



Everett City Council Preliminary Agenda
6:30 p.m., Wednesday, March 19, 2025
City Council Chambers

Roll Call

Pledge Of Allegiance

Land Acknowledgment

Approval Of Minutes: March 12, 2025

Mayor's Comments

Public Comment

Council Comments

Administration Update

City Attorney

CONSENT ITEMS:

(1) Adopt Resolution Authorizing Claims Against The City Of Everett In The Amount Of \$4,293,292.63 For The Period Ending March 1, 2025 Through March 7, 2025.

Documents:

[RES_CLAIMS PAYABLE 3.7.25.PDF](#)

(2) Authorize The Call For Bids For The Everett Station HVAC Replacement Project.

Documents:

[CALL FOR BIDS FOR EVERETT STATION HVAC REPLACEMENT PROJECT.PDF](#)

(3) Authorize The Mayor To Sign The Professional Services Agreement With Natural Systems Design For Monitoring Services At The Smith Island Estuary Restoration Site In The Amount Of \$130,907.04.

Documents:

[NATURAL SYSTEMS DESIGN INC.-SMITH ISLAND ESTURARY YEAR 7 MONITORING-PSA.PDF](#)

(4) Authorize Call For Bids For The Port Gardner Storage Facility Site Construction Project.

Documents:

[PORT GARDNER STORAGE FACILITY SITE CONST-CALL OF BIDS.PDF](#)

(5) Authorize The Mayor To Sign Vera Whole Health Agreement Amendment 5.

Documents:

[VERA WHOLE HEALTH AMENDMENT NO. 5.PDF](#)

(6) Authorize The Mayor To Sign The Watershed Resource Inventory Area 8 ILA 2026-2035 Agreement And Shared Cost Not To Exceed \$120,000 For Ten Years.

Documents:

[WATERSHED RESOURCE INVENTORY AREA 8 ILA 2026-2035 AGREEMENT.PDF](#)

PROPOSED ACTION ITEMS:

(7) CB 2502-19 – 2nd Reading - Adopt An Ordinance Amending Ordinance No. 4019-24 Entitled A Special Improvement Project Entitled "Thornton A. Sullivan Park Floating Dock Repairs", Fund 354, Program 100, To Accumulate All Costs For The Project. (3rd & Final Reading 3/26/25)

Documents:

[CB 2502-19.PDF](#)

(8) CB 2503-20 – 1st Reading – Adopt An Ordinance Closing A Special Improvement Project Entitled "Sewer "O" Utility Upgrades Phase 2" Fund 336, Program 026, As Established By Ordinance No. 3834-21. (3rd & Final Reading 4/2/25)

Documents:

[CB 2503-20.PDF](#)

(9) CB 2503-21 – 1st Reading – Adopt An Ordinance Creating A Special Improvement Project Entitled "Everett Point Industrial Center (EPIC) Green Bridge" Fund 303, Program 132, To Accumulate All Costs For The Improvement. (3rd & Final Reading 4/2/25)

Documents:

[CB 2503-21.PDF](#)

ACTION ITEMS:

(10) CB 2502-17 – 3rd & Final Reading - Adopt An Ordinance Providing For The Issuance, Sale, And Delivery Of One Of More Series Of Limited Tax General Obligation Bonds In An Aggregate Principal Amount Not To Exceed \$28,000,000.

Documents:

[CB 2502-17.PDF](#)

(11) CB 2502-18 – 3rd & Final Reading - Adopt An Ordinance Providing For The Issuance Of One Or More Series Of Water And Sewer Revenue Bonds In An Aggregate Principal Amount Not To Exceed \$181,000,000.

Documents:

[CB 2502-18.PDF](#)

(12) Adopt A Resolution Declaring Intent To Issue General Indebtedness To Be Repaid With Certain Sales And Use Taxes That The City Receives Under The Local Infrastructure Financing Tool Program Pursuant To Chapter 39.102 RCW.

Documents:

[RES_2025 LOCAL INFRASTRUCTURE FINANCING TOOL_LIFT PROGRAM.PDF](#)

(13) Award The 2025 Chaplain Blowdown Timber Salvage Sale (#2025-02) The Highest Responsible Bidder And Authorize The Mayor To Sign The Timber Sale Contract.

Documents:

[CHAPLAIN BLOWDOWN TIMBER SALVAGE SALE-BID AWARD.PDF](#)

BRIEFINGS:

(14) Everett 2044

Documents:

[EVERETT 2044 BRIEFING.PDF](#)

(15) Optional Continued Discussion: Budget Policy

Documents:

[BUDGET POLICIES DISCUSSION.PDF](#)

Executive Session

Adjourn

PARTICIPATION IN REMOTE COUNCIL MEETINGS

- Participate remotely via Zoom by registering to speak at everettwa.gov/speakerform. You must register no later than 30 minutes prior to the meeting. You may contact the Council office at 425.257.8703 or aely@everettwa.gov and identify the topic you wish to address.
- Provide written public comments by email to Council@everettwa.gov or mail to 2930 Wetmore Avenue, Suite 9A, Everett, WA 98201. Emailing comments 24 hours prior to the meeting will ensure your comment is distributed to councilmembers and appropriate staff.
- Persons seeking to comment on non-agenda items may be asked to submit the comments in writing if the comment does not address an issue of broad public interest.

AGENDAS, BROADCAST AND RECORDINGS

- The Council agendas and meeting recordings can be found, in their entirety, at

everettwa.gov/citycouncil.

- Watch live meetings and recordings at [YouTube.com/EverettCity](https://www.youtube.com/EverettCity).

CONTACT THE COUNCIL

If you do not wish to participate in the meeting, we provide these other methods of contacting your elected officials: Email the Council at Council@everettwa.gov or call the Council offices at 425.257.8703.

The City of Everett does not discriminate on the basis of disability in the admission or access to, or treatment in, its programs or activities. Requests for assistance or accommodations can be arranged by contacting the Everett City Council Office at 425.257.8703. For additional information, please visit our website at <https://www.everettwa.gov/3129/American-Disabilities-Act-ADA-and-Title->.

Council President

Project title: Call for Bids for the Everett Station HVAC Replacement Project

Council Bill #

Agenda dates requested:

Briefing
Proposed action
Consent 3/19/25
Action
Ordinance
Public hearing
Yes X No

Budget amendment:

Yes X No

PowerPoint presentation:

Yes X No

Attachments:

None

Department(s) involved:

Parks and Facilities
Transportation Services

Contact person:

Mike Schmieder

Phone number:

425 257-7761

Email:

mschmieder@everettwa.gov

Initialed by:

MJS

Department head

Administration

Council President

Project: Everett Station HVAC Replacement Project

Partner/Supplier: N/A

Location: Everett Station, 3201 Smith Avenue, Everett WA 98201

Preceding action: PSA with Hultz HBU 2/15/2024, Amended 11/26/24

Fund: Fund 425, Transportation Services

Fiscal summary statement:

The source of funds for the Everett Station HVAC Replacement Project will come from a grant in the amount of \$1,343,762 with offset from Transportation Services Fund 425.

Authorizing the call for bids at this time will allow the project to be advertised for competitive bids after the completion of the construction documents.

Project summary statement:

The Everett Station's nearly 25-year-old heating, ventilation, and air conditioning (HVAC) system has reached its useful life and requires replacement. Everett Transit and Facilities have previously acquired professional services for architectural and engineering services to provide design, permitting, and construction bid documents for the replacement of the HVAC building controls and primary components of the HVAC system at the Everett Station.

When bids are received staff will prepare a recommendation to City Council to authorize bid award for the construction of the Everett Station HVAC Replacement Project.

Recommendation (exact action requested of Council):

Authorize the Call for Bids for the Everett Station HVAC Replacement Project.



City Council Agenda Item Cover Sheet

Project title: Smith Island Estuary Restoration Monitoring Services Professional Services Agreement with Natural Systems Design

Council Bill # *interoffice use*

Agenda dates requested:

Briefing
Proposed action
Consent 3/19/25
Action
Ordinance
Public hearing
Yes X No

Budget amendment:

Yes X No

PowerPoint presentation:

Yes X No

Attachments:

PSA

Department(s) involved:

Public Works, Legal

Contact person:

Souheil Nasr

Phone number:

425-257-7210

Email:

snasr@everettwa.gov

Initialed by:

RLS

Department head

Administration

Council President

Project: Year 7 Smith Island Restoration Monitoring

Partner/Supplier: Natural Systems Design

Location: Smith Island Estuary Restoration (near 12th Street)

Preceding action: Year 5-6 Smith Island Restoration Monitoring, [12-14-2022](#)

Fund: 401/Utilities

Fiscal summary statement:

The Professional Services Agreement provides for Biological Monitoring Services for Year 7 in the amount of \$130,907.04. The monitoring will be paid for from the Utilities 401 fund.

Project summary statement:

In 2018, in partnership with Snohomish County, the City breached the Smith Island Estuary Restoration project. This action on City property created an additional 55-acre Advance Mitigation site east of 12th Street NE on Smith Island. Environmental Permits for the City's Advance Mitigation site require 10 years of monitoring to ensure that the restoration reaches the required performance levels to attain full use of Advance Mitigation Credits.

Recommendation (exact action requested of Council):

Authorize the Mayor to sign the Professional Services Agreement with Natural Systems Design for Monitoring Services at the Smith Island Estuary Restoration site in the amount of \$130,907.04.



PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("**Agreement**") is effective as of the date of last signature below and is between the City of Everett, a Washington municipal corporation (*the "City"*), and the Service Provider identified in the Basic Provisions below ("**Service Provider**"). This Agreement is for the purpose of the Service Provider providing services to the City as set forth in the Agreement. This Agreement includes and incorporates the Basic Provisions, the attached General Provisions, the attached scope of work (Exhibit A), and the attached method of compensation (Exhibit B).

BASIC PROVISIONS	
Service Provider	Natural Systems Design, Inc.
	1900 North Northlake Way, Suite 211
	Seattle WA 98103
	dawn@naturaldes.com
City Project Manager	Heather Griffin
	City of Everett – Public Works
	3200 Cedar St
	Everett, WA 98201
Brief Summary of Scope of Work	hgriffin@everettwa.gov
	Year 7 performance monitoring of Smith Island Estuary Restoration advance mitigation site
Completion Date	December 31, 2026
Maximum Compensation Amount	\$130,907.04

BASIC PROVISIONS	
Service Provider Insurance Contact Information	Assured Partners of Washington LLC
	425-952-2694
	Lisa Day, lisa.day@assuredpartners.com
State Retirement Systems (must answer both questions)	<p>Does Service Provider have 25 or more employees?</p> <p>Answer: Yes</p> <p>If Service Provider has less than 25 employees, did any Service Provider Personnel who will work under this Professional Services Agreement retire under a DRS retirement system?</p> <p>Answer: Click for Dropdown Menu</p> <p>“DRS retirement system” refers to any of the following Public Employers’ Retirement System (PERS), School Employees’ Retirement System (SERS), Teachers’ Retirement System (TRS), and Law Enforcement Officers and Fire Fighters plan (LEOFF).</p> <p>“Service Provider Personnel” includes Service Provider employees and owners (such as shareholders, partners or members). If Service Provider is a sole proprietor, then “Service Provider Personnel” refers to the sole proprietor.</p>
Willful Wage Violation Certification	<p>By signing this Agreement, the Service Provider certifies that, within the five-year period immediately preceding the date of Service Provider’s signature, the Service Provider has not been determined by a final and binding citation and notice of assessment issued by the Washington Department of Labor and Industries or through a civil judgment entered by a court of limited or general jurisdiction to have willfully violated, as defined in RCW 49.48.082, any provision of chapter 49.46, 49.48, or 49.52 RCW. This certification covers any entity, however organized, that is substantially identical to Service Provider. Submission of an untrue certification by Service Provider is a material breach and cause for Agreement termination.</p>

END OF BASIC PROVISIONS

IN WITNESS WHEREOF, the City and Service Provider have executed this Agreement, which includes and incorporates the above Basic Provisions, the attached General Provisions, the attached scope of work (Exhibit A), and the attached method of compensation (Exhibit B).

**CITY OF EVERETT
WASHINGTON**

NATURAL SYSTEMS DESIGN, INC.

Cassie Franklin, Mayor

Signature: _____

Name of Signer: Steven M Winter

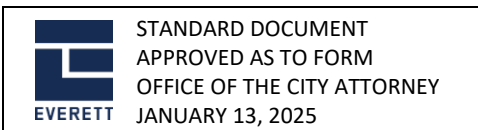
Signer's Email Address: SteveW@naturaldes.com

Title of Signer: Principal Hydrologist

Date

ATTEST

Office of the City Clerk



ATTACHMENT
PROFESSIONAL SERVICES AGREEMENT
(GENERAL PROVISIONS v.1.13.25)

1. **Engagement of Service Provider.** The City hereby agrees to engage Service Provider, and Service Provider hereby agrees, to perform the work in a competent and professional manner and provide the services described in the Scope of Work attached as Exhibit A. The Scope of Work so identified is hereafter referred to as “Work”. Without a written directive of an authorized representative of the City, Service Provider shall not perform any services that are in addition to, or beyond the scope of, the Work. If Service Provider’s proposal or other document generated by Service Provider is incorporated or attached as an exhibit or part of any exhibit to this Agreement or in any amendment or task or work order pursuant to this Agreement, then such proposal or document is part of this Agreement solely to the extent that it describes the Work, the Work schedule, and the amounts or rates to be paid for such Work, and Service Provider expressly agrees that no terms or conditions from such proposal or document are incorporated or included into this Agreement. In the event of difference or conflict between parts of this Agreement, Service Provider shall be bound by whichever is more stringent on Service Provider. If, and to the extent, the Work includes the design of a public work or improvement, in whole or in part, Service Provider’s design shall be reasonably accurate, adequate and suitable for its intended purpose.
2. **Intellectual Property Rights.** Reports, drawings, plans, specifications and any other intangible property created in furtherance of the Work are property of the City for all purposes, whether the project for which they are made is executed or not, and may be used by the City for any purpose. Any reuse by the City of these reports, drawings, plans, specifications and intangible property for purposes other than in connection with the Work is at the sole risk of the City. To the extent the Work includes material subject to copyright, Service Provider agrees that the Work is done as a “Work For Hire” as that term is defined under U.S. copyright law, and that as a result, the City shall own all copyrights in the Work. To the extent that the Work includes material subject to proprietary right protection but does not qualify as a “Work For Hire” under applicable law, Service Provider hereby assigns to the City all right, title and interest in and to the Work, including all copyrights, patents, trade secrets, and other proprietary rights therein (including renewals thereof). To the maximum extent permitted by law, Service Provider waives all moral rights in the Work. Notwithstanding the foregoing, Service Provider retains any intellectual property rights in documents and intangible property created by Service Provider prior to engagement, or not created by Service Provider for its performance of this Agreement.
3. **Time of Beginning and Completion of Performance.** This Agreement shall commence as of the date of mutual execution of this Agreement and the Work shall be completed by Completion Date stated in the Basic Provisions.
4. **Compensation.**
 - A. The City shall pay Service Provider only for completed Work and for services actually rendered which are described herein. Such payment shall be full compensation for Work performed or services rendered, including, but not limited to, all labor, materials, supplies, equipment and incidentals necessary to complete the Work.
 - B. Service Provider shall be paid such amounts and in such manner as described in Exhibit B.
 - C. Service Provider may receive payment as reimbursement for Eligible Expenses actually incurred. “Eligible Expenses” means those expenses as set forth in an exhibit to this Agreement or such expenses as are approved for reimbursement by the City in writing prior to the expense being incurred. An expense shall not be reimbursed if: (1) the expense is not

- identified as an Eligible Expense; (2) the expense exceeds the per item or cumulative limits for such expense if it is identified as an Eligible Expense; or (3) the expense was not approved in writing by an authorized City representative prior to Service Provider incurring the expense. If, and to the extent, overnight lodging in western Washington is authorized, Service Provider is strongly encouraged to lodge within the corporate limits of City. When authorized, Service Provider will be reimbursed 100% of lodging expense, if lodged within the corporate limits of the City, but Service Provider will be reimbursed 50% of lodging expense when lodged outside the corporate limits of the City. If authorized, the City may (at its sole option) obtain or arrange air travel for Service Provider.
- D. Total compensation, including all services and expenses, shall not exceed the Maximum Compensation Amount in the Basic Provisions.
 - E. If Service Provider fails or refuses to correct its work when so directed by the City, the City may withhold from any payment otherwise due an amount that the City in good faith believes is equal to the cost to the City of correcting, re-procuring, or remedying any damage caused by Service Provider's conduct.
5. **Method of Payment.**
- A. To obtain payment, Service Provider shall (a) file its request for payment, accompanied by evidence satisfactory to the City justifying the request for payment; (b) submit a report of Work accomplished and hours of all tasks completed; (c) to the extent reimbursement of Eligible Expenses is sought, submit itemization of such expenses and, if requested by the City, copies of receipts and invoices; and (d) comply with all applicable provisions of this Agreement. Service Provider shall be paid no more often than once every thirty days.
 - B. All requests for payment should be sent to the City Project Manager Address in the Basic Provisions or to an address designated by the City Project Manager in writing.
6. **Submission of Reports and Other Documents.** Service Provider shall submit all reports and other documents as and when specified in the Scope of Work. This information shall be subject to review by the City, and if found to be unacceptable, Service Provider shall correct and deliver to the City any deficient Work at Service Provider's expense with all practical dispatch. Service Provider shall abide by the City's determinations concerning acceptability of Work.
7. **Termination of Contract.** City reserves the right to terminate this Agreement at any time by sending written notice of termination to Service Provider ("Notice"). The Notice shall specify a termination date ("Termination Date"). The Notice shall be effective ("Notice Date") upon the earlier of either actual receipt by Service Provider (whether by email, mail, delivery or other method reasonably calculated to be received by Service Provider in a reasonably prompt manner) or three calendar days after issuance of the Notice. Upon the Notice Date, Service Provider shall immediately commence to end the Work in a reasonable and orderly manner. Unless terminated for Service Provider's material breach, Service Provider shall be paid or reimbursed for: (a) all hours worked and Eligible Expenses incurred up to the Notice Date, less all payments previously made; and (b) those hours worked and Eligible Expenses incurred after the Notice Date, but prior to the Termination Date, that were reasonably necessary to terminate the Work in an orderly manner. The City does not by this Section waive, release or forego any legal remedy for any violation, breach or non-performance of any of the provision of this Agreement. At its sole option, and without limitation of or prejudice to any other available remedy or recourse, the City may deduct from the final payment due Service Provider (a) any damages, expenses or costs arising out of any such violations, breaches, or non-performance and (b) any other backcharges or credits.
8. **Changes.** The City may, from time to time, unilaterally change the scope of the services of Service Provider to be performed hereunder. Such changes, including any increase or decrease in the

scope of work (and resulting increase or decrease in compensation), shall: (a) be made only in writing and signed by an authorized City representative, (b) be explicitly identified as an amendment to this Agreement and (c) become a part of this Agreement.

9. **Subletting/Assignment of Contracts.** Service Provider shall not sublet or assign any of the Work without the express, prior written consent of the City.
10. **Indemnification.** Except as otherwise provided in this Section, Service Provider hereby agrees to defend and indemnify and save harmless the City from any and all Claims arising out of, in connection with, or incident to any negligent or intentional acts, errors, omissions, or conduct by Service Provider (or its employees, agents, representatives or subcontractors/subconsultants) relating to this Agreement, whether such Claims sound in contract, tort, or any other legal theory. Service Provider is obligated to defend and indemnify and save harmless the City pursuant to this Section whether a Claim is asserted directly against the City, or whether it is asserted indirectly against the City, e.g., a Claim is asserted against someone else who then seeks contribution or indemnity from the City. Service Provider's duty to defend and indemnify and save harmless pursuant to this Section is not in any way limited to, or by the extent of, insurance obtained by, obtainable by, or required of Service Provider. Service Provider's obligations under this Section shall not apply to Claims caused by the sole negligence of the City. If (1) RCW 4.24.115 applies to a particular Claim, and (2) such Claim is caused by or results from the concurrent negligence of (a) Service Provider, its employees, subcontractors/subconsultants or agents and (b) the City, then Service Provider's obligations under this Section shall be only to the extent of Service Provider's negligence. Solely and expressly for the purpose of its duties to indemnify and defend and save harmless the City, Service Provider specifically waives any immunity it may have under the State Industrial Insurance Law, Title 51 RCW. Service Provider recognizes that this waiver of immunity under Title 51 RCW was specifically entered into pursuant to the provisions of RCW 4.24.115 and was the subject of mutual negotiation. As used in this Section: (1) "City" includes the City, the City's officers, employees, agents, and representatives and (2) "Claims" include, but is not limited to, any and all losses, penalties, fines, claims, demands, expenses (including, but not limited to, attorney's fees and litigation expenses), suits, judgments, or damages, irrespective of the type of relief sought or demanded, such as money or injunctive relief, and irrespective of whether the damage alleged is bodily injury, damage to property, economic loss, general damages, special damages, or punitive damages or infringement or misappropriation of any patent, copyright, trade secret, or other proprietary right. If, and to the extent, Service Provider employs or engages subconsultants or subcontractors, then Service Provider shall ensure that each such subconsultant and subcontractor (and subsequent tiers of subconsultants and subcontractors) shall expressly agree to defend and indemnify and save harmless the City to the extent and on the same terms and conditions as Service Provider pursuant to this Section. The provisions of this Section shall survive the termination of this Agreement.
11. **Insurance.**
 - A. Service Provider shall comply with the following conditions and procure and keep in force during the term of this Agreement, at Service Provider's own cost and expense, the policies of insurance as set forth in this Section with companies authorized to do business in the State of Washington, which are rated at least "A-" or better and with a numerical rating of no less than seven (7), by A.M. Best Company and which are acceptable to the City.
 1. Workers' Compensation Insurance as required by Washington law and Employer's Liability Insurance with limits not less than \$1,000,000 per occurrence. If the City authorizes sublet work, Service Provider shall require each subcontractor to provide Workers' Compensation Insurance for its employees, unless Service Provider covers such employees.

2. Commercial General Liability (CGL) Insurance on an occurrence basis in an amount not less than \$1,000,000 per occurrence and at least \$2,000,000 in the annual aggregate, including but not limited to: premises/operations (including off-site operations), blanket contractual liability and broad form property damage.
 3. Business Automobile Liability Insurance in an amount not less than \$1,000,000 per occurrence, extending to any automobile. A statement certifying that no vehicle will be used in accomplishing this Agreement may be substituted for this insurance requirement.
 4. Professional Errors and Omissions Insurance in an amount not less than \$2,000,000 per occurrence and \$2,000,000 in the annual aggregate. Such coverage may be written on a claims made basis.
- B. The above CGL and auto liability policies shall be primary as to the City and shall contain a provision that the policy shall not be canceled or materially changed without 30 days prior written notice to the City. No cancellation provision in any insurance policy shall be construed in derogation of the continuous duty of Service Provider to furnish the required insurance during the term of this Agreement.
 - C. Upon written request by the City, the insurer or its agent will furnish, prior to or during any Work being performed, a copy of any policy cited above, certified to be a true and complete copy of the original.
 - D. The Description of Operations on the Certificate of Insurance must substantially read as follows: "The above commercial general and auto liability policies are primary as to the City of Everett; have the City of Everett, its officers, employees, agents, and volunteers as additional insureds; and contain a provision that the policy shall not be canceled or materially changed without 30 days prior written notice to the City of Everett."
 - E. Prior to Service Provider performing any Work, Service Provider shall provide the City or the City's designee with a Certificate of Insurance acceptable to the City Attorney evidencing the required insurance. Service Provider shall provide the City or the City's designee with either (1) a true copy of an endorsement naming the City of Everett, its officers, employees, agents and volunteers as Additional Insureds on the Commercial General Liability Insurance policy and the Business Automobile Liability Insurance policy with respect to the operations performed and services provided under this Agreement and that such insurance shall apply as primary insurance on behalf of such Additional Insureds or (2) a true copy of the blanket additional insured clause from the policies. Receipt by the City or the City's designee of any certificate showing less coverage than required is not a waiver of Service Provider's obligations to fulfill the requirements of this Section. No statement on a third-party website (such as a Trustlayer) that a requirement is "waived" or "overridden" is a waiver of Service Provider's obligations to fulfill the requirements of this Section.
 - F. If the Professional Errors and Omissions Insurance is on a claims made policy form, the retroactive date on the policy shall be the effective date of this Agreement or prior. The retroactive date of any subsequent renewal of such policy shall be the same as the original policy provided. The extended reporting or discovery period on a claims made policy form shall not be less than 36 months following expiration of the policy.
 - G. Service Provider certifies that it is aware of the provisions of Title 51 of the Revised Code of Washington that requires every employer to be insured against liability of Workers' Compensation, or to undertake self-insurance in accordance with the provisions of that Title. Service Provider shall comply with the provisions of Title 51 of the Revised Code of Washington before commencing the performance of the Work. Service Provider shall provide

the City with evidence of Workers' Compensation Insurance (or evidence of qualified self-insurance) before any Work is commenced.

- H. In case of the breach of any provision of this Section, the City may, at its option and with no obligation to do so, provide and maintain at the expense of Service Provider, such types of insurance in the name of Service Provider, and with such insurers, as the City may deem proper, and may deduct the cost of providing and maintaining such insurance from any sums which may be found or become due to Service Provider under this Agreement or may demand Service Provider to promptly reimburse the City for such cost.

- 12. **Risk of Loss.** Service Provider shall be solely responsible for the safety of its employees, agents and subcontractors in the performance of the work hereunder and shall take all protections reasonably necessary for that purpose. All work shall be done at Service Provider's own risk, and Service Provider shall be solely responsible for any loss of or damage to Service Provider's materials, tools, or other articles used or held for use in connection with the work.

13. **Independent Contractor.**

- A. This Agreement neither constitutes nor creates an employer-employee relationship. Service Provider must provide services under this Agreement as an independent contractor. Service Provider must comply with all federal and state laws and regulations applicable to independent contractors including, but not limited to, the requirements listed in this Section. Service Provider agrees to indemnify and defend the City from and against any claims, valid or otherwise, made against the City because of these obligations.
- B. In addition to the other requirements of this Section, if Service Provider is a sole proprietor, Service Provider agrees that Service Provider is not an employee or worker of the City under Chapter 51 of the Revised Code of Washington, Industrial Insurance for the service performed in accordance with this Agreement, by certifying to the following:
 - (1) Service Provider is free from control or direction over the performance of the service; and
 - (2) The service performed is outside the usual course of business for the City, or will not be performed at any place of business of the City, or Service Provider is responsible for the costs of the principal place of business from which the service is performed; and
 - (3) Service Provider is customarily engaged in an independently established business of the same nature as the service performed, or has a principal place of business for the service performed that is eligible for a business deduction for federal income tax purposes; and
 - (4) On the effective date of this Agreement, Service Provider is responsible for filing a schedule of expenses, for the next applicable filing period, with the internal revenue service for the type of service performed; and
 - (5) By the effective date of this Agreement or within a reasonable time thereafter, Service Provider has established an account with the department of revenue and other state agencies, where required, for the service performed for the payment of all state taxes normally paid by employers and businesses and has registered for and received a unified business identifier number from the state of Washington; and
 - (6) By the effective date of this Agreement, Service Provider is maintaining a separate set of records that reflect all items of income and expenses of the services performed.
- C. Any and all employees of Service Provider, while engaged in the performance of any Work, shall be considered employees of only Service Provider and not employees of the City.

Service Provider shall be solely liable for any and all claims that may or might arise under the Worker's Compensation Act on behalf of such employees or Service Provider, while so engaged and for any and all claims made by a third party as a consequence of any negligent act or omission on the part of Service Provider's employees, while so engaged on any of the Work.

- D. Service Provider shall comply with all applicable provisions of the Fair Labor Standards Act and other legislation affecting its employees and the rules and regulations issued thereunder insofar as applicable to its employees and shall at all times save the City free, clear and harmless from all actions, claims, demands and expenses arising out of such act, and rules and regulations that are or may be promulgated in connection therewith.
 - E. Service Provider assumes full responsibility for the payment of all payroll taxes, use, sales, income, or other form of taxes (such as state and, city business and occupation taxes), fees, licenses, excises or payments required by any city, federal or state legislation which are now or may during the term of the Agreement be enacted as to all persons employed by Service Provider and as to all duties, activities and requirements by Service Provider in performance of the Work and Service Provider shall assume exclusive liability therefor, and meet all requirements thereunder pursuant to any rules or regulations that are now or may be promulgated in connection therewith.
14. **Employment/Conflict of Interest.** Service Provider warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for Service Provider, to solicit or secure this Agreement and that it has not paid or agreed to pay any company or person, other than a bona fide employee working solely for Service Provider, any fee, commission, percentage, brokerage fee, gifts, or any other consideration, contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, the City shall have the right to annul this Agreement without liability or, in its discretion, to deduct from the Agreement price or consideration or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee. Further, it is recognized that Service Provider may or will be performing professional services during the term of this Agreement for other parties; however, such performance of other services shall not conflict with or interfere with Service Provider's ability to perform the Work. Service Provider agrees to resolve any such conflicts of interest in favor of the City.
15. **Audits and Inspections.** At any time during normal business hours and as often as the City may deem necessary, Service Provider shall make available to the City for the City's examination all of Service Provider's records and documents with respect to all matters covered by this Agreement and, furthermore, Service Provider will permit the City to audit, examine and make copies, excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement.
16. **City of Everett Business License.** Service Provider agrees to obtain a City of Everett business license prior to performing any work pursuant to this Agreement.
17. **State of Washington Requirements.** Service Provider agrees to register and obtain any State of Washington business licenses, Department of Revenue account and/or unified business identifier number as required by RCW 50.04.140 and 51.08.195 prior to performing any work pursuant to this Agreement.
18. **Compliance with Federal, State and Local Laws/Prevailing Wages.** Service Provider shall comply with and obey all federal, state and local laws, regulations, and ordinances applicable to the operation of its business and to its performance of work hereunder. If any Work by Service Provider or a subcontractor is subject to prevailing wages under chapter 39.12 RCW, all wages to

workers, laborers, or mechanics employed in the performance of such work shall be not less than prevailing wages under chapter 39.12 RCW. State of Washington prevailing wage rates published by the Washington State Department of Labor and Industries (L&I) are obtainable from the L&I website address: <https://www.lni.wa.gov/licensing-permits/public-works-projects/prevailing-wage-rates/>, and the effective prevailing wage date is the same date as the date of last signature on this Agreement. A copy of the applicable prevailing wage rates are also available for viewing at Owner's office located at City of Everett Public Works, 3200 Cedar St, Everett, WA, and the City will mail a hard copy of the prevailing wage rates upon written request.

19. **Compliance with the Washington State Public Records Act.** Service Provider acknowledges that the City is subject to the Public Records Act, chapter 42.56 RCW (the "Act"). All records owned, used or retained by the City are public records subject to disclosure unless exempt under the Act, whether or not such records are in the possession or control of the City or Service Provider. Service Provider shall cooperate with the City so that the City may comply with all of its obligations under the Act. Within ten (10) days after receipt of notice from the City, Service Provider shall deliver to the City copies of all records relating to this Agreement or relating to the Work that the City determines qualify as the City's public records under the Act. If the City receives a public records request relating to this Agreement or relating to the Work, the City shall seek to provide notice to Service Provider at least ten (10) days before the City releases records pursuant to such public records request, but in no event will the City have any liability to Service Provider for any failure of the City to provide such notice. In addition to its other indemnification and defense obligations under this Agreement, Service Provider shall indemnify and defend the City from and against any and all losses, penalties, fines, claims, demands, expenses (including, but not limited to, attorney's fees and litigation expenses), suits, judgments, or damage arising from or relating to any failure of Service Provider to comply with this Section.
20. **Compliance with Grant/Loan Terms and Conditions.** Service Provider shall comply with any and all terms, conditions, terms and requirements of any federal, state or other agency grant or loan that wholly or partially funds Service Provider's work hereunder. If the grant or loan requires that the agency be a third-party beneficiary to this Agreement, then the agency is a third party beneficiary to this Agreement.
21. **Equal Employment Opportunity.** Service Provider shall not discriminate against any employee, applicant for employment, or other person on the basis of race, color, religion, sex, age, disability, marital state, or national origin or other circumstance prohibited by applicable federal, state, or local law or ordinance. Service Provider shall comply with and shall not violate any applicable provisions of Chapter 49.60 RCW, Title VI of the Civil Rights Act of 1964, and all applicable federal, state, or local law or ordinance regarding non-discrimination.
22. **Waiver.** Any waiver by Service Provider or the City or the breach of any provision of this Agreement by the other party will not operate, or be construed, as a waiver of any subsequent breach by either party or prevent either party from thereafter enforcing any such provisions.
23. **Complete Agreement.** This Agreement contains the complete and integrated understanding and agreement between the parties and supersedes any understanding, agreement or negotiation whether oral or written not set forth herein. The title of this Agreement and the headings used in this Agreement, are for ease of reference only and shall not in any way be construed to limit or alter the meaning of any provision.
24. **Modification of Agreement.** This Agreement may only be modified as provided in Section 8, or by a writing explicitly identified as a modification or amendment of this Agreement that is signed by authorized representatives of the City and Service Provider.

25. **Severability.** If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void, insofar as it is in conflict with said laws, and the remainder of the Agreement shall remain in full force and effect.
26. **Notices.**
A. Notices to the City shall be sent to the City Project Manager address in the Basic Provisions.
B. Notices to Service Provider shall be sent to its address in the Basic Provisions.
27. **Venue.** Venue for any lawsuit arising out of this Agreement shall be in the Superior Court of Snohomish County, Washington.
28. **Governing Law.** The laws of the State of Washington, without giving effect to principles of conflict of laws, govern all matters arising out of or relating to this Agreement.
29. **City Marks.** Service Provider will not use any trade name, trademark, service mark, or logo of the City (or any name, mark, or logo confusingly similar thereto) in any advertising, promotions, or otherwise, without the City's express prior written consent.
30. **No Personal Liability.** No officer, agent or employee of the City shall be personally responsible for any liability arising under this Agreement, whether expressed or implied, nor for any statement or representation made or in any connection with this Agreement.
31. **Federal Debarment.** Service Provider shall immediately notify the City of any suspension or debarment or other action that excludes Service Provider or any Service Provider subcontractor from participation in Federal contracting. Service Provider shall verify all subcontractors that are intended and/or used by Service Provider for performance of Work are in good standing and are not debarred, suspended or otherwise ineligible by the Federal Government. Debarment shall be verified at <https://www.epls.gov/eplsearch.do>. Service Provider shall keep proof of such verification within Service Provider records.
32. **Signature/Counterparts.** This Agreement and any amendment thereto may be signed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall be deemed one and the same document. AdobeSign signatures are fully binding. Any ink, electronic, faxed, scanned, photocopied, or similarly reproduced signature of either party on this Agreement or any amendment hereto will be deemed an original signature and will be fully enforceable as an original signature.
33. **Standard Document.** This General Provisions document is a standard City form document. No changes by Service Provider are authorized to the General Provisions. Notwithstanding anything to the contrary in this Agreement, in the event that Service Provider makes unauthorized changes to the General Provisions, such changes are deemed to have never been made and the contract between the City and Service Provider is deemed to be the unchanged standard City form General Provisions in version stated below, regardless of whether the City signs this Agreement in a form that may contain the unauthorized changes.

**END OF GENERAL PROVISIONS
(v.1.13.25)**

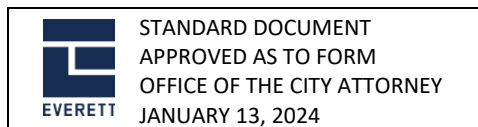


EXHIBIT A
PROFESSIONAL SERVICES AGREEMENT
(SCOPE OF WORK -- ATTACHED)

SCOPE OF WORK

See Attached Exhibit A for Scope of Work

EXHIBIT B
PROFESSIONAL SERVICES AGREEMENT

**SELECT ONE OF THE FOLLOWING METHODS OF COMPENSATION, EACH OF WHICH IS
SUBJECT TO THE MAXIMUM COMPENSATION AMOUNT**

- ☒ **HOURLY RATE.** The City shall pay Service Provider a sum equal to the amount of hours actually worked multiplied by the rate identified below for staff performing the Work.

Name	Title	Rate
See attached	enter title	enter rate
enter name	enter title	enter rate
enter name	enter title	enter rate
enter name	enter title	enter rate
enter name	enter title	enter rate
enter name	enter title	enter rate
enter name	enter title	enter rate

If there are more staff than rows in the table above, then those staff names, titles, and rates shall be provided in the Scope of Work.

- ☐ **PROGRESS PAYMENTS.** The City shall pay Service Provider the following amounts upon the completion of the following tasks.

Task	Amount Paid on Task Completion
enter task	enter amount
enter task	enter amount
enter task	enter amount
enter task	enter amount
enter task	enter amount
enter task	enter amount
enter task	enter amount

If there are more tasks than rows in the table above, then those tasks and payment amounts shall be provided in the Scope of Work.

- ☐ **LUMP SUM.** The City shall pay Service Provider \$ enter amount upon the completion of the Work.

- ☐ **METHOD CONTAINED IN SCOPE OF WORK.** The City shall pay Service Provider as set forth in the Scope of Work.

- ☐ **METHOD CONTAINED IN ATTACHED PAGE(S).** The City shall pay Service Provider as set forth in the spreadsheets or other documents attached to this Exhibit B.

EXHIBIT A: SCOPE OF WORK

SMITH ISLAND ESTUARY RESTORATION ADVANCE MITIGATION SITE: YEAR 7 MONITORING

PREPARED BY:

Natural Systems Design, Inc.

PREPARED FOR:

City of Everett Public Works

Heather Griffin, PE, Surface Water Manager

City of Everett Public Works Department

February 18, 2025



INTRODUCTION

City of Everett Public Works Department (EPWD) has requested Natural Systems Design, Inc. (NSD) support the EPWD by completing an expanded Year 7 monitoring effort for the Smith Island Estuary Restoration Advance Mitigation Site (the project). The project was constructed as advance compensatory mitigation for EPWD anticipated future unavoidable impacts to wetlands and waters, as specified in Table 1-1 of the Advance Mitigation Plan (ICF 2016) within the project's defined geographic area. The Advance Mitigation Plan specifies performance monitoring across a 10-year monitoring period, or until the performance standards are met. The performance standards were met at Year 5 and EPWD has requested early termination of the quantitative monitoring. Coordination with the U.S. Army Corps of Engineers occurred in late 2024 and January 2025 and concluded with the request that EPWD complete all elements of the monitoring required in Year 10 to verify standards are being met and to essentially replicate the Year 5 monitoring and thus produce data from two consecutive monitoring years.

At the request of EPWD, NSD will complete an expanded Year 7 performance monitoring and reporting consistent with the monitoring tasks required for Year 7, as well as the expanded suite required at Year 10. NSD will replicate the elements and methods specified in the Advance Mitigation Plan, consistent where applicable with the methods and approach utilized for Years 1 through 6 monitoring. Year 1 was completed by ICF in 2019 and NSD completed Years 2, 3, and 4 in 2020 through 2022 and Years 5 and 6 in 2023 and 2024.

Work to be completed by NSD has been divided into the following list of tasks and linked to specific project deliverables:

- Task 1: Estuarine Habitat Area Delineation, Hydrology, and Salinity
- Task 2: Wetland Vegetation Development
- Task 3: Fish Use Monitoring Support
- Task 4: Wildlife Use Monitoring
- Task 5: Monitoring Report
- Task 6: Agency Coordination & Meetings
- Task 7: Client Coordination & Project Management
- Task 8: Additional Unanticipated Services

For this project, NSD's core team consists of Steve Winter, PWS, Principal In-Charge overseeing the project team and supporting Project Manager and lead wetland biologist Torrey Luiting, PWS, Associate Principal Ecologist.

Task 1. Estuarine Habitat Area Delineation, Hydrology, And Salinity

Per Tables 6-1 and 6-2 of the Advance Mitigation Plan, a verification of the Year 1 extent of estuarine habitat based on Mean Higher High Water (MHHW) and verification that the site meets U.S. Army Corps of Engineers Regulatory standards under the Clean Water Act as an estuarine wetland are required at Year 10 and thus needs to be repeated as part of the expanded Year 7 monitoring.

Subtask 1.1 Verification of Estuarine Hydrology and Salinity

Part of the verification of estuarine habitat is the reverification that a natural diurnal tidal regime with estuarine water salinity has been restored/is still present within the site comparable to that observed in

Union Slough. This is accomplished via recording the hydroperiod across the month of June and the salinity of the water column sampled at high tide in the site and in Union Slough during that same time period.

NSD will visit the project site in late May 2025 to deploy water level gages at low tide to measure the rise and fall of the water surface within the Project site and in the adjacent section Union Slough. Gages will be deployed in a protective PVC housing attached to T-posts or similar. Two gages will be deployed within the Project site, one within Union Slough, with a fourth installed above the high tide line for barometric compensation. NSD will use an RTK unit to survey the elevation of each gage so recorded water depths can be reported on a consistent vertical datum. Gages will be retrieved after four weeks of continuous (6 minute) data collection across the month of June.

Recorded water level data will be analyzed and plotted to verify that water levels within the site rise and fall in conjunction with those in Union Slough. Verification that water level in the site rises to the same elevation as Union Slough at high tide across the month of June will demonstrate that the nature of the connection to Union Slough has not changed.

NSD will record water column salinity near a daytime higher high tide when the salt wedge can push furthest into the site, which in 2025 should occur the last full week of June. Salinity will be monitored by deploying a small inflatable kayak or similar and a YSI or comparable meter to measure salinity in the site and in Union Slough. Salinity measures will be collected at near-surface, mid-depth, and near-bottom at locations with deeper water columns and at the surface and bottom of the water column in water depths less than 3 feet. Six sample locations within the Project site will be collected, with an even distribution of distances from the breach. Three locations will be sampled in Union Slough. All sample locations will be recorded with GPS equipment.

Salinity measurements will be used to verify that the average concentration across all Project site samples meets a minimum salinity of 0.5 parts per thousand (the threshold used to characterize a wetland as 'estuarine'). Since Union Slough and Smith Island typically experience oligohaline (low salinity) conditions, salinity consistent with that recorded in Union Slough will also verify that the site is an estuarine wetland.

Subtask 1.2 Estuarine Habitat Area Delineation

As required in the Mitigation Plan, NSD will verify that the site meets wetland criteria by collecting wetland determination data plots at representative wetland and upland locations. NSD will collect vegetation, soils, and hydrology indicator data, as well as photos from the data plot locations and create a figure illustrating the sample plot locations. The sample plot data will be used to verify conditions meet the Corps' criteria as wetland as required in the Advance Mitigation Plan.

NSD will present the appropriate figures within the Task 5, Year 5 Monitoring Report, using the NSD drone aerial imagery collected as part of Task 2, Vegetation Monitoring to illustrate the water surface elevation gage locations, the salinity sampling locations, the wetland determination data plots, and the extent of estuarine habitat.

During the delineation site visit, NSD will also review the perimeter of the site and will review NSD's 2025 drone images (Task 2) to identify any locations that have eroded or otherwise show evidence of alterations like fill or dike expansion that would change the area of tidal inundation since construction. If necessary, NSD will also utilize the 2019 Snohomish estuary LIDAR to compare extent of site with 2025 conditions and with the as-built plans, and the low and high tide drone images ICF presented in the June 2020 Year 1 report.

ASSUMPTIONS:

- Site conditions are such that the hydroperiod field work can be accomplished within two site visits by two NSD staff – gage installation and gage retrieval. Approximately 10 hours for gage deployment and survey and 8 hours for retrieval site visit by two NSD staff is included, including travel.
- Gages will function as intended over their month deployment; vandalism or loss of gage will require replacement and reinstallation through Additional Unanticipated Services task budget.
- Site conditions are such that the salinity monitoring field work can be accomplished within one approximately 8-hour site visit, including travel, by two NSD staff.
- Site conditions are such that the wetland delineation data collection field work can be accomplished within one approximately 8-hour site visit, including travel, by two NSD wetland biologists.
- Survey of the WSE gages will use GPS RTK, no total station work will be required.

DELIVERABLES:

- Year 7 hydroperiod graph, included within Task 5, Monitoring Report
- Year 7 salinity data, included within Task 5, Monitoring Report
- Year 7 estuarine extent figure and associated wetland determination data (Appendix to Task 5, Monitoring Report)

Task 2. Wetland Vegetation Development

Per Tables 6-1 through 6-3 of the Advance Mitigation Plan, wetland vegetation development monitoring is required in Years 7 and 10 to quantitatively evaluate tidal marsh development, habitat complexity and interspersions, vegetation cover, and control of reed canarygrass, invasive species, and noxious weeds within the mitigation site.

Subtask 2.1 Data Collection

NSD will visit the project site in August or early September of 2025 to complete the Year 7 vegetation monitoring. NSD will assess the general condition of the site, collect photos from the photo point locations utilized in Years 1 through 6, and conduct vegetation monitoring in accordance with the Advance Mitigation Plan (ICF 2016) and consistent with the methods NSD used for Years 3 and 5 vegetation monitoring.

NSD biologists will record species composition and percent cover of all identifiable species in approximately 130 vegetation sample plots (each 1 square meter in size) located along at least 13 transects, oriented north to south across the topographic gradient of the site. The location of the first sample plot on each transect is determined using a random distance between zero and 50 feet from the northern boundary of the AMS. Thereafter, sample plots are positioned at 75-foot intervals to the south. NSD will employ GPS to navigate the transects and to the location of each sample plot and will record transitions between mudflat, marsh, and tidal channel communities along each transect to support creation of the Year 7 vegetation community map.

Invasive and noxious weed monitoring will occur along the surveyed vegetation transects and in the sample plots. Invasive and noxious weeds will also be qualitatively monitored by observational surveys from the ends of the transects and from the photo point locations. The aerial photo will also be utilized,

particularly to identify areas of reed canarygrass and areas of cattail. Extent of narrow-leaf cattail versus common cattail will be noted during the transect and plot surveys. Invasive or noxious weed populations (e.g., reed canarygrass, purple loosestrife, yellow iris) will be noted and their main location(s) documented with GPS and/or mapped on the aerial photo so any infestation can be addressed.

Subtask 2.2 Aerial Photo Documentation and Vegetation Community Mapping

NSD will employ a drone to capture a high-quality aerial photo of the project site at low tide conditions at the height of seasonal vegetation development (~August/early September 2025) to document vegetation colonization and to create a Year 7 map of marsh, mudflat, and tidal channel development. NSD biologists will map vegetation communities based on the visual signatures on the aerial image, our site observations, and the vegetation transect and plot data. We will compare vegetation community development to that reported in the Year 1, 3, and 5 Monitoring Reports and to that anticipated in the Advance Mitigation Plan and the Year 10 performance standards.

The aerial photo will also serve as the basemap for figures in the annual report illustrating the location of other sampling efforts (i.e., water surface elevation gages, wildlife point counts and transects, wetland determination plots, and extent of estuarine habitat).

Subtask 2.3 Data Analysis

NSD will analyze the vegetation plot and transect data, as well as the vegetation community development and invasive/noxious species data to characterize the extent and nature of continued development of native tidal marsh and mudflat communities per the Year 7 and Year 10 vegetation performance standards specified in Table 6-3 of the Advance Mitigation Plan. The vegetation performance standards focus on increases over time in average percent cover of native marsh species in the marsh sample plots, reduction in percent cover of reed canarygrass and invasive species, and interspersions of mudflat, marsh, and tidal channel habitats across the site. NSD will prepare summary tables and figures for inclusion in the Monitoring Report (Task 5).

ASSUMPTIONS:

- Site conditions are such that the drone image can be captured within one, 8-hour site visit including preparation and travel.
- Site conditions are such that the vegetation data collection can be accomplished by a team of two NSD staff in 3, 10-hour days including travel.

DELIVERABLES:

- Year 7 aerial photo, vegetation maps, and summary tables for inclusion in Task 5, Monitoring Report

Task 3. Fish Use Monitoring Support

The Project site is intended to provide off-channel rearing, foraging, and refuge habitat for juvenile salmonids. Per Tables 6-1 and 6-2 of the Advance Mitigation Plan, fish use monitoring is required in Year 7 and 10 to document the fish species that are using the project site; catch per unit effort; salmonid

species size classes, life stage, and origin (wild or hatchery). The goal of this monitoring is to document that the site is being used by a variety of native fish species, including juvenile salmonids.

Documenting use of the AMS by estuarine fish species indicates the AMS is meeting the goal of achieving interspersed estuarine habitat. Fish use is also an indicator of meeting the AMS goals of intertidal marsh development and habitat complexity in that the marshes and mudflats export organic material downstream and provide habitat for benthic invertebrates, both of which support the estuarine food web on which rearing salmonids depend.

Subtask 3.1 Data Collection Coordination

Consistent with the approach taken in Year 1 by ICF and in Years 3 and 5 by NSD, NSD will again coordinate with Snohomish County during the 2025 sampling being conducted by the County, the Tulalip Tribes, and the National Marine Fisheries Service (NMFS) throughout the lower Snohomish River estuary to ensure sampling is completed within the site's tidal channel. The site is described as the 'Everett Channel and the Everett Mitigation Channel' in the County's documents and data files. NSD anticipates that fish will be collected under a scientific collection permit from WDFW and NOAA/Tulalip/Snohomish County's Endangered Species Act (ESA) Section 10 A1a collection permit.

Fish use sampling is typically conducted in the AMS, as well as in the larger Smith Island Estuary Restoration project's starter channels and blind channels, and from sites within the lower estuary (e.g., Mid Spencer Island). Utilization of these collaboratively gathered data meets the intent of the Advance Mitigation Plan (ICF 2016) to document fish use within the site, while also capitalizing on the larger monitoring effort being conducted to monitor estuarine restoration in the lower Snohomish River estuary. Sampling is anticipated to be conducted by the County/Tribes/NOAA on a cycle of approximately every two weeks between February and August 2025 using a modified Puget Sound beach seine deployed from a boat moving downstream across the site's tidal channel. Captured fish are placed in buckets for temporary holding, identified by species, a subset of each species is measured, and the fish released as quickly as possible. Chinook and coho salmon are identified as hatchery or natural origin based on visual identification of external marks (adipose fin clip) or detected presence of a coded-wire tag.

Subtask 3.2 Data Analysis

NSD will analyze the fish use data from within the site and will compare the species caught within the mitigation site to that reported in the Year 1, 3, and 5 Monitoring Reports per the performance standards for Years 7 and 10. NSD will prepare summary tables and figures for inclusion in the Year 7 Monitoring Report (Task 5).

ASSUMPTIONS:

- NSD will not collect fish use data; collaboration and use of estuary-wide data collection will remain acceptable to EPWD and Snohomish County and to reviewers at USACE and Ecology.
- Snohomish County/Tulalip Tribes will provide summary data collected within the site to NSD in fall 2025 time for inclusion in the Year 7 monitoring report.

DELIVERABLES:

- Year 7 fish use analysis and summary tables for inclusion in Task 5, Monitoring Report

Task 4. Wildlife Use Monitoring

The Project site is intended to provide habitat for a variety of wildlife species, including waterfowl and shorebirds. Per Tables 6-1 and 6-2 of the Advance Mitigation Plan, wildlife use monitoring is required in Year 7 and Year 10 to document the wildlife species that are using the project site.

Subtask 4.1 Data Collection

Wildlife monitoring will take place during both spring and summer sampling periods when maximum use by wildlife, including waterfowl and migratory shorebirds, typically occurs. Each monitoring period will extend across an entire day to capture wildlife use at both low and high tide conditions.

NSD will conduct thirty-minute point count surveys at the survey stations utilized during the Year 5 data collection. The location of the fixed survey stations has been dispersed around the site to allow as many habitats as possible to be viewed during each survey. Year 7 stationing will be consistent to the extent practicable with the survey stations utilized during the Year 5 data collection.

If such locations are physically accessible and can be walked without causing unnecessary disturbance to wildlife, biologists will also walk the western setback dike and the southern dike and will enter the site at selected locations chosen to provide access to several different vegetation communities to document any additional use.

Wildlife observations will also be incidentally recorded during the delineation, hydroperiod, salinity, and vegetation field work (Tasks 1 and 2) to document wildlife species diversity and will be included with the specific wildlife use data presented in the Task 5, Monitoring Report.

Subtask 4.2 Data Analysis

NSD will document species and use per the performance standards specified in the Advance Mitigation Plan and will compare the species documented to that reported in the Year 1, 3, and 5 Monitoring Reports. NSD will prepare summary tables and figures for inclusion in the Monitoring Report (Task 5).

ASSUMPTIONS:

- The site can be safely accessed by foot for the wildlife use transects.
- Site conditions are such that spring and summer wildlife use point count and pedestrian survey data collection can be accomplished within 1, 12-hour day including travel by a team of two biologists.

DELIVERABLES:

- Year 5 wildlife data analysis and summary tables for inclusion in Task 5, Monitoring Report

Task 5. Monitoring Report

Per Section 6.5 of the Advance Mitigation Plan, annual performance reporting includes submittal of the Mitigation and Monitoring Report to USACE and the Washington Department of Ecology by December 31 in each year in which monitoring occurs (Years 1, 3, 5, 7, and 10) or as specified by agency permits and following the completion of that year's monitoring activities.

NSD will prepare, QC, edit and compile a Year 7 Mitigation and Monitoring Report at the conclusion of Year 7 monitoring. The report will include a detailed discussion of the site's development both compared to pre-breach conditions and compared to Year 5, including a detailed focus on estuarine

habitat and wetland restoration, vegetation community development, noxious weed and/or invasive species presence (if any), and use by fish and wildlife consistent with the goals of the Advance Mitigation Plan and the anticipated conditions at Year 10. It will summarize the results of the monitoring and the progress of the site in meeting the applicable Year 7 and 10 performance criteria.

The Year 7 Report will mirror the format used in the Year 5 report and have the following sections:

- An introductory section that will contain project background information and a summary of site conditions.
- Monitoring activities conducted during the year with a description of the methods used, the results of the monitoring, a discussion of the results, and the progress achieved towards meeting the associated performance goal.
- A summary of the overall progress towards meeting the performance standards for both Year 7 and Year 10 based on the expanded monitoring completed in 2025 and the overall advance mitigation site restoration goals.
- Photo point photographs for Years 1 through Year 7.
- Detailed monitoring data in appendices as appropriate.

ASSUMPTIONS:

- NSD cannot guarantee site conditions will be such that all Year 7 and Year 10 monitoring standards will be met.
- NSD will focus on both the Year 7 and the Year 10 performance standards in the report to support EPWD, as appropriate, in coordination regarding potential early termination of performance monitoring, per Task 5.
- EPWD will provide one round of consolidated review and comment in track changes on the draft Year 7 Monitoring Report
- NSD will complete the draft and final report in time for EPDW submittal to the regulatory agencies by the December 31, 2025, deadline.

DELIVERABLES:

- One draft and final Year 7 Monitoring Report

Task 6. Agency Coordination & Meetings

After the Year 7 monitoring is completed, NSD will support EPWD with agency coordination to request early close out of performance monitoring if monitoring results indicate that the AMS is meeting applicable standards.

- NSD will prepare a summary presentation and support EPWD at an approximately 2-hour meeting with USACE and Ecology to illustrate the site's development and current conditions.
- NSD will be available for up to two, 4-hour with travel, in-person site visits with USACE & Ecology to view the site and see conditions.
- NSD will provide support for up to two additional 2-hour virtual meetings as needed to support EPWD in agency coordination in 2026.

ASSUMPTIONS:

- Site visits will be coordinated by EPWD and be conducted by foot.

- NSD will support EPWD with advice and interpretation of the Advance Mitigation Plan requirements and performance standards relative to early release from monitoring but cannot guarantee the outcome of agency coordination or early release from monitoring requirements.
- It is possible USACE and/or Ecology will still require a Year 8 site condition check and/or full Year 10 monitoring per the Advance Mitigation Plan, irrespective of the expanded suite of elements monitored in Year 7 to show two consecutive years of meeting Year 10 standards.

DELIVERABLES:

- Draft and final PowerPoint presentation slide deck.
- Attendance at two field meetings with regulatory agencies.
- Email and telephone communications with EPWD, USACE, and/or Ecology.

Task 7. Client Coordination & Project Management

Task 7 includes labor and expenses associated with scheduling, coordination, and quality control services for this work. NSD's project manager and financial administrative assistant will be responsible for administering the contract, scheduling sampling dates and resources, handling team communication (both internally and with EPWD), responding to requests for information, preparing invoices, tracking budget, and related project management and administration tasks.

Coordination includes internal coordination within the NSD project team regarding schedules, budget, project progress, and project approach, as well as regular direct coordination with EPWD project manager in 2025 regarding items such as site access, schedule, task status, and results and in early to mid-2026 during coordination with USACE and Ecology regarding potential early termination of the performance monitoring, if applicable based on Year 7 results.

NSD will also provide up to 4 hours of time in coordination, at EPWD's direction, regarding the timing, mechanical control efforts, and observations of efficacy of narrow-leaf cattail control within the site.

ASSUMPTIONS:

- NSD will manage the project on a total budget basis but will track and report hours by task.
- This task will be accomplished monthly over the course of approximately 12 months (2025), with project management effort anticipated at approximately 1-hour per month. Administrative support will be provided as will Principal support for quality assurance.
- This task will be accomplished approximately quarterly in 2026 commensurate with the level of agency coordination occurring in Task 5, with project management effort anticipated at approximately 1.5-hours per quarter. Administrative support will be provided as will Principal support for quality assurance.
- Client and internal team coordination is anticipated at approximately 0.5 hours per month on average.

DELIVERABLES:

- Ongoing email and telephone communications with EPWD.
- Monthly invoicing and project reporting during 2025; quarterly in 2026.

Task 8. Additional Unanticipated Services

NSD will complete additional services not anticipated at the time of scoping at the request of the EPWD's project manager up to \$20,000 of staff time and related expenses as indicated in Table 1. Additional proposed scope and fee for additional unanticipated services to be authorized in writing by the EPWD project manager prior to commencement of additional services.

ASSUMPTIONS:

- This task will be initiated only at EPWD's express request as conveyed to NSD via email.
- NSD will develop a proposed Scope of Work and fee for requested additional services.

DELIVERABLES:

- Dependent on the task requested.

PROJECT BUDGET AND SCHEDULE

This project budget represents our knowledge of the work already completed, best understanding of the requested project elements, and accompanying assumptions. For the scope of services described above, we estimate that our total fee will be completed on a Time and Materials Basis Not to Exceed value of \$130,907.04. This budget estimate is based on the scope of services outlined above and is broken out per task below in Table 1 and in Exhibits B, which present 2025 billing rates by staff category. A 4% escalation on labor in Task 6 and the applicable portion of Task 7 to account for scoped work that is anticipated to occur after December 31, 2025. It is our understanding that the necessary funds are available for this project and that these funds are committed to the project upon execution of this agreement.

Table 1. Project Budget and Task Schedule

DESCRIPTION	BEGINNING DATE	ENDING DATE	SUB TOTAL
Task 1: Estuarine Habitat Area Delineation, Hydrology, and Salinity	May 2025	July 2025	\$23,954.00
Task 2: Wetland Vegetation Development	August 2025	September 2025	\$34,291.00
Task 3: Fish Use Monitoring Support	July 2025	September 2025	\$4,152.00
Task 4: Wildlife Use Monitoring	April 2025	September 2025	\$14,523.00
Task 5: Monitoring Report	October 2025	December 2025	\$16,824.00
Task 6: Agency Coordination & Meetings	January 2026	December 2026	\$6,966.16
Task 7: Client Coordination & Project Management	February 2025	December 2026	\$10,196.88
Task 8: Additional Unanticipated Services	February 2025	December 2026	\$20,000.00
PROJECT TOTAL			\$130,907.04

EXHIBITS B – NSD 2025 BILLING RATES AND EXPENSES

		Steve W (Principal Scientist)	Torrey L (Associate Principal Scientist)	Danny S (Senior Scientist)	Bob K (Senior Scientist)	Olivia V (Project Scientist)	Ginevra M (Staff Scientist)	Colin R (Project Scientist)	Ben J (Staff Scientist)	Melody M (Administrative Support)	Dawn D (Senior Admin Support)	Total Hours	Labor (Billing Rate)	Expenses	2026 Labor Escalation	Total Cost
Task	Task Description	\$269.00	\$254.00	\$225.00	\$225.00	\$196.00	\$156.00	\$196.00	\$156.00	\$101.00	\$111.00					
1	Estuarine Area Delineation, Hydrology & Salinity		7		16		31	52	16			122	\$ 22,902.00	\$ 1,052.00		\$ 23,954.00
2	Wetland Vegetation Development	10	20	36	40				56			162	\$ 33,606.00	\$ 685.00		\$ 34,291.00
3	Fish Use Monitoring Support		4					16				20	\$ 4,152.00			\$ 4,152.00
4	Wildlife Use Monitoring		12		39	12						63	\$ 14,175.00	\$ 348.00		\$ 14,523.00
5	Monitoring Report	4	28	8	4	8			28			80	\$ 16,824.00			\$ 16,824.00
6	Agency Coordination & Meetings		26									26	\$ 6,604.00	\$ 98.00	\$ 264.16	\$ 6,966.16
7	Client Coordination & Project Management	3	30	2						10	2	47	\$ 10,109.00		\$ 87.88	\$ 10,196.88
8	Additional Unanticipated Services												\$ 20,000.00			\$ 20,000.00
SubTotals		17	127	46	99	20	31	68	100	10	2	520	\$ 128,372.00	\$ 2,183.00	\$ 352.04	\$ 130,907.04
GRAND TOTAL																\$ 130,907.04

2025 Rate Schedule

	STANDARD RATES
Classification	\$/hr
Senior Principal (Engineer or Scientist)	309
Principal (Engineer or Scientist)	269
Associate Principal (Engineer or Scientist)	254
Senior engineer	229
Senior scientist (biologist, ecologist, geomorphologist, hydrologist)	225
Senior planner/landscape architect	218
Project engineer	202
Project scientist (biologist, ecologist, geomorphologist, hydrologist)	196
Project planner/landscape architect	190
Staff engineer	166
Staff scientist (biologist, ecologist, geomorphologist, hydrologist)	156
Staff planner/landscape architect	141
Engineering technician	134
Scientist technician	126
Senior CAD/GIS technician	134
CAD/GIS technician	130
Field monitoring coordinator	116
Field monitoring technician	101
Senior administration support	111
Administrative support	101

Equipment	\$/day
Advanced Total State Survey Package	225
Boat Motorized (10ft)	100
Boat Motorized (20ft)	275
Boat Motorized (36ft)	350
Differential Trimble GPS	125
Drone and Camera Package	175
Dynamic Cone Penetrometer	80
Field GPS/lpad	30
Forage Fish Sampling Equipment	60
Jet Boat	500
Laser Range Finder	45
Level Survey Unit	60
Mokai Boat	250
Multi-person Inflatable Watercraft	200
Portable Velocity Meter	60
RTK GPS System	90
RTK Survey Unit	275
RV Field Office	150
Sediment Grain Size Analysis	100/sample
Single Beam Sonar	175
Single-person Inflatable Watercraft	100
Temperature Sensor	20/month
Total station survey unit	175
Vibrocure Drill System	100
Water Level Recorder	60
Water Pressure/Barometric Pressure Sensor	50/month
YSI Temperature Probe	40

\$ 0.05

Reimbursables

Reproduction (per copy)

Mileage	at current federal rate
Plotting	at cost
Courier	at cost
Per diem	at Federal rate

Project title: Call for Bids – Port Gardner Storage Facility Site Construction Project

Council Bill #

Agenda dates requested:

Briefing
Proposed action
Consent 03/19/25
Action
Ordinance
Public hearing
Yes X No

Budget amendment:

Yes X No

PowerPoint presentation:

Yes X No

Attachments:

Department(s) involved:

Public Works

Contact person:

Jeff Marrs

Phone number:

425-257-8967

Email:

jmarrs@everettwa.gov

Initialed by:

RLS

Department head

Administration

Council President

Consideration: Call for Bids

Project: Port Gardner Storage Facility Site Construction

Partner/Supplier: None

Location: 2200 West Marine View Drive

Preceding action: Plans & Systems Ordinance ([02-05-2025](#))

Fund: Fund 336 – Water & Sewer System Improvements Fund

Fiscal summary statement: Project funding is provided by Fund 336 – Water & Sewer System Improvements Fund. The programmed available funding for the project is \$150,800,000.

Project summary statement: Public Works requests authorization to call for bids for the Port Gardner Storage Facility Site Construction project.

The former Kimberley-Clark Wastewater Treatment Plant is being repurposed to serve as the City's future Port Gardner Storage Facility (PGSF). The PGSF project is being implemented in two project phases, selective site demolition and storage facility construction. Demolition was completed in 2024. Storage facility construction is anticipated to begin this year and be complete by December 31, 2027.

The Engineer's estimate for the PGSF storage facility construction is \$104,000,000. This project will be constructed using a Project Labor Agreement (PLA) as a PLA pilot project.

Recommendation (exact action requested of Council): Authorize call for bids for the Port Gardner Storage Facility Site Construction project.



City Council Agenda Item Cover Sheet

Project title: Vera Whole Health Agreement Amendment 5

Council Bill # *interoffice use*

Agenda dates requested:

Briefing
Proposed action
Consent 03/19/2025
Action
Ordinance
Public hearing
Yes X No

Budget amendment:
Yes X No

PowerPoint presentation:
Yes X No

Attachments:
Vera Whole Health
Agreement Amendment 5

Department(s) involved:
All

Contact person:
Kandy Bartlett

Phone number:
425-257-8706

Email:
kbartlett@everettwa.gov

Initialed by:
KB
Department head

Administration

Council President

Project: Vera Whole Health Amendment 5

Partner/Supplier: Vera Whole Health

Location: N/A

Preceding action: Amendment 4 approval by Council on [10/18/23](#)

Fund: 508 (Health Benefits Reserve)

Fiscal summary statement:

Amend the current Vera Whole Health (Vera) contract to include a new fee structure which will result in savings to fund 508 of approximately 600,000 per year. Current funding for the Vera contract is listed below:

- Fund: 508 (Health Benefits Reserve)
- Expenditure amount: \$1,320,000
- Amount budgeted: \$1,841,728

Project summary statement:

Vera Whole Health (Vera) provides medical services to City employees and eligible dependents on the City's HMA PPO and CDHP medical plans. Retirees and spouses are also eligible to access the clinic. Considering Vera's growth and new partnerships as well as the City's current financial status, this amendment will ensure an equitable partnership moving forward.

Vera Amendment 5 seeks to change the cost share structure of the existing Vera contract. The total financial impact will be a reduction in cost of approximately \$600,000 a year.

Recommendation (exact action requested of Council): Authorize the Mayor to sign Vera Whole Health Agreement Amendment 5.

**AMENDMENT NO. 5
TO
VERA CLINIC AGREEMENT**

THIS AMENDMENT NO. 5 TO the VERA CLINIC AGREEMENT (“*Amendment 5*”) shall be effective as of January 1, 2025, (the “*Amendment 5 Effective Date*”), and amends the terms of the June 7, 2019 Vera Clinic Agreement, as amended (the “*Agreement*”) by and among Vera Whole Health, Inc., Vera Whole Health WA, P.C. (collectively “*Vera*”), and the City of Everett (“*Employer*”). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

Pursuant to Section 10.10 of the Agreement, parties desire to amend the Agreement. Now, therefore, for valuable consideration, all parties agree as follows:

1. **Defined Terms.** Unless otherwise defined in this Amendment, capitalized terms used herein shall have the same meaning as they are given in the Agreement.
2. **Agreement Body Amendments.** As of the Amendment 5 Effective Date, the following amendments are made to the Agreement:

2.1 Agreement Section 1.2 - “**Clinical Services**” is deleted in its entirety and replaced with the following: 1

“1.2 “**Clinical Services**” means the professional medical and healthcare services and related wellness programs provided by Vera P.C. to the Participants as stated in the applicable Service Order Form.”

2.2 Agreement Section 1.3 – “**Fees**” is deleted in its entirety and replaced with the following:

“1.3 “**Fees**” means all fees payable by Employer in connection with the Services provided to Participants as stated in Schedule 2 of this Agreement or in an applicable Service Order Form or elsewhere in this Agreement.”

2.3 Agreement Section 1.6 – “**Service(s)**” is deleted in its entirety and replaced with the following:

“1.6 “**Service(s)**” as used herein is a term that refers collectively to the combined suite of services described in applicable Service Order Form, each of which are provided separately by Vera pursuant to this Agreement, but in practice are utilized in a combined manner by the Participants as part of the overall employee health benefits provided by Employer. Consequently, further subsequent use of the term Services in this Agreement is solely for convenience and nothing by way of use of the collective term Services shall in any manner expressly or impliedly be interpreted to mean that the Clinical Services are provided by any entity other than Vera Whole Health WA. P.C.”

2.4 Agreement Section 1.7 – “**Support Service(s)**”, is deleted in its entirety and replaced with the following:

“1.7 “**Support Service(s)**” means the management and administrative services, including those stated in the applicable Service Order Form that are provided in connection with the Services offered to Participants pursuant to the terms of this Agreement.”

2.5 The first phrase of Agreement Section 2.3 is deleted in its entirety and replaced with the following:

“Subject to Schedules attached to this Agreement and any applicable Service Order Form, Vera shall retain the control and authority to manage all operational aspects of the Clinic that do not involve professional medical services, including without limitation the following:”

2.6 Agreement Section 9.1 is deleted in its entirety and replaced with the following:

“9.1 This Agreement shall commence on the Effective Date stated above, and shall continue until (a) terminated pursuant to this Section 9 or (b) expiration of the applicable Service Order Form, whichever of (a) or (b) is earlier (“**Term**”).”

2.7 Agreement Section 9.2(c) is deleted in its entirety and replaced with the following:

“(c) Employer shall have the right to terminate this Agreement without cause to be effective January 1, 2027, upon written notice to Vera, delivered a minimum of one hundred eighty (180) days prior to December 31, 2026.”

2.8 Section 10.12.B.3 shall be deleted in its entirety and replaced with the following:

“10.12.B.3 Vera acknowledges and agrees that information regarding the amounts paid by Employer to Vera are examples of items that are not Proprietary Information. Such non-confidential items include for example: This Agreement, invoices, budgets, service orders and similar documents provided to Employer relating to costs paid by Employer, such as the APC Fee. Such non-confidential information may be made public without notice to Vera.”

3. Agreement Schedule 1 Amendments. As of the Amendment 5 Effective Date, Agreement Schedule 1 – Services is deleted in its entirety and replaced with the attached Service Order Form One (“**SOF-1**”), which is added to the Agreement.

4. Agreement Schedule 2 Amendments.

4.1 As of the Amendment 5 Effective Date, Sections 1 through 5 of Agreement Schedule 2 – Fees shall be deleted in their entirety and replaced with the following.

“1. **REIMBURSABLE CHARGES.**

In addition to the APC Fee and all other amounts provided for in this Agreement, Employer shall be responsible for the costs set forth below (collectively,

"Reimbursable Charge(s)"). Employer shall reimburse Vera for all Reimbursable Charges incurred on Employer's behalf. Reimbursable Charges shall be billed monthly without mark-up of any kind to Employer as incurred and shall be payable by Employer pursuant to the terms of applicable Service Order Form.

- (a) Off-Site Laboratory charges shall include, without limitation
 - HIV Screening test
 - INR (blood coagulation measurement)
 - Mononucleosis Test
 - Pregnancy Test
 - Stool Blood Test (FOBT)
 - Strep Throat Test
 - Urinalysis
- (b) Additionally, the cost of any prescribed IUDs will be billed through at cost under this section.

Notwithstanding the foregoing, the parties acknowledge that state law requires that certain pathological interpretation services (such as pap smear and skin biopsy) be billed to a Participant's insurance plan or paid directly by the Participant and cannot be directly paid by Vera. Amounts payable for such interpretation services shall not be included in the Fees and shall not be reimbursable hereunder."

The parties acknowledge that Reimbursable Charges as of the Amendment 5 Effective Date include only the laboratory charges and IUD items listed above.

4.2 As of the Amendment 5 Effective Date, Vera is solely responsible, subject to the Employer's compliance with the Agreement, for all other expenses and costs of delivering the Services, including without limitation rent under the Lease, staff salaries, and equipment and materials costs.

4.3 Those remaining Sections of Schedule 2 (*i.e.*, Sections 6 and 7) shall continue to be effective without modification.

4.4 All Exhibits to Schedule 2 are deleted as of the Amendment 5 Effective Date.

5. Agreement Schedule 3 Amendments. As of the Amendment 5 Effective Date, the following changes shall be made to Agreement Schedule 3 – Clinic Terms and Conditions, Sections E and F:

5.1 Section E is deleted in its entirety and replaced with the following:

"E. Clinic Unusable. If during the Term, the Clinic, or the building in which the Clinic is located, is damaged or destroyed or for any other reason is no useable by Employer Participants for more than 30 consecutive days, then Participants may utilize Services at any other Vera clinic location in the local metropolitan area and Employer shall continue to pay the APC Fee and Reimbursable Charges to Vera as provided in this Agreement. Vera shall provide a permanent replacement Clinic in the city limits of Everett within three (3) months after the Clinic first becomes

unusable and with facilities substantially similar to the Clinic. If such replacement Clinic is not so provided, Employer may terminate this Agreement, effective upon written notice to Vera pursuant to Section 9.2 of the Agreement.”

- 5.2** (a) The introductory provisions of Section F are deleted in their entirety.
- (b) Section F.1 shall be deleted in its entirety.
- (c) Section F.2 shall be deleted in its entirety and replaced with the following:

“Vera and Employer agree that the Clinic will being as an “open clinic,” in which participants of other employers may use the Clinic, and Employer’s Participants may use the anchor clinics of other employers, as well as any open network clinic in the Western Washington Market.”

5.3 All other Sections of Schedule 3 shall continue to be effective without modification.

6. Agreement Attachments Unchanged by Amendment 5. The following attachments to the Agreement are unchanged by Amendment 5 and continue to be effective without modification:

- Exhibit 1 – Example – Enrollment File Data Specifications and Requirements
- Schedule 4 - Business Associate Agreement.

7. Order of Precedence. Should there be a discrepancy between the terms and conditions of this Amendment 5 and the terms and conditions of the Agreement, the terms and conditions of this Amendment 5 shall prevail.

8. Counterparts. This Amendment may be executed in counterparts, and signed counterparts may be delivered by electronic transmission, such counterparts, when taken together, constituting a single integrated agreement. Electronic signatures are fully binding.

9. Ratification. Except as expressly modified by this Amendment 5, the Agreement is reinstated and reaffirmed and remains in full force and effect. In the event of any conflict between the Agreement and this Amendment 5, this Amendment 5 shall control over the Agreement to the extent necessary to give effect the intent of the parties hereunder.

[signature page to follow]

The parties have executed this Amendment No. 5 to the Vera Clinic Agreement as of the Amendment 5 Effective Date.

VERA WHOLE HEALTH, INC.

By: _____

Its:

CITY OF EVERETT WASHINGTON

By: _____

Cassie Franklin, Mayor

ATTEST:

Office of the City Clerk

VERA WHOLE HEALTH WA, P.C.:

By: Vera Whole Health, Inc., its Agent

By: _____

Its:

SERVICE ORDER FORM ONE

This Services Order Form - One (“**SOF-1**”) is entered into by and between Vera Whole Health, Inc., Vera Whole Health WA PC (“**Vera**”) and Employer and is dated as of last signature below, (the “**SOF-1 Effective Date**”) and is governed by that Vera Clinic Agreement dated June 7, 2019 (including all amendments and exhibits thereto, the “**Agreement**”). Employer and Vera are collectively “**Parties**” and individually a “**Party**.”

I. EMPLOYER INFORMATION

Legal Name	City of Everett
Headquarters Mailing Address	2930 Wetmore Avenue, Everett, WA 98201
Email Address for Invoicing	cbardwell@everettwa.gov
Agreement Effective Date	June 7, 2019
Term of Service of SOF-1	January 1, 2025 through December 31, 2030

II. DEFINED TERMS.

Unless otherwise defined in this SOF-1, capitalized terms used herein shall have the same meaning as they are given in the Agreement.

- 2.1 “Administrator”** means, collectively, Employer’s Third-party Administrator (TPA), Pharmacy Benefit Manager (PBM), Dental Benefit Manager (DBM), Employee Assistance Program (EAP), Managed Behavioral Healthcare Organization (MBHO) and other Providers, as set forth in an applicable Service Order Form. “..
- 2.2 “Data”** means demographic and other Participant-specific information and data, whether or not such information or data is Protected Health Information (as defined in the BAA). Participant Data includes, without limitation, each Participant’s name, address, dependent information, claims histories, and explanations of benefits.
- 2.3 “Digital Platform”** means the technology platform and system, including without limitation software, algorithms and the proprietary and technical information therein.
- 2.4 “Digital Services”** means Vera’s proprietary technology platform and system (including without limitation software, algorithms and proprietary and technical information therein) for gathering, analyzing, modifying and making available to its users certain health and wellness-related data and related information, guidance and services.
- 2.5 “Protected Health Information” or “PHI”** shall have the same meaning as the term “protected health information” in 45 CFR § 160.103 of the Health Insurance Portability and Accountability Act of 1996 (“**HIPAA**”).

- 2.6 “Vera” for purposes of this SOF-1, Vera shall mean Vera Whole Health Inc., Vera Whole Health WA, P.C. and Castlight Health, Inc.

3 FEES

- 3.1 **Payment Procedure.** Compensation and payment for the Services under this SOF-1 and the applicable invoicing shall be as set forth in this SOF-1. Payment will be due thirty (30) days after Employer’s receipt of each invoice. If any charge owing by Employer (other than charges disputed in good faith) is thirty (30) days or more overdue, Vera may, without limiting its other rights and remedies, suspend the Services until such amounts are paid in full. Additionally, all amounts not paid when due will accrue interest (without the requirement of a notice) at the rate of 1.5% per month until the unpaid amounts are paid in full. Except as otherwise provided in a document executed between the parties, all invoiced amounts are in U.S. dollars and all payments shall be made in U.S. dollars. Unless otherwise expressly provided in the Agreement or any applicable Services Order Form, purchases of Services hereunder are non-cancellable and all fees are non-refundable.
- 3.2 **Advanced Primary Care (“APC”) Fee.** In consideration of the Services provided as described herein, Employer shall, commencing on January 1, 2025, and continuing throughout the SOF-1 Term so long as Vera is in compliance with the Agreement (including this SOF-1), pay Vera a monthly fee in arrears based on the actual number of Participants who are authorized by Employer to utilize the Services during the previous calendar month (the “APC Fee”). The APC Fee will be calculated as follows for each month:

Service	Number of Participants	Rate Model	Fee
APC	2,200	PPPM	\$50.00

“PPPM” means the per Participant per month rate used to calculate the APC Fee for the Services.

- 3.3 **Annual Increases for APC Fee.** By written notice to Employer given no later than sixty (60) days prior to the first and second anniversaries of the SOF-1 Term, Vera shall have the right to increase the APC Fee for the following Clinic Year under the Agreement in order to compensate Vera for additional incurred costs; provided however, in no case shall the APC Fee be increased for any Clinic Year by a percentage that is greater than the percentage increase of June-to-June CPI-U for Seattle-Tacoma-Bellevue published by the Bureau of Labor Statistics for the prior calendar year. For example, this means that the percentage increase in the APC Fee from Clinic Year 2025 to Clinic Year 2026 is capped by the percentage increase in such CPI-U from June 2024 to June 2025.

IV PERFORMANCE GUARANTEES

- 4.1 In any Clinic Year in which Vera fails to achieve the annual performance target (the “Performance Measure Targets”) set forth in the table below, Vera shall refund to

Employer those amounts specified in the table below.

Performance Measure	Target	Credit
Third Next Available Appointment – Acute Care (Everett Care Center Only)	<3 days	\$10,000 per month missed
Clinical Staffing Commitment Levels (Everett Care Center only) <ul style="list-style-type: none">○ 2.5 Provider FTE)*○ Medical Assistant or LPN: 2.0 FTE○ Health Coach: 1.0 FTE○ Licensed Clinical Social Worker: 1.0 FTE	5 or less business days	\$1500 per unplanned day

Each Performance Measure Target will be measured and reported quarterly, to be reviewed and potentially revised annually at the annual business review.

Vera acknowledges and agrees that as it continues to grow, Vera will make efforts towards including a 1.0 FTE MD in the provider requirement.

4.2 Guarantee Definitions

- (a) **“Access”** is the length of time in days between the day an established patient makes a request for an appointment for an acute visit at the Everett Care Center with a provider and the date of the third next available appointment. For example, if an established patient makes a call to request an acute-visit appointment on Monday, and the three next available appointments at the Everett Care Center are that week on Tuesday at 1pm, Wednesday at 9am, and Thursday at 4pm, then Access is counted in this example as three days. This example would count as an instance where the established patient waits longer than two days for Access.

The average is calculated as the number of instances that an established patient waits longer than two days for Access divided by the total number of appointments requested by an established patient.

- (b) **“Clinical Staffing”** is related to the minimum staffing level at the on-site clinic and shall apply to those positions listed in the table above.

4.3 Credits. If Vera fails to achieve either Performance Measure Target stated above for a Clinic Year, Vera will provide Employer the applicable credit, which shall be applied to the next invoice owed by Employer to Vera or, if in the year of

termination or expiration of the SOF-One Term or extension thereof, within thirty (30) days of termination.

- 4.4 Additional Measures.** With respect to failure to achieve the Access Performance Measure Target, Vera shall also make effort to meet the target during the next Clinic Year, such as hiring additional staff, supplementing with staff from other Vera clinics, extending clinic hours, or other appropriate measures.

V. ADVANCED PRIMARY CARE SERVICES.

Employer hereby retains pursuant to the Agreement Vera to provide the Services as detailed on the attached **Exhibit A – Advanced Primary Care Services** (hereinafter “**Exhibit A**”).

VI. TERM.

The Term of this SOF-1 will begin on January 1, 2025, and remain in effect for a period of six (6) Clinic Years (the “**SOF-One Term**”) ending on December 31, 2030, unless otherwise terminated earlier in accordance with the provisions of the Agreement.

VII. GENERAL REPRESENTATIONS AND WARRANTIES

- 7.1** In addition to those representations and warranties made by Vera in Section 3.1 of the Agreement, Vera represents and warrants to Employer that: (a) Vera shall properly supervise all persons performing the Digital Services and shall require that all such persons comply with the applicable terms of the Agreement, including any applicable Services Order Form; (b) Vera shall use industry-standard or better security measures in the provision of the Digital Services; and (c) Vera will perform the Digital Services in a professional manner.

- 7.2 Disclaimer.** EXCEPT FOR THE EXPRESS LIMITED WARRANTIES SET FORTH IN THIS ARTICLE 7, VERA MAKES NO WARRANTY IN CONNECTION WITH THE DIGITAL SERVICES AND THE DIGITAL PLATFORM AND HEREBY DISCLAIMS ANY AND ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING ALL IMPLIED WARRANTIES OF NONINFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM A COURSE OF DEALING OR USAGE OF TRADE, REGARDING SUCH SUBJECT MATTER, AND SHALL NOT BE LIABLE FOR ANY CONTENT GENERATED AND/OR UPLOADED BY USERS OF THE DIGITAL PLATFORM AND/OR SERVICES.

VIII. DIGITAL SERVICES TERMS

8.1 Limitations on Use of the Digital Services

Employer shall use the Digital Services solely for its internal business purposes, in compliance with applicable law, and shall not: (i) modify, copy or create derivative works based on the Digital Services; (ii) reverse engineer the Digital Services; (iii) attempt to gain unauthorized access to, or disrupt the integrity or performance of, the Digital Services or the data contained therein; (iv) send through or store Malicious Code in the Digital Services; (v) send through or store infringing,

inaccurate, or unlawful material in the Services; (vi) resell, sublicense, lease, time-share or otherwise make the Digital Services available to any unauthorized third party; (vii) permit access to the Digital Services by a competitor of Vera; (viii) use the Digital Services, or permit it to be used, for purposes of product evaluation or other comparative analysis intended for publication without Vera's prior written consent; or (ix) access the Digital Services for the purpose of building a competitive product or service or copying its features or user interface.

8.2 Access and Use of Data. Vera shall have the right to reproduce, modify and prepare derivative works of, aggregate, analyze, cleanse, scrub, reverse engineer, distribute, display, present and otherwise use Data as reasonably necessary for the purposes of performing, improving and providing services for all users. To the extent Vera creates and uses any modified version of Data or new data based on Data, Vera agrees with respect to modified Data or new data created with reference thereto, the applicable Participants shall have been de-identified in accordance with 45 CFR section 164.514, as applicable. Employer shall use its best efforts to require its Administrators to ensure that (i) all information that is provided to Vera, including, but not limited to eligibility files, is authentic, accurate, reliable, complete and confidential and (ii) Vera may use such information in accordance with the terms of the Agreement without violating or infringing any third-party rights. Employer's security measures shall include, and Employer shall use its best efforts to require that its Administrators' security measures include, but are not limited to: (a) maintaining, and requiring agents and subcontractors to maintain, administrative, technical and physical safeguards to protect the security, integrity and confidentiality of data provided to Vera, including up-to-date anti-virus software; (b) not accessing or using the electronic systems of Vera for any purpose that is illegal or unauthorized; (c) reporting to Vera any material system, equipment or software malfunction, error, breakage or security breach that involves or may reasonably affect Vera, whether detected or believed to be imminent; and (d) maintaining and enforcing security management policies and procedures and utilizing mechanisms and processes to prevent, detect, record, analyze, contain and resolve unauthorized access attempts and for periodically reviewing its processing infrastructure for potential security vulnerabilities.

8.3 Protected Health Information. Each party will comply with all federal and state laws and requirements regarding the confidentiality and security of Protected Health Information or "PHI" to the extent applicable to the Parties' respective obligations under this SOF-1. A Party's obligations as a Business Associate of the other Party, if applicable, are set forth in the Business Associate Agreement executed between the Parties. Nothing in this Agreement will be construed to limit any obligations of the Parties under the Business Associate Agreement, and nothing in the Business Associate Agreement will be construed to limit any obligations of the Parties under this SOF-1. In the event of a conflict between (i) any provision of SOF-1, and (ii) any provision of the Business Associate Agreement, the provision in the Business Associate Agreement, if applicable, will control to the fullest extent permitted by applicable laws.

- 8.4 Vera Ownership.** As between the Parties, Vera will exclusively own all right, title and interest in and to: (a) the platform and the Digital Services; (b) any improvements, enhancements, derivative works, modifications, additional modules or features to or for the digital platform or the Digital Services developed or created during the SOF-1 Term or extension thereof, whether created or developed solely or jointly by or for the Parties or any user; (c) any data generated through the platform or in connection with the Digital Services (subject to Employer's rights to the underlying Employer Data); and (d) all intellectual property rights in the foregoing. Vera will also exclusively own all right, title and interest in and to any feedback, ideas, suggestions or information that Employer provides relating to the Digital Services or the platform, including all intellectual property rights therein, and Employer shall assign, and does hereby assign, any rights retained by it with respect to the foregoing.
- 8.5 Employer Access.** Employer shall be entitled to have timely access from Vera to any archival records obtained or maintained in the performance of the Services for the purpose of performing an audit as necessary or required by an audit, investigation or review of the Employer by a government agency, but only for the limited purpose of complying with such an audit or investigation and at all times consistent with the Agreement.
- 8.6 Audits.** Upon reasonable written notice, Vera shall provide to Employer (at Vera's expense) a summary report of the audit conducted by a reputable and experienced accounting firm in accordance with any of the following, as appropriate and applicable: (i) HITRUST Common Security Framework (CSF) audit; (ii) the Statement on Standards for Attestation Engagements (SSAE) No.16, Reporting on Controls at a Service Organization, developed by the American Institute of Certified Public Accountants (AICPA); or (iii) a Service Organization Control (SOC)2 Type II Report (or substantially similar report in the event the SOC 2 Type II Report is no longer the industry standard), which will cover, at a minimum, the policies, procedures and controls required by this Agreement (the "**Reports**"). The Reports will cover a period of the twelve (12) previous months.
- 8.7 Additional Insurance.** Throughout the SOF-1 Term and any extension thereof, in addition to the insurance requirements Vera provided in the Agreement, Vera shall maintain policies of insurance covering its obligations with respect to the Digital Services in accordance with Employer's Cyber Liability Insurance Requirements.
- 8.8 Indemnity by Vera.** Vera agrees to defend, indemnify and hold harmless Employer, its directors, officers, employees and agents against any third party claims, and any damages and costs (including court costs and reasonable attorneys' fees) incurred by Employer in connection with such claims to the extent such claims arise from Vera's: (a) gross negligence or willful misconduct in performance of the Digital Services; (b) material violation of applicable laws in the performance of the Digital Services; or (c) infringement of intellectual property rights related to the Digital Services. The foregoing indemnity in (c) shall exclude infringement: any software, hardware or other component provided by a third party. In the event of (c), Vera may, at its sole option and expense: (i) procure for Employer the right to

continue using the Digital Service under the terms of the Agreement; or (ii) replace or modify the Digital Service so it is non-infringing. If the foregoing options are not reasonably practicable, Vera may terminate the Digital Services and refund to Employer all prepaid fees attributable to the Digital Services for the remainder of its SOF-1 Term and any extension thereof after the date of termination. This Section 8.8 is in addition to any other indemnity, defense or hold harmless obligation elsewhere in the Agreement, except that this Section 8.8 represents Vera's entire obligation and Employer's exclusive remedy regarding any third-party intellectual property claims relating to Digital Services.

8.9 Not Used.

8.10 Limitation of Liability. IN NO EVENT WILL EITHER OF THE PARTIES BE LIABLE FOR (A) ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES (INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST REVENUE, PROFIT, BUSINESS USE OR DATA) WITH RESPECT TO THE DIGITAL SERVICES, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, OR (B) ANY AMOUNTS IN EXCESS OF FIVE MILLION DOLLARS (\$5,000,000.00). FOR THE AVOIDANCE OF DOUBT, ANY FINES OR PENALTIES ASSESSED ON A PARTY UNDER APPLICABLE LAW ARISING OUT OF THE OTHER PARTY'S BREACH OF THE PROVISIONS OF THIS SOF-1 ARE DIRECT DAMAGES.

8.11 No Double Recovery. For the avoidance of doubt, no provision of this SOF-1 shall be construed to provide an indemnity or other recovery for any costs, damages, or other amounts for which the damaged party has been fully compensated under any other provision of this Agreement or under any action at law or equity.

IX. ADDITIONAL TERMS.

9.1 Order of Precedence. Should there be a discrepancy between the terms and conditions of this SOF-1 and the terms and conditions of the Agreement, the terms and conditions of this SOF-1 shall prevail.

9.2 Misc. Any revision to the terms of this SOF-1 will require a separate writing mutually agreed to by the Parties. All other terms and conditions of the Agreement shall remain unchanged and in full force and effect. This SOF-1 and the Agreement constitute the complete and entire understanding of the Parties with respect to the subject matter hereof.

[signature page to follow]

IN WITNESS WHEREOF, this SOF-1 is entered into and becomes a binding part of the Agreement as of the SOF – One Effective Date.

VERA WHOLE HEALTH, INC.

By: _____

Its:

CITY OF EVERETT WASHINGTON

By: _____

Its:

ATTEST:

VERA WHOLE HEALTH WA, P.C.:

By: Vera Whole Health, Inc., its Agent

By: _____

Its:

EXHIBIT A

ADVANCED PRIMARY CARE SERVICES

NAVIGATION ADVOCACY (Available to All Eligible Participants)

- Digital Navigation
- Virtual Care Management
- Clinical Care Guides
- Virtual Health Coaching
- Engagement Support
 - Standard email and digital outreach through the Platform
 - Outreach (which may be via email) to Participants on key topics related to their health care needs
 - Automated on-boarding and outreach emails to new eligible Users

CARE CENTER OPERATIONS (SUPPORT SERVICES)

- Establish, prepare, maintain and routinely review protocols in the areas of direct clinical responsibilities, in accordance with those standards of practice and guidelines published by national boards, the Accreditation Council for Graduate Medical Education (ACGME) and/or other relevant healthcare agencies, which are appropriate in Vera's sole discretion.
- Staffing and scheduling
- Participant appointment scheduling
- Care Center administration, coordination, billing, medical records management
- Referral of Participants to outside network providers
- Whole Health Council facilitation
- Promotion of cost containment and cost reduction in all areas of responsibility
- Review compliance with Medicare, Medicaid, state, federal, and other appropriate and relevant rules and regulations.
- Administratively verify that all Vera P.C. Providers are properly licensed and credentialed.
- Obtain and maintain equipment necessary for the operation of the clinic and the provision of services.
- Obtain and provide all supplies necessary for the operation of the clinic and the provision of services which Vera may procure for the Employer from time-to-time.
- Verify that Vera P.C.'s maintenance of medical records is in accordance with Vera standards and applicable laws of Washington and the United States.
- Verify that all Vera P.C. Providers maintain medical licenses in good standing in the State of Washington.
- Coordinate essential building services such as janitorial, laundry, refuse removal, hazardous medical waste removal and other support services as are reasonably necessary for the provision of the Services, and the functioning of the Clinic, and Vera P.C.
- Manage all administrative activities of Vera P.C. including human resources, billing, collections, payroll, and personnel management.

CLINICAL SERVICES (Available to Participants only)

PRIMARY CARE

- ❖ Access through patient portal (My Vera)
 - Care center patient chart details including lab results, medication, care plan and conditions
 - Quarterly analysis of claims data to identify gaps in care, patterns of disease and trends in Participant adherence to plans of care. Ensure compliance with Medicare, Medicaid, state, federal, and other appropriate and relevant rules and regulations
- ❖ **Standard Preventive care**
 - Annual Adult Wellness Visits (18+ year old)
 - Health risk assessments to Adult Participants
 - Sports Physicals
 - Vaccinations and Immunizations
 - Women's Health
 - Family Planning and contraceptive counseling
 - Vision and hearing screenings
 - Cancer screening
 - Including PAP, Fecal Occult Blood test (FOBT), Fecal Immunochemical Testing (FIT), mammogram and colonoscopy referral and scheduling
 - Other screenings
 - Biometric, mental health, substance abuse, Social Determinants of Health
- ❖ **Acute Care & Procedures** (includes children 3+ years old)
 - Basic wound care
 - Acute Injuries, sprains and strains
 - Infections
 - Upper/lower respiratory, urinary, genital, GI, eyes, skin, etc.
 - Neurologic
 - Headaches, concussions
 - Cardiovascular Evaluation
 - Minor Trauma
 - Dermatologic Concerns
 - Rashes, lice, toenails
 - Pediatric Acute Care
 - Pulmonary evaluation
 - Mental health and behavioral care
 - Anxiety, depression, etc.
 - (limited to 0.5 FTE)
 - Abdominal complaints
 - Hernia, constipation, etc.
 - Referral management and specialty care coordination
- ❖ **In-Office Procedures** (*Availability of procedures listed below vary by Care Center and are dependent upon provider training, licensure and experience*)
 - Joint injections
 - Knee, shoulder, elbow, trigger point
 - Toenail removal

- Skin biopsy
- Cryotherapy
- Benign skin lesions, genital lesions, etc.
- Retinal scan
- GYN procedures
- IUD placement, implantable birth control
- Ear wax removal
- Epley maneuver
- Incision and Drainage
- Simple cyst removal
- ❖ **Chronic Condition Management**
 - High Risk Complex Care Management:
 - Systematic clinical program to manage the care of high and rising risk Participants
 - Single or multiple condition management
 - Chronic Conditions (including, but not limited to the following)
 - Type 2 Diabetes
 - Hypertension
 - Hyperlipidemia/coronary artery disease
 - COPD/asthma/chronic respiratory illness
 - Anxiety and depression
 - Hospital follow-up,
 - Care coordination
 - Referral management
- ❖ **Medication**
 - Medication Dispensary – onsite provider dispensed generic medications for first-fill dose of formulary medications and starter packs for common maintenance medications
 - Medication assessment, management and reconciliation
- ❖ **Diagnostic and Laboratory Testing (Analyzed Onsite)**
 - Rapid strep A
 - Mononucleosis
 - Influenza A+B
 - Cholesterol/lipid panel
 - HgbA1c
 - Blood glucose
 - Urinalysis
 - Urine Pregnancy
 - Urine microalbumin
 - Covid-19 Rapid Test
 - EKG
 - Spirometry
 - Phlebotomy
 - Draw free for any routine or stat labs drawn onsite and processed through external lab vendor
- ❖ **Telemedicine.** Provision of remote clinical services via real-time communication between patient and the provider.
- ❖ **Whole Health Coaching**

- Individual health coaching and action plans focused on behavior change
- ❖ **Specialist care coordination**
- ❖ **24-hour nurse line**
- ❖ **Physical Therapy**
 - Provision and training of all licensed therapy professional and oversight to be provided by a third-party vendor
 - Injury Prevention – early intervention on-site within the care center
 - Education and Engagement – engagement with patients regarding physical health
 - Treatment and Management
 - Integration with the Primary Care Team – includes clinically integrated communication, documentation and coordination

REPORTING.

- (1) Vera will provide periodic utilization reporting to Employer. The reporting shall include:
 - a. Monthly unique encounter and appointment type utilization reports, including:
 - i. number of Participant visits at the Clinic during the previous month
 - ii. number of Participant visits with other persons (such as employees of other employers who are Vera clients) at the Clinic during the previous month
 - iii. number of Participant visits at other Vera clinics during the previous month
 - b. Quarterly analysis of utilization data to identify gaps in care, patterns of disease, and trends in Participant adherence to the plans of care
 - c. Annual aggregate utilization report.
- (2) Vera will continue to report Key Performance Indicators from previous reports, recognizing that there are no longer fees at risk associated with them.

CLINIC HOURS

Clinic hours shall be 8:00 a.m. to 6:00 p.m., Monday through Friday, with the exception of holidays.

MARKETING

- Provide marketing support to Employer to Drive Participant engagement based on Vera's marketing experience and expertise both inside and outside the healthcare industry
- Marketing support may include copywriting, design, printing and mailing services, promotional and strategic consultation, and creative direction.
 - Review process: For Vera-produced participant engagement promotions, Employer will have two review rounds to fact-check and make sure information is correct prior to distribution. The first round to

make factual edits. The second round to confirm that the edits were made.

- For Employer-produced promotions, Vera will have one review round to fact-check for accuracy prior to distribution.
- Vera will not create any promotion that appears to come from Employer. Employer will not create any promotion that appears to come from Vera.
- Both Employer and Vera will have permission to use the other's name and/or marts for separate promotions. When this occurs, the other will have the above review round(s) to fact-check for accuracy prior to distribution.

ADDITIONAL SERVICES

During the Term, Employer, after consultation with and the agreement of Vera and Vera PC, may decide to add to the list of Services. Additional Services may be subject to additional fees or modification of existing fees.

STAFFING

Staffing: Vera will provide the following minimum staffing levels within the Everett Care Center:

- Doctor (MD): 0.5 FTE
- Advanced Practice Nurse Practitioner (ARNP) or Physician's Assistant (PA): 2.0 FTE
- Medical Assistant or LPN: 2.0 FTE
- Health Coach: 1.0 FTE
- Licensed Clinical Social Worker: 1.0 FTE

The parties acknowledge that from time to time these staffing levels may vary due to temporary staffing shortages. Vera will take measures as necessary to eliminate staffing shortages and/or reduce their impact on Employer patients. The parties further understand and acknowledge that coaching and Behavioral Health services will be offered in accordance with the Vera mode and patient preference and on a hybrid model.



City Council Agenda Item Cover Sheet

Project title: Watershed Resource Inventory Area (WRIA) 8 Interlocal Agreement 2026-2035

Council Bill # *interoffice use*

Agenda dates requested:

Briefing
Proposed action
Consent 03/19/25
Action
Ordinance
Public hearing
Yes X No

Budget amendment:

Yes X No

PowerPoint presentation:

Yes X No

Attachments: WRIA 8

Interlocal Agreement and
Final ILA Partner Cost Share

Department(s) involved:

Public Works

Contact person:

Souheil Nasr

Phone number:

425-257-7210

Email:

snasr@everettwa.gov

Initialed by:

Department head

Administration

Council President

Project: Watershed Resource Inventory Area 8 ILA For Chinook Salmon
Conservation Planning for the Watershed

Partner/Supplier: WRIA 8 Salmon Recovery Council, King County Department of Natural
Resources and Parks

Location: North, Swamp, and Penny Creek Drainage Basins (WRIA 8)

Preceding action: Authorization for Current WRIA 8 Interlocal Agreement: [9/29/21](#)

Fund: 401-5-600-123-921-494

Fiscal summary statement:

The expenditure required for the ILA Partner cost share comes from Utilities Fund 401. The 2025 cost share for Everett is \$9,986. The ILA is a 10-year agreement with the cost share spanning 2026 through 2035. The budget planned is \$120,000 over ten years.

Project summary statement:

The multiple government parties involved in WRIA 8 share interest and responsibility for addressing long-term watershed planning and conservation of the aquatic ecosystems and floodplains for purposes of implementing the WRIA 8 Chinook Salmon Conservation Plan and improving watershed health for watershed basins in WRIA 8. In Everett, the southern portion of the city is in the North, Swamp, and Penny Creek drainage basins which are located in WRIA 8.

Everett participated in the previous ILA, joining mid-way through the 10-year term. City Council authorized the current ILA September 29, 2021. The current ILA ends on December 31, 2025.

Recommendation (exact action requested of Council):

Authorize the Mayor to sign the Watershed Resource Inventory Area 8 ILA 2026-2035 agreement and shared cost not to exceed \$120,000 for ten years.

INTERLOCAL AGREEMENT

For Chinook Salmon Conservation Planning for the Watershed Basins within
Water Resource Inventory Area 8

PREAMBLE

THIS AGREEMENT ("Agreement") is entered into pursuant to Chapter 39.34 Revised Code of Washington (RCW) by and among the eligible governments signing this agreement that are located in King and Snohomish Counties, lying wholly or partially within the management area of the Lake Washington/Cedar/Sammamish Watershed or Watershed Resource Inventory Area ("WRIA") 8, which includes all or portions of the Lake Washington, Cedar River, and Sammamish River basins, all political subdivisions of the State of Washington (individually for those signing this Agreement, "party", and collectively "parties").

WHEREAS, the parties share interests in and responsibility for addressing long-term watershed planning and conservation of the aquatic ecosystems and floodplains for purposes of implementing the WRIA 8 Chinook Salmon Conservation Plan ("WRIA 8 Plan") and improving watershed health for the watershed basins in WRIA 8 and wish to provide for funding and implementation of various activities and projects therein; and

WHEREAS, Puget Sound Chinook salmon, including the WRIA 8 Cedar and Sammamish populations, were listed as threatened under the Endangered Species Act (ESA) in 1999 and steelhead trout were listed as threatened under ESA in 2007; and

WHEREAS, the parties recognize their participation in this Agreement demonstrates their commitment to proactively working to address the ESA listing of Chinook salmon; and

WHEREAS, the parties recognize achieving WRIA 8 salmon recovery and watershed health goals requires a recommitment to, and acceleration of, the collaborative implementation and funding of salmon recovery and watershed conservation actions, and

WHEREAS, the parties have executed Interlocal Agreement for the years 2001-2005 to develop the WRIA 8 Plan, contributed to the federally-approved Puget Sound Salmon Recovery Plan, and desire to continue providing efficient participation in the implementation of such plans; and

WHEREAS, the parties took formal action in 2005 to ratify the WRIA 8 Plan, and

WHEREAS, the parties have executed the 2001-2005 Interlocal Agreement, and extensions for the years 2007-2015 and 2016-2025 to implement the WRIA 8 Plan and improve watershed health; and

WHEREAS, the parties seek information on watershed conditions and salmon conservation and recovery needs to inform local decision-making bodies regarding actions in response to listings under the ESA; and

WHEREAS, the parties have participated for 20 years in prioritizing and contributing resources and funds for implementing projects and programs to protect and restore salmon habitat and watershed health; and

WHEREAS, the parties wish to monitor and evaluate implementation of the WRIA 8 Plan through adaptive management; and

WHEREAS, the parties wish to continue to identify, coordinate, and implement habitat, water quality, flood hazard reduction, and water quantity projects in the watersheds; and

WHEREAS, the parties recognize climate change is likely to affect watershed ecosystem function and processes, and salmon habitat restoration actions are a proactive approach to making the watershed ecosystem more resilient to changing conditions, which supports watershed health for human communities and salmon populations; and

WHEREAS, the parties have an interest in participating on the Puget Sound Salmon Recovery Council and other groups associated with Puget Sound recovery because of the contributions of the Lake Washington/Cedar/Sammamish Watershed to the overall health of Puget Sound and to collectively seek funding to implement the WRIA 8 Plan; and

WHEREAS, the parties have an interest in participating on the Washington Salmon Coalition and other groups associated with the Salmon Recovery Funding Board to collectively seek funding to implement the WRIA 8 Plan; and

WHEREAS, the parties have an interest in supporting implementation of the Puget Sound Partnership Action Agenda to restore the health of Puget Sound as it relates to salmon recovery and WRIA 8 priorities; and

WHEREAS, the parties recognize the importance of efforts to protect and restore habitat for multiple species in WRIA 8, including Lake Sammamish kokanee, and will seek opportunities to partner and coordinate Chinook recovery efforts with these other efforts where there are overlapping priorities and benefits; and

WHEREAS, the parties have an interest in achieving multiple benefits by integrating salmon recovery planning and actions with other regional efforts, including floodplain management, stormwater management, water quality improvement, etc.; and

WHEREAS, the parties recognize that identification of watershed issues, and implementation of salmon conservation and recovery actions may be carried out more efficiently if done cooperatively than if carried out separately and independently;

NOW, THEREFORE, in consideration of the mutual promises, benefits and covenants contained herein, the parties hereto do mutually covenant and agree as follows:

MUTUAL COVENANTS AND AGREEMENTS

1. **DEFINITIONS.** For purposes of this Agreement, the following terms shall have the meaning provided for below:
 - 1.1. **ELIGIBLE GOVERNMENTS:** The governments eligible for participation in this Agreement as parties are state, local, and federally recognized Indian tribal governments, state and local agencies, and special purpose districts within WRIA 8 boundary.
 - 1.2. **WRIA 8 ILA Parties:** The Parties to the WRIA 8 Interlocal Agreement (“Party” or “Parties”) are the *Eligible Governments* who sign this Agreement and are responsible for implementing this Agreement. The Parties to this ILA shall each designate a representative and alternate representative to the *WRIA 8 Salmon Recovery Council*.
 - 1.3. **WRIA 8 SALMON RECOVERY COUNCIL:** The *WRIA 8 Salmon Recovery Council* created herein is the governing body responsible for implementing this Agreement and is comprised of *Party* representatives and *Stakeholders*. The *WRIA 8 Salmon Recovery Council* is a voluntary association of *Eligible Governments* located wholly or partially within the management area of WRIA 8. The *WRIA 8 Salmon Recovery Council* shall be responsible for making recommendations for implementing the *WRIA 8 Plan* to the *Parties*.
 - 1.4. **LAKE WASHINGTON/CEDAR/SAMMAMISH WATERSHED (WRIA 8) CHINOOK SALMON CONSERVATION PLAN:** The *WRIA 8 Chinook Salmon Conservation Plan* (*WRIA 8 Plan*) as referred to herein is the three volume document, the 2017 update to the WRIA 8 Plan, and any subsequent updates adopted in accordance with the procedures provided for in Section 6 below, developed in partnership with *Stakeholders* and ratified by the *Parties* for the purposes of preserving, protecting, and restoring habitat with the intent to recover listed species, including sustainable, genetically diverse, harvestable populations of naturally spawning Chinook salmon.
 - 1.4. **MANAGEMENT COMMITTEE:** *Management Committee* as referred to herein is chosen by *Party* representatives, according to the voting procedures in Section 5 herein, charged with certain oversight and administrative duties on behalf of the *Parties* as provided in Section 4.2.
 - 1.5. **SERVICE PROVIDER:** *Service Provider*, as used herein, means that agency, government, consultant or other entity which supplies staffing or other resources to and for the *WRIA 8 Salmon Recovery Council*, in exchange for payment. The *Service Provider* may be a party to this Agreement.
 - 1.6. **FISCAL AGENT:** The *Fiscal Agent* refers to that agency or government which performs all accounting services for the *WRIA 8 Salmon Recovery Council*, as it may require, in accordance with the requirements of Chapter 39.34 RCW.

1.7 **STAKEHOLDERS:** *Stakeholders* refers to those public and private entities within WRIA 8 who reflect the diverse interests integral for planning, implementation, and adaptive management of the **WRIA 8 Plan**.

2. **PURPOSES.** The purposes of this Agreement include the following:

2.1 To provide a mechanism and governance structure for the implementation and adaptive management of the **WRIA 8 Plan**.

2.2 To share the cost of the WRIA 8 Service Provider team to coordinate and provide the services necessary for the successful implementation and management of the **WRIA 8 Plan**. The maximum financial or resource obligation of any participating eligible jurisdiction under this Agreement shall be limited to its share of the cost of the Service Provider staff and associated operating costs.

2.3 To provide a mechanism for securing technical assistance and funding from state agencies or other sources.

2.4 To provide a mechanism for the implementation of other multiple benefit habitat, water quality and floodplain management projects with local, regional, state, federal and non-profit funds as may be contributed to or secured by the **WRIA 8 Salmon Recovery Council**.

2.5 To annually recommend WRIA 8 salmon recovery programs and projects for funding by the King County Flood Control District through the District's Cooperative Watershed Management grant program.

2.6 To serve as the salmon recovery "Lead Entity" as designated by state law (Chapter 77.85 RCW) for WRIA 8. The Lead Entity is responsible for developing a salmon recovery strategy, working with project sponsors to develop projects, convening local technical and citizen committees to annually recommend WRIA 8 salmon habitat restoration and protection projects for funding by the State of Washington Salmon Recovery Funding Board, and representing WRIA 8 in Puget Sound region and statewide salmon recovery forums.

2.7 To provide a framework for cooperation and coordination among the parties on issues relating to the implementation of the **WRIA 8 Plan** and to meet the requirement or a commitment by any party to participate in WRIA-based or watershed basin planning in response to any state or federal law which may require such participation as a condition of any funding, permitting or other program of state or federal agencies, at the discretion of such party to this Agreement.

2.8 To develop and articulate WRIA-based positions on salmon habitat, conservation, and funding to state and federal legislators.

2.9 To provide for the ongoing participation of residents and other **Stakeholders** in salmon recovery and other watershed efforts and to ensure continued public outreach efforts to

educate and garner support for current and future watershed and ESA listed species response efforts in accordance with the **WRIA 8 Plan**.

- 2.10 To provide information for parties to use to inform land use planning, regulations, and outreach and education programs.
- 2.11 To provide a mechanism for on-going monitoring and adaptive management of the **WRIA 8 Plan** as defined in the Plan.

It is not the purpose or intent of this Agreement to create, supplant, preempt, or supersede the authority or role of any individual jurisdiction or water quality policy bodies such as the Regional Water Quality Committee.

- 3. **EFFECTIVE DATE AND TERM.** This Agreement shall become effective on execution by at least nine (9) of the **Eligible Governments** representing at least seventy percent (70%) of the affected population, as authorized by each **Parties'** legislative body, and further provided that after such signatures this Agreement has been filed by King County and Snohomish County in accordance with the terms of RCW 39.34.040 and 200. Once effective, this Agreement shall remain in effect through December 31, 2035; provided, however, that this Agreement may be extended for such additional terms as the parties may agree to in writing, with such extension being effective upon its execution by at least nine (9) of the **Eligible Governments** representing at least seventy percent (70%) of the affected population of WRIA 8.

- 4. **ORGANIZATION AND MEMBERSHIP.** The parties hereby establish **WRIA 8 Salmon Recovery Council** to serve as the formal governance structure for carrying out the purposes of this Agreement in collaboration with **Stakeholders**.

- 4.1 Each **Party** shall appoint one (1) elected official and one (1) alternate to serve as its representative on the **WRIA 8 Salmon Recovery Council**. The alternate representative may be a different elected official or senior staff person. **Party** representatives shall be responsible for maintaining the **Party's** status as an active party by attending **WRIA 8 Salmon Recovery Council** meetings. A **Party** representative's position will be considered inactive on the third consecutive absence and shall not be included in calculating a quorum under Section 5.1. **Stakeholders** shall be appointed or removed by **Party** representatives using the voting provisions of Section 5.3 of this Agreement.

- 4.2 Upon the effective execution of this agreement and the appointment of representatives to the **WRIA 8 Salmon Recovery Council**, the **WRIA 8 Salmon Recovery Council** shall meet and choose from among the **Party** representatives, according to the voting provisions of Section 5, at least five (5) elected officials or their designees, to serve as a **Management Committee** to oversee and direct the scope of work, funds, and personnel agreed to and contributed under this Agreement, in accordance with the adopted annual budget, work program, and such other directions as may be provided by the **WRIA 8 Salmon Recovery Council**. Representatives of the **Fiscal Agent** and **Service Provider**

may serve as non-voting ex officio members of the **Management Committee**. The **Management Committee** shall act as an executive subcommittee of the **WRIA 8 Salmon Recovery Council**, responsible for oversight and evaluation of any **Service Providers** or consultants, administration of the budget and work program, and for providing recommendations on administrative matters to the **WRIA 8 Salmon Recovery Council** for action, consistent with the other subsections of this section.

- 4.3 The **Service Provider** to the **WRIA 8 Salmon Recovery Council** for the term of this agreement shall be King County Department of Natural Resources and Parks, unless the **Parties**, pursuant to the voting provisions of Section 5, choose another primary **Service Provider**. The **Management Committee** shall prepare a Memorandum of Understanding to be signed by an authorized representative of the **Service Provider** and an authorized representative of **WRIA 8 Salmon Recovery Council**, which shall set out the expectations for services to be provided. Services should include, without limitation, identification of, and job descriptions for, dedicated staff, description of any supervisory role retained by the **Service Provider** over any staff performing services under this Agreement, and a method of regular consultation between the **Service Provider** and the **Management Committee** concerning the performance of services hereunder.

4.3.1 The **Management Committee** shall make recommendations to the **WRIA 8 Salmon Recovery Council** for action, including decisions related to work program, staffing and service agreements, and budget and financial operations, annually for each year of this Agreement. All duties of the **Management Committee** shall be established by the **WRIA 8 Salmon Recovery Council**.

- 4.4 By October 1 of each year, the **WRIA 8 Salmon Recovery Council** shall develop and approve an annual budget, establishing the level of funding and total resource obligations of the **Parties** which are to be allocated on a proportional basis according to the average of the population, assessed valuation and area attributable to each **Parties**, in accordance with the formula set forth in Exhibit A, which formula shall be updated every third year by the **WRIA 8 Salmon Recovery Council**. Individual cost shares may change more frequently than every three years for **Parties** involved in an annexation that changes the area, population, and assessed value calculation of such party to the extent that the cost shares established by the formula set forth in Exhibit A would be changed by such annexation. For parties that are not county or city governments, the level of funding and resource obligation will be determined in communications with the **Management Committee**, which will develop a recommendation for review and approval by the **WRIA 8 Salmon Recovery Council**.

- 4.5 **Party** representatives of the **WRIA 8 Salmon Recovery Council** shall oversee and administer the expenditure of budgeted funds and allocate resources contributed by each

Party or obtained from other sources in accordance with implementation and adaptive management of the **WRIA 8 Plan** during each year of this Agreement.

- 4.6 The **WRIA 8 Salmon Recovery Council** shall review and evaluate the duties to be assigned to the **Management Committee** hereunder and the performance of the **Fiscal Agent** and **Service Provider** to this Agreement and provide for whatever actions deemed appropriate and necessary to ensure that quality services are efficiently, effectively, and responsibly delivered in the performance of the purposes of this Agreement. The performance of the Service Provider and Fiscal Agent shall be assessed every two years starting in 2027. In evaluating the performance of any **Service Provider**, the **WRIA 8 Salmon Recovery Council** may retain an outside consultant to perform a professional assessment of the work and services so provided.
- 4.7 The **WRIA 8 Salmon Recovery Council** through the primary **Service Provider** may contract with similar watershed forum governing bodies or any other entities for any lawful purpose related hereto, including specific functions and tasks which are initiated and led by another party to this Agreement beyond the services provided by the primary **Service Provider**. The **Parties** may choose to create a separate legal or administrative entity under applicable state law, including without limitation a nonprofit corporation or general partnership, to accept private gifts, grants or financial contributions, or for any other lawful purposes. Nothing in this Agreement shall be construed as creating a separate legal or administrative entity. The **Parties** acknowledge neither the **WRIA 8 Salmon Recovery Council** nor the **Management Committee** is a separate legal entity.
- 4.8 The **WRIA 8 Salmon Recovery Council** shall adopt operating and voting procedures for its deliberations, but such procedures shall not affect the voting provisions contained in Section 5. The **WRIA 8 Salmon Recovery Council** shall also adopt other rules and procedures that are consistent with its purposes as stated herein and are necessary for its operation.
5. **VOTING.** The **Parties** on the **WRIA 8 Salmon Recovery Council** shall make decisions; approve scopes of work, budgets, priorities and any other actions necessary to carry out the purposes of this Agreement as follows:
- 5.1 Decisions shall be made using a consensus model as much as possible. Each **Party** agrees to use its best efforts and exercise good faith in consensus decision-making. Consensus may be reached by unanimous agreement of the **Parties** at the meeting, or by a majority recommendation agreed upon by the active **Parties**, as specified in Section 4.1, with a minority report. Any **Party** who does not accept a majority decision may request weighted voting as set forth below. No action or binding decision will be taken by the **WRIA 8 Salmon Recovery Council** without the presence of a quorum of active **Parties**. A quorum exists if a majority of the active **Parties'** representatives are present

at the **WRIA 8 Salmon Recovery Council** meeting, provided that positions left vacant on the **WRIA 8 Salmon Recovery Council** by **Parties** shall not be included in calculating the quorum.

- 5.2 In the event consensus cannot be achieved, as determined by rules and procedures adopted by the **WRIA 8 Salmon Recovery Council**, the **WRIA 8 Salmon Recovery Council** shall take action on a dual-majority basis, as follows:

5.2.1 Each **Party**, through its appointed representative, may cast its weighted vote in connection with a proposed **WRIA 8 Salmon Recovery Council** action.

5.2.2 The weighted vote of each **Party** in relation to the weighted votes of each of the other **WRIA 8 ILA Parties** shall be determined by the percentage of the annual contribution by each **Party** set in accordance with Subsection 4.4 in the year in which the vote is taken.

5.2.3 For any action subject to weighted voting to be deemed approved, an affirmative vote must be cast by both a majority of the active **Parties** and by a majority of the weighted votes of the active **Parties**. A vote of abstention shall be recorded as a “no” vote.

- 5.3 The **WRIA 8 Salmon Recovery Council** may deem it appropriate to appoint to the **WRIA 8 Salmon Recovery Council** non-party **Stakeholder**.

5.3.1 Nomination of **Stakeholder** may be made by any **Party** representative to the **WRIA 8 Salmon Recovery Council**. Appointment to the **WRIA 8 Salmon Recovery Council** of a **Stakeholder** requires either consensus or a dual majority vote of the **Parties** as provided in Section 5.2.

5.3.2 **Party** representatives on the **WRIA 8 Salmon Recovery Council** may deem it appropriate to allow **Stakeholders** to vote on particular **WRIA 8 Salmon Recovery Council** decisions. The **WRIA 8 Salmon Recovery Council** may determine which issues are appropriate for non-party voting by either consensus or majority as provided in Section 5.1, except in the case where legislation requires non-party member votes. **Stakeholders** shall not cast a vote for decisions subject to voting under Section 5.2.

5.3.3 Decisions of the entire **WRIA 8 Salmon Recovery Council** shall be made using a consensus model as much as possible. Voting of the entire **WRIA 8 Salmon Recovery Council** will be determined by consensus or majority as provided in Section 5.1.

5.3.4 By accepting appointment to the **WRIA 8 Salmon Recovery Council**, **Stakeholders** agree to follow the operating and voting procedures established by Section 4.8 and shall not distribute any version or amendment to the **WRIA 8 Plan** which has not been ratified consistent with Section 6.5.

6. **IMPLEMENTATION and ADAPTIVE MANAGEMENT OF THE WRIA 8 CHINOOK SALMON CONSERVATION PLAN.** The **WRIA 8 Plan** shall be implemented consistent with the following:
- 6.1 The **WRIA 8 Salmon Recovery Council** shall provide information to the **Parties** regarding progress in achieving the goals and objectives of the **WRIA 8 Plan**. Recommendations of the **WRIA 8 Salmon Recovery Council** are to be consistent with the purposes of this Agreement. The **WRIA 8 Salmon Recovery Council** may authorize additional advisory bodies on priority topics such as subcommittees and work groups.
 - 6.2 The **WRIA 8 Salmon Recovery Council** shall act to approve or remand any **WRIA 8 Plan** amendments prepared and recommended by the committees of the **WRIA 8 Salmon Recovery Council** within ninety (90) calendar days of receipt of the plan amendments, according to the voting procedures described in Section 5. In the event any amendments are not so approved, they shall be returned to the committees of the **WRIA 8 Salmon Recovery Council** for further consideration and amendment and thereafter returned to the **WRIA 8 Salmon Recovery Council** for decision.
 - 6.3 After approval of the **WRIA 8 Plan** amendments by the **WRIA 8 Salmon Recovery Council**, the plan amendments shall be referred to the **Parties** for ratification prior to the submission to any federal or state agency for further action. Ratification means an affirmative action, evidenced by a resolution, motion, or ordinance of the jurisdiction's legislative body, by at least nine (9) jurisdictions within WRIA 8 representing at least seventy per cent (70%) of the total population of WRIA 8. Upon ratification, the **WRIA 8 Salmon Recovery Council** shall transmit the updated **WRIA 8 Plan** to any state or federal agency as may be required for further action.
 - 6.4 In the event that any state or federal agency to which the **WRIA 8 Plan** or amendments thereto are submitted shall remand the **WRIA 8 Plan** or amendments thereto for further consideration, the **WRIA 8 Salmon Recovery Council** shall conduct such further consideration and may refer the plan or amendments to the committees of the **WRIA 8 Salmon Recovery Council** for recommendation on amendments thereto.
 - 6.5 The **Parties** agree that any amendments to the **WRIA 8 Plan** shall not be forwarded separately by any **Party** or **Stakeholder** to any regional, state, or federal agency unless the changes have been approved and ratified as provided herein.
7. **OBLIGATIONS OF PARTIES; BUDGET; FISCAL AGENT; RULES.**
- 7.1 Each **Party** shall be responsible for meeting its individual financial obligations hereunder as described in Section 2.2 and established in the annual budget adopted by the **WRIA 8 Salmon Recovery Council** under this Agreement and described in Section 4.4.

- 7.2 The maximum funding responsibilities imposed upon the **Party** during each year of this Agreement shall not exceed the amounts that are established annually pursuant to Section 4.4 herein.
- 7.3 No later than October 1 of each year of this Agreement, the **WRIA 8 Salmon Recovery Council** shall adopt a budget, including its overhead and administrative costs, for the following calendar year. The budget shall propose the level of funding and other responsibilities (e.g., staffing) of the individual **Parties** for the following calendar year and shall propose the levels of funding and resources to be allocated to specific prioritized planning and implementation activities within WRIA 8. The **Parties** shall thereafter take whatever separate legislative or other actions that may be necessary to timely address such individual responsibilities under the proposed budget and shall have done so no later than December 1 of each such year.
- 7.4 Funds collected from the **Parties** or other sources on behalf of the **WRIA 8 Salmon Recovery Council** shall be maintained in a special fund by King County as **Fiscal Agent** and as *ex officio* treasurer on behalf of the **WRIA 8 Salmon Recovery Council** pursuant to rules and procedures established and agreed to by the **WRIA 8 Salmon Recovery Council**. Such rules and procedures shall set out billing practices and collection procedures and any other procedures as may be necessary to provide for its efficient administration and operation.
- 7.5 Any **Party** to this Agreement may inspect and review all records maintained in connection with such fund at any reasonable time.
8. **LATECOMERS.** Any **Eligible Government** may become a **Party** only with the written consent of all the **Parties**. The provisions of Section 5 otherwise governing decisions of the **WRIA 8 Salmon Recovery Council** shall not apply to this section. The **WRIA 8 Salmon Recovery Council** and the **Eligible Government** seeking to become a party shall jointly determine the terms and conditions under which the **Eligible Government** may become a **Party**. The terms and conditions shall include payment of an amount by the new **Party** to the **Fiscal Agent**. The amount of payment is determined jointly by the **WRIA 8 Salmon Recovery Council** and the new **Party**. The payment of the new **Party** is to be a fair and proportionate share of all costs associated with activities undertaken by the **WRIA 8 Salmon Recovery Council** and the **Parties** on its behalf as of the date the **Eligible Government** becomes a **Party**. Any **Eligible Government** that becomes a **Party** pursuant to this section shall thereby assume the general rights and responsibilities of all other **Parties** to this Agreement.
9. **TERMINATION.**
- 9.1 Termination can only occur on an annual basis, beginning on January 1 of each calendar year, and then only if the terminating **Party**, through action of its governing body, provides at least sixty (60) days' prior written notice of its intent to terminate. The

terminating **Party** shall remain fully responsible for meeting all of its funding and other obligations through the end of the calendar year in which such notice is given, together with any other costs that may have been incurred on behalf of such terminating **Party** up to the effective date of such termination. It is possible that the makeup of the **Parties** to this Agreement may change from time to time. Regardless of any such changes, the **Parties** choosing not to exercise the right of termination shall each remain obligated to meet their respective share of the obligations of the **WRIA 8 Salmon Recovery Council** as reflected in the annual budget. The shares of any terminating **Party** shall not be the obligation of any of the **Parties** not choosing to exercise the right of termination.

- 9.2 This Agreement may be terminated at any time by the written agreement of all **Parties**. In the event this Agreement is terminated all unexpended funds shall be refunded to the parties pro rata based on each **Party's** cost share percentage of the total budgeted funds and any real or personal property acquired to carry out the purposes of this Agreement shall be returned to the contributing party if such **Party** can be identified, and if the party cannot be identified, the property shall be disposed of and the proceeds distributed pro rata as described above for unexpended funds.
10. **PROPERTY:** The **Parties** do not contemplate a need to acquire or hold property to facilitate the purpose of this agreement. To the extent property is acquired on behalf of the **WRIA 8 Salmon Recovery Council**, the ownership of said property shall be retained by the purchasing **Party** and said property will be returned to the purchasing **Party** upon termination of the agreement and/or the purchasing **Party's** participation in the agreement.
11. **HOLD HARMLESS AND INDEMNIFICATION.** To the extent permitted by federal law as governing to tribes and state law as to all other **Parties**, and for the limited purposes set forth in this agreement, each **Party** shall protect, defend, hold harmless and indemnify the other **Parties**, their officers, elected officials, agents and employees, while acting within the scope of their employment as such, from and against any and all claims (including demands, suits, penalties, liabilities, damages, costs, expenses, or losses of any kind or nature whatsoever) arising out of or in any way resulting from such **Party's** own negligent acts or omissions related to such **Party's** participation and obligations under this Agreement. Each **Party's** agrees that its obligations under this subsection extend to any claim, demand, and/or cause of action brought by or on behalf of any of its employees or agents. For this purpose, each **Party**, by mutual negotiation, hereby waives, with respect to the other **Parties** only, any immunity that would otherwise be available against such claims under the industrial insurance act provisions of Title 51 RCW. The provisions of this section shall survive and continue to be applicable to parties exercising the right of termination pursuant to Section 9.
12. **NO ASSUMPTION OF LIABILITY.** In no event do the **Parties** to this Agreement intend to assume any responsibility, risk or liability of any other **Party** to this Agreement or otherwise with

regard to any **Party's** duties, responsibilities or liabilities under the Endangered Species Act, or any other act, statute or regulation of any local municipality or government, the State of Washington or the United States.

13. **VOLUNTARY AGREEMENT.** This agreement is voluntary and it is acknowledged and agreed that, in entering into this Agreement, no **Party** is committing to adopt or implement any actions or recommendations that may be contained in the **WRIA 8 Plan** pursuant to this Agreement.
14. **NO PRECLUSION OF ACTIVITIES OR PROJECTS.** Nothing herein shall preclude any one or more of the **Parties** to this Agreement from choosing or agreeing to fund or implement any work, activities or projects associated with any of the purposes hereunder by separate agreement or action, provided that any such decision or agreement shall not impose any funding, participation or other obligation of any kind on any party to this Agreement which is not a **Party** to such decision or agreement.
15. **NO THIRD PARTY RIGHTS.** Nothing contained in this Agreement is intended to, nor shall it be construed to, create any rights in any third party, including without limitation the non-party members, National Marine Fisheries Service, United States Fish and Wildlife Service, any agency or department of the United States, or the State of Washington, or to form the basis for any liability on the part of the **WRIA 8 Salmon Recovery Council** or any of the **Parties**, or their officers, elected officials, agents and employees, to any third party.
16. **AMENDMENTS.** This Agreement may be amended, altered, or clarified only by the unanimous consent of the **Parties** to this Agreement, represented by affirmative action by each **Party's** legislative body.
17. **COUNTERPARTS.** This Agreement may be executed in counterparts.
18. **APPROVAL BY PARTIES' GOVERNING BODIES.** The governing body of each **Party** must approve this Agreement before any representative of such **Party** may sign this Agreement.
19. **FILING OF AGREEMENT.** This Agreement shall be filed by King County and Snohomish County in accordance with the provisions of RCW 39.34.040 and .200 and with the terms of Section 3 herein.
20. **PREVIOUS INTERLOCAL.** This Agreement shall repeal and replace the **Parties'** previous interlocal agreement, which was expected to terminate on December 31, 2025, and was adopted on or about July 16, 2015.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates indicated below:

Approved as to form:

TOWN OF BEAUX ARTS VILLAGE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF BELLEVUE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF BOTHELL:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF CLYDE HILL:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF EDMONDS:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF EVERETT:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

TOWN OF HUNTS POINT:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF ISSAQUAH:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF KENMORE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF KENT:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

KING COUNTY:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF KIRKLAND:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF LAKE FOREST PARK:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF MAPLE VALLEY:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF MEDINA:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF MERCER ISLAND:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF MILL CREEK:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF MOUNTLAKE TERRACE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF MUKILTEO:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF NEWCASTLE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF REDMOND:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF RENTON:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF SAMMAMISH:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF SEATTLE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF SHORELINE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

SNOHOMISH COUNTY:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

CITY OF WOODINVILLE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

TOWN OF WOODWAY:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved as to form:

TOWN OF YARROW POINT:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit A - WRIA 8 Interlocal Agreement

Regional Watershed Salmon Recovery Funding

WRIA Based Cost-share: WRIA 8 2025

Final ILA Partner Cost Share for 2025 Budget
Approved by WRIA 8 Salmon Recovery Council on September 19, 2024

WRIA 8 Jurisdiction	Population (Pop)		Assessed Value (AV)		Area (Sq. Mi.)		2025 Cost Share (reflects 3.60% CPI-W estimate) (Average of Pop, AV, Area)		WRIA 8 Jurisdiction
Beaux Arts	315	0.02%	\$285,891,000	0.04%	0.08	0.02%	0.03%	\$193	Beaux Arts
Bellevue	154,600	8.91%	\$96,339,979,101	13.67%	33.53	7.12%	9.90%	\$75,283	Bellevue
Bothell	49,550	2.85%	\$17,957,876,264	2.55%	13.67	2.90%	2.77%	\$21,054	Bothell
Clyde Hill	3,115	0.18%	\$4,389,953,700	0.62%	1.06	0.22%	0.34%	\$2,603	Clyde Hill
Edmonds	43,370	2.50%	\$16,549,900,400	2.35%	8.97	1.91%	2.25%	\$17,118	Edmonds
Everett	33,485	1.93%	\$6,381,442,800	0.91%	5.20	1.11%	1.31%	\$9,986	Everett
Hunts Point	460	0.03%	\$1,783,212,000	0.25%	0.29	0.06%	0.11%	\$866	Hunts Point
Issaquah	41,290	2.38%	\$17,493,815,787	2.48%	12.11	2.57%	2.48%	\$18,843	Issaquah
Kenmore	24,230	1.40%	\$7,459,653,182	1.06%	6.15	1.31%	1.25%	\$9,533	Kenmore
Kent	0	0.00%	\$12,761,000	0.00%	0.45	0.10%	0.03%	\$246	Kent
King County (Uninc.)	102,707	5.92%	\$35,458,579,530	5.03%	163.04	34.65%	15.20%	\$115,568	King County (Uninc.)
Kirkland	96,920	5.58%	\$45,311,849,550	6.43%	17.84	3.79%	5.27%	\$40,057	Kirkland
Lake Forest Park	13,660	0.79%	\$4,237,895,040	0.60%	3.51	0.75%	0.71%	\$5,409	Lake Forest Park
Maple Valley	5,022	0.29%	\$1,155,422,680	0.16%	0.94	0.20%	0.22%	\$1,654	Maple Valley
Medina	2,925	0.17%	\$6,866,863,700	0.97%	1.41	0.30%	0.48%	\$3,657	Medina
Mercer Island	25,800	1.49%	\$21,056,678,532	2.99%	6.30	1.34%	1.94%	\$14,732	Mercer Island
Mill Creek	21,630	1.25%	\$6,848,308,200	0.97%	4.68	0.99%	1.07%	\$8,143	Mill Creek
Mountlake Terrace	23,810	1.37%	\$5,911,042,400	0.84%	4.16	0.88%	1.03%	\$7,844	Mountlake Terrace
Mukilteo	21,221	1.22%	\$7,572,645,200	1.07%	5.99	1.27%	1.19%	\$9,046	Mukilteo
Newcastle	13,610	0.78%	\$5,376,208,083	0.76%	4.46	0.95%	0.83%	\$6,324	Newcastle
Redmond	77,490	4.46%	\$36,605,924,250	5.19%	16.56	3.52%	4.39%	\$33,399	Redmond
Renton	70,904	4.08%	\$18,024,891,468	2.56%	14.01	2.98%	3.21%	\$24,382	Renton
Sammamish	61,452	3.54%	\$26,240,200,285	3.72%	19.09	4.06%	3.77%	\$28,694	Sammamish
Seattle	556,865	32.08%	\$233,153,890,428	33.09%	53.00	11.26%	25.48%	\$193,716	Seattle
Shoreline	61,120	3.52%	\$16,722,153,900	2.37%	11.58	2.46%	2.79%	\$21,179	Shoreline
Sno. Co. (Uninc.)	213,926	12.32%	\$55,882,188,800	7.93%	55.38	11.77%	10.67%	\$81,163	Snoh. Co. (Uninc.)
Woodinville	13,830	0.80%	\$6,429,716,438	0.91%	5.66	1.20%	0.97%	\$7,379	Woodinville
Woodway	1,340	0.08%	\$1,112,962,100	0.16%	1.09	0.23%	0.16%	\$1,186	Woodway
Yarrow Point	1,135	0.07%	\$2,075,804,200	0.29%	0.36	0.08%	0.15%	\$1,108	Yarrow Point
Totals	1,735,781	100.0%	\$704,697,710,018	100.0%	470.56	100.0%	100.0%	\$760,366	
							2025 TOTAL	\$760,366	

Population:

- Population estimates are based on 2023 OFM April 1st Estimates and 2023 OFM Small Area Estimate Program (SAEP) data for census blocks.
- Jurisdictions entirely within a WRIA are assigned the 2023 OFM April 1st Estimate directly. Jurisdictions that straddle WRIA boundaries are assigned the percent share of the 2023 OFM April 1st Estimate based on a geographic allocation of census blocks across WRIA boundaries, accounting for water areas and public land where people are unlikely to live.

Note: This method was tested against the 2021 ILA Cost Share tables using 2020 OFM data and was determined to be highly comparable for estimating population breakdowns. As OFM releases data every year, and the data spans both King and Snohomish Counties, this is a consistent and repeatable analysis across the entire study area.

- The portion of Kent in WRIA 8 is solely the Kent Watershed and has no population allocated to it.

***Assessed Value & Area:**

Snohomish County: Assessed value is based on Snohomish County Assessor’s data March 2021, for market land value + market improvements value

King County: Assessed value is based on King County Assessor’s data February 2021, land + improvements value

Assessed value and area (sq. miles) excludes the Upper Cedar River subwatershed.

Project title: An Ordinance Amending Ordinance No. 4019-24 Entitled a Special Improvement Project Entitled “Thornton A. Sullivan Park Floating Dock Repairs”, Fund 354, Program 100, to Accumulate All Costs for the Project

Council Bill #

CB 2502-19

Agenda dates requested:

Briefing

1st Reading 3/12/252nd Reading 3/19/25

Consent

Action 3/26/25

Ordinance ☒

Public hearing

Yes ☒ No ☐**Budget amendment:**Yes ☒ No ☐**PowerPoint presentation:**Yes ☒ No ☐**Attachments:**

Funding Ordinance

Department(s) involved:

Parks & Facilities

Contact person:

Bob Leonard

Phone number:

425-257-8335

Email:

bleonard@everettwa.gov

Initialed by:

RML

Department head

Administration

Council President

Project: Thornton A. Sullivan Park Floating Dock Repairs**Partner/Supplier:** Reid Middleton Engineers**Location:** 11405 W Silver Lake Rd, Everett**Preceding action:** [Funding Ordinance 4019-24](#)**Fund:** Fund 354, Program 100 (CIP-3)**Fiscal summary statement:**

On April 24, 2024, City Council adopted a funding Ordinance to fund the design and engineering for the proposed repairs to three floating docks in the amount of \$40,000. This proposed Ordinance will provide an additional \$100,000 which will include all costs related for the repairs and construction costs in the amount of \$140,000. The source of funds for this project is Fund 354, Program 100 (CIP 3).

Project summary statement:

Thornton A. Sullivan Park at Silver Lake is one of City of Everett’s most beloved parks and has been a hub of water-based activities for generations of park users. The shoreline and beach serve as major year-round attractions. Three floating docks are an integral feature of beach activity, serving organized programming and the general public. At well-over thirty years old the floating docks are long-overdue for deferred maintenance. Parks and Facilities will undertake the first major renovation of the docks as an interim solution to a longer-term vision for a new state-of-the-art pier/dock system that meets current ecological and design standards.

Based on a preliminary assessment and recommendation engineers report conducted December 2023, needed repairs include: resurfacing to remedy significant spalling and delamination of the concrete surfaces that pose trip hazards and render the docks non-ADA compliant; replacement of rotting bull rails, perimeter walers and edge/rub boards; replacement of missing through-rods connecting and stabilizing float sections; pin pile replacement; mooring system upgrades; shore re-grading where the docks and access gangways meet the beach to minimize grounding and excessive lateral pitch of the docks.

Recommendation (exact action requested of Council):

Adopt an Ordinance amending Ordinance No. 4019-24 Entitled a Special Improvement Project Entitled “Thornton A. Sullivan Park Floating Dock Repairs”, Fund 354, Program 100, to accumulate all costs for the project.



ORDINANCE NO. _____

An Ordinance Amending Ordinance No. 4019-24 Entitled, "Thornton A. Sullivan Park Floating Dock Repairs," Fund 354, Program 100, to accumulate all design, engineering, permitting and construction costs for the project.

WHEREAS,

- A.** The City Council recognizes the need to maintain and improve City Park amenities.
- B.** The City Council recognizes the value and need to provide Everett residents and visitors with recreation spaces.
- C.** The City recognizes that the floating docks at T.A. Sullivan Park are in need of repairs and maintenance.

NOW, THEREFORE, THE CITY OF EVERETT DOES ORDAIN:

Section 1. Section 4 of Ordinance No. 4019-24 which reads as follows:

The sum of \$40,000 is hereby appropriated to Fund 354, Program 100, "Thornton A. Sullivan Park Floating Dock Repairs," project.

A. Use of Funds

Design and Permitting	<u>\$40,000</u>
Total	\$40,000

B. Source of Funds

CIP 3	<u>\$40,000</u>
Total	\$40,000

- C.** The appropriation shall not lapse but shall be carried forward from year to year until fully expended or the purpose has been accomplished or abandoned without the necessity of reappropriation.

Be and the same is hereby amended to read as follows:

The sum of \$140,000 is hereby appropriated to Fund 354, Program 100, "Thornton A. Sullivan Park Floating Dock Repairs," project.

A. Use of Funds	
Design	\$ 40,000
Construction	<u>\$ 100,000</u>
Total	\$ 140,000

B. Source of Funds	
CIP-3	<u>\$ 140,000</u>
Total	\$ 140,000

- C. The appropriation shall not lapse but shall be carried forward from year to year until fully expended or the purpose has been accomplished or abandoned without the necessity of re-appropriation.

Section 5. The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers, and any internal references.

Section 6. The City Council hereby declares that should any section, paragraph, sentence, clause or phrase of this ordinance be declared invalid for any reason, it is the intent of the City Council that it would have passed all portions of this ordinance independent of the elimination of any such portion as may be declared invalid.

Section 7. The enactment of this Ordinance shall not affect any case, proceeding, appeal or other matter currently pending in any court or in any way modify any right or liability, civil or criminal, which may be in existence on the effective date of this Ordinance.

Section 8. It is expressly the purpose of this Ordinance to provide for and promote the health, safety and welfare of the general public and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this Ordinance. It is the specific intent of this Ordinance that no provision or any term used in this Ordinance is intended to impose any duty whatsoever upon the City or any of its officers or employees. Nothing contained in this Ordinance is intended nor shall be construed to create or form the basis of any liability on the part of the City, or its officers, employees or agents, for any injury or damage resulting from any action or inaction on the part of the City related in any manner to the enforcement of this Ordinance by its officers, employees or agents.



Cassie Franklin, Mayor

ATTEST:

City Clerk

PASSED: _____

VALID: _____

PUBLISHED: _____

EFFECTIVE DATE: _____





City Council Agenda Item Cover Sheet

Project title: An Ordinance closing a special improvement project entitled "Sewer "O" Utility Upgrades Phase 2" Fund 336, Program 026, as established by Ordinance No. 3834-21.

Council Bill # *interoffice use*

CB 2503-20

Agenda dates requested:

Briefing
1st Reading 03/19/25
2nd Reading 03/26/25
Consent
Action 04/02/25
Ordinance X
Public hearing
Yes X No

Budget amendment:

Yes X No

PowerPoint presentation:

Yes X No

Attachments:

Proposed Ordinance

Department(s) involved:

Public Works, Admin

Contact person:

Ryan Sass

Phone number:

(425) 257-8942

Email:

RSass@everettwa.gov

Initialed by:

RLS

Department head

Administration

Council President

Project: Sewer "O" Utility Upgrades Phase 2

Partner/Supplier:

Location: 36th Street from Smith to McDougal, Lombard from 32nd to 35th

Preceding action: Ordinance 3834-21, approved on [11/24/21](#)

Fund: 336 – Water & Sewer System Improvements Fund

Fiscal summary statement:

Ordinance No. 3834-21 appropriated \$7,580,000 in local funds to Fund 336, Program 026 for the project.

Project design costs incurred to date are \$21,602.50

Project summary statement:

This project will install new sewer mains within the general area of 36th St. from Smith Ave. to McDougal Ave., McDougal Ave. between 36th St. and 35th St., 35th St. from Oakes St. to McDougal Ave., 32nd St. west for about 200 ft west of Broadway Ave. The new sewer main will route flows out of pipes that are currently having capacity issues and provide additional capacity to the sewer basin. Sewer main pipe will be replaced and upsized on Lombard Ave. from 32nd St., to 35th St.

The department currently has the 36th Street Combined Sewer Outflows (CSO) project on-going and is unable to make further progress on this project until completion of 36th Street CSO. After careful consideration, the department determined that the project will be deferred and re-scheduled for a later time outside of the current water & sewer utility rate cycle.

Upon reopening the project, the department will return to council with a new funding ordinance.

Recommendation (exact action requested of Council):

Adopt an Ordinance closing a Special Improvement Project entitled "Sewer "O" Utility Upgrades Phase 2" Fund 336, Program 026, as established by Ordinance No. 3834-21.



ORDINANCE NO. _____

An ORDINANCE closing a special improvement project entitled “Sewer “O” Utility Upgrades Phase 2” Fund 336, Program 026, as established by Ordinance No. 3834-21.

WHEREAS,

- A.** The special improvement project entitled “Sewer “O” Utility Upgrades Phase 2” Fund 336, Program 026, was established to provide for identified improvements.
- B.** The project has been deferred to a future date and there are neither outstanding obligations to be paid nor uncollected revenues to be received.

NOW, THEREFORE, THE CITY OF EVERETT DOES ORDAIN:

Section 1. The special improvement project entitled “Sewer “O” Utility Upgrades Phase 2” Fund 336, Program 026, as established by Ordinance No. 3834-21 be closed.

Section 2. That the final expenses and revenues for the “Sewer “O” Utility Upgrades Phase 2” Fund 336, Program 026 are as follows:

A. Expense	
Design	\$ 21,603
Remaining Balance Transfer to Fund 401	<u>\$7,558,397</u>
Total Expenses	\$7,580,000
B. Source of Funds	
Fund 401 – Water/Sewer Utility Fund	<u>\$7,580,000</u>
Total Funds	\$7,580,000

Section 3. There are no financial transactions remaining.

Section 4. The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance including, but not limited to, the correction of scrivener’s/clerical errors, references, ordinance numbering, section/subsection numbers, and any internal references.

Section 5. The City Council hereby declares that should any section, paragraph, sentence, clause or

phrase of this ordinance be declared invalid for any reason, it is the intent of the City Council that it would have passed all portions of this ordinance independent of the elimination of any such portion as may be declared invalid.

Section 6. The enactment of this Ordinance shall not affect any case, proceeding, appeal or other matter currently pending in any court or in any way modify any right or liability, civil or criminal, which may be in existence on the effective date of this Ordinance.

Section 7. It is expressly the purpose of this Ordinance to provide for and promote the health, safety and welfare of the general public and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this Ordinance. It is the specific intent of this Ordinance that no provision or any term used in this Ordinance is intended to impose any duty whatsoever upon the City or any of its officers or employees. Nothing contained in this Ordinance is intended nor shall be construed to create or form the basis of any liability on the part of the City, or its officers, employees or agents, for any injury or damage resulting from any action or inaction on the part of the City related in any manner to the enforcement of this Ordinance by its officers, employees or agents.

Cassie Franklin, Mayor

ATTEST:

Marista Jorve, City Clerk

PASSED: _____

VALID: _____

PUBLISHED: _____

EFFECTIVE DATE: _____

Project title: An Ordinance creating a special improvement project entitled “Everett Point Industrial Center (EPIC) Green Bridge” Fund 303, Program 132, to accumulate all costs for the improvement.

Council Bill #

CB 2503-21

Agenda dates requested:

Briefing

1st Reading 3/19/25

2nd Reading 3/26/25

Consent

3rd Reading 4/2/25

Ordinance X

Public hearing

Yes X No

Budget amendment:

Yes X No

PowerPoint presentation:

Yes X No

Attachments:

Proposed Ordinance

Department(s) involved:

Public Works, Admin

Contact person:

Tom Hood

Phone number:

(425) 257-8809

Email:

thood@everettwa.gov

Initialed by:

RLS

Department head

Administration

Council President

Project: Everett Point Industrial Center (EPIC) Green Bridge

Partner/Supplier: WA State Department of Transportation (WSDOT)

Location: Everett Avenue to the EPIC site

Preceding action: N/A

Fund: Fund 303 – Public Works Improvement Projects

Fiscal summary statement:

The programmed available funding for design of the project is \$5,000,000. The funding sources for this project will be as follows:

DEMO Grant – ID # WA365	\$ 850,000
Fund 157 – Traffic Mitigation	<u>4,150,000</u>
Total Funds	\$5,000,000

This ordinance will provide funding authorization for the design phase of the project. The department will bring a subsequent ordinance that will include construction funding for Council consideration in the future.

Project summary statement:

This project will construct a new bridge over Railway Avenue that will extend Everett Avenue from its current terminus at E. Grand Avenue and provide connection to the EPIC Green site. The site spans over 100 acres, of which the City owns 64 acres. Currently, its sole access is via Railway Avenue, via an at-grade crossing of the BNSF railway mainline.

The site currently hosts the City’s Police Department impound yard and City’s Public Works bulk storage yard. The department also plans to move and consolidate its Public Works Service Center to this location.

Recommendation (exact action requested of Council):

Adopt an Ordinance creating a Special Improvement Project entitled “Everett Point Industrial Center (EPIC) Green Bridge” Fund 303, Program 132, to accumulate all costs for the improvement.



ORDINANCE NO. _____

An ORDINANCE creating a special improvement project entitled “Everett Point Industrial Center (EPIC) Green Bridge” Fund 303, Program 132, to accumulate all costs for the improvement.

WHEREAS,

- A.** The City of Everett is committed to a comprehensive bridge construction, maintenance, and safety program.
- B.** The City of Everett has identified the need and obtained funds to construct a bridge from Everett Avenue to the EPIC site.

NOW, THEREFORE, THE CITY OF EVERETT DOES ORDAIN:

Section 1. A special improvement project is hereby established as Fund 303, Program 132, entitled “Everett Point Industrial Center (EPIC) Green Bridge” to accumulate all costs for the improvement. Authorization is hereby given to accumulate costs and distribute payments for the improvement project.

Section 3. Authorization is hereby granted for the “Public Works Director” or “City Engineer” under direction of the Mayor, to assume full and complete responsibility for conducting all tasks and doing all things to accomplish the actions authorized in this ordinance.

Section 4. The sum of \$5,000,000 is hereby appropriated to Fund 303, Program 132, “Everett Point Industrial Center (EPIC) Green Bridge” as follows:

A.	Estimated Design Costs	\$5,000,000
B.	Source of Funds	
	DEMO Grant – ID # WA365	\$ 850,000
	Fund 157 – Traffic Mitigation	<u>4,150,000</u>
	Total Funds	\$5,000,000

Section 5. The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance including, but not limited to, the correction of scrivener’s/clerical errors, references, ordinance numbering, section/subsection numbers, and any internal references.

Section 6. The City Council hereby declares that should any section, paragraph, sentence, clause, or phrase of this ordinance be declared invalid for any reason, it is the intent of the City Council that it would have passed all portions of this ordinance independent of the elimination of any such portion as may be declared invalid.

Section 7. The enactment of this Ordinance shall not affect any case, proceeding, appeal or other matter currently pending in any court or in any way modify any right or liability, civil or criminal, which may be in existence on the effective date of this Ordinance.

Section 8. It is expressly the purpose of this Ordinance to provide for and promote the health, safety, and welfare of the general public and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this Ordinance. It is the specific intent of this Ordinance that no provision or any term used in this Ordinance is intended to impose any duty whatsoever upon the City or any of its officers or employees. Nothing contained in this Ordinance is intended nor shall be construed to create or form the basis of any liability on the part of the City, or its officers, employees, or agents, for any injury or damage resulting from any action or inaction on the part of the City related in any manner to the enforcement of this Ordinance by its officers, employees, or agents.

Cassie Franklin, Mayor

ATTEST:

Marista Jorve, City Clerk

PASSED: _____

VALID: _____

PUBLISHED: _____

EFFECTIVE DATE: _____

Project title: Adopt an Ordinance Providing for the Issuance, Sale, and Delivery of One of More Series of Limited Tax General Obligation Bonds in an Aggregate Principal Amount Not to Exceed \$28,000,000.

Council Bill # *interoffice use*

CB 2502-17

Agenda dates requested:

Briefing, 1st Reading 03/05/25

2nd Reading 03/12/25

3rd Reading 03/19/25

Ordinance X

Public hearing

Yes X No

Budget amendment:

Yes X No

PowerPoint presentation:

Yes X No

Attachments:

Ordinance

Department(s) involved:

Finance

Contact person:

Heide Brillantes, Finance
Director

Phone number:

(425) 257-8612

Email:

HBrillantes@everettwa.gov

Initialed by:

HB

Department head

Administration

Council President

Project: 2025 Limited Tax General Obligation Bonds

Partner/Supplier: NA

Location: NA

Preceding action: NA

Fund: Capital Improvement Reserve Fund 162 and Bond Redemption Fund 210

Fiscal summary statement:

The total principal amount is not to exceed \$28,000,000. The debt service for the bond issue is funded through the Capital Improvement Reserve Fund 162, with primary revenue sources coming from the first quarter percent of the Real Estate Excise Tax (REET 1) and Local Infrastructure Financing Tool (LIFT) proceeds. The payments for the debt service are recorded in the Bond Redemption Fund 210

Project summary statement:

The issuance, sale, and delivery of one or more series of limited tax general obligation bonds provide funds to (1) pay or reimburse the costs of various projects including the Everett Municipal Building Project, Riverfront Trail Improvement Project, Eclipse Mill Park Improvement Project, and the Edgewater Bridge Improvement Project, and (2) to pay the costs of issuance of the bonds.

Recommendation (exact action requested of Council):

Adopt an Ordinance Providing for the Issuance, Sale, and Delivery of One of More Series of Limited Tax General Obligation Bonds in an Aggregate Principal Amount Not to Exceed \$28,000,000.

CITY OF EVERETT, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE of the City of Everett, Washington, relating to contracting indebtedness; providing for the issuance, sale, and delivery of one or more series of limited tax general obligation bonds in an aggregate principal amount not to exceed \$28,000,000 to provide funds (1) to pay or reimburse the costs of various Projects, including the Everett Municipal Building Project, the Bridge Improvements, the Riverfront Trail Improvements, the LIFT Parks & Trails Improvements, and other capital improvements, and (2) to pay the costs of issuance of the Bonds; 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 each Series of the Bonds; and providing for other related matters.

Passed March __, 2025

This document prepared by:

*Stradling Yocca Carlson & Rauth LLP
Seattle, Washington*

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CITY OF EVERETT, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE of the City of Everett, Washington, relating to contracting indebtedness; providing for the issuance, sale, and delivery of one or more series of limited tax general obligation bonds in an aggregate principal amount not to exceed \$28,000,000 to provide funds (1) to pay or reimburse the costs of various Projects, including the Everett Municipal Building Project, the Bridge Improvements, the Riverfront Trail Improvements, the LIFT Parks & Trails Improvements, and other capital improvements, and (2) to pay the costs of issuance of the Bonds; 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 each Series of the Bonds; and providing for other related matters.

BE IT ORDAINED BY THE CITY OF EVERETT as follows:

Section 1. Findings and Determinations. The City takes makes the findings and determinations set forth below. Capitalized terms have the meanings given in Section 2.

(a) *Authority and Description of Projects.* The City is in need of completing the Projects (as defined in Section 2), the total expected cost of which is estimated to be approximately \$77.1 million, which is expected to be paid from proceeds of the Bonds and other available money of the City. Because the City does not have sufficient funds currently available and budgeted for these Projects, the City Council finds that it is in the best interests of the City to issue the Bonds to carry out the Projects. Pursuant to applicable law, including without limitation chapters 35.37, 35.40, 39.36, 39.44, 39.46, and 39.52 RCW, the City is authorized to issue general obligation bonds for the purpose of financing the Projects.

(b) *Findings with Respect to LIFT Bonds.* The City previously passed Ordinance No. 2997-07, creating the Everett Riverfront Revenue Development Area and received approval on September 13, 2007 from the Community Economic Revitalization Board to use the Local Infrastructure Financing Tool under chapter 39.102 RCW to finance certain public improvements within the Revenue Development Area (the "LIFT Public Improvements"), which included the LIFT Parks & Trails Improvements (as defined in Section 2). In Ordinance No. 3539-17, passed on April 12, 2017, the City Council found that the City had satisfied all statutory preconditions to imposing the LIFT Tax (including without limitation, the conditions set forth in RCW 39.102.040 and 82.14.475) and began imposing the local option sales and use tax under RCW 82.14.475, which constitutes the State Contribution under the LIFT Program. On March 5, 2025, the City Council approved Resolution No. __, declaring its intent to issue general obligation bonds pursuant to RCW 39.102.150 after an opportunity for public comment. Pursuant to RCW 39.102.150, the City is authorized to issue general obligation bonds for the purpose of financing the LIFT Public Improvements. The City hereby dedicates the LIFT Revenues and revenues from other local public sources to retiring such indebtedness.

(c) *Debt Capacity.* The maximum amount of indebtedness authorized by this ordinance is \$28,000,000. Based on the following facts, this amount is to be issued within the amount permitted to be issued by the City for general municipal purposes without a vote:

(1) The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes (i.e., for collection in the calendar year 2025) is \$27,847,087,386.

(2) As of the date of this ordinance, the City has limited tax general obligation indebtedness, consisting of bonds, notes, public works trust fund loans and City guarantees outstanding in the principal amount of \$18,503,523, which is incurred within the limit of up to 1½% of the value of the taxable property within the City permitted for general municipal purposes without a vote.

(3) As of the date of this ordinance, the City has no unlimited tax general obligation indebtedness incurred with the approval of the requisite proportion of the City's qualified voters at an election meeting the minimum turnout requirements, within the limit of up to 2½% of the value of the taxable property within the City for general municipal purposes (when combined with the outstanding limited tax general obligation indebtedness), 2½% for utility purposes and 2½% for open space, parks and economic development purposes.

(d) *The Bonds.* For the purpose of providing the funds necessary to carry out the Projects and to pay the costs of issuance and sale of the Bonds, the City Council finds that it is in the best interests of the City and its taxpayers to issue and sell one or more Series of the Bonds to the Purchaser of each Series, pursuant to the terms set forth in one or more Bond Purchase Agreements, as approved by the City's Designated Representative consistent with this ordinance.

Section 2. Definitions.

(a) Defined Terms. As used in this ordinance, the following definitions shall apply unless a different meaning clearly appears from the context:

(1) “*Authorized Denomination*” means \$5,000 or any integral multiple thereof within a maturity of a Series.

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

(3) “*Bond*” means each bond issued pursuant to and for the purposes provided in this ordinance.

(4) “*Bond Counsel*” means the firm of Stradling Yocca Carlson & Rauth LLP, 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.

(5) “*Bond Purchase Agreement*” means an offer to purchase a Series of the Bonds pursuant to certain Sale Terms, setting forth certain terms and conditions of the issuance, sale and delivery of such Series, which offer is authorized to be accepted by the Designated Representative on behalf of the City, consistent with this ordinance. In the case of a competitive sale, the official notice of sale, the Purchaser's bid and the award by the City, and a certificate of the Designated Representative confirming the Sale Terms shall constitute the Bond Purchase Agreement for purposes of this ordinance.

(6) “*Bond Redemption Fund*” means Fund 210-Bond Redemption Fund of the City previously created and maintained for the payment of the principal of and interest on the Bonds and other outstanding limited tax general obligation bonds of the City.

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

(8) “*Bond Registrar*” means the Fiscal Agent, or any successor bond registrar selected by the City.

(9) “*Bonds*” means the general obligation bonds authorized to be issued pursuant to this ordinance in one or more Series, consisting of the LIFT Bonds and the Various Purpose Bonds.

(10) “*Book-Entry Form*” means a fully registered form in which physical bond certificates are registered only in the name of the Securities Depository (or its nominee), as Registered Owner, with the physical bond certificates held by and immobilized in the custody of the Securities Depository (or its designee), where the system for recording and identifying the transfer of the ownership interests of the Beneficial Owners in those Bonds is neither maintained by nor the responsibility of the City or the Bond Registrar.

(11) “*Bridge Improvements*” means the repair or replacement of the Edgewater Bridge, which spans Edgewater Creek on West Mukilteo Boulevard between Everett and Mukilteo, including seismic improvements, sidewalks, multimodal lanes for pedestrian and bicycle traffic, and design elements including railings, lighting, accessibility, safety, and related improvements.

(12) “*City*” means the City of Everett, Washington, a municipal corporation duly organized and legally existing as charter city of the first class under the laws of the State.

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

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

(15) “*Continuing Disclosure Certificate*” means the undertaking to provide continuing disclosure executed by the Finance Director pursuant to Section 16 of this ordinance in order to permit the underwriter or successful bidder for the Bonds to comply with Rule 15c2-12.

(16) “*DTC*” means The Depository Trust Company, New York, New York, or its nominee.

(17) “*Designated Representative*” means the officer of the City appointed in Section 4 of this ordinance to serve as the City’s designated representative in accordance with RCW 39.46.040(2).

(18) “*Everett Municipal Building Project*” means the project to upgrade to the Everett Municipal Building and to undertake certain tenant improvements and critical system replacements. The Everett Municipal Building Project includes the repair, renovation, remodeling, installation, replacement, or other improvements to the building infrastructure, roof, elevators, HVAC systems, electrical distribution and lighting controls, fire protection systems, emergency generators, domestic hot water systems, plumbing and plumbing fixtures, renovations to enhance the functionality and efficiency of useable floor space, and related improvements.

(19) “*Finance Director*” means the person who holds the office of Finance Director of the City, or such successor officer as may be charged with carrying out all or substantially all of the duties of the office of Finance Director-Treasurer under the City Charter.

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

(21) “*Government Obligations*” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

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

(23) “*Letter of Representations*” means a Blanket Issuer Letter of Representations between the City and DTC, on file with DTC and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(24) “*LIFT*” or “*LIFT Program*” means the local infrastructure financing tool authorized under chapter 39.102 RCW.

(25) “*LIFT Bonds*” means a Series of the Bonds issued to provide funds to pay all or a portion of the costs of the LIFT Public Improvements.

(26) “*LIFT Public Improvements*” means those improvements approved as part of the LIFT Program application, as set forth in Ordinance No. 2997-07 of the City, which includes the LIFT Parks & Trails Improvements.

(27) “*LIFT Parks & Trails Improvements*” means the public amenities, urban parks, wetland enhancements, and trails improvements known as the Eclipse Mill Park project, including riverbank stabilization, waterside amenities (which may include improvements such as a river overlook deck, gangway, personal watercraft floating boarding dock, and debris deflector), development of an access trail in the lowland park area, and other improvements public access and enjoyment of the park, and other infrastructure improvements located within the RDA, consistent with the City’s application for the LIFT Program, as it may be amended from time to time.

(28) “*LIFT Revenues*” means the revenues derived by the City from implementation of the LIFT Program, including but not limited to the State Contribution received as a result of imposing the sales and use tax under RCW 82.14.475.

(29) “*MSRB*” means the Municipal Securities Rulemaking Board.

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

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

(32) “*Project Fund*” means collectively or individually, depending on context (1) with respect to the LIFT Parks & Trails Improvements, the City’s Fund 308–Riverfront District Development, which has been designated for the purpose of carrying out the LIFT Public Improvements; and (2) with respect to the other Projects, the City’s Fund 342–City Facilities Construction Fund, Fund 303–Public Works Improvement Project Fund, and Fund 354–Parks CIP 3 Construction Fund, which have been designated for the purpose of carrying out the Everett Municipal Building Project, the Bridge Improvements, and the Riverfront Trail Improvements, respectively.

(33) “*Projects*” means, collectively, the LIFT Parks & Trails Improvements, the Everett Municipal Building Project, the Bridge Improvements, the Riverfront Trail Improvements, and other capital purposes identified by ordinance, all as deemed necessary and advisable by the City. The City Council reserves the right to amend this ordinance to make such changes in or additions to the Projects (including changes to the construction or design of other City facilities) as may be found necessary or desirable. Incidental costs incurred in connection with carrying out and accomplishing the Projects may be included as costs of the Projects. The Projects include acquisition, construction, and installation of all necessary furniture, equipment, apparatus, accessories, fixtures, and appurtenances. The Projects may also include the costs of design, engineering, permitting, acquisition of land, construction, installation, site clearing or preparation, demolition, and other costs necessary to construction of the proposed improvements. The term “land,” when used in connection with the Projects, includes all real property and all appurtenant improvements, structures, and interests therein.

(34) “*Purchaser*” means a 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, underwriter or placement agent in a negotiated sale or awarded as the successful bidder in a competitive sale of any Series of the Bonds.

(35) “*Rating Agency*” means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the City.

(36) “*RDA*” or “*Revenue Development Area*” means the geographic area adopted by the City pursuant to chapter 39.102 RCW, regarding local infrastructure financing under the LIFT Program.

(37) “*Record Date*” means the Bond Registrar’s close of business on the 15th 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.

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

(39) “*Riverfront Trail Improvements*” means, to the extent not included as part of the LIFT Public Improvements, the Riverfront Trail Improvement project, which includes relocating a section of the existing trail that is being eroded by the Snohomish River, along with the other necessary major trail repairs to ensure safety, accessibility, and sustainability of the trail system.

(40) “*Rule 15c2-12*” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(41) “*Sale Terms*” means the terms and conditions for the sale of a Series of the Bonds including but not limited to 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, conditions or covenants. The parameters for certain Sale Terms are set forth in Exhibit A.

(42) “*SEC*” means the United States Securities and Exchange Commission.

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

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

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

(46) “*State Contribution*” has the meaning given in RCW 39.102.020(29).

(47) “*System of Registration*” means the system of registration for the City’s bonds and other obligations set forth in chapter 3.18 of the Everett Municipal Code and in this ordinance.

(48) “*Taxable Bond*” means any Bond the interest on which is not intended, as of the Issue Date, to be excludable from gross income for federal income tax purposes.

(49) “*Tax-Exempt Bond*” means any Bond the interest on which is intended on the Issue Date to be excludable from gross income for federal income tax purposes.

(50) “*Term Bond*” means each Bond designated as a Term Bond and subject to mandatory redemption in the years and amounts set forth in the Bond Purchase Agreement.

(51) “*Undertaking*” means the undertaking to provide continuing disclosure entered into pursuant to Section 15 of this ordinance.

(52) “*Various Purpose Bonds*” means the Series of Bonds issued to provide the funds to pay the costs of the Projects other than the LIFT Public Improvements.

(b) *Rules of Interpretation.* In this ordinance, unless the context otherwise requires:

(1) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision, or clause hereof. The term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this ordinance.

(2) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(4) Any headings preceding the text of the several articles and Sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect.

(5) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 3. Authorization of Bonds. The City is authorized to borrow money on the credit of the City and issue negotiable limited tax general obligation improvement bonds evidencing indebtedness in one or more Series in an aggregate principal amount not to exceed \$_____ to provide funds necessary to carry out the Projects, and to pay the costs of issuance and sale of the Bonds. The proceeds of the Bonds allocated to paying the cost of the Projects shall be deposited as

set forth in Section 8 of this ordinance and shall be used to carry out the Projects, or such portion of the Projects, in such order of time as the City determines is advisable and practicable.

Section 4. Description of the Bonds; Appointment of Designated Representative. The Finance Director is appointed to act as the Designated Representative of the City and is authorized and directed to conduct the sale of the Bonds in one or more Series, 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 Exhibit A, which is attached to this ordinance and incorporated by this reference.

Section 5. 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.

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

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

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

Section 6. Form and Execution of Bonds.

(a) *Form of Bonds; Signatures and Seal.* Each Bond shall be prepared in a form consistent with the provisions of this ordinance and State law. Each Bond shall be signed by the Mayor and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing such officer's 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 it 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 Everett, Washington, Limited Tax General Obligation Bonds, 2025 [Series ____]." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 7. Payment of Bonds. Principal of and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar 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. Principal of each Bond not registered in the name of the Securities Depository 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 8. Bond Redemption Fund.

(a) *Creation of Bond Redemption Fund.* Fund 210-Bond Redemption Fund has been previously created as a special fund of the City for the sole purpose of paying principal of and interest on the limited tax general obligation bonds of the City. The Finance Director may create such subfunds or accounts as may be necessary for the separate tracking of each Series of the Bonds. Bond proceeds (if any) in excess of the amounts needed to pay the costs of the Projects, and to pay the

costs of issuance shall be deposited into the Bond Redemption Fund and used on the first interest payment date.

(b) *Deposit of Funds for Debt Service.* All amounts from whatever source allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Redemption Fund as necessary for the timely payment of amounts due with respect to the Bonds. The principal of and interest on the Bonds shall be paid out of the Bond Redemption Fund. Until needed for that purpose, the City may invest money in the Bond Redemption Fund temporarily in any legal investment, and the investment earnings shall be retained in the Bond Redemption Fund and used for the purposes of that Fund.

(c) *Deposit of LIFT Revenues.* All LIFT Revenues and other amounts allocated to the payment of the principal of and interest on the LIFT Bonds shall be deposited in the Bond Redemption Fund (or such subfund or account therein as the Finance Director may designate for the benefit of the LIFT Bonds) as necessary for the timely payment of amounts due with respect to the LIFT Bonds.

Section 9. Use of Bond Proceeds; Project Funds. Fund 30-Riverfront District Development Fund, Fund 354-Parks CIP 3 Construction, Fund 342-City Facilities Construction, and Fund 303-Public Works Improvement Project Funds of the City have been designated by the City as the Project Funds to be used for the purpose of paying the costs of the Projects. Proceeds received from the sale and delivery of the Bonds and allocated to carrying out the Projects shall be deposited into the applicable Project Fund and used to pay the respective costs of the Projects and to pay the costs of issuance of the Bonds, if necessary. Implementation or completion of any specified project or improvement shall not be required if the City determines that, due to substantially changed circumstances, it has become advisable or impractical. If the Projects are completed (or their completion duly provided for) by another source of funds, or if their completion found to be impractical, the City may apply the Bond proceeds or any portion thereof or to other capital improvements of the City as the City Council in its discretion may direct. Notwithstanding the foregoing, proceeds of the LIFT Bonds shall be applied only to capital improvements that are LIFT Public Improvements. If the Bond proceeds, plus other legally available funds, are insufficient to accomplish all of the Projects, the City may use the available funds for paying the cost of such portion of the Projects deemed by the Council most necessary and in the best interest of the City. 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 Project 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 Project Fund and used for those tax or rebate purposes.

Section 10. Redemption Provisions and Purchase of Bonds.

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

(b) *Mandatory Redemption.* Each Bond that is designated as a Term Bond in the Bond Purchase Agreement, except as set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the dates and in the amounts as set forth in the Bond Purchase 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 within a Series 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 Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar shall select all other 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 registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption of each other Bond, unless waived by the Registered Owner, shall be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

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

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

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

Section 11. Pledge of Taxes.

(a) *General Obligation Pledge.* The Bonds constitute a general indebtedness of the City and are payable from tax revenues of the City and such other money as is lawfully available and pledged by the City for the payment of principal of and interest on the Bonds. For as long as any of the Bonds are outstanding, the City irrevocably pledges that it shall, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters,

include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Bonds as the same become due. The full faith, credit and resources of the City are pledged irrevocably for the prompt payment of the principal of and interest on the Bonds and such pledge shall be enforceable in mandamus against the City.

(b) *Additional Pledge of LIFT Revenues.* In addition to the general obligation pledge, above, the proceeds received by the City of sales and use tax authorized under RCW 82.14.475, imposed, collected and dedicated by Ordinance No. 3539-17 of the City, which amounts comprise the State Contribution portion of the LIFT Revenues, are pledged, as necessary, to the payment of those Bonds (or series of Bonds) designated as LIFT Bonds. For purposes of RCW 82.14.475 and chapter 39.102 RCW, the pledge herein of taxes from local sources other than the State Contribution portion of the LIFT Revenues to the repayment of the LIFT Bonds shall be deemed to be a dedication of such funds to the payment of public improvement costs (as defined in RCW 39.102.020) and shall be counted toward the local match requirement of RCW 39.102.020(30)(b).

Section 12. Failure To Pay Bonds. If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay 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 Redemption 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 13. 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. Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

Section 14. Federal Tax Matters.

(a) *Tax-Exempt Bonds.* The Sale Terms and other documents executed in conjunction with the sale of the Bonds (or a Series of the Bonds) may include such additional terms and covenants relating to federal tax matters as the Finance Director deems necessary or appropriate, including the following:

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

(2) *Post-Issuance Compliance with Federal Tax-Exempt Bond Requirements.* The Finance Director 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.

(b) *Taxable Bonds.* Notwithstanding the foregoing, nothing herein prevents the Finance Director from determining that the Bonds, or a series of the Bonds, is to be issued as Taxable Bonds.

Section 15. 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, private placement, or by competitive sale in accordance with a notice of sale 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 and other advisors. In determining the method of sale of a Series and 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.

(b) *Procedure for Negotiated Sale or Private Placement.* If the designated Representative determines that a Series of the Bonds is to be sold by negotiated sale or private placement, the Designated Representative shall select one or more Purchasers with which to negotiate such sale. The Bond Purchase Agreement for such Series shall set forth the Sale Terms. The Designated Representative is authorized to execute the Bond Purchase Agreement on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

(c) *Procedure for Competitive Sale.* If the Designated Representative determines that a Series of the Bonds is to be sold by competitive sale, the Designated Representative shall cause the preparation of an official notice of bond sale setting forth parameters for the Sale Terms and any other bid parameters that the Designated Representative deems appropriate consistent with this ordinance. Bids for the purchase of the Series shall be received at such time or place and by such means as the Designated Representative directs. On the date and time established for the receipt of bids, the Designated Representative (or the designee of the Designated Representative) shall open bids and shall cause the bids to be mathematically verified. The Designated Representative is authorized to award, on behalf of the City, the winning bid and accept the winning bidder's offer to purchase the Series, with such adjustments to the aggregate principal amount and principal amount per maturity as the Designated Representative deems appropriate, consistent with the terms of this ordinance. The Designated Representative may reject any or all bids submitted and may waive any formality or irregularity in any bid or in the bidding process if the Designated Representative deems

it to be in the City's best interest to do so. If all bids are rejected, the Series may be sold pursuant to negotiated sale or in any manner provided by law as the Designated Representative determines is in the best interest of the City, within the parameters set forth in this ordinance.

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

Section 16. Official Statement; Continuing Disclosure.

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

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

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

Section 17. Supplemental and Amendatory Ordinances. The City may supplement or amend this ordinance for any one or more of the following purposes without the consent of any Owners of the Bonds:

(a) To add covenants and agreements that do not materially adversely affect the interests of Owners, or to surrender any right or power reserved to or conferred upon the City.

(b) To cure any ambiguities, or to cure, correct or supplement any defective provision contained in this ordinance in a manner that does not materially adversely affect the interest of the Beneficial Owners of the Bonds.

(c) To impose upon the Bond Registrar (or a bond trustee, if any), with its consent, 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;

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

(e) 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;

(f) To amend or supplement this ordinance in any other respect which is not materially adverse to the registered owners of the Bonds; and

(g) To maintain the exclusion from gross income of the interest on the Tax-Exempt Bonds from federal income taxation in light of a change or proposed change in federal law, regulations, rulings, or administrative orders.

Section 18. 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 thereof and for the proper application, use and investment of the proceeds of the Bonds. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 19. Severability. If any provision in this ordinance is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 20. Effective Date of Ordinance. This ordinance shall be effective fifteen days after it becomes valid pursuant to Section 3.4 of the City Charter.

PASSED by the City Council of the City of Everett, Washington, at a regular open public meeting thereof, this ____ day of March, 2025, and signed in authentication of its passage this ____ day of March, 2025.

CITY OF EVERETT, WASHINGTON

By _____
Mayor

Attest:

APPROVED AS TO FORM

City Clerk

By _____
Stradling Yocca Carlson & Rauth LLP
Bond Counsel to the City

DATE OF PUBLICATION:

EFFECTIVE DATE:

EXHIBIT A
PARAMETERS FOR SALE TERMS

- | | | |
|-----|---------------------------|--|
| (a) | Principal Amount. | The Bonds may be issued in one or more Series and shall not exceed the aggregate principal amount of \$28,000,000. |
| (b) | Date or Dates. | Each Bond shall be dated its Issue Date, which date may not be later than one year after the effective date of this ordinance. |
| (c) | Denominations, Name, etc. | The Bonds shall be issued in Authorized Denominations and shall be numbered separately in the manner and bearing such name (including any series or additional designation) as deemed necessary or appropriate by the Designated Representative. |
| (d) | Interest Rate(s). | Each Bond shall bear interest at a fixed rate per annum (computed on the basis of a 360-day year of twelve 30-day months) from the Issue Date or from the most recent date for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the Bonds. The true interest cost to the City for each Series of the Bonds may not exceed 5.25%. |
| (e) | Payment Dates. | Interest shall be payable semiannually on dates acceptable to the Designated Representative. Principal payments shall commence on a date acceptable to the Designated Representative and shall be payable at maturity (or in mandatory redemption installments) on dates acceptable to the Designated Representative. |
| (f) | Final Maturity. | The Bonds shall mature no later than December 1, 2045. |
| (g) | Redemption Rights. | <p>The Designated Representative may approve in the Bond Purchase Agreement for each Series provisions for the optional and mandatory redemption of the Bonds of such Series, subject to the following:</p> <p>(1) <u>Optional Redemption.</u> Any Bond may be designated as being (A) subject to redemption at the option of the City prior to its maturity date on the dates and at the prices set forth in the Bond Purchase Agreement; or (B) not subject to redemption prior to its maturity date. If a Tax-Exempt 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.</p> |

- (2) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in the amounts set forth in the Bond Purchase Agreement.
- (h) Price. The purchase price for each Series of the Bonds may not be less than 98.0% or more than 135.0% of the stated principal amount of that Series.
- (i) Other Terms and Conditions.
- (1) *Debt Capacity Not Exceeded.* A Series of the Bonds may not be issued if it would cause the indebtedness of the City to exceed the City's legal debt capacity on the Issue Date.
- (2) *Reasonably Expected Life.* As of the Issue Date of each Series, the Designated Representative must find to the Designated Representative's satisfaction that the average expected life of the capital facilities or assets to be financed with the proceeds (or allocable share of proceeds) of that Series exceeds the weighted average maturity of such Series (or share thereof allocated to financing those capital facilities).
- (3) *Federal Tax Status of the Bonds.* The Designated Representative may designate any Series of the Bonds as Tax-Exempt Bonds, Taxable Bonds, or Tax Credit Subsidy Bonds, consistent with Section 14 of this ordinance.
- (4) *Additional Terms, Conditions, and Agreements.* The Sale Terms for any Series may provide for bond insurance or for any other credit enhancement as the Designated Representative may find necessary or desirable. The Sale Terms may include such additional terms, conditions, and covenants as may be necessary or desirable, including but not limited to: restrictions on investment of Bond proceeds and pledged funds (including any escrow established for the defeasance of any of the Bonds); provisions for the conversion of interest rate modes; provisions for the reimbursement of a credit enhancement provider; and requirements to give notice to or obtain the consent of a credit enhancement provider. The Designated Representative is authorized to execute, on behalf of the City, such additional certificates and agreements as may be necessary or desirable to reflect such terms, conditions, and covenants.

EXHIBIT B

[Form of]

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

City of Everett, Washington Limited Tax General Obligation Bonds, 2025[]

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

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

(i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in paragraph (b) (“annual financial information”). The timely filing of unaudited financial statements shall satisfy the requirements and filing deadlines pertaining to the filing of annual financial statements under subsection (b), provided that audited financial statements are to be filed if and when they are otherwise prepared and available to the City.

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

For purposes of this Undertaking, the term “financial obligation” shall mean a debt obligation; derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or a guarantee of either a debt obligation or a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation. The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

(i) Shall consist of (1) annual financial statements, which statements may or may not be audited, showing ending fund balances, prepared in accordance with regulations prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type included in the Official Statement and described as follows: *[blank to be filled in based on the Official Statement]*; (2) the assessed valuation of taxable property in the City; (3) *ad valorem* taxes due and percentage of taxes collected; (4) property tax levy rate per \$1,000 of assessed valuation; and (5) outstanding general obligation debt of the City. Items (2) through (5) shall be required only to the extent that such information is not included in the annual financial statements of the City.

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City’s fiscal year ending December 31, 2024; and

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

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

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

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

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

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

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

(ii) Determining whether any event specified in paragraph (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;

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

(iv) Selecting, engaging and compensating designated agents and consultants, including financial advisors and legal counsel, to assist and advise the City in carrying out this Undertaking; and

(v) Effecting any necessary amendment of this Undertaking.

CERTIFICATION

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

1. The attached copy of Ordinance No. _____ (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 March 5, 2025, as that ordinance appears on the minute book of the City.

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

Dated: March 5, 2025.

CITY OF EVERETT, WASHINGTON

MARISTA JORVE
City Clerk

Project title: Adopt an Ordinance Providing for the Issuance of One or More Series of Water and Sewer Revenue Bonds in an Aggregate Principal Amount Not to Exceed \$181,000,000.

Council Bill # *interoffice use*

CB 2502-18

Agenda dates requested:

Briefing, 1st Reading 03/05/25

2nd Reading 03/12/25

3rd Reading 03/19/25

Ordinance X

Public hearing

Yes X No

Budget amendment:

Yes X No

PowerPoint presentation:

Yes X No

Attachments:

Ordinance

Department(s) involved:

Finance

Contact person:

Heide Brillantes, Finance
Director

Phone number:

(425) 257-8612

Email:

HBrillantes@everettwa.gov

Initialed by:

HB

Department head

Administration

Council President

Project: 2025 Water and Sewer Revenue Bonds

Partner/Supplier: NA

Location: NA

Preceding action: NA

Fund: Water & Sewer Utility Fund 401

Fiscal summary statement:

The total principal amount is not to exceed \$181,000,000. The debt service for the bond issue is funded through the Water & Sewer Utility Fund 401. The payments for the debt service are recorded in the Water & Sewer Utility Fund 401.

Project summary statement:

The issuance of one or more services of water and sewer revenue bonds provide funds to (1) pay or reimburse all or a portion of the costs of carrying out certain projects including the Port Gardner Storage Facility (PGSF) Project, PGSF West Marine View Drive Combined Conveyance Improvement Project, 36th Street Combined Sewer Outflow Control Project, and Water Pollution Control Facility (WPCF) Headworks Replacement Project, (2) to provide for meeting the debt service Reserve Requirement, if necessary, and (3) to pay the costs of issuance of the bonds.

Recommendation (exact action requested of Council):

Adopt an Ordinance Providing for the Issuance of One or More Series of Water and Sewer Revenue Bonds in an Aggregate Principal Amount Not to Exceed \$181,000,000.

CITY OF EVERETT, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE of the City of Everett, Washington, relating to the combined water, sanitary sewer, and storm and surface water drainage systems of the City (the “Water & Sewer System”); specifying, adopting and ordering the carrying out of a system or plan of additions to and betterments and extensions of the Water & Sewer System; providing for the issuance of one or more series of Water & Sewer Revenue bonds in an aggregate principal amount not to exceed \$181,000,000 for the purpose of providing funds necessary: (a) to pay or reimburse all or a portion of the costs of carrying out certain projects comprising a portion of the Plan of Additions, (b) to provide for meeting the debt service Reserve Requirement, if necessary, and (c) to pay the costs of issuance of the bonds; 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 for the bonds; and providing for other related matters.

Passed March __, 2025

This document prepared by:

*Stradling Yocca Carlson & Rauth LLP
Seattle, Washington*

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EXHIBIT C.....	PARAMETERS FOR BOND SALE TERMS
EXHIBIT D.....	DESCRIPTION OF PROJECTS
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CITY OF EVERETT, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE of the City of Everett, Washington, relating to the combined water, sanitary sewer, and storm and surface water drainage systems of the City (the “Water & Sewer System”); specifying, adopting and ordering the carrying out of a system or plan of additions to and betterments and extensions of the Water & Sewer System; providing for the issuance of one or more series of Water & Sewer Revenue bonds in an aggregate principal amount not to exceed \$181,000,000 for the purpose of providing funds necessary: (a) to pay or reimburse all or a portion of the costs of carrying out certain projects comprising a portion of the Plan of Additions, (b) to provide for meeting the debt service Reserve Requirement, if necessary, and (c) to pay the costs of issuance of the bonds; 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 for the bonds; and providing for other related matters.

BE IT ORDAINED BY THE CITY OF EVERETT as follows:

Section 1. Findings and Determinations. The City Council makes the findings and determinations set forth below. Capitalized terms have the meanings given in Section 2 of this ordinance.

(a) *Combined Water & Sewer System.* Pursuant to chapter 35.67 RCW, the City now owns, operates and maintains the Water & Sewer System, currently consisting of its existing water system, sanitary sewer system, and storm and surface water drainage system, as they now exist, and including any and all additions, extensions and betterments to any of the foregoing.

(b) *Outstanding Parity Bonds.* The City’s currently outstanding Parity Bonds payable from the Net Revenue are described in Exhibit A. The terms of the currently outstanding Parity Bonds permit the City to issue debt constituting a lien and charge upon the Net Revenue and ULID Assessments on parity with the lien and charge of the outstanding Parity Bonds if certain conditions (the “Parity Conditions”) are met.

(c) *Plan of Additions.* The City specifies, adopts and orders the carrying out of the Plan of Additions, including the Projects intended to be financed with the proceeds of the Bonds. The aggregate estimated total cost of the Projects is more than \$332 million. The City does not have available sufficient funds from current resources, grants, and Government Loans to pay the costs and is in need of funds with which to finance the remaining costs of the Projects. The Projects 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 Projects where, in its judgment, it appears advisable if such modifications do not substantially alter the purposes of the Projects, or if such modifications provide funding to other elements described in the Plan of Additions, as then in effect. The cost of the Projects, 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 Water & Sewer System, including current resources, grants and loans. The average expected useful life of the Projects exceeds the maximum maturity of the Bonds authorized herein.

(d) *Due Regard for 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 Water & Sewer System at the rates to be charged for services from the Water & Sewer System will be more than sufficient to meet all Costs of Maintenance and Operation and to permit the setting aside into the Revenue Bond Fund out of the Gross Revenue amounts sufficient to pay the principal of and interest on the Bonds and the outstanding Parity Bonds, when due. The City Council declares that in fixing the amounts to be paid into the Revenue Bond Fund under this ordinance it has exercised due regard for Costs of Maintenance and Operation and has not obligated the City to set aside and pay into the Revenue Bond Fund a greater amount of Gross Revenue of the Water & Sewer System than in its judgment will be available over and above such Costs of Maintenance and Operation.

(e) *Issuance and Sale of the Bonds.* For the purposes described in Section 3 of this ordinance, the City Council finds that it is in the best interests of the City and its ratepayers to issue and sell the Bonds pursuant to Sale Terms approved by the City's Designated Representative consistent with this ordinance.

Section 2. Definitions.

(a) *Defined Terms.* As used in this ordinance, the following definitions shall apply unless a different meaning clearly appears from the context:

(1) *"Accreted Value"* means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in the ordinance authorizing their issuance as the amount representing the initial principal amount of such Capital Appreciation Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to bonds designated as "original issue discount bonds" in conjunction with their original issuance, as of the date of calculation, the amount representing the initial public offering price of such original issue discount bonds plus the amount of discounted principal that has accreted since the date of issue. In each case, the Accreted Value shall be determined in accordance with the provisions of the ordinance authorizing the issuance of such Capital Appreciation Bonds.

(2) *"Annual Debt Service"* means the total amount of Debt Service for any Parity Bond or series of Parity Bonds or other Subordinate Debt, depending on context, that is payable from Gross Revenue in any fiscal year or other Base Period. Annual Debt Service shall be calculated net of any federal subsidy legally available to pay the principal of or interest on those Parity Bonds (or other indebtedness) in the year of calculation. For purposes of calculating the Reserve Requirement, demonstrating satisfaction of the Rate Covenant, or delivering a certificate required by the Parity Conditions, calculations of Annual Debt Service shall include all Parity Bonds outstanding at the time of such calculation, excluding Subordinate Debt and those maturities of Parity Bond debt that have been or are to be redeemed or defeased as of the date of the calculation. If the calculation is performed in connection with the issuance of Future Parity Bonds, the calculation date may be deemed to be the issue date of such Future Parity Bonds.

(3) *"Assessment Bonds"* means the principal portion of any issue of Parity Bonds allocated to the financing of improvements within a ULID. The allocation shall be determined as of the issue date of each series of Parity Bonds (and as of any date on which any Parity Bonds are redeemed, defeased or purchased), and the total amount so allocated shall be equal to the principal amount of ULID Assessments on the final assessment roll for that ULID remaining unpaid as of that date. Assessment Bonds shall be allocated *pro rata* to each maturity within a series of Parity Bonds. Upon redemption, defeasance or purchase of all or a portion of a series of Parity Bonds that includes

an allocation of Assessment Bonds, the amount of Assessment Bonds remaining outstanding shall be reduced on a *pro rata* basis with bonds that are not deemed Assessment Bonds.

(4) “*Authorized Denomination*” means \$5,000 or any integral multiple thereof within a maturity of a Series unless otherwise specified by the Designated Representative in approving the Bond Sale Terms.

(5) “*Average Annual Debt Service*” means, as of its date of calculation, the sum of the Annual Debt Service for the applicable Base Period, depending on context, and the remaining years to the last scheduled maturity, divided by the number of those years. For purposes of computing the Reserve Requirement, the estimated amount of bonds to be redeemed prior to maturity may be taken into account if required under federal arbitrage regulations. Unless otherwise specified, Average Annual Debt Service for all outstanding Parity Bonds shall be calculated based on the aggregate Annual Debt Service of all Parity Bonds then outstanding, without regard to series.

(6) “*Balloon Maturity Bonds*” means any evidences of indebtedness of the City payable from Gross Revenue that are so designated pursuant to the ordinance authorizing such indebtedness to be incurred.

(7) “*Base Period*” means a fiscal year, calendar year, or Bond Year, depending on context. For purposes of a certificate delivered to demonstrate compliance with the Parity Requirement, “Base Period” means any consecutive 12-month period out of the 36-month period next preceding the date of issuance of the proposed Future Parity Bonds.

(8) “*Beneficial Owner*” means, with respect to a Bond or the Parity Bonds (depending on context), the owner of any beneficial interest in that Bond or Parity Bond.

(9) “*Bond*” means each bond issued pursuant to and for the purposes provided in this ordinance.

(10) “*Bond Counsel*” means the firm of Stradling Yocca Carlson & Rauth LLP, 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.

(11) “*Bond Purchase Agreement*” means an offer to purchase a Series of the Bonds pursuant to certain Sale Terms, setting forth certain terms and conditions of the issuance, sale and delivery of such Series, which offer is authorized to be accepted by the Designated Representative on behalf of the City, consistent with this ordinance. In the case of a competitive sale, the official notice of sale, the Purchaser’s bid and the award by the City, and a certificate of the Designated Representative confirming the Sale Terms shall constitute the Bond Purchase Agreement for purposes of this ordinance.

(12) “*Bond Redemption Subaccount*” means the “Fund 401–Water & Sewer Utility Fund” created in the office of the Finance Director for the sole purpose of paying and securing the payment of the principal of, premium, if any, and interest on the Parity Bonds, including principal of Term Bonds due on scheduled mandatory redemption dates.

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

(14) “*Bond Registrar*” means the Fiscal Agent, or any successor bond registrar selected by the City.

(15) “*Book-Entry Form*” means a fully registered form in which physical bond certificates are registered only in the name of the Securities Depository (or its nominee), as

Registered Owner, with the physical bond certificates held by and immobilized in the custody of the Securities Depository (or its designee), where the system for recording and identifying the transfer of the ownership interests of the Beneficial Owners in those Bonds is neither maintained by nor the responsibility of the City or the Bond Registrar.

(16) “*Capital Appreciation Bonds*” means any series of Future Parity Bonds, all or a portion of the interest on which is compounded, accumulated, and payable only upon redemption or on the maturity date of such Capital Appreciation Bonds. A series of Future Parity Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. Beginning on the date on which such Future Parity Bonds (or portion thereof) are no longer deemed to be Capital Appreciation Bonds, they shall be deemed outstanding in a principal amount equal to their Accreted Value.

(17) “*City*” means the City of Everett, Washington, a municipal corporation duly organized and legally existing as charter city of the first class under the laws of the State.

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

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

(20) “*Common Reserve Subaccount*” means the subaccount previously created in the office of the Finance Director known as “Fund 401–Water & Sewer Utility Fund” and maintained for the purpose of securing the payment of the principal of and interest on the Covered Bonds.

(21) “*Construction Fund*” means the City’s Fund 336—Water/Sewer System Improvement Projects Fund or such other fund, subfund, or account within the Water & Sewer System Fund as may be designated by the Finance Director for paying or reimbursing the costs of carrying out the Projects and paying the costs of issuance of the Bonds.

(22) “*Contract Resource Obligation*” means an obligation of the City, designated as a Contract Resource Obligation in accordance with Section 19 of this ordinance, to make payments for water, sanitary sewer, and storm and surface water drainage system facilities, commodities, or services to another person or entity (including without limitation any Separate Utility System).

(23) “*Costs of Maintenance and Operation*” means all necessary operating expenses, current maintenance expenses, expenses of reasonable upkeep and repairs, and insurance and administrative expense with respect to the System, but excludes depreciation, payments for debt service or into Reserve Accounts, costs of capital additions to or replacements of the System, municipal taxes, or payments to the City in lieu of taxes.

(24) “*Coverage Stabilization Account*” means the account of that name maintained pursuant to Section 15 of this ordinance.

(25) “*Covered Bonds*” means the Outstanding Parity Bonds and such Future Parity Bonds as may be designated by the Designated Representative, pursuant to the ordinance authorizing their issuance, as Covered Bonds secured by the Common Reserve Subaccount. In approving the Sale Terms for the Bonds (or any Series of the Bonds), the City’s Designated Representative is authorized to designate the Bonds as Covered Bonds if it appears to such official that such designation is in the best interests of the City and its ratepayers.

(26) “*Credit Facility*” means policy of municipal bond insurance (including Qualified Insurance), a letter of credit, surety bond, line of credit, guarantee, or other financial instrument (which may be a Qualified Reserve Security) or any combination of the foregoing, which

obligates a third party to make payment or provide funds for the payment of financial obligations of the City. There may be one or more Credit Facilities outstanding at any time.

(27) “*Debt Service*” on Parity Bonds means, for any period of time:

(i) With respect to any outstanding Capital Appreciation Bonds that are not designated as Balloon Maturity Bonds, the principal amount shall be equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(ii) With respect to any outstanding Fixed Rate Bonds, an amount equal to (A) the principal amount of such Fixed Rate Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, plus (B) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such Fixed Rate Bonds, plus (C) all interest payable during such period on any such outstanding Fixed Rate Bonds and with respect to Fixed Rate Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Fixed Rate Bonds on the date specified in the ordinance authorizing such Fixed Rate Bonds; and

(iii) With respect to all other series of Parity Bonds other than Fixed Rate Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Parity Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such Parity Bonds during such period computed to provide for essentially level annual debt service of principal and interest over such period, using the following assumptions:

(A) The principal amount of such bonds, as of the date of such computation, shall be amortized in accordance with the mandatory redemption provisions, if any, approved by the City in conjunction with the issuance of such Parity Bonds or, if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance; and

(B) The interest rate for the Base Period utilized in such calculation shall be determined as follows: (I) if such bonds have been outstanding for at least 12 months as of the date of calculation, assume that the such bonds bear interest at the higher of (i) the actual rate borne by those bonds on the date of calculation, or (ii) the average rate borne by the Parity Bonds over the 12 months immediately preceding the date of calculation; and (II) if such bonds have been outstanding for less than 12 months (or are not yet outstanding) as of the date of calculation, assume that the such bonds bear interest at the higher of (i) the actual rate borne by such bonds on the date of calculation, or (ii)(a) for Tax-Exempt Bonds, the average rate set forth on the Securities Industry and Financial Markets Association Municipal Swap Index over the 12-month period immediately preceding the date of calculation, or (b) for Taxable Bonds, the average rate on direct obligations of (or obligations unconditionally guaranteed by) the United States of America over the 12 months immediately preceding the date of calculation, with maturities comparable to the rate reset period for such Taxable Bonds.

(iv) In addition, Debt Service on Parity Bonds shall be calculated net of any principal and/or interest funded out of proceeds of Parity Bonds; shall include reimbursement obligations to providers of Credit Facilities to the extent authorized by ordinance, and shall exclude the payments required to be made with respect to revenue bond anticipation notes to the extent that

the City has provided in conjunction with their issuance that the bond anticipation notes will be funded with the proceeds of Future Parity Bonds.

(28) “*Designated Representative*” means the officer of the City appointed in Section 4 of this ordinance to serve as the City’s designated representative in accordance with RCW 39.46.040(2).

(29) “*DTC*” means The Depository Trust Company, New York, New York, or its nominee.

(30) “*Finance Director*” means the person who holds the office of Finance Director of the City, or such successor officer as may be charged with carrying out all or substantially all of the duties of the office of Finance Director-Treasurer under the City Charter.

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

(32) “*Fixed Rate Bonds*” means those Parity Bonds with respect to which the rate of interest is fixed and determinable through their final maturity or for a specified period of time. If so provided, Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

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

(34) “*Future Parity Bonds*” means any and all revenue bonds or other obligations of the Water & Sewer System issued or incurred after the Issue Date 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 Revenue Bond Fund to pay and secure the payment of the principal of and interest on the Bonds and the Outstanding Parity Bonds.

(35) “*Government Loans*” means any State or federal loans entered into at any time that are payable by the City solely from the Net Revenue of the Water & Sewer System on a basis subordinate to the lien and charge of the Parity Bonds and constituting Subordinate Debt. The currently outstanding Government Loans are identified in Exhibit A.

(36) “*Government Obligations*” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended, and which are otherwise legal investments of the City at the time of such investment.

(37) “*Gross Revenue*” or “*Revenue of the System*” means all of the earnings and revenues received by the City from the maintenance and operation of the Water & Sewer System; connection and capital improvement charges collected for the purpose of defraying the cost of capital facilities of the Water & Sewer System; except as excluded below, investment earnings and income from investments of money in the Revenue Fund and the Revenue Bond Fund or from any other investment of Gross Revenue; and any federal or state reimbursements of operating expenses to the extent such expenses are included as Costs of Maintenance and Operation. Gross Revenue shall exclude: (i) federal or state grants, and gifts from any source allocated to capital projects; (ii) proceeds from the sale of Water & Sewer System property; (iii) City taxes collected by or through the System; (iv) principal proceeds of bonds (and earnings on such proceeds) invested in a trust, defeasance, or escrow fund created to defease or refund System obligations (until commingled with other earnings and revenues of the System) or held in a special account for the purpose of paying a rebate to the United States Government under the Code; (v) local improvement district assessments including ULID Assessments; (vi) income and revenue which may not legally be pledged for revenue

bond debt service; (vii) payments under bond insurance or any other credit enhancement policy or device; (viii) insurance or condemnation proceeds used for the replacement of capital projects or equipment; and (ix) unless declined by a written election by the City's Designated Representative, any federal subsidy legally available to pay the principal of or interest on Parity Bonds. For purposes of determining compliance with the Rate Covenant, amounts withdrawn from the Coverage Stabilization Account shall increase the Gross Revenue for the period in which they are withdrawn, and amounts deposited in the Coverage Stabilization Account shall reduce Revenue for the period during which they are deposited. Credits to or from the Coverage Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within such fiscal year. If the City creates a Separate Utility System in accordance with Section 18 of this ordinance, revenue from such Separate Utility System shall be excluded from Gross Revenue.

(38) “*Independent Consultant*” means a professional, independent consultant experienced with municipal utilities of comparable size and character to the Water & Sewer System and in such areas as are relevant to the purpose for which he or she is being retained. Such a consultant shall be deemed independent if he or she is not an employee or officer of the City.

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

(40) “*Letter of Representations*” means the Blanket Issuer Letter of Representations between the City and DTC on file with DTC, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(41) “*Maximum Annual Debt Service*” means, as of the date of calculation, the highest amount of Annual Debt Service that will come due in any fiscal year or Base Period for all outstanding Parity Bonds and, if required by context, for all Subordinate Debt.

(42) “*MSRB*” means the Municipal Securities Rulemaking Board.

(43) “*Municipal Advisor*” means PFM Financial Advisors LLC, or any other Municipal Advisor then appointed and acting as financial advisor to the City.

(44) “*Net Revenue*” means Gross Revenue, less Costs of Maintenance and Operation.

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

(46) “*Outstanding Parity Bonds*” means those Parity Bonds that are outstanding at a given time. As of the date of this ordinance, the Outstanding Parity Bonds are identified in Exhibit A.

(47) “*Owner*” means, without distinction, the Registered Owner and the Beneficial Owner of a Bond or of a Parity Bond, depending on context.

(48) “*Parity Bond Authorizing Ordinance*” means any ordinance authorizing the issuance of one or more series of Parity Bonds, including the ordinances identified in Exhibit A, this ordinance, and any Future Parity Bond Authorizing Ordinance.

(49) “*Parity Bonds*” means the Outstanding Bonds, the Bonds, and any Future Parity Bonds that may be issued in accordance with the Parity Conditions.

(50) “*Parity Conditions*” means the conditions for the issuance of Future Parity Bonds set forth in Exhibit B of this ordinance, which is incorporated by this reference.

(51) “*Parity Covenant Date*” means the date on which the Outstanding Parity Bonds described on Exhibit A to this ordinance (namely, the outstanding portions of the City’s Water & Sewer Revenue Bonds, 2013; Water & Sewer Revenue Bonds, 2015; Water & Sewer Revenue Refunding Bonds, 2016; and Water & Sewer Revenue and Refunding Bonds, 2023) are fully defeased or redeemed.

(52) “*Parity Requirement*” has the meaning given in the Parity Conditions set forth in Exhibit B of this ordinance and incorporated by this reference.

(53) “*Permitted Investments*” means any investment that, at the time of such investment, is permitted as legal investment for City funds under State law.

(54) “*Plan of Additions*” means the system or plan of additions and improvements to and betterments and extensions of the Water & Sewer System, described under the heading Comprehensive Plans, as set forth in the Comprehensive Sewer and Surface Water Plans of the City adopted and in effect from time to time (most recently, approved in the City’s Comprehensive Sewer Plan, dated December 17, 2014; and 2022 Surface Water Comprehensive Plan, dated March 30, 2022. The Plan of Additions also includes, but is not limited to, the Projects.

(55) “*Projects*” means those projects described in Exhibit D, or any other projects comprising a portion of the Plan of Additions. The City Council reserves the right to amend this ordinance to make such changes in or additions to the Projects (including changes to the construction or design of other facilities of the System) as may be found necessary or desirable. The Projects shall include acquisition by purchase, lease, or condemnation of all real or personal property, including any interest, right-of-way, or easement that may be found necessary to acquire, construct, install, or otherwise undertake the Projects. Incidental costs incurred in connection with carrying out and accomplishing the Projects, consistent with RCW 39.46.070, may be included as costs of the Projects.

(56) “*Purchaser*” means a 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, to serve as underwriter in a negotiated sale, or otherwise awarded as the successful bidder in a competitive sale of any Series of the Bonds.

(57) “*Qualified Insurance*” means any non-cancelable municipal bond insurance policy or surety bond issued by an insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) which issuer, as of the time of issuance of such policy or surety bond, is rated in one of the two highest rating categories by any Rating Agency (e.g., Aaa or Aa), without regard to gradation within a category.

(58) “*Qualified Reserve Security*” means any Qualified Insurance or other Credit Facility (which may be in the form of reserve insurance, reserve surety, 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 by a Rating Agency, at the time that such Reserve Security is obtained by the City, in one of the two highest rating categories (e.g., Aaa or Aa), without regard to gradations within those categories.

(59) “*Rate Covenant*” means, for any fiscal year (or other Base Period, as applicable by context), an amount of Net Revenue at least equal to 1.25 times the Annual Debt Service in that year on all Parity Bonds outstanding as of the calculation date, subtracting from Annual Debt Service the amount of ULID Assessments collected in such year in respect of Assessment Bonds. In determining compliance with the Rate Covenant, (i) Gross Revenue and Costs of Maintenance and Operation used to calculate Net Revenue may be adjusted, regardless of then applicable generally accepted accounting principles, for certain items (e.g., to omit unrealized gains or losses in investments) to more fairly reflect the Water & Sewer System’s annual operating performance; (ii) absent a written election by a Designated Representative to the contrary, Debt Service shall be calculated net of any Tax Credit Subsidy or other federal subsidy legally available to pay the principal of or interest on Parity Bonds in the year of calculation; and (iii) Debt Service shall exclude the payments required to be made with respect to revenue bond anticipation notes to the extent that the City provided in conjunction with their issuance that such bond anticipation notes would be funded with the proceeds of Future Parity Bonds.

(60) “*Rating Agency*” means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the City.

(61) “*Record Date*” means the Bond Registrar’s close of business on the 15th 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 of this ordinance.

(62) “*Registered Owner*” means, with respect to a Bond or the Parity Bonds (depending on context), the person in whose name that Bond is registered on the Bond Register. With respect to any Parity Bonds held in Book-Entry Form, Registered Owner shall mean the Securities Depository.

(63) “*Reserve Account*” means, as determined by context, the Common Reserve Subaccount created to secure payment of the Covered Bonds, and/or any other reserve subaccount created to secure payment of one or more Series of Parity Bonds.

(64) “*Reserve Requirement*” means a dollar amount to be calculated as follows:

(i) With respect to the Covered Bonds secured by the Common Reserve Subaccount, the Reserve Requirement shall be equal to the least of: (A) Maximum Annual Debt Service for all Covered Bonds, (B) 10% of the outstanding principal amount of each series of Covered Bonds then outstanding, and (C) 125% of Average Annual Debt Service for all Covered Bonds. In conjunction with the issuance of a series of Future Parity Bonds that are Covered Bonds, the dollar amount required to be contributed, if any, shall not be greater than the Tax Maximum and shall be approved by the Finance Director in approving the Sale Terms for such Parity Bonds at an amount equal to the incremental amount needed to bring the balance in the Common Reserve Subaccount (or the subaccount therein securing the Covered Bonds) to the amount calculated in the preceding sentence, and may, in the Finance Director’s discretion, take into account the maximum amount payable under any Qualified Reserve Security. Once calculated, the Reserve Requirement shall remain in effect until the earlier of (i) at the City’s option, a payment of principal of Covered Bonds, or (ii) upon the issuance of a subsequent series of Future Parity Bonds that are Covered Parity Bonds.

(ii) With respect to any series of Parity Bonds that are not Covered Bonds, the Reserve Requirement (if any) shall be equal to the amount specified by the Finance Director in approving the Sale Terms for such Parity Bonds, which amount (if any) shall be deposited

and maintained in a subaccount within the Revenue Bond Fund that is held separate from the Common Reserve Subaccount securing the Covered Bonds.

(65) “*Revenue Bond Fund*” means, together, (i) the Bond Redemption Subaccount and (ii) the Common Reserve Subaccount.

(66) “*Revenue of the System*” means Gross Revenue.

(67) “*Revenue Fund*” means the Water & Sewer System Revenue Fund.

(68) “*Rule 15c2-12*” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(69) “*Sale Terms*” means the terms and conditions for the sale of a Series of the Bonds including but not limited to 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, conditions or covenants. The parameters for certain Sale Terms are set forth in Exhibit C.

(70) “*SEC*” means the United States Securities and Exchange Commission.

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

(72) “*Separate Utility System*” means any water, sanitary sewer, and storm and surface water drainage systems, or other utility service or facilities that may be created, acquired or constructed by the City as provided in Section 18 of this ordinance.

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

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

(75) “*Subordinate Debt*” means any obligation of the Water & Sewer System that is payable from Net Revenue on a basis that is junior and inferior to the lien and charge on the Net Revenue in respect of the Parity Bonds.

(76) “*System*” means the Water & Sewer System.

(77) “*System of Registration*” means the system of registration for the City’s bonds and other obligations set forth in in chapter 3.18 of the Everett Municipal Code and in this ordinance.

(78) “*Tax Credit Subsidy Bond*” means any bond that is designated by the City as a type of tax credit bond authorized under the Code and which is further designated as a “qualified bond” under provisions of the Code providing for “direct-pay” tax credit bonds.

(79) “*Tax Credit Subsidy Payment*” means the federal subsidy amounts that may be requested as a tax credit payable by the United States Treasury in respect of any bonds issued as Tax Credit Subsidy Bonds.

(80) “*Tax Maximum*” means the maximum dollar amount permitted by the Code, to be allocated to a debt service Reserve Account from bond proceeds without requiring the balance to be invested at a restricted yield.

(81) “*Term Bond*” means a Parity Bond designated as a Term Bond and subject to mandatory redemption in the years and amounts set forth in the relevant Bond Purchase Agreement.

(82) “*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 Water & Sewer System, which additions, extensions, or betterments are financed through the issuance of Parity Bonds and the assessments in which are payable into the Revenue Bond Fund. As used in this ordinance, the term *ULID* does not include any utility local improvement district created for the financing of additions, extensions, or betterments by methods other than the issuance of Parity Bonds.

(83) “*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.

(84) “*Undertaking*” means the written undertaking to provide continuing disclosure executed by the Finance Director pursuant to Section 24 of this ordinance in order to permit the underwriter or successful bidder for the Bonds to comply with Rule 15c2-12.

(85) “*Water & Sewer System*” consists of the water, sanitary sewer, and storm and surface water drainage systems of the City, as set forth in Section 14.16.010 of the Everett Municipal Code, including (1) the sanitary sewage collection and treatment system of the City, including facilities for the collection and disposal of storm water runoff, (2) the existing water supply and distribution system of the City, including the interest of the City in the water supply facilities constructed by Public Utility District No. 1 of Snohomish County pursuant to the Sultan River Project Agreement, as the foregoing Water & Sewer Systems now exist and together with all additions thereto and betterments and extensions thereof at any time made, and (3) including any other Water & Sewer Systems hereafter combined with the Water & Sewer System by ordinance of the City Council.

(86) “*Water & Sewer System Revenue Fund*” or “*Revenue Fund*” means that special fund of the City created by Section 6 of Ordinance No. 536-78, now known as “Fund 401–Public Works–Utilities” and shall include all cash and accounts therein.

(b) *Rules of Interpretation.* In this ordinance, unless the context otherwise requires:

(1) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision, or clause hereof. The term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this ordinance.

(2) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(4) Any headings preceding the text of the sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect.

(5) All references herein to sections and other subsections or clauses are to the corresponding sections, subsection, or clauses hereof.

Section 3. Purpose and Authorization of the Bonds . For the purpose of (a) paying or reimbursing the costs of all or a portion of the costs of carrying out the Projects, (b) providing for meeting the debt service Reserve Requirement, if necessary, and (c) paying the costs of issuance of the Bonds, the City is authorized to issue Water & Sewer Revenue Bonds in one or more series in an aggregate principal amount not to exceed \$181,000,000. The proceeds of the Bonds shall be deposited as set forth in Section 8 of this ordinance and shall be allocated to paying the respective costs of the Projects in such order of time as the City determines is advisable and practicable.

Section 4. Description of Bonds; Appointment of Designated Representative; Parity Certificate. The Finance Director is appointed to act as the Designated Representative of the City and is authorized and directed to conduct the sale of the Bonds in one or more Series, in the manner and upon the terms deemed most advantageous to the City, and to approve the Bond 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 Exhibit C, which is attached to this ordinance and incorporated by this reference. As a condition to delivery of the Bonds as Parity Bonds, the Designated Representative shall find, to such official's satisfaction, that the Parity Conditions as set forth in Ordinance Nos. 3313-13, 3518-16, and 3946-23 have been met or complied with.

Section 5. 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.

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

(d) *Securities Depository; Book-Entry Only Form*. If a Bond is to be issued in book-entry form, DTC shall be appointed as initial Securities Depository and each such Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except: (i) to

any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City; or (iii) to any person if the Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the City, the City may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the City does not appoint a substitute Securities Depository, or (ii) the City terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this ordinance. Neither the City nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the City nor the Bond Registrar shall be responsible for any notice that is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

Section 6. Form and Execution of Bonds.

(a) *Form of Bond; 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 such officer's 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 it 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 Everett, Washington, Water & Sewer Revenue Bonds, 2025 [Series ____]." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 7. Payment of the Bonds. Principal of and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar 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. Principal of each Bond not registered in the name of the Securities Depository 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 8. Deposit and Use of Bond Proceeds.

(a) *Construction Fund Deposit; Investment and Use of Proceeds.* The proceeds of the Bonds, less the amount necessary to satisfy the Reserve Requirement applicable to the Bonds (if any) as set forth in subsection (b), shall be deposited in the Construction Fund and be used to pay the costs of issuance and sale of the Bonds and the costs of carrying out the Projects. Until needed to pay such costs, the City may invest those proceeds temporarily in any Permitted 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 may be withdrawn from the Construction Fund and used for those tax or rebate purposes.

Implementation or completion of any specified Project shall not be required if the City determines that, due to substantially changed circumstances, it has become advisable or impractical. If the Projects are completed (or their completion duly provided for) by another source of funds, or if their completion found to be impractical, the City may apply the Bond proceeds or any portion thereof or to other improvements to the Water & Sewer System, as the City Council in its discretion may direct. If the Bond proceeds, plus other legally available funds, are insufficient to accomplish all of the Projects, the City may use the available funds for paying the cost of such portion of the Projects deemed by the Council most necessary and in the best interest of the City.

(b) *Reserve Requirement.* On the Issue Date, if the Finance Director designates the Bonds as Covered Bonds, proceeds of the Bonds in an amount (if any) necessary to satisfy the Reserve Requirement in the manner and time as determined by the Finance Director and approved in the Sale Terms, may be deposited into the Common Reserve Subaccount or, in the discretion of the Finance Director, into a separate reserve subaccount created to secure the Bonds. In the Finance Director's discretion, the Finance Director may create such additional reserve subaccounts within the Revenue Bond Fund as may be required in respect of a series of Parity Bonds that are not Covered Bonds (if any).

Section 9. Redemption Provisions and Purchase of Bonds.

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

(b) *Mandatory Redemption.* Each Bond that is designated as a Term Bond in the Bond Purchase Agreement, except as set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the dates and in the amounts as set forth in the Bond Purchase 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 within a Series 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 Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar shall select all other 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 registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption of each other Bond, unless waived by the Registered Owner, shall be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

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

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

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

Section 10. 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. Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or

defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

Section 11. Failure To Pay Bonds. If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay 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 Revenue 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 12. Pledge of Net Revenue and Lien Position. The Net Revenue and ULID Assessments are pledged irrevocably to the payment of the amounts required to be paid into the Revenue Bond Fund for the payment of the Bonds. The amounts so pledged to be paid into the Revenue Bond Fund from the Water & Sewer System Revenue Fund are hereby declared to be a lien and charge upon the Gross Revenue junior in lien to the Costs of Maintenance and Operation and equal to the lien of the charges upon such Net Revenue and ULID Assessments that have heretofore been made to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds and which may hereafter be made upon the Net Revenue and ULID Assessments to pay and secure the payment of the principal of and interest on any Future Parity Bonds, and prior and superior to all other charges of any kind or nature whatsoever.

Section 13. Revenue Bond Fund; Payments into the Revenue Bond Fund.

(a) *Payments into Revenue Bond Fund.* The Revenue Bond Fund has previously been created in the office of the Finance Director and is composed of two subaccounts: the Bond Redemption Subaccount and the Common Reserve Subaccount. The Finance Director may create such additional accounts and subaccounts as may be convenient for the payment of the Parity Bonds and incorporate them as part of the Revenue Bond Fund, so long as the maintenance of such accounts does not conflict with the rights of the Owners of Parity Bonds.

(1) So long as any Parity Bonds are outstanding, the City covenants that all ULID Assessments (if any) shall be paid into the Revenue Bond Fund and that the City shall set aside and pay into the Revenue Bond Fund out of the Net Revenue, certain fixed amounts without regard to any fixed proportion, namely:

(i) Into the Bond Redemption Subaccount, on or before each interest (or principal and interest) payment date, an amount that will be sufficient, together with ULID Assessments and other money then on deposit therein, to pay the interest on and principal of (if any) the Parity Bonds then coming due and payable, including mandatory redemption amounts with respect to Term Bonds; and

(ii) Into the Common Reserve Subaccount (and into any separate reserve subaccount, if any, created in respect of any Parity Bonds that are not Covered Bonds), an amount necessary to satisfy the Reserve Requirements applicable to Bonds secured by such subaccounts in the time and manner required pursuant to subsection (c) of this section.

(2) When the total amount in the subaccounts in Revenue Bond Fund that are pledged to payment of the Parity Bonds equals the total amount of principal and interest with respect to all outstanding Parity Bonds to the last maturity thereof, no further payment need be made into those subaccounts in the Revenue Bond Fund.

(b) *Bond Redemption Subaccount.* For so long as any Parity Bonds are outstanding, the City covenants to maintain the Bond Redemption Subaccount for the payment of the Parity Bonds and to make deposits therein as set forth in subsection (a), above. If there is a deficiency in the Bond Redemption Subaccount to make the next upcoming payment of either principal or interest, that deficiency shall be made up from the Common Reserve Subaccount by the withdrawal of amounts necessary for that purpose.

(c) *Reserve Requirement.*

(1) *Designation as Covered Bonds and Establishment of Reserve Requirement.* In connection with the issuance of the Bonds and approval of the Sale Terms, the Finance Director shall determine whether to designate the Bonds (i) as Covered Bonds secured by the Common Reserve Subaccount, (ii) as Parity Bonds secured by a separate reserve subaccount, or (iii) as Parity Bonds not secured by a reserve subaccount. If the Bonds are not designated as Covered Bonds, any separate Reserve Requirement (if any) shall be established in the Bond Sale Terms set forth in the Bond Purchase Agreement.

(2) *Covered Bonds; Maintenance of Common Reserve Subaccount.* If the Finance Director determines to designate the Bonds as Covered Bonds, then for so long as the Bonds are outstanding, the City shall be required to maintain a balance in the Common Reserve Subaccount (including the value of all Reserve Securities held therein) at least equal to the Reserve Requirement, except for withdrawals as authorized in this subsection. The Reserve Requirement may be maintained by holding cash (which may be invested as set forth below), one or more Qualified Reserve Securities, Qualified Insurance, or a combination of the foregoing. In computing the amount on hand in the Common Reserve Subaccount, Qualified Reserve Securities or Qualified Insurance shall be valued at the face amount thereof. All other obligations purchased as an investment of money held in such subaccount shall be valued at cost. As used herein, the term “cash” shall include U.S. currency, cash equivalents, and evidences thereof, including demand deposits and certified or cashier’s checks. The deposit to the Common Reserve Subaccount may be satisfied initially by the transfer of qualified investments to such subaccount. In the event of any cancellation or termination of a Qualified Reserve Security or Qualified Insurance, the Common Reserve Subaccount shall be funded as if the Covered Bonds that remain outstanding on the date of such notice of cancellation or termination had been issued on that date. If the Bonds are designated as Covered Bonds, the Reserve Requirement must be satisfied in connection with the issuance of the Bonds and any Future Parity Bonds that are Covered Bonds, by any combination of: (i) a deposit of Bond proceeds on the issue date; (ii) the purchase of one or more Qualified Reserve Securities or Qualified Insurance on the issue date; and (iii) the deposit of Net Revenue, ULID Assessments, or other legally available money of the City in approximately equal annual installments (made no later than December 20 of each year) so that the Reserve Requirement is funded no later than five years after the issue date of the Bonds or of such Future Parity Bonds, as applicable.

(3) *Withdrawals from and Replenishment of Debt Service Reserve Subaccount(s).* On any principal or interest payment date in which there is a deficiency in the Bond Redemption Subaccount in respect of any Parity Bonds secured by the Common Reserve Subaccount or by a separate reserve subaccount, amounts sufficient to make up that deficiency shall be withdrawn from the Common Reserve Subaccount (or from the separate reserve subaccount, if applicable) (including by a draw on a Qualified Reserve Security or Qualified Insurance, if any) and shall be transferred to the Bond Redemption Subaccount. If, by reason of such withdrawal, the balance remaining in such reserve subaccount is insufficient to meet the Reserve Requirement for the Covered Bonds (or the reserve requirement established to secure Parity Bonds that are not Covered Bonds), such deficiency 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 Bond Redemption Subaccount. Except for withdrawals described above, the money in the Common Reserve Subaccount (and in any other reserve subaccount that may be established) otherwise shall be held intact and may be applied against the last outstanding Parity Bonds. However, if at any time the Common Reserve Subaccount (or any subaccount) is fully funded, money in excess of the applicable Reserve Requirement shall be withdrawn and deposited, first, in any other subaccount having a deficiency in its Reserve Requirement, and second, at the option of the Finance Director, either in the Bond Redemption Subaccount and spent for the purpose of retiring Parity Bonds, or in into the Water & Sewer System Revenue Fund and spent for other lawful system purposes.

(d) *Investment of Money Deposited in Revenue Bond Fund.* All money in the Revenue Bond Fund may be kept in cash or shall be invested in Permitted Investments maturing not later than the date when needed (for investments in the Bond Redemption Subaccount) or the last maturity of any outstanding Parity Bonds (for investments in the Common Reserve Subaccount or other reserve subaccount). Income from investments in the Bond Redemption Subaccount shall be retained in and used for the purposes of that subaccount. Income from investments in the Common Reserve Subaccount (or other reserve subaccount) shall be retained in and used for the purposes of that subaccount until the amount therein is equal to the applicable Reserve Requirement, and thereafter shall be deposited in the Bond Redemption Subaccount or used for other Water & Sewer System purposes.

(e) *Action to Compel Payments.* The City may transfer any money from any funds or accounts of the System legally available therefor, except bond redemption funds, refunding escrow funds, or defeasance funds, to meet the required payments to be made into the Revenue Bond Fund. If the City fails to set aside and pay into the Revenue 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, consistent with the rights and remedies set forth in Section 22 of this ordinance.

Section 14. Water & Sewer System Revenue Fund; Flow of Funds.

(a) *Revenue Fund.* The Water & Sewer System Revenue Fund has previously been established as a special fund of the City into which shall be deposited the Gross Revenue as collected, except the interest earned and income derived from investments of money in the Revenue Bond Fund and the accounts therein. The Water & Sewer System Revenue Fund shall be held separate and apart from all other funds and accounts of the City. Money in the Revenue Fund may be invested by the City in any investment that is a legal investment for the City.

(b) *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 Revenue Bond Fund, and the Gross Revenue shall be deposited into the Water & Sewer System Revenue Fund to be used for the following purposes only in the following order of priority:

- (1) To pay the Costs of Maintenance and Operation;
- (2) To make when due the required payments into the Bond Redemption Subaccount in respect of interest on the Parity Bonds, including reimbursements to the issuer of a Credit Facility if the Credit Facility secures the payment of interest on Parity Bonds and the ordinance authorizing such Parity Bonds provides for such reimbursement;
- (3) To make when due the required payments into the Bond Redemption Subaccount in respect of principal of (and premium on, if any) the Parity Bonds at maturity and on

mandatory redemption dates with respect to Term Bonds, and to pay all reimbursements due to the issuer of a Credit Facility if the Credit Facility secures the payment of principal of Parity Bonds and the ordinance authorizing such Parity Bonds provides for approval of Bond Sale Terms authorizing such reimbursement;

(4) To make all payments required to be made into any sinking fund account hereafter created (exclusive of payments made into the Bond Redemption Subaccount in respect of mandatory redemption payments then due) to provide for the payment of the principal of Term Bonds or Balloon Maturity Bonds;

(5) To make all payments required to be made into the Common Reserve Subaccount for Covered Bonds (and to any reserve subaccount that may be created in the future to secure payment of debt service on Parity Bonds that are not Covered Bonds), including reimbursements to the issuer of a Qualified Reserve Security utilized to satisfy the Reserve Requirement for the Covered Bonds (or for a series of Parity Bonds secured by a separate reserve subaccount) and the ordinance authorizing such Parity Bonds provides for approval of Bond Sale Terms authorizing such reimbursement;

(6) To make all payments required to be made into any revenue debt redemption fund, debt service account, Reserve Account, or sinking fund account created to pay and secure the payment of the principal of and interest on Subordinate Debt, including Government Loans and any revenue bonds, revenue warrants, or other revenue obligations of the City having a lien upon the Net Revenue junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds

(7) For any of the following purposes without priority: (i) to retire by redemption or to purchase in the open market any outstanding obligations of the Water & Sewer System; (ii) to make necessary betterments and replacements of or repairs, additions or extensions to the Water & Sewer System; (iii) to make deposits into the Coverage Stabilization Account; or (iv) for any other lawful City purpose.

Section 15. Coverage Stabilization Account. The Finance Director is hereby authorized to create a Coverage Stabilization Account within the Revenue Fund at the option of the Finance Director. The City hereby determines that the maintenance of a Coverage Stabilization Account will moderate fluctuations in Net Revenue and help to alleviate the need for short-term rate adjustments. Money in the Coverage Stabilization Account may be transferred as determined from time to time by the Finance Director. The City may make deposits into the Coverage Stabilization Account from the Water & Sewer System Revenue Fund at any time in accordance with the flow of funds set forth in subsection (a) of this section. Money in the Coverage Stabilization Account may be withdrawn at any time and used for the purposes for which the Gross Revenue may be used. For purposes of measuring compliance with the Rate Covenant, amounts withdrawn from the Coverage Stabilization Account shall increase Gross Revenue for the period in which they are withdrawn, and amounts deposited in the Coverage Stabilization Account shall reduce Gross Revenue for the period during which they are deposited. Transfers to or from the Coverage Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within such fiscal year. Earnings on the Coverage Stabilization Account shall be credited to the Water & Sewer System Revenue Fund.

Section 16. Bond Covenants. For so long as any of the Bonds are outstanding, the City covenants and agrees as follows:

(a) *Maintenance and Operation.* The City shall at all times maintain, preserve and keep the properties of the Water & Sewer System in good repair, working order and condition and will from time to time make all necessary and proper repairs, renewals, replacements, extensions and betterments thereto, so that at all times the business carried on in connection therewith will be properly and advantageously conducted, and the City will at all times operate or cause to be operated said properties of the Water & Sewer System and the business in connection therewith in an efficient manner and at a reasonable cost.

(b) *Rate Covenant.* The City will establish, maintain, and collect such rates and charges for service of the Water & Sewer System for so long as any Parity Bonds are outstanding as will maintain the Rate Covenant.

(c) *Payment of Costs of Maintenance and Operation.* In accordance with the flow of funds from the Water & Sewer System Revenue Fund as required by Section 14 hereof, there shall be maintained in the Revenue Fund sufficient money to enable the City to meet the Costs of Maintenance and Operation on a current basis.

(d) *Sale or Disposition of the Water & Sewer System.* The City will not sell or otherwise dispose of the Water & Sewer System in its entirety unless simultaneously with such sale or other disposition, provision is made for the payment into the Revenue Bond Fund of cash or Government Obligations sufficient together with interest to be earned thereon to pay the principal of and interest on the then-Outstanding Parity Bonds, nor will it sell or otherwise dispose of any part of the useful operating properties of the Water & Sewer System unless such facilities are replaced or provision is made for payment into the Revenue Bond Fund of the greatest of the following:

(1) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (defined as the total amount of the Parity Bonds, less the amount of cash and investments in the Revenue Bond Fund and accounts therein) that the Gross Revenue from the portion of the Water & Sewer System sold or disposed of for the preceding year bears to the total Net Revenue for such period; or

(2) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the Net Revenue from the portion of the Water & Sewer System sold or disposed of for the preceding year bears to the total Net Revenue for such period; or

(3) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the depreciated cost value of the facilities sold or disposed of bears to the depreciated cost value of the entire Water & Sewer System immediately prior to such sale or disposition.

The proceeds of any such sale or disposition of a portion of the properties of the Water & Sewer System (to the extent required above) shall be paid into the Revenue Bond Fund. Notwithstanding any other provision of this subsection (d), the City may sell or otherwise dispose of any of the works, plant, properties, and facilities of the Water & Sewer System (or any real or personal property comprising a part of the same) which shall have become unserviceable, inadequate, obsolete, unfit to be used in the operation of the Water & Sewer System, or no longer necessary, material to, or useful in such operation, without making any deposit into the Revenue Bond Fund.

(e) *Liens or Encumbrances.* The City will not at any time create or permit to accrue or to exist any lien or other encumbrance or indebtedness upon the Water & Sewer System or the Gross Revenue, or any part thereof, prior or superior to the lien thereon for the payment of the Parity Bonds, and will pay and discharge, or cause to be paid and discharged, any and all lawful claims for

labor, materials, or supplies which, if unpaid, might become a lien or charge upon the Gross Revenue, or any part thereof, or upon any funds in the hands of the City, prior to or superior to the lien of the Parity Bonds, or which might impair the security of the Parity Bonds.

(f) *Insurance.* The City will keep the works, plants and facilities comprising the Water & Sewer System insured, and will carry such other insurance, with responsible insurers, with policies payable to the City, against risks, accidents or casualties, at least to the extent that insurance is usually carried by private corporations operating like properties, or will implement a self-insurance program with reserves adequate, in the judgment of the Council, to protect the City and the holders of Parity Bonds against loss. In the event of any loss or damage, the City will promptly repair or replace the damaged portion of the insured property and apply the proceeds of any insurance policy for that purpose; or in the event the City should determine not to repair or reconstruct such damaged portion of the properties of the Water & Sewer System, the proceeds of such insurance shall be paid into the Common Reserve Subaccount (or any other debt service reserve subaccount established to secure any Parity Bonds) to the extent that such transfer is necessary to make up any deficiency in said subaccount and the balance, if any, shall be used, at the option of the City: (i) for repairs, renewals, replacements, or capital additions to the Water & Sewer System, (ii) for the redemption of Parity Bonds, or (iii) for deposit into the Revenue Bond Fund.

(g) *Books and Accounts.* The City shall keep proper books of account in accordance with any applicable rules and regulations prescribed by the State. The City shall annually prepare balance sheets and profit and loss statements showing in reasonable detail: the financial condition of the Water & Sewer System as of the close of each year; the income and expenses of such year, including the amounts paid into the Water & Sewer System Revenue Fund, the Revenue Bond Fund, and into any and all special funds or accounts created pursuant to the provisions of this ordinance; and the amounts expended for maintenance, renewals, replacements, and capital additions to the Water & Sewer System. Such annual financial and operating statements shall be provided to any owner of Parity Bonds upon request.

(h) *No Free Service.* Except to aid the poor or infirm, 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 Water & Sewer System free of charge to any person, firm, or corporation, public or private, other than the City, so long as any Bonds are outstanding and unpaid.

(i) *Additions and Improvements.* The City will not expend any of the Gross Revenue derived by it from the operation of the Water & Sewer System, or the proceeds of any indebtedness payable from the Gross Revenue for any extensions, betterments, or improvements to the Water & Sewer System that are not legally required or economically sound, in the judgment of the City, and that will not, in the judgment of the City, properly and advantageously contribute to the conduct of the business of the Water & Sewer System in an efficient manner.

(j) *Collection of Delinquent Accounts.* The City will, on or before April 1 of each calendar year, determine all accounts that are delinquent and will take all necessary action to enforce payment of such accounts including real property foreclosure actions pursuant to RCW ch. 35.67, as amended, or its successor statute, if any, against those property owners whose accounts are delinquent.

(k) *Collection and Application of ULID Assessments.* All ULID Assessments (if any) shall be paid into the Revenue Bond Fund and shall be used to pay and secure the payment of the principal of and interest on the Parity Bonds. Nothing in this ordinance or this section shall be construed to prohibit the City from issuing water, sewer or other utility system revenue bonds or other debt obligations subordinate in lien to the Bonds and pledging as security for their payment

assessments levied in any ULID which may have been specifically created to pay part of the cost of improvements to the Water & Sewer System for which such Subordinate Debt was specifically issued.

(l) *Collection of Delinquent ULID Assessments.* The City will, on or before April 1 of each calendar year (or such other annual date that is consistent with the collection of ULID Assessments), determine all ULID Assessments or installments thereof that are delinquent and will take all necessary action to enforce payment of such ULID Assessments, including real property foreclosure actions pursuant to RCW Chapter 35.50, as amended, or its successor statute, if any, against the property owners whose ULID Assessments are delinquent.

Section 17. Provisions for Future Parity Bonds

(a) *Parity Conditions.* The City reserves the right to issue Future Parity Bonds if the Parity Conditions set forth in Exhibit B are met and complied with at the time of the issuance of those Future Parity Bonds.

(b) *Junior Liens.* Nothing herein contained shall prevent the City from issuing revenue bonds or other obligations that are a charge upon the Gross Revenue junior or inferior to the payments required by this ordinance to be made out of such Gross Revenue into the Revenue Bond Fund and accounts therein to pay and secure the payment of any Outstanding Parity Bonds, or from pledging the payment of utility local improvement district assessments into a bond redemption fund created for the payment of the principal of and interest on Subordinate Debt, as long as such utility local improvement district assessments are levied for improvements constructed from the proceeds of that Subordinate Debt.

(c) *Refunding to Avoid Default.* Nothing herein contained shall prevent the City from issuing revenue bonds to refund maturing Parity Bonds for the payment of which money is not otherwise available.

Section 18. Separate Utility Systems. ***The following provision shall automatically become effective upon the Parity Covenant Date:*** *The City may at any time create, acquire, construct, finance, own and operate one or more systems for water, sanitary sewer, and storm and surface water drainage systems (or other utility commodity or service), which systems are separate from and in addition to the Water & Sewer System. The revenue of any such Separate Utility System (and any utility local improvement district assessments payable solely with respect to improvements to a Separate Utility System), may be excluded from the Gross Revenue and may be pledged to the payment of revenue obligations that are issued to purchase, construct, condemn or otherwise acquire or expand the Separate Utility System and are payable solely from the net revenues of that Separate Utility System (and any utility local improvement district assessments payable solely with respect to improvements to a Separate Utility System). Neither the Gross Revenue of the Water & Sewer System nor the ULID Assessments (if any) may be pledged to the payment of any obligations of such a Separate Utility System, except that the Net Revenue may be pledged on a basis subordinate to the lien of the Parity Bonds.*

Section 19. Contract Resource Obligations. ***The following provision shall automatically become effective upon Parity Covenant Date:*** *The City may at any time enter into one or more Contract Resource Obligations for the acquisition, from facilities to be constructed or improved by the use of payments under such Contract Resource Obligations, of water, sanitary sewer, and storm and surface water drainage facilities, commodities, or services, or any other facility, commodity, or service relating to the Water & Sewer System, consistent with the following:*

(a) Obligations Relating to New Facilities. *The City may agree under a contract containing a Contract Resource Obligation that all payments in respect of that Contract Resource Obligation (including payments prior to the time that water, sanitary sewer, and storm and surface water drainage service is placed in service or connected, and during any suspension or after termination of supply or service) shall be deemed a Costs of Maintenance and Operations, so long as the payments required to be made under the Contract Resource Obligation are not subject to acceleration and the following additional requirements are met at the time such a Contract Resource Obligation is entered into:*

(1) *No event of default has occurred and is continuing under the terms of any debt obligation of the City in respect of the Water & Sewer System; and*

(2) *The City has obtained a certificate of an Independent Consultant stating that in such consultant's professional opinion: (i) the payments to be made by the City in connection with the Contract Resource Obligation are reasonable for the facilities, commodities, or services provided; (ii) the source of any new supply, and any facilities to be constructed to provide the supply or transmission, are sound from a supply or planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide service no later than a date set forth in the certification; and (iii) the Net Revenue of the Water & Sewer System will be sufficient to satisfy the Rate Covenant for each of the five calendar years following the calendar year in which the Contract Resource Obligation is incurred, where the calculation of Net Revenue (A) takes into account the adjustments permitted in connection with a certificate delivered to satisfy the Parity Conditions, and (B) adjusts the Costs of Maintenance and Operation by such Independent Consultant's estimate of the payments to be made in accordance with the Contract Resource Obligation.*

(b) Obligations Relating to Existing Facilities. *Nothing in this section shall prevent the City from entering into agreements relating to obtaining or acquiring facilities, commodities, or services relating to the Water & Sewer System from existing facilities or sources of supply and from treating those payments as a Costs of Maintenance and Operations.*

(c) Subordinate Obligations. *Nothing in this section shall prevent the City from entering into agreements for facilities, commodities, or services relating to the Water & Sewer Systems that are to be constructed or obtained in the future and from agreeing to make payments with respect thereto that constitute Subordinate Obligations.*

Section 20. Tax Covenants.

(a) Tax-Exempt Bonds. *The Sale Terms and other documents executed in conjunction with the sale of the Bonds (or a Series of the Bonds) may include such additional terms and covenants relating to federal tax matters as the Finance Director deems necessary or appropriate, including the following:*

(1) Preservation of Tax Exemption for Interest on Tax-Exempt Bonds. *The City covenants that if it determines to sell the Bonds (or any series of the Bonds) as Tax-Exempt Bonds, it will take all actions necessary to prevent interest on those 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 those Tax-Exempt Bonds or other funds of the City treated as proceeds of those Tax-Exempt Bonds that will cause interest on those 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 (or*

a Series thereof), take all actions necessary to comply (or to be treated as having complied) with those requirements.

(2) *Post-Issuance Compliance with Federal Tax-Exempt Bond Requirements.*

The Finance Director 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.

(b) *Taxable Bonds.* Notwithstanding the foregoing, nothing herein prevents the Finance Director from determining that the Bonds, or a Series of the Bonds, is to be issued as Taxable Bonds.

Section 21. Amendatory and Supplemental Ordinances. 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. For purposes of this provision, the passage of an ordinance authorizing the issuance of Future Parity Bonds shall not be considered an amendatory or supplemental ordinance subject to these restrictions.

(a) *Certain Amendatory or Supplemental Ordinances Permitted Without Bond Owner Consent.* From time to time, and at any time, without the consent of or notice to the Registered Owners of the Parity Bonds, the City, may pass amendatory or supplemental ordinances as set forth in this subsection (a). The permitted purposes under this subsection (a) are:

(1) To add to the covenants and agreements of the City set forth in this ordinance, additional covenants or agreements to be observed by the City thereafter, which do not adversely affect the interest of the holders of any then-outstanding Parity Bonds, or to surrender any right or power herein reserved to the City.

(2) To make such provisions as the City Council may deem necessary or desirable for the purpose of curing any ambiguities or of curing, correcting, or supplementing any defective provision contained in this ordinance or any Future Parity Bond Authorizing Ordinance in regard to matters or questions arising under such ordinances, provided that such action is not inconsistent with such ordinances and does not adversely affect, in any material respect, the interests of the holders of the Parity Bonds.

(b) *Amendatory or Supplemental Ordinances Requiring Consent of Registered Owners of 65% of Parity Bonds Outstanding.* In addition to any ordinance permitted pursuant to paragraph (a) and subject to the terms and conditions contained in subsection (c) and not otherwise, upon consent of the Registered Owners of not less than 65% in aggregate principal amount of the Parity Bonds then outstanding the City Council may pass any supplemental or amendatory ordinance for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance or of any other Parity Bond Ordinance. It shall not be necessary for the consent of bondholders under this subsection (b) to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof, and nothing contained herein shall prevent the City Council from passing such an ordinance with an effective date that is contingent upon obtaining the consents described herein.

For the purpose of consenting to amendments under this subsection (b) except for amendments that alter the interest rate, maturity date, interest payment dates, purchase upon tender or redemption of any Parity Bonds, the issuer or provider of a Credit Facility shall be deemed to be the sole Registered Owner of the Parity Bonds that are payable from such Credit Facility and that are then outstanding.

(c) *Amendatory or Supplemental Ordinances Requiring Consent of All Registered Owners.* Notwithstanding the foregoing, no supplemental or amendatory ordinance shall:

(1) Extend the fixed maturity of any Parity Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of each Parity Bond so affected; or

(2) Reduce the aforesaid percentage of bondholders required to approve any supplemental or amendatory ordinance, without the consent of the Registered Owners of all of the Parity Bonds then outstanding.

(d) *Effect of Passage of Amendatory or Supplemental Ordinance.* Upon the effective date of any amendatory or supplemental ordinance passed and approved, if required, pursuant to the provisions of this section, this ordinance shall be, and shall be deemed to be, amended and supplemented accordingly. The respective rights, duties and obligations under this ordinance of the City, the Bond Registrar, and all Registered Owners shall thereafter be determined, exercised, and enforced under this ordinance subject in all respects to such supplements and amendments, and all terms and conditions of any such supplemental ordinance shall be deemed to be part of the terms and conditions of this ordinance for any and all purposes.

Any Bonds executed and delivered pursuant to this ordinance after the effective date of any amendatory or supplemental ordinance passed in accordance with this section may include a notation as to any matter provided for in such amendatory or supplemental ordinance. If such amendatory or supplemental ordinance shall so provide, new Bonds bearing the same principal amounts and terms that are modified so as to conform, in the opinion of the City Council, to the supplement or amendment of this ordinance, may be prepared and delivered without cost to the holders of any affected Bonds, upon surrender for cancellation of such original Bonds (together with all unmatured coupons and all matured coupons not fully paid, if any).

Section 22. Defaults and Remedies.

(a) *Events of Default.* The following shall constitute “Events of Default” with respect to the Bonds:

(1) If a default is made in the payment of the principal of or interest on any of the Bonds when the same shall become due and payable; or

(2) If the City files a petition in bankruptcy or is placed in receivership under any state or federal bankruptcy or insolvency law; or

(3) If the City defaults in the observance and performance of any other of its covenants, conditions and agreements set forth in this ordinance and such default or defaults have continued for a period of six months after they have received from the registered owners of not less than 25% in outstanding principal amount of the Parity Bonds, a written notice specifying and demanding the cure of such default. However, if the default in the observance and performance of any other of the covenants, conditions and agreements is one which cannot be completely remedied within the six-month period, it shall not be an Event of Default with respect to the Bonds as long as the City has taken active steps within 90 days to remedy the default and is diligently pursuing such remedy.

(b) *No Acceleration.* Nothing contained in this ordinance shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal of the Parity Bonds. The remedy of acceleration is expressly denied to the Owners of the Parity Bonds under any

circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

(c) ***Subsections (c) through (g), as set forth below, shall become effective only upon the Parity Covenant Date: Bondowners' Trustee.*** A notice to the City of an Event of Default under subsection (a)(3) may alternatively be given by a Bondowners' Trustee appointed as described in this subsection. Upon occurrence of an Event of Default (notwithstanding the notice requirement under subsection (a)(3), a Bondowners' Trustee may be appointed by the Registered Owners of 25% in principal amount of the Parity Bonds then outstanding, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners of the Parity Bonds or by their attorneys-in-fact, duly authorized and delivered to such Bondowners' Trustee, and after notice of such appointment has been delivered to the City. That appointment shall become effective immediately upon acceptance thereof by the Bondowners' Trustee. Any Bondowners' Trustee must be a bank or trust company organized under the laws of the State of Washington or the State of New York or a national banking association. The bank or trust company acting as Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed, by the registered owners of a majority in principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Bonds or by their attorneys-in-fact duly authorized. The Bondowners' Trustee may require such security and indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties. If any Event of Default is, in the sole judgment of the Bondowners' Trustee, cured and the Bondowners' Trustee furnishes to the City a certificate so stating, that Event of Default shall be conclusively deemed to be cured and the City, the Bondowners' Trustee and the registered owners of the Parity Bonds shall be restored to the same rights and position which they would have held if no Event of Default had occurred. The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the Registered Owners of all the Parity Bonds and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

(d) ***Suits at Law or in Equity.*** Upon the happening of an Event of Default and during the continuation thereof, the Bondowners' Trustee may (and, upon the written request of the registered owners of not less than 25% in principal amount of the Parity Bonds outstanding, must) take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the registered owners of the Parity Bonds, to collect any amounts due and owing to or from the City, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this ordinance or in any of the Parity Bonds. Any action, suit or other proceedings instituted by the Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners and all such rights of action upon or under any of the Parity Bonds or the provisions of this ordinance may be enforced by the Bondowners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all of the registered owners of those Parity Bonds, subject to the provisions of this ordinance. The respective registered owners of the Parity Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and lawful trustee of the respective registered owners of those Parity Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the registered owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bondowners' Trustee to

consent to accept or adopt, on behalf of any registered owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any registered owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the registered owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the City is a party.

(e) Application of Money Collected by Bondowners' Trustee. Any money collected by the Bondowners' Trustee at any time pursuant to this section shall be applied in the following order of priority:

(1) First, to the payment of the charges, expenses, advances and compensation of the Bondowners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys.

(2) Second, to the payment to the persons entitled thereto of all installments of interest then due on the Parity Bonds in the order of maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference.

(3) Third, to the payment to the persons entitled thereto of the unpaid principal amounts of any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.

(f) Duties and Obligations of Bondowners' Trustee. The Bondowners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bondowners' Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of their own affairs. The Bondowners' Trustee shall have no liability for any act or omission to act hereunder except for the Bondowners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bondowners' Trustee shall be determined solely by the express provisions of this ordinance, and no implied powers, duties or obligations of the Bondowners' Trustee shall be read into this ordinance. The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bondowners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct. The Bondowners' Trustee shall not be bound to recognize any person as a registered owner of any Bond until title thereto, if disputed, has been established to its reasonable satisfaction. The Bondowners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.

(g) Suits by Individual Bondowners Restricted. Neither the registered owner nor the beneficial owner of any one or more of Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless: (1) an Event of Default has

happened and is continuing; (2) a Bondowners' Trustee has been appointed; (3) such owner previously shall have given to the Bondowners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; (4) the registered owners of 25% in principal amount of the then outstanding Parity Bonds have made, after the occurrence of such Event of Default, written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceeding; (5) there have been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (6) the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time. No Owner of any Parity Bond shall have any right in any manner whatever by such Owner's action to affect or impair the obligation of the City to pay from the Net Revenue the principal of and interest on such Parity Bonds to the respective Owners thereof when due.

Section 23. *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, private placement, or by competitive sale in accordance with a notice of sale 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 and other advisors. In determining the method of sale of a Series and accepting the Bond 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.

(b) *Procedure for Negotiated Sale or Private Placement.* If the designated Representative determines that a Series of the Bonds is to be sold by negotiated sale or private placement, the Designated Representative shall select one or more Purchasers with which to negotiate such sale. The Bond Purchase Agreement for such Series shall set forth the Bond Sale Terms. The Designated Representative is authorized to execute the Bond Purchase Agreement on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

(c) *Procedure for Competitive Sale.* If the Designated Representative determines that a Series of the Bonds is to be sold by competitive sale, the Designated Representative shall cause the preparation of an official notice of bond sale setting forth parameters for the Bond Sale Terms and any other bid parameters that the Designated Representative deems appropriate consistent with this ordinance. Bids for the purchase of the Series shall be received at such time or place and by such means as the Designated Representative directs. On the date and time established for the receipt of bids, the Designated Representative (or the designee of the Designated Representative) shall open bids and shall cause the bids to be mathematically verified. The Designated Representative is authorized to award, on behalf of the City, the winning bid and accept the winning bidder's offer to purchase the Series, with such adjustments to the aggregate principal amount and principal amount per maturity as the Designated Representative deems appropriate, consistent with the terms of this ordinance. The Designated Representative may reject any or all bids submitted and may waive any formality or irregularity in any bid or in the bidding process if the Designated Representative deems it to be in the City's best interest to do so. If all bids are rejected, the Series may be sold pursuant to negotiated sale or in any manner provided by law as the Designated Representative determines is in the best interest of the City, within the parameters set forth in this ordinance.

(d) *Preparation, Execution and Delivery of the Bonds.* Each Series of the Bonds will be prepared at City expense and will be delivered to the Purchaser in accordance with the Bond

Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Series.

Section 24. Official Statement; Continuing Disclosure.

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

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

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

Section 25. 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 thereof and for the proper application, use and investment of the proceeds of the Bonds. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 26. Severability. If any provision in this ordinance is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 27. Effective Date of Ordinance. This ordinance shall be effective fifteen days after it becomes valid pursuant to Section 3.4 of the City Charter.

PASSED by the City Council of the City of Everett, Washington, at a regular open public meeting thereof, this ____ day of March, 2025, and signed in authentication of its passage this ____ day of March, 2025.

CITY OF EVERETT, WASHINGTON

By _____
Mayor

Attest:

APPROVED AS TO FORM

City Clerk

By _____
Stradling Yocca Carlson & Rauth LLP
Bond Counsel to the City

DATE OF PUBLICATION:

EFFECTIVE DATE:

EXHIBIT A

OUTSTANDING WATER & SEWER SYSTEM INDEBTEDNESS

Outstanding Parity Bonds

Issue Name	Authorizing Ordinance	Issue Date	Final Maturity Date	Original Par Amount	Amount Outstanding as of 1/1/2025
Water & Sewer Revenue Refunding Bonds, 2013	Ord. 3313-13	3/1/2023	12/1/2030	\$62,145,000	\$ 7,740,000
Water & Sewer Revenue Bonds, 2015	Ord. 3450-15	11/3/2015	12/1/2040	\$50,525,000	\$35,615,000
Water & Sewer Revenue Refunding Bonds, 2016	Ord. 3518-16	11/29/2016	12/1/2035	\$68,050,000	\$50,180,000
Water & Sewer Revenue and Refunding Bonds, 2023	Ord. 3946-23	5/31/2023	12/1/2048	\$49,235,000	\$45,020,000

Outstanding Government Loans

Program Lender/Bondholder	Issue Date	Maturity Date	Maximum Authorized Amount	Amount Outstanding as of 1/1/2025
Public Works Trust Fund ("PWTF") Loan Treatment Plant Upgrade	4/25/2005	7/1/2025	\$9,500,000	\$ 527,778
PWTF Loan Water Pollution Facility Expansion	6/25/2006	7/1/2026	\$7,000,000	\$ 736,842
PWTF Loan Water Pollution Facility Expansion	1/31/2013	6/1/2032	\$10,000,00	\$ 4,387,351
Drinking Water State Revolving Fund ("DWSRF") Loan Clearwell No. 2	3/3/2006	10/1/2025	\$4,040,000	\$ 222,574
DWSRF Loan Clearwell No. 2	12/21/2007	10/1/2026	\$4,040,000	\$ 425,263
DWSRF Loan Clearwell No. 2	3/3/2008	10/1/2027	\$3,030,000	\$ 478,421
DWSRF Loan Clearwell No. 2	8/22/2008	10/1/2028	\$4,040,000	\$ 853,278
SWSRF Recovered Water Outfall	08/05/2009	10/1/2029	\$1,376,473	\$ 362,249
DWRFL Bond Street CSO	10/13/2010	9/6/2033	\$1,994,497	\$ 994,824

EXHIBIT B

Requirements for the Issuance of Future Parity Bonds ("Parity Conditions")

(a) *Conditions to the Issuance of Future Parity Bonds.* The City may issue Future Parity Bonds secured by a lien and charge on the Net Revenues and ULID Assessments on a parity with the Bonds and the Outstanding Parity Bonds if and only if the following conditions are met and complied with at the time of issuance of those proposed Future Parity Bonds:

(1) The City shall not have been in default of its Rate Covenant for the immediately preceding fiscal year, without regard to transfers from the Coverage Stabilization Account; and

(2) The Future Parity Bond Authorizing Ordinance must include a covenant that the City will establish, maintain, and collect such rates and charges for service of the Water & Sewer System for so long as any Parity Bonds are outstanding as will maintain the Rate Covenant.

There shall have been filed a certificate (prepared as described in subsection (c) or (d) below) demonstrating fulfillment of the Parity Requirement, commencing with the first full fiscal year following the date on which any portion of interest on the series of Future Parity Bonds then being issued no longer will be paid from the proceeds of such series of Future Parity Bonds. For purposes of this certificate:

(i) "Parity Requirement" means Net Revenue equal to or greater than 125% of Average Annual Debt Service for all Parity Bonds, computed by deducting from Annual Debt Service the Annual Debt Service for each series or issue of Parity Bonds that is covered by ULID Assessments. In determining the amount of Annual Debt Service "covered by ULID Assessments," Annual Debt Service for each future year is reduced by the dollar amount of ULID Assessments projected to be received during such future year, and the remaining outstanding ULID Assessments are assumed to be paid in the remaining number of annual installments with no prepayments. For purposes of determining whether the Parity Requirement has been met, transfers from the Coverage Stabilization Account shall not be taken into account.

(ii) "Historical Net Revenue" or "Net Revenue" means Gross Revenue (or the relevant part or parts thereof) (A) less the normal expenses of maintenance and operation of the Water & Sewer System (or the relevant part or parts thereof), (B) before depreciation, and (C) adjusted to reflect the rates and charges effective on the date of such certificate if there has been any change in such rates and charges during or after such Base Period.

(b) *No Certificate Required.* The certificate described in the foregoing subsection (a)(3) shall not be required as a condition to the issuance of Future Parity Bonds:

(1) If the Future Parity Bonds being issued are for the purpose of refunding Outstanding Parity Bonds; or

(2) If the Future Parity Bonds are being issued to pay costs of construction of facilities of the Water & Sewer System for which Future Parity Bonds have been issued previously and the principal amount of such Future Parity Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of Future Parity Bonds theretofore issued for such facilities and reasonably allocable to the facilities to be completed as shown in a written certificate of the Finance Director, and there is delivered a Designated

Representative's certificate stating that the nature and purpose of such facilities has not materially changed.

(c) *Certificate of the City Without an Independent Consultant.* If required pursuant to the foregoing subsection (a)(3), a certificate may be delivered by the City, executed by the Finance Director, without an Independent Consultant, if Net Revenues for the Base Period (confirmed by an audit) conclusively demonstrate that the Parity Requirement will be fulfilled commencing with the first full fiscal year following the date on which any portion of interest on the series of Future Parity Bonds then being issued will not be paid from the proceeds of such series of Future Parity Bonds.

(d) *Certificate of an Independent Consultant.* Unless compliance with the requirements of subsection (a)(3) have been otherwise satisfied as provided in (b) or (c) above, compliance with the Parity Requirement shall be demonstrated conclusively by a certificate of an Independent Consultant.

In making the computations of Net Revenue for the purpose of certifying compliance with the Parity Requirement, the Independent Consultant shall use as a basis the Net Revenue (which may be based upon unaudited financial statements of the City if the audit has not yet been completed) for the Base Period. Such Net Revenue shall be determined by adding the following:

(1) The Historical Net Revenue for the Base Period, as determined by the Independent Consultant.

(2) The Net Revenue derived from those customers of the Water & Sewer System that have become customers during such Base Period or thereafter and prior to the date of such certificate, adjusted to reflect a full year's Net Revenue from each such customer, to the extent such Net Revenue was not included in (1) above.

(3) The estimated annual Net Revenue to be derived from any person, firm, association, or private or municipal corporation under any executed contract for service, which Net Revenue was not included in any of the sources of Net Revenue described in this subsection (d).

(4) The estimated annual Net Revenue to be derived from the operation of any additions to or improvements or extensions of the Water & Sewer System under construction but not completed at the time of such certificate and not being paid for out of the proceeds of sale of such Future Parity Bonds being issued, and which Net Revenue is not otherwise included in any of the sources of Net Revenue described in this subsection (d).

(5) The estimated annual Net Revenue to be derived from the operation of any additions and improvements to or extensions of the City being paid for out of the proceeds of the sale of such Future Parity Bonds being issued.

In the event the City will not derive any revenue as a result of the construction of the additions, improvements, or extensions being made or to be made to the Water & Sewer System that is reflected in the provisions of subparagraphs (4) and (5) immediately above, the estimated normal Costs of Maintenance and Operation (excluding any transfer of money to other funds of the City and license fees, taxes, and payments in lieu of taxes payable to the City) of such additions, improvements, and extensions shall be deducted from estimated annual Net Revenue.

EXHIBIT C

PARAMETERS FOR SALE TERMS

- | | | |
|-----|---------------------------|--|
| (a) | Principal Amount. | The Bonds may be issued in one or more Series and shall not exceed the aggregate principal amount of \$181,000,000. |
| (b) | Date or Dates. | Each Bond shall be dated its Issue Date, which date may not be later than one year after the effective date of this ordinance. |
| (c) | Denominations, Name, etc. | The Bonds shall be issued in Authorized Denominations and shall be numbered separately in the manner and bearing such name (including any series or additional designation) as deemed necessary or appropriate by the Designated Representative. |
| (d) | Interest Rate(s). | Each Bond shall bear interest at a fixed rate per annum (computed on the basis of a 360-day year of twelve 30-day months) from the Issue Date or from the most recent date for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the Bonds. The true interest cost to the City for each Series of the Bonds may not exceed 5.50%. |
| (e) | Payment Dates. | Interest shall be payable semiannually on dates acceptable to the Designated Representative. Principal payments shall commence on a date acceptable to the Designated Representative and shall be payable at maturity (or in mandatory redemption installments) on dates acceptable to the Designated Representative. |
| (f) | Final Maturity. | The Bonds shall mature no later than December 1, 2050. |
| (g) | Redemption Rights. | <p>The Designated Representative may approve in the Bond Purchase Agreement for each Series provisions for the optional and mandatory redemption of the Bonds of such Series, subject to the following:</p> <p>(1) <u>Optional Redemption</u>. Any Bond may be designated as being (A) subject to redemption at the option of the City prior to its maturity date on the dates and at the prices set forth in the Bond Purchase Agreement; or (B) not subject to redemption prior to its maturity date. If a Tax-Exempt 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.</p> |

- (2) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in the amounts set forth in the Bond Purchase Agreement.
- (h) Price. The purchase price for each Series of the Bonds may not be less than 98.0% or more than 135.0% of the stated principal amount of that Series.
- (i) Other Terms and Conditions.
- (1) *Parity Conditions Met*. The Designated Representative must be satisfied that the Parity Conditions have been met to permit the Bonds to be issued as Parity Bonds.
- (2) *Reasonably Expected Life*. As of the Issue Date of each Series, the Designated Representative must find to the Designated Representative's satisfaction that the average expected life of the capital facilities or assets to be financed with the proceeds (or allocable share of proceeds) of that Series exceeds the weighted average maturity of such Series (or share thereof allocated to financing those capital facilities).
- (3) *Tax Status of the Bonds*. The Designated Representative may designate any Series of the Bonds as Tax-Exempt Bonds, Taxable Bonds, or Tax Credit Subsidy Bonds, consistent with Section 20 of this ordinance.
- (4) *Reserve Requirement*. In approving the Sale Terms, the Designated Representative shall determine whether it is in the City's best interest to designate the Bonds (or a Series of the Bonds) as Covered Bonds and whether to provide for such Reserve Requirement by Bond Insurance or other credit enhancement or Reserve Securities; and may accept such additional terms, conditions and covenants in relation thereto as the Designated Representative may determine are in the best interests of the City, consistent with this ordinance.

- (5) *Additional Terms, Conditions, and Agreements.* The Sale Terms for any Series may provide for bond insurance or for any other credit enhancement as the Designated Representative may find necessary or desirable. The Sale Terms may include such additional terms, conditions, and covenants as may be necessary or desirable, including but not limited to: restrictions on investment of Bond proceeds and pledged funds (including any escrow established for the defeasance of any of the Bonds); provisions for the conversion of interest rate modes; provisions for the reimbursement of a credit enhancement provider; and requirements to give notice to or obtain the consent of a credit enhancement provider. The Designated Representative is authorized to execute, on behalf of the City, such additional certificates and agreements as may be necessary or desirable to reflect such terms, conditions, and covenants.

EXHIBIT D

DESCRIPTION OF PROJECTS

Water System Projects:

- [Reserved]

Sewer System Projects:

- **Port Gardner Storage Facility (PGSF).** This project will redevelop the former Kimberly-Clark Industrial wastewater treatment plant to provide temporary storage and control of combined sewer outflows and a regional treatment system for urban stormwater runoff.
- **PGSF West Marine View Drive (WMVD) Combined Conveyance Improvements.** This project is one of the conveyance projects related to the PGSF program. It includes the design and construction of new large diameter storm and combined sewer pipelines and manholes and rehabilitation and replacement of a water main for combined sewer.
- **36th Street Combined Sewer Outflow (CSO) Control.** This project will control and eliminate combined sewer flooding at 36th Street and McDougall Avenue to reduce CSO discharges at the Snohomish River Outfalls. The project will build a large underground storage tank and associated pipe infrastructure for storage of excess combined storm and sewer flows.
- **Water Pollution Control Facility (WPCF) Headworks Replacement.** The headworks structure at the City of Everett's WPCF is a key piece of wastewater treatment infrastructure for the City and the surrounding region. The headworks structure needs complete replacement due to internal structural degradation and process equipment deterioration.

Storm & Surface Water Drainage System Projects:

- **The Port Gardner Storage Facility (PGSF) and PGSF West Marine View Drive Combined Conveyance Improvements Projects.** These projects are components of the Sewer System Projects. Refer to Sewer System Projects section for project details.

EXHIBIT E

[Form of]

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

City of Everett, Washington Water & Sewer Revenue Bonds, 2025[]

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

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

(i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in paragraph (b) (“annual financial information”). The timely filing of unaudited financial statements shall satisfy the requirements and filing deadlines pertaining to the filing of annual financial statements under subsection (b), provided that audited financial statements are to be filed if and when they are otherwise prepared and available to the City.

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

For purposes of this Undertaking, the term “financial obligation” shall mean a debt obligation; derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or a guarantee of either a debt obligation or a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation. The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

(i) Shall consist of (1) annual financial statements, which statements may or may not be audited, showing ending fund balances, prepared in accordance with regulations prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type included in the Official Statement and described as follows:*[to be inserted based on the Official Statement]*; (2) the principal amount of Parity Bonds then outstanding; and (3) number of Water & Sewer System customers.

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City’s fiscal year ending December 31, 2024; and

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

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

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

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

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any material failure to comply with this Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with this Undertaking shall constitute a default in respect of the Bonds. The sole

remedy of any holder of a Bond shall be to take action to compel the City or other obligated person to comply with this Undertaking, including seeking an order of specific performance from an appropriate court.

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

- (i) Preparing and filing the annual financial information undertaken to be provided;
- (ii) Determining whether any event specified in paragraph (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;
- (iii) Determining whether any person other than the City is an "obligated person" within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;
- (iv) Selecting, engaging and compensating designated agents and consultants, including financial advisors and legal counsel, to assist and advise the City in carrying out this Undertaking; and
- (v) Effecting any necessary amendment of this Undertaking.

CERTIFICATION

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

1. The attached copy of Ordinance No. _____ (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 March __, 2025, as that ordinance appears on the minute book of the City.

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

Dated: March __, 2025.

CITY OF EVERETT, WASHINGTON

MARISTA JORVE
City Clerk

Project title:

A Resolution of the City of Everett, Washington, declaring its intent to issue general indebtedness to be repaid with certain sales and use taxes that the City receives under the Local Infrastructure Financing Tool Program pursuant to Chapter 39.102 RCW.

Council Bill # *interoffice use*

Agenda dates requested:

Action 03/19/25

Public hearing

Yes X No

Budget amendment:

Yes X No

PowerPoint presentation:

Yes X No

Attachments:

Resolution

Department(s) involved:

Finance

Contact person:

Heide Brillantes, Finance Director

Phone number:

(425) 257-8612

Email:

HBrillantes@everettwa.gov

Initialed by:

HB

Department head

Administration

Council President

Project: Local Infrastructure Financing Tool (LIFT) Program

Partner/Supplier: NA

Location: NA

Preceding action: Ordinance No. [2997-07](#), Resolution No. [6178](#), Ordinance [3539-17](#)

Fund: NA

Fiscal summary statement:

None.

Project summary statement:

Under RCW 39.102 and RCW 82.14.475, the City of Everett is authorized to impose a local sales and use tax (LIFT Tax) to finance public improvements within a Revenue Development Area (RDA), with no net tax rate change to the taxpayer. On June 13, 2007, the City Council passed Ordinance No. 2997-07, establishing the Everett Riverfront RDA for financing public improvements. The City applied for the LIFT Program, and on September 13, 2007, the Community Economic Revitalization Board approved the City's application, granting up to \$500,000 annually in state sales and use tax contributions for 25 years.

By Resolution No. 6178, adopted on August 26, 2009, the City set the maximum LIFT Tax rate at 0.02951%, in accordance with RCW 82.14.475. Then, on July 1, 2017, Ordinance No. 3539-17 confirmed that the City met all conditions under RCW 39.102.040 and 82.14.475 and began imposing the LIFT Tax after the State's excise and property tax allocation revenues for 2016 were found to meet the project award requirements. Construction on public improvements within the Everett RDA also commenced on July 1, 2017, before June 30, 2022, the fifth fiscal year following the first imposition of the LIFT Tax.

Now, the City of Everett intends to incur general indebtedness and issue general obligation bonds, not exceeding \$7,000,000, by December 31, 2025. These bonds will, in part, finance public improvements within the Everett Riverfront Development Area (RDA), including the Riverfront Trail and Eclipse Mill Park Improvement Projects. The debt will be repaid, in whole or in part, using LIFT Tax revenues, in accordance with RCW 39.102.150 and applicable law.

Recommendation (exact action requested of Council):

Adopt a Resolution declaring intent to issue general indebtedness to be repaid with certain sales and use taxes that the City receives under the Local Infrastructure Financing Tool Program pursuant to Chapter 39.102 RCW.



RESOLUTION NO. _____

A RESOLUTION of the City of Everett, Washington, declaring its intent to issue general indebtedness to be repaid with certain sales and use taxes that the City receives under the Local Infrastructure Financing Tool program pursuant to chapter 39.102 RCW

WHEREAS,

1. Chapter 39.102 RCW and RCW 82.14.475 authorize the imposition of a local sales and use tax (the "LIFT Tax") for the purpose of financing certain Public Improvements (as defined in chapter 39.102 RCW) located within a Revenue Development Area ("RDA"), upon the satisfaction of certain conditions, which tax is credited against the sales and use tax otherwise due to the State under chapters 82.08 and 82.12, resulting in no net change in tax rate to the taxpayer;
2. Pursuant to this authority, the City Council, on June 13, 2007, passed Ordinance No. 2997-07 establishing the Everett Riverfront Revenue Development Area ("Everett RDA") as required under RCW 39.102.060, for the purpose of financing Public Improvements located within the Everett RDA. The City subsequently submitted its application for the use of the Local Infrastructure Financing Tool Program (the "LIFT Program") pursuant to RCW 39.102.040, and on September 13, 2007, Community Economic Revitalization Board (the "Board") approved the City's application granting a project award of up to \$500,000 annually in State contribution of sales and use tax for up to 25 years after it is first imposed;
3. By Resolution No. 6178, adopted on August 26, 2009, the City selected the maximum rate of tax under RCW 82.14.475, which rate is not to exceed 0.02951%;
4. By Ordinance No. 3539-17, the City Council found that it had determined that the State Excise Tax Allocation Revenues and the State Property Tax Allocation Revenues for 2016 equaled or exceeded the amount of the project award approved by the Board under RCW 39.102.040, and further found that the City had satisfied all prerequisites to imposing the LIFT Tax and receiving the State Contribution, including without limitation, the conditions set forth in RCW 39.102.040 and 82.14.475, and began imposing the LIFT Tax as of July 1, 2017;
5. The City commenced construction on Public Improvements within the Everett RDA [on July 1, 2017, which is prior to June 30, 2022, the fifth state fiscal year following the date the LIFT Tax was first imposed;
6. On March 5, 2025, members of the public were given an opportunity to be heard on this resolution of intent;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND EVERETT CITY COUNCIL THAT:

The City of Everett declares its intent that, on or prior to December 31, 2025, the City intends to incur general indebtedness, and to issue general obligation bonds pursuant to RCW 39.102.150 and other applicable law in a maximum principal amount not to exceed \$7,000,000 to finance certain remaining Public Improvements in the Everett RDA (including Riverfront Trail Improvement Project and Eclipse Mill Park Improvement Project), and to retire such indebtedness in whole or in part from LIFT Tax revenues.

Councilmember introducing resolution

Passed and approved this ____ day of _____, 2025.

Council President

Project title: Award and authorize the 2025 Chaplain Blowdown Timber Salvage Sale (#2025-02) to the highest responsible bidder.

Council Bill #

Project: 2025 Chaplain Blowdown Timber Salvage Sale (#2025-02)

Partner/Supplier:

Location: Lake Chaplain Tract

Preceding action: Timber Surplus Resolution No. 8116 ([December 18, 2024](#))

Fund: 401 Water and Sewer Utility

Agenda dates requested:

Briefing

Proposed action

Consent

Action 03/19/25

Ordinance

Public hearing

Yes ☒ No

Budget amendment:

Yes ☒ No

PowerPoint presentation:

Yes ☒ No

Attachments:

Department(s) involved:

Public Works

Contact person:

Jeff Marrs

Phone number:

(425) 257-8967

Email:

jmarrs@everettwa.gov

Initialed by:

RLS

Department head

Administration

Council President

Fiscal summary statement:

Not available. Historical estimates used to calculate timber sales in the past are not sufficient for calculating the total revenue for the 2025 Chaplain Blowdown Timber Sale (#2025-02) due to the significant amount of timber blown down during the November 19, 2024 storm.

Project summary statement:

On November 19, 2024, a severe windstorm affected several areas across Snohomish County. Lake Chaplain Tract experienced significant loss in timber due to this windstorm.

In 2009, the City entered into an agreement with the Washington Department of Fish and Wildlife and the Public Utility District No. 1 of Snohomish County for the management of City lands at Lake Chaplain. This agreement required the City to develop the Lake Chaplain Tract Wildlife Habitat Management Plan (LCT-WHMP). This plan was modified in 2015 by the Safe/Harbor Cooperative Habitat Enhancement Agreement (SHA-CHEA) with the United States Fish and Wildlife Service and Washington State Department of Natural Resources. The LCT-WHMP and SHA-CHEA manage timber harvest and forestry activities to maintain and enhance habitat for wildlife. The windstorm-related timber loss occurred in areas designated for harvest by these management plans.

The award of the 2025 Chaplain Blowdown Timber Salvage Sale (#2025-02) will continue to accomplish the habitat objectives approved in the LCT-WHMP and SHA-CHEA, as well as provide revenue to the City.

There is downed windthrow timber in eleven units totaling about 145 acres. There is estimated 3,013 thousand board feet (MBF) of timber available to be harvested and the minimum acceptable bid is \$390/MBF. Based on bids received on March 18, 2025, the contract will be awarded to the highest responsible bidder. Bid award is urgent in preventing the decrease in resale value due to degradation of downed timber.

Recommendation (exact action requested of Council):

Award the 2025 Chaplain Blowdown Timber Salvage Sale (#2025-02) the highest responsible bidder and authorize the Mayor to sign the timber sale contract.



City Council Agenda Item Cover Sheet

Project title: Everett 2044

Council Bill # *interoffice use*

Agenda dates requested:

Briefing 03/19/25
Proposed action
Consent
Action
Ordinance
Public hearing
Yes X No

Budget amendment:

Yes X No

PowerPoint presentation:

X Yes No

Attachments:

Department(s) involved:

Planning

Contact person:

Yorik Stevens-Wajda

Phone number:

425-257-8725

Email:

ystevens@everettwa.gov

Initialed by:

YSW

Department head

Administration

Council President

Project: Everett 2044 Comprehensive Plan/Development Regulations Periodic Update

Partner/Supplier: NA

Location: Citywide

Preceding action: August 23, 2023 [Resolution 7924](#)

Fund: NA

Fiscal summary statement:

None

Project summary statement:

Staff will update the council on the Everett 2044 comprehensive plan and development regulation periodic update and provide an opportunity for questions about the council early draft package. See everettwa.gov/2044 for more information.

At this meeting, Councilmembers are encouraged to bring forward any policy language changes, zoning map amendments or any other issues. This allows appropriate time for staff review and public input before the May 21, 2025 briefing and first reading of the adoption of the Comprehensive Plan and related ordinances.

Recommendation (exact action requested of Council):

Briefing, followed by opportunity for Council to make any motions for amendments to the draft plan, for staff analysis, public input, and Planning Commission review.



City Council Agenda Item Cover Sheet

Project title: Budget Conversation

Council Bill # *interoffice use*

Agenda dates requested:

Discussion 03/19/25

Proposed action

Consent

Action

Ordinance

Public hearing

Yes X No

Budget amendment:

Yes X No

PowerPoint presentation:

Yes X No

Attachments:

Budget Policies from 2025

Budget

Department(s) involved:

Contact person:

Director

Phone number:

Email:

Initialed by:

Department head

Administration

Council President

Project: Budget Conversation

Partner/Supplier: NA

Location: NA

Preceding action:

Fund: All Funds

Fiscal summary statement:

NA

Project summary statement:

This is an opportunity for continued discussion following the Budget Committee, if Council has additional items to address at this meeting.

Recommendation (exact action requested of Council):

Continued opportunity for discussion from Budget Committee if needed.

Budget & Financial Policies

INTRODUCTION

The financial integrity of our City government is of vital importance. Written, adopted financial policies have many benefits, such as assisting the Council and Administration in the financial management of the City, saving time and energy when discussing financial matters, engendering public confidence, and providing continuity over time as Council and staff changes occur.

The City of Everett budget emerges from a foundation of Council and administrative policies. These financial and budget policies create a framework for decision-making as we develop the City budget. The budget determines what services the City will offer, the level of these services, and how funds will be provided to finance them. Recognizing the importance of these decisions, the following policy statements reflect the principles and priorities the City uses in preparing the budget.

BUDGET POLICIES

GENERAL GOVERNMENT SIX-YEAR OUTLOOK

The City of Everett employs a budgeting model that allows potential policy decisions to be formulated and examined in a budgetary context spanning a period of six years. The six-year outlook model tests the City's ability to accomplish long-term goals by showing the consequences of any given budget decision as new General Government services are "tested" within this model prior to implementation. In this manner, policy makers can examine the probable long-term outcome of many possible decisions and select the one that serves the interests of Everett's citizens most effectively.

The General Government Six-Year Outlook identifies fund balances, revenue patterns, and expense trends which are subject to constant change but does not illustrate future budgets, services, or programs in any detail. The dynamic nature of local government, as well as historical precedent, suggests that even the current Operating Budget will be altered several times before the close of the year.

BALANCING THE OPERATING BUDGET

State law requires that the City adopt a balanced budget. Revised Code of Washington (RCW) 35.33.075 includes the following requirement: *"Appropriations shall be limited to the total estimated revenues contained therein including the amount to be raised by ad valorem taxes and the unencumbered fund balances estimated to be available at the close of the current fiscal year."*

The City adopts a *statutorily* balanced budget, but also seeks to adopt a *structurally* balanced budget for the General Government. A budget is statutorily balanced when total estimated resources (beginning fund balance plus revenues) equal the total appropriation (expenditures plus ending fund balance). In a statutorily balanced budget, beginning fund balance may be used as a revenue source. In contrast, in a *structurally* balanced budget, the total expenditure appropriation is limited to the annual estimated revenues. In a structurally balanced budget, beginning fund balance is not used as a revenue source.

It is not uncommon for cities to rely upon the beginning fund balance as a "revenue" source. As stated above, the City of Everett's goal is to attain structural balance, at least for the General Government, thereby eliminating reliance on these funds to supplement current income. Uncommitted operating surpluses (revenues that exceed expenditures) that occur at year-end may be held in reserve or re-appropriated to a capital reserve or long-term obligation rather than used as a supplemental source of revenue required to balance the budget each year.

In the event that adjustments are necessary to bring the budget into balance in the course of the fiscal period, administration will bring a budget amendment forward for approval by a supermajority of the City Council.

FUND BALANCE POLICY

Fund Balance is defined as the excess of assets over liabilities. The City desires to maintain a prudent level of financial resources to guard its citizens against service disruption in the event of unexpected temporary revenue shortfalls or unanticipated and extraordinary one-time expenditures. The General Government Fund Balance has been accumulated to meet this purpose and to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The long-term target is to maintain a rolling beginning fund balance equal to 20% of operating revenues.

The City's goal is to maintain annual expenditure increases at a conservative growth rate and limit expenditures to anticipated revenues. Revenues in excess of operating expenditures, ("surplus funds"), may be transferred to a Capital Reserve, Long Term Obligation, or Debt Service Fund. Capital projects, Street Overlays and Motor Vehicle replacements may be funded from Capital Reserve funds.

The decision to retain a fund balance of 20% of operating revenues stems from the following considerations:

- This amount, in combination with the Rainy Day Fund, provides adequate funding to cover approximately three months of operating expenses.
- It provides the liquidity necessary to accommodate the City's uneven cash flow, which is inherent in its periodic tax collection schedule.
- It provides the liquidity to respond to contingent liabilities.

Fund balance may be accessed under the following conditions:

- A maximum of 25% of the General Government Fund Balance (5% of operating revenues) may be used to fund unforeseen expenditure requirements or unanticipated revenue fluctuations. The City will identify a plan to restore the Fund Balance to its target amount as part of the budget proposal.
- Except in the event of the declaration of an emergency by the City Council, a minimum Fund Balance equal to 15% of operating revenues will be maintained. A supermajority of the council is required to approve use of the Fund Balance if it falls below the 15% target. The City will identify a plan to restore the General Government fund balance to its target amount as part of the emergency budget proposal.

FINANCIAL POLICIES

RESERVES

Over a period of years, Everett created a series of reserve funds to accomplish specific long-term financial goals by meeting short-term annual budget objectives. Generally, each reserve fund is dedicated to a single purpose and has a stated financial goal. The City of Everett includes in its annual budget process an examination of the existing long-term financial goals and the reserve balances. The table below lists the balances of selected reserves. A narrative description of these reserve funds and the long-term financial goals follow.

Reserve Fund Summary (in thousands)				
Fund		12/31/2023 Balance	12/31/2024 Est. Balance	12/31/2025 Est. Balance
126	Motor Vehicle & Equipment Replacement	\$ 7,312	\$ 2,093	\$ 3,340
146	Property Management	3,406	3,640	3,578
154	Real Estate Excise Tax - CIP 3	8,958	7,588	9,891
160	Contingency Reserve - Rainy Day	4,509	3,874	3,874
162	Capital Improvement Reserve - CIP 1	24,123	13,478	2,774
162	Capital Improvement Reserve - CIP 2	14,296	14,554	14,096
162	Capital Improvement Reserve - CIP 4	3,970	1,103	1,252
503	Self-Insurance - Tort Liability	4,751	5,513	5,000
503	Self-Insurance - Unemployment Comp	254	166	150
503	Self-Insurance - Workers' Comp	2,039	2,034	1,500
505	Information Technology Reserve	2,815	3,139	3,058
508	Health Benefits Reserve	9,172	9,818	10,230
637	Police Pension	18,087	16,625	15,010
638	Fire Pension	29,376	27,619	25,697
TOTAL SELECTED RESERVES		\$ 133,068	\$ 111,244	\$ 99,450

Motor Vehicle and Equipment Replacement Reserve Fund - Fund 126

The Vehicle Replacement Reserve was created as a revolving fund to provide funding for general government vehicles and equipment replacements. The long-term goal is to provide adequate and stable funding for future vehicle replacement needs.

Property Management - Fund 146

The City added a reserve program to the Property Management fund for general government facilities maintenance and repairs. Additions to this reserve are included in the annual general government budget. The long-term goal is to provide adequate and stable funding for future maintenance of general government capital assets.

CIP 3 Reserve - Fund 154

The City created the Capital Improvement Program (CIP) 3 Reserve to finance improvements that will be funded from the second ¼ percent real estate excise tax. This tax was specifically enacted as a part of the state's growth management statutes, which call for the provision of resources for capital facilities that relate directly to growth. The long-term goal of this fund is to accumulate sufficient cash for Park and Street capital needs deemed appropriate within the scope of the Growth Management Act.

Contingency Reserve - Rainy Day Fund - Fund 160

The Rainy Day Fund was created to accumulate funds to be used when extraordinary needs arise that require immediate budget attention. Examples include natural and man-made disasters, civic unrest and severe economic downturns. The Revised Code of Washington (RCW) 35.33.145 restricts the accumulation of monies in rainy day funds to 37.5¢ per \$1,000 of total assessed valuation (AV). The long-term goal is to increase the fund balance to its statutory limit by making ongoing contributions as the City's assessed valuation increases over time, and to provide a supplemental reserve to the 20% General Fund balance.

CIP 1 Reserve – Fund 162

Capital Improvement Program 1 (CIP1) was created in 2015 to provide a funding source for major repairs, renovations, and replacements of existing general government structures. The reserve is funded by property tax allocations and “surplus funds” from the General Fund when available and deemed appropriate by Administration and City Council. The long-term goal is to finance as many projects as possible with cash rather than debt. The short-term objective is to annually review the model and ensure all major maintenance and replacements of general government capital assets are being planned for.

CIP 2 Reserve - Fund 162

Capital Improvement Program 2 (CIP2) was created to finance capital projects that are consistent with the Comprehensive Plan and can be funded with the first ¼ percent real estate excise tax. Additional sources of funding may include contributions from the general fund, proceeds from property sales, and one-time revenues. The fund is currently fully programmed to provide funding for debt service on the following outstanding obligations:

- 2019 Limited Tax General Obligation (LTGO) bonds in the original amount of \$20,070,000 which were issued to refund the 2014 Floating Rate Limited Tax General Obligation Refunding Bonds. The 2014 bonds had been issued to refinance the City's remaining 2001 variable rate demand bonds (VRDBs) in the amount of \$8,200,000 together with \$27,415,000 in outstanding VRDBs originally issued by the Public Facilities District to construct the Events Center.
- 2012 LTGO bonds in the original amount of \$13,935,000 to pay the cost of refunding the 2003 LTGO Bonds which were issued to finance the construction of the Edward D. Hansen Conference Center.
- CIP 2 also provides \$500,000 per year to the Public Facilities District to support the District's remaining fixed rate debt.

CIP2's long-term goal is to make timely debt service payments on the outstanding capital improvement bonds and obligations.

CIP 4 Reserve - Fund 162

The City created the Capital Improvement Program 4 Reserve to provide funds for new or expanding general government structures. The reserve is funded by property tax allocations and “surplus funds” from the General Fund when available and deemed appropriate by Administration and City Council. The reserve may also be funded from property sales and one-time revenues. The long-term goal is to finance as many projects as possible with cash rather than debt. The short-term objective is to continue with an annual review and update to determine which projects will be funded with CIP 4 resources.

Self-Insurance Reserve Fund - Fund 503

There are several programs in the Self-Insurance Reserve fund each with its own targeted reserve balance. It is the normal practice of the City to restore reserve balances in the self-insurance programs to their targeted balances over a maximum of a five-year period if the reserve balance is overfunded/underfunded due to smaller/larger than anticipated claims.

- The Tort Liability reserve was created to provide for the payment of claims and judgments arising out of tort cases. The Tort Liability program is targeted toward a reserve balance of \$4.0 million. In 2025,

contributions from various City Funds decreased, followed by a slight increase in the subsequent years. This approach aims to stabilize contributions and gradually return program funding to target levels.

- The Unemployment Compensation program is targeted toward a reserve balance of \$150,000. This program is expected to exceed the targeted reserve amount at the end of 2024 due to expenses coming in higher than what was anticipated. Required contributions from various City funds were increased for 2025 to bring the funding level back to target.
- The Worker's Compensation program is targeted toward a reserve balance of \$1,500,000, which represents approximately six months of the annual budgeted expenditures. This program is expected to be at target level at the end of 2025.

Information Technology Reserve Fund - Fund 505

The information technology reserve was created to track major technology projects; to provide funds for PC, laptop, software and infrastructure replacement; and to pay for technology related maintenance contracts. The long-term goal is to stabilize technology expenditures and increase the reserve balance to enable the City to cash fund major technology projects.

Health Benefits Reserve Fund - Fund 508

The health benefits reserve was created in 1995 following a major overhaul of employee health care service provisions at the City. The City sets the reserve target based on guidance from the State of Washington Department of Risk Management, and on estimated incurred-but-not-reported claims. The long-term goal is to continue the existence of this reserve to stabilize annual health care expenditures.

Police Pension Fund - Fund 637

The Police Pension Reserve was created to provide actuarially sound fund balances to match the pension liabilities accrued for covered police personnel. An actuarial study is commissioned every two years to assess the status of the pension plan and to set new reserve targets as required. The pension plan is expected to service retirees until approximately 2062. The long-term goal is to defease the accrued and future pension liabilities with a fully-funded reserve of approximately \$22.6 million by the year 2030.

	2025	2026	2027	2028	2029
Beginning Balance	16,624,990	15,010,340	13,313,605	14,682,588	16,056,112
General Fund Contribution	50,000	50,000	3,201,553	3,248,553	3,295,553
Interest Earnings	260,350	237,265	212,430	209,972	230,541
Cash Outlays	(1,925,000)	(1,984,000)	(2,045,000)	(2,085,000)	(2,109,000)
Ending Balance	15,010,340	13,313,605	14,682,588	16,056,112	17,473,205
Ending Balance as % of Goal	66%	59%	65%	71%	77%

Fire Pension Fund - Fund 638

The Fire Pension Reserve was created to provide actuarially sound fund balances to match the pension liabilities accrued for covered fire personnel. An actuarial study is commissioned every two years to assess the status of the pension plan and to set new reserve targets as required. The pension plan is expected to service retirees until approximately 2062. The long-term goal is to defease the accrued and future pension liabilities with a fully-funded reserve of approximately \$32.8 million by the year 2030.

	2025	2026	2027	2028	2029
Beginning Balance	27,618,809	25,696,702	23,651,001	21,478,543	23,460,345
General Fund Contribution	50,000	50,000	50,000	4,317,897	4,375,897
Interest Earnings	427,460	399,866	370,108	338,472	337,041
Fire Insurance Premium Tax	255,433	255,433	255,433	255,433	255,433
Cash Outlays	(2,655,000)	(2,751,000)	(2,848,000)	(2,930,000)	(2,961,000)
Ending Balance	25,696,702	23,651,001	21,478,543	23,460,345	25,467,717
Ending Balance as % of Goal	78%	72%	65%	71%	78%

CASH MANAGEMENT POLICY

The City's investment policies were developed in accordance with guidelines set by the Washington Municipal Treasurer's Association.

The responsibility for daily cash management is delegated to the City Treasurer by ordinance. Custody of City funds rests with the City Treasurer in accordance with the City Charter. The investment of City funds is considered to be a significant responsibility in which due diligence is undertaken to adhere to the investment policy and protect the City's assets.

As part of the City's investment policy, the City Treasurer develops monthly portfolio reports, which are provided to Administration and City Council. These reports identify the cash and investments within each fund, interfund loans, and the mix of investments within the City's accounts. In addition, a close review of the General Government cash position is analyzed to determine whether temporary operating loans between funds are necessary.

DEBT MANAGEMENT POLICY

The City's policy is to plan and direct the use of debt so that debt service payments will be a predictable and manageable part of the Operating Budget.

The City continues to pursue a moderate capital improvement program through a careful balance of increased debt and substantial pay-as-you-go capital projects. Each capital project that may be funded by debt is evaluated within the context of the City's long-range debt management policy and the capital improvement program. Alternative financing sources are always considered. The City will not issue long-term debt to finance current operations.

Capital will be raised at the lowest possible cost through maintenance of a high credit rating and reputation of fiscal conservatism in the credit markets. The City's bond rating for both general obligation debt and water & sewer revenue debt is AA+ by Standard & Poor's Investor Services. The City continually works to maintain its bond rating through sound financial planning and decisions.

To the extent possible, the City will seek level or declining debt repayment schedules. Principal and interest will be paid in accordance with the terms of bond ordinances and loan agreements.

It is the intent of the City to avoid arbitrage. However, if bond proceeds are not used within the established time frame, the City will remit any rebatable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the outstanding debt.

Legal debt limits are set by the State Legislature and are based on a percentage of the total assessed valuation of all taxable property in the City, which is certified each year by the Snohomish County Assessor for the upcoming year. It is the City Council's policy to use less than 75% of the legal debt capacity for general obligation debt. The City's compliance with these debt limits is demonstrated in the Capital and Debt section of this document.

Only general obligation debt is subject to the legal debt capacity restrictions. Revenue bonds are not limited because no taxing power or general fund pledge is provided as security.

The City will maintain compliance with all covenants stated in bond ordinances, contracts, etc. In addition, the City maintains compliance with all regulatory disclosure requirements.

GENERAL REVENUE POLICIES

Revenue forecasts will be neither overly optimistic nor overly conservative. They will be as realistic as possible based on the best available information; with a slight inclination towards conservatism. Should economic downturns develop which could result in revenue shortfalls or fewer available resources, the City will make adjustments in anticipated expenditures to compensate.

The City will not incur debt to finance revenue shortfalls. Expenses will be reduced to conform to the long-term revenue forecast. Interfund loans are permissible to cover temporary gaps in cash flow, but only when supported by a well-defined repayment schedule.

The City will pursue tax collection efforts to the extent consistent with the marginal costs of collection.

Revenue Diversification

The City strives to maintain a diversified and stable revenue base to shelter public services from short-term fluctuations in any one revenue source. Currently, the City has a diversified, but variable revenue base. The City has chosen to manage these fluctuations by creating a fund balance policy that combines conservative expenditure growth with the ability to transfer surplus funds to a Capital Reserve, Long term Obligation or Debt Service Fund.

Fees and Charges

User fees will be imposed to cover the cost of services provided for unique or narrow segments of the community in order to provide maximum flexibility of general city taxes to meet the cost of services with broader benefits. Fees may be set at levels sufficient to cover the entire cost of service delivery, including all direct and indirect costs, or the service may be subsidized, as Council deems appropriate.

The City will continuously maintain its sewer and water distribution and collection systems. To ensure that the enterprise funds remain self-supporting, rate structures will fully fund the direct and indirect costs of operations, capital plant maintenance, debt service, depreciation, and required system extensions. Detailed rate studies will be conducted every four years to update assumptions and ensure the long-term solvency and viability of the City's utility.

User fees will be reviewed during the budget process, by the responsible department, to ensure the fees and charges remain current and are adjusted for inflation and other factors as appropriate.

One-Time Revenues

It is the general policy of the City to use major one-time revenues to fund capital improvements or reserves. The use of one-time revenues to fund ongoing expenditures is discouraged. Unpredictable revenues are budgeted conservatively, and any amount collected in excess of the budget is generally carried forward in the fund balance.

Grants

Departments are required to provide advance notice to Administration and Finance of grant applications so that the effects on budget, cash flow, procurement, reporting and compliance requirements can be reviewed and understood beforehand. Potential grants will be reviewed to ensure that they are consistent with the City's priorities. All potential grants will also be carefully examined for matching requirements and future maintenance or replacement costs. Some grants may not be accepted if the local matching funds cannot be justified. Grants may also be rejected if programs must be continued with local resources after grant funds are exhausted. The City will refrain from using grants to meet ongoing, basic service delivery needs.

GENERAL EXPENDITURE POLICIES

High priority is given to expenditures that will reduce future operating costs, such as investment in technology and equipment that streamline operations.

An appropriate balance will be maintained between budget dollars provided for direct public services and dollars provided to assure good management and legal compliance.

All department heads share in the responsibility of looking at and understanding the City's long-term financial viability, its general spending trends, its projected incomes, and educating themselves, their division heads and employees on the necessary short and long-term balance between revenues and expenditures.

Before the City undertakes any agreements that would create fixed ongoing expenses, the cost implications of such agreements will be estimated for current and future years with the aid of our five-year outlook financial planning model.

Organizations that are not part of the City, but which receive funding from the City, shall not have their appropriation carried forward from year to year unless contractually authorized and directed by City Council. Annual review and reauthorization of funding is required.

All bonds, notes, contracts, accounts payable, and other monetary liabilities will be paid when due and shall have the most superior lien position during the allocation of resources in budget planning.

Maintenance and Replacement

The City inventories and assesses the condition of its buildings, equipment and vehicles annually. The budget process includes a multi-year projection of facilities and vehicle replacement requirements. The budget will provide sufficient funding for adequate maintenance and orderly replacement of capital plant and equipment. Future maintenance needs for all new capital facilities will be estimated and included as decision criteria.

Capital Improvements

The City will maintain a multi-year Capital Improvement Plan (CIP) and update it annually. The CIP will be developed in conjunction with the operating budget to ensure that all operation and maintenance costs associated with new capital improvements are adequately addressed. The City will maintain its assets at a level adequate to protect the capital investment and minimize future maintenance and replacement costs.

Operating/Capital Expenditure Accountability

It is the City's policy to compare actual expenditures to budget, generally on a monthly basis. If necessary, actions are taken to bring the budget into balance.

Unfunded Mandates Policy

The imposition upon the City of laws and regulations from state and federal legislation is expensive and diverts locally generated revenues into programs that higher levels of government have mandated without funds to pay for them. The long-term goal is to assist state and federal legislators in recognizing the need to provide funds to accompany any mandate that is directed to the local level and to allow local officials alternative ways of responding to problems of public concern.



Everett 2044

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Everett 2044 Periodic Update

Everett City Council
March 19, 2025

Meeting Goals

- Council Early Draft Package
 - Questions
 - Amendments

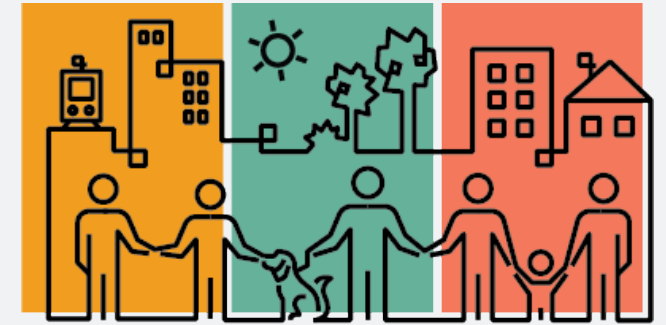


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EVERETT
WASHINGTON

Council Early Review Package



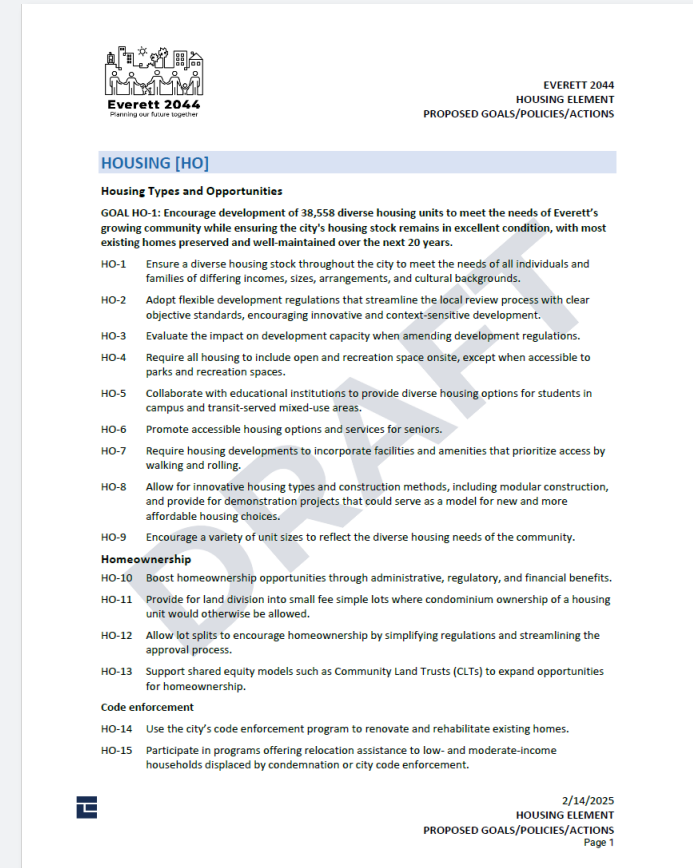
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Comprehensive Plan

Included in the early package:

- Proposed goals, policies, actions for six out of ten elements
- Each reviewed by planning commission



Comprehensive Plan

Comprehensive Plan Element	In Early Council Package?
Housing	Goals, Policies, Actions
Urban Form	Goals, Policies, Actions Comprehensive Plan Map
Design & Development	Goals, Policies, Actions
Transportation	Goals, Policies, Actions
Climate Change	Goals, Policies, Actions
Parks, Recreation, Open Space	Goals, Policies, Actions
Marine Port	
Economic Development	
Healthy Communities	
Engagement, Administration, Implementation	
Public Facilities	

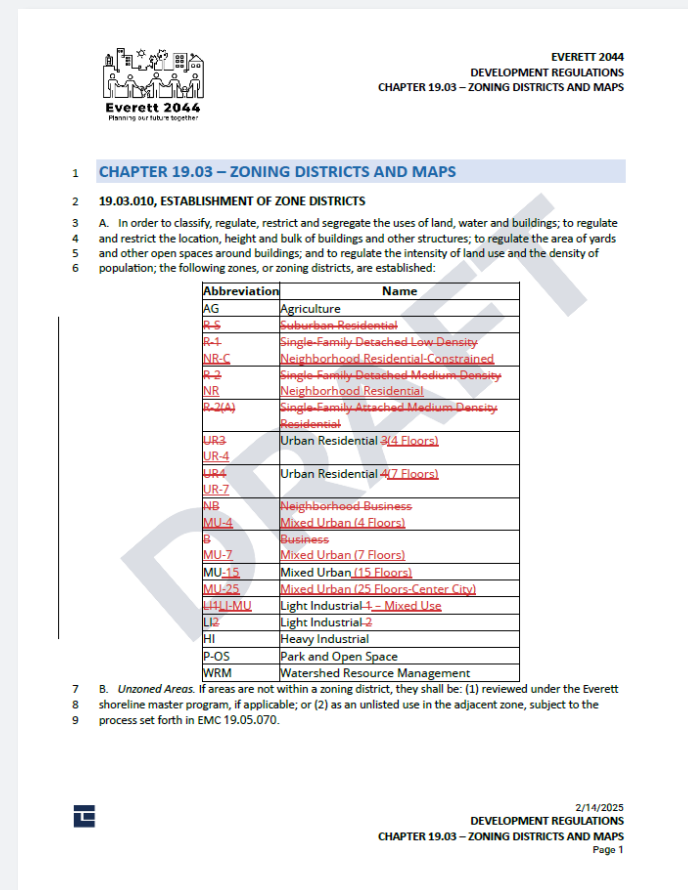
Comprehensive Plan

Comprehensive Plan Element	In Early Council Package?
Housing	Goals, Policies, Actions
Urban Form	Goals, Policies, Actions Comprehensive Plan Map
Design & Development	Goals, Policies, Actions
Transportation	Goals, Policies, Actions
Climate Change	Goals, Policies, Actions
Parks, Recreation, Open Space	Goals, Policies, Actions
Marine Port	<i>Planning commission 2/18 & 3/4</i>
Economic Development	<i>Planning commission 2/18 & 3/4</i>
Healthy Communities	<i>Planning commission 3/18</i>
Engagement, Administration, Implementation	<i>Planning commission 3/18</i>
Public Facilities	

Development Regulations

Included in the early package:

- Five chapters in strikethrough format plus zoning map
- Implements goals and policies of the proposed comprehensive plan
- Informed by planning commission discussions and public feedback

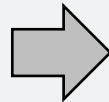
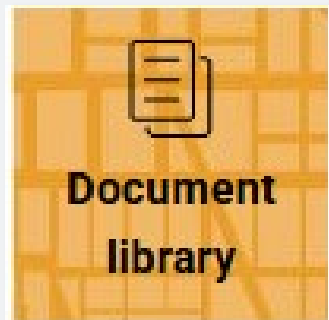


Development Regulations

Development Regulations Chapter	In Early Council Package?
19.03 – Zoning districts and maps	Draft updated chapter Draft zoning map
19.04 - Definitions	
19.05 – Use matrices	Draft updated chapter
19.06 – Lots, setbacks, and densities	Draft updated chapter
19.08 – Neighborhood Residential zone standards	Draft updated chapter
19.09/12 – Building form and design standards	
19.13 – Specific use standards	
19.17 – Airport/Port/Navy Compatibility Overlay	
19.22 – Heights	Draft updated chapter
19.24/25/26/27 – Land Divisions	
19.33/34 – Streets, Sidewalks, Parking, Loading, Access	
19.35 – Landscaping	
Minor amendments and housekeeping to: 13/15/19.36/37/38/39/40/41/43/45/50/51/52/53	

Document Availability

The Early Council Review Package is available at everettwa.gov/2044

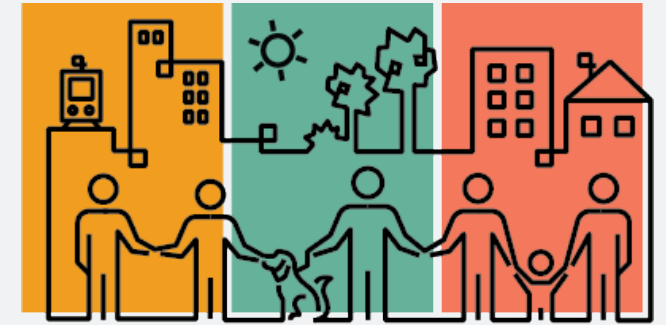


General Documents	Public Notices	Planning Commission	City Council	Drafts
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February 17 Council Early Package Documents

- [Council Early Package - Comprehensive Plan \(Feb 17, 2025\)](#)
- [Council Early Package - Development Regulations \(Feb 17, 2025\)](#)
- [Land Use Designations Map DRAFT 24x36 \(Feb 12, 2025\)](#)
- [Land Use Designations Map DRAFT 11x17 \(Feb 12, 2025\)](#)
- [Zoning Districts map DRAFT 24x36 \(Feb 12, 2025\)](#)
- [Zoning Districts Map DRAFT 11x17 \(Feb 12, 2025\)](#)

Update on Outreach



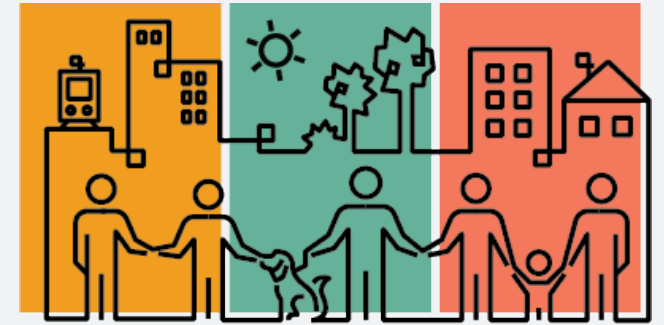
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2025 Outreach Presentations

January 30	Silver Lake
February 18	Bayside
February 20	Northwest
February 20	Harborview/Seahurst/Glenhaven/Boulevard Bluffs
February 24	Council of Neighborhoods
February 26	Open House: Everett Station Weyerhaeuser Room
March 8	Westmont/Holly
March 11	Glacier View
March 17	Lowell
March 20	Delta

Next Steps



Everett 2044

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Next steps

Today	Early Council Review Package amendments and other direction
March 27	Publish complete draft comprehensive plan and development regulations and transmit to state agencies and Puget Sound Regional Council
March 31	Issue Draft Environmental Impact Statement
April 1-May 1	Public comment period
May 5	Issue Final Environmental Impact Statement

Next steps

May-June	Planning Commission and City Council Public Hearings Planning Commission recommendation
June 11	City Council action

