer out to the Equipment Replacement Fund to complete two purchases: \$0

**State Drug Enforcement Forfeiture Fund: \$14,853**

- Police Training: \$14,853

**Equipment Replacement Fund: \$7,580**

- Copier Lease: \$7,580
- Recognize transfer in from the Street Fund to complete purchase of a cracksealer (VN#232) and pickup replacing VN#122: \$12,971

**RECOMMENDATION**

No action is required by the City Council. This will be an opportunity for the City Council to ask specific questions and provide staff direction about proposed Ordinance No. 757. Adoption of proposed Ordinance No. 757 is scheduled for the November 21, 2016 City Council meeting.

Approved By:            City Manager            *DT*    City Attorney            *MK*

## **INTRODUCTION**

During the course of the year changes to the adopted budget are identified. Council is made aware of changes throughout the year in Staff Reports and Council discussion.

## **DISCUSSION**

### **Budget Amendment Detail: General Fund: \$97,500**

**Revenues:** General Fund revenues will be increased by \$54,500 for an Economic Development Partnership Program grant from the Port of Seattle.

**City Manager's Office – Economic Development:** The 2016 appropriation will be increased by \$54,500 as the City is partnering with the Port of Seattle to create a Request for Expressions of Interest (RFEI) Prospectus to attract public and private investment partners for a Shoreline Media Campus. The RFEI Prospectus will describe how an investor can purchase an individual studio that combines the effects of agglomeration and scale economies to offer a relatively low-cost of entry with the practical flexibility and resources of a shared campus. Funding comes from a grant awarded through the Port of Seattle's Economic Development Partnership Program.

**Citywide – Contingencies:** The 2016 appropriation will be increased by \$43,000 to cover the cost of demolishing the house on the Molver property, which was acquired per the acquisition agreement authorized by the City Council on July 13, 2015. Funding comes from available fund balance.

### **Street Fund: \$0**

**Street Operations:** The 2016 appropriation will not change. An appropriation to upgrade the Sign Truck (VN#116) experienced savings and this request converts those savings to a transfer out to the Equipment Replacement Fund to complete the purchase of a Crack Sealer (VN#232) and pickup replacing VN#122.

### **State Drug Enforcement Forfeiture Fund: \$14,853**

**Police:** The 2016 appropriation will be increased by \$14,853 so the Special Emphasis Team may attend the California Narcotics Officers Training annual conference this year. Funding comes from available fund balance.

### **Equipment Replacement Fund: \$7,580**

**Copiers Lease:** The 2016 appropriation will be increased by \$7,580 to cover the cost of leasing eleven copiers.

**Vehicle and Equipment Replacement:** The original appropriation for the purchase of a new Crack Sealer totals \$57,614 but the cost totals \$65,283 leaving a gap of \$7,670. The original appropriation to replace VN#122 totals \$22,712 but the cost to purchase a 2017 Ford ½ Ton Pickup totals \$28,013 leaving a gap of \$5,301. Transferring the

savings from the Street Fund originally appropriated for the upgrade of the Sign Truck (VN#116) will allow for these two purchases to be completed without adversely affecting the original total appropriation for vehicle and equipment replacement.

**FINANCIAL IMPACT**

Proposed Ordinance No. 757 totals \$132,904, and increases both revenues and expenditures with a net effect on the bottom line of \$65,433.

**SUMMARY OF BUDGET AMENDMENT**

The following table summarizes the budget amendments for each fund and the resulting 2016 appropriation for each of the affected funds.

Fund	Current Budget	Budget Amendment Request	Amended Budget
General Fund	\$44,609,822	\$97,500	\$44,707,322
Street Fund	\$1,713,773	\$0	\$1,713,773
Code Abatement Fund	\$100,000	\$0	\$100,000
State Drug Forfeiture Fund	\$168,243	\$14,853	\$183,096
Public Arts Fund	\$84,216	\$0	\$84,216
Federal Drug Forfeiture Fund	\$263,000	\$0	\$263,000
Property Tax Equalization Fund	\$691,313	\$0	\$691,313
Federal Criminal Forfeiture Fund	\$2,802,444	\$0	\$2,802,444
Transportation Impact Fees Fund	\$359,775	\$0	\$359,775
Revenue Stabilization Fund	\$0	\$0	\$0
Unltd Tax GO Bond 2006	\$1,710,375	\$0	\$1,710,375
Limited Tax GO Bond 2009	\$1,663,417	\$0	\$1,663,417
Limited Tax GO Bond 2013	\$260,948	\$0	\$260,948
General Capital Fund	\$9,141,524	\$0	\$9,141,524
City Facility-Major Maintenance Fund	\$866,754	\$0	\$866,754
Roads Capital Fund	\$16,474,476	\$0	\$16,474,476
Surface Water Utility Fund	\$7,356,193	\$0	\$7,356,193
Vehicle Operations/Maintenance Fund	\$271,216	\$0	\$271,216
Equipment Replacement Fund	\$483,768	\$20,551	\$504,319
Unemployment Fund	\$17,500	\$0	\$17,500
<b>Total Funds</b>	<b>\$89,038,757</b>	<b>\$132,904</b>	<b>\$89,171,661</b>

**RECOMMENDATION**

No action is required by the City Council. This will be an opportunity for the City Council to ask specific questions and provide staff direction about proposed Ordinance No. 757. Adoption of proposed Ordinance No. 757 is scheduled for the November 21, 2016 City Council meeting.

**ATTACHMENTS**

Attachment A: Ordinance No. 757, Amending the 2016 Budget  
Exhibit 1: 2016 Budget Amendment Detail

**ORDINANCE NO. 757****AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE NO. 728 BY INCREASING THE APPROPRIATIONS IN THE GENERAL FUND, STATE DRUG ENFORCEMENT FORFEITURE FUND, AND EQUIPMENT REPLACEMENT FUND.**

WHEREAS, as required by the Revised Code of Washington (RCW), Chapter 35A.33, on November 23, 2015, the City adopted the 2016 Annual Budget through the enactment of Ordinance No. 728 and amended by Ordinance No. 740, Ordinance No. 743, Ordinance No. 744, Ordinance No. 749, and Ordinance No. 753; and

WHEREAS, the City of Shoreline is required by RCW 35A.33.075 to include all revenues and expenditures for each fund in the adopted budget;

WHEREAS, a new grant has been awarded to the City not anticipated when the 2016 budget was adopted by Council and should be appropriated to these funds with these increases, and,

WHEREAS, amendments are required in the General Fund, State Drug Enforcement Forfeiture Fund, and Equipment Replacement Fund; and

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO ORDAIN AS FOLLOWS:**

**Section 1. Amendment.** The City hereby amends Section 1 of Ordinance No. 753, *Summary of Revenues and Expenditures* and the 2016 Current Budget, by increasing the Total Funds appropriation to \$89,171,661 as follows:

	Current Appropriation	Revised Appropriation
General Fund	<del>\$44,609,822</del>	\$44,707,322
Street Fund	1,713,773	
Code Abatement Fund	100,000	
State Drug Enforcement Forfeiture Fund	<del>168,243</del>	183,096
Public Arts Fund	84,216	
Federal Drug Enforcement Forfeiture Fund	263,000	
Property Tax Equalization Fund	691,313	
Federal Criminal Forfeiture Fund	2,802,444	
Transportation Impact Fees Fund	359,775	
Revenue Stabilization Fund	\$0	
Unltd Tax GO Bond 2006	1,710,375	
Limited Tax GO Bond 2009	1,663,417	
Limited Tax GO Bond 2013	260,948	

	Current Appropriation	Revised Appropriation
General Capital Fund	9,141,524	
City Facility-Major Maintenance Fund	866,754	
Roads Capital Fund	16,474,476	
Surface Water Capital Fund	7,356,193	
Vehicle Operations/Maintenance Fund	271,216	
Equipment Replacement Fund	483,768	504,319
Unemployment Fund	17,500	
Total Funds	\$89,038,757	\$89,171,661

**Section 2. Severability.** Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be preempted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

**Section 3. Effective Date.** A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. The ordinance shall take effect and be in full force five days after passage and publication.

**PASSED BY THE CITY COUNCIL ON NOVEMBER 21, 2016**

\_\_\_\_\_  
Christopher Roberts, Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Jessica Simulcik Smith  
City Clerk

\_\_\_\_\_  
Margaret King  
City Attorney

Publication Date: \_\_\_\_\_, 2016  
Effective Date: \_\_\_\_\_, 2016



Item	Fund	Orgkey	Object	Amount	Revenue Source	Revenue Object	Amount	Fund Balance 3080000	Total Resources	Explanation
<b>General Fund</b>										
<b>City Manager's Office - Economic Development</b>										
		2506046	5410000	\$45,000	Port of Seattle Economic Development Partnership Program Grant		\$45,000	\$45,000	\$45,000	Request for Expressions of Interest Prospectus.
		2506046	5430000	\$3,000	Port of Seattle Economic Development Partnership Program Grant		\$3,000	\$3,000	\$3,000	Request for Expressions of Interest Prospectus.
		2506046	5493000	\$6,500	Port of Seattle Economic Development Partnership Program Grant		\$6,500	\$6,500	\$6,500	Request for Expressions of Interest Prospectus.
		GR273800								
<b>Citywide - Contingencies</b>										
		1700022	5992000	\$43,000				\$43,000	\$43,000	Demolition of structure on Molver property.
<b>Total General Fund</b>	<b>001</b>			<b>\$97,500</b>			<b>\$54,500</b>	<b>\$43,000</b>	<b>\$97,500</b>	
<b>Street Fund</b>										
<b>Street Operations</b>										
		2709054	5640000	-\$12,971				-\$12,970	-\$12,971	Savings from upgrade of VN#116 (Sign Truck) will be reallocated to other purchases.
		2709054	5970000	\$12,971				\$12,970	\$12,971	Add'l funds to purchase VN#232 (Crack Sealer) and replacement for VN#122 (Ford 1/2 Ton Pickup).
<b>Total Street Fund</b>	<b>101</b>			<b>\$0</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>State Drug Enforcement Forfeiture Fund</b>										
<b>Public Safety State Seizure Program</b>										
		2005134	5430000	\$14,853				\$14,853	\$14,853	California Narcotics Officers Training Annual Conference.
<b>Total State Drug Enforcement Forfeiture Fund</b>	<b>108</b>			<b>\$14,853</b>			<b>\$0</b>	<b>\$14,853</b>	<b>\$14,853</b>	
<b>Equipment Replacement Fund</b>										
<b>Equipment Replacement - Municipal Equipment, Technical</b>										
		1608155	5450000	\$7,580				\$7,580	\$7,580	Copiers Lease.
<b>Equipment Replacement - Municipal Vehicles/Equipment</b>										
		1608114	5640000	\$7,670	Transfer in from Street Fund	3970000	\$7,670		\$7,670	Add'l funds to purchase VN#232 (Crack Sealer).
		1608114	5640000	\$5,301	Transfer in from Street Fund	3970000	\$5,301		\$5,301	Add'l funds to purchase replacement for VN#122 (Ford 1/2 Ton Pickup).
<b>Total Equipment Replacement Fund</b>	<b>503</b>			<b>\$20,551</b>			<b>\$12,971</b>	<b>\$7,580</b>	<b>\$20,551</b>	
<b>Total Amendments</b>				<b>\$132,904</b>			<b>\$67,471</b>	<b>\$65,433</b>	<b>\$132,904</b>	