



## **CITY COUNCIL MEETING\***

### **October 1, 2024 – Agenda**

City Hall, 920 SE Cedar Falls Way, North Bend, Washington

**7:00 P.M. – CALL TO ORDER, ROLL CALL, FLAG SALUTE**

#### **CONSENT AGENDA:**

		Pg.#
1) Minutes	City Council Meeting of September 3, 2024	1
2) Payroll	September 20, 2024 – 28863 through 28868, in the amount of \$309,891.82	
3) Checks	October 1, 2024 – 76128 through 76209, in the amount of \$924,082.80	
4) AB24-101	Resolution – Accepting Vector TDI Alpentel Logistics LLC Mr. Rigos Infrastructure Improvements	7

**CITIZEN’S COMMENTS:** (Please restrict comments to 3 minutes)

#### **ANNOUNCEMENTS, PRESENTATIONS, APPOINTMENTS:**

5) Proclamation	Breast Cancer Awareness Month	Mayor Miller	25
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#### **INTRODUCTIONS:**

6) AB24-102	Motion – Authorizing Contract with FCS Group for Water, Sewer, Stormwater & GFC Rates Study	Mr. Chaw	27
7) AB24-103	Ordinance – Amending Ordinance 1789 RE ULID No. 7 Water & Sewer Revenue Bonds	Mr. Chaw	35
8) AB24-104	Motion – Authorizing Amendment to the Train Depot Lease with the North Bend Downtown Foundation	Mr. Henderson	75
9) AB24-105	Motion – Authorizing Work Order with Keithly Electric for Public Works Shop & Administration Building Backup Generator	Mr. Rigos	87
10) AB24-106	Resolution – Establishing City Financial Policy RE EF&R for 2025-2026	Mr. Chaw	91

**MAYOR, COUNCIL & ADMINISTRATOR CONCERNS AND INITIATIVES:** (Business and general information presented that may be deliberated upon by the Council. Formal action may be deferred until a subsequent meeting; immediate action may be taken upon a vote of a majority of all members of the Council.)

#### **ADJOURNMENT:**



**\*PLEASE NOTE:** Members of the public may choose to attend the meeting in person or by teleconference. Members of the public attending the meeting in-person will have an opportunity to provide public comment and if attending the meeting by teleconference may submit written comments via in-person drop off, mail, fax, or e-mail to [soppedal@northbendwa.gov](mailto:soppedal@northbendwa.gov). All written comments must be received by 5 p.m. on the day of the scheduled meeting. If an individual requires an accommodation because of a difficulty attending the public meeting, the City requests notice of the need for accommodation by 5 p.m. on the day of the scheduled meeting. Participants can request an accommodation to be able to provide remote public comments by contacting the City Clerk by phone (425) 888-7627 or by e-mail to [soppedal@northbendwa.gov](mailto:soppedal@northbendwa.gov). No other remote public comment will be permitted.

Those wishing to access the meeting by teleconference will be required to have a registered Zoom account and display your full name to be admitted to the online meeting.

Zoom Meeting Information:

To Sign Up for a Zoom Account: <https://zoom.us/join>

Meeting ID: 881 2610 1456

Password: 658184

Call In Phone Number: 1-253-215-8782

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**NORTH BEND CITY COUNCIL MINUTES**

**September 3, 2024**

City Hall, 920 SE Cedar Falls Way, North Bend, Washington

**CALL TO ORDER, ROLL CALL:**

Mayor Miller called the regular meeting to order at 7:02 p.m.

**Councilmembers Present:** Elwood, Gothelf, Joselyn, Koellen, Rustik, Torguson and Tremolada.

**CONSENT AGENDA:**

**Minutes** – City Council Workstudy July 23, 2024 & City Council Meeting of August 20, 2024

**Payroll – August 20, 2024 – 28851 through 28856**, in the amount of **\$317,234.32**

**Checks – September 3, 2024 – 76023 through 76079**, in the amount of **\$974,769.22**

**AB24-083** – Resolution 2121 Authorizing Contract with Wescon Enterprises, Inc. for Gardiner Weeks Park Improvements

**AB24-084** – Motion Authorizing Purchase of Solid Waste Cans from Secur

Councilmember Elwood **MOVED**, seconded by Councilmember Koellen to approve the consent agenda as presented. The motion **PASSED** 7-0.

**CITIZEN'S COMMENTS:**

**Linda Reid**, 702 Maloney Grove Ave. SE, mentioned safety concerns with the recently redesigned Maloney Grove/SE Cedar Falls Way intersection and requested the City consider public input prior to any improvement or redesign of an intersection.

**Martin Volken**, 909 NE 6<sup>th</sup> Street, requested the City look into vehicles speeding on W. 2<sup>nd</sup> Street between Bendigo Boulevard N. and Main Ave. N. and expressed concern about the odor emanating from the storm drain on W. 2<sup>nd</sup> Street.

**Jean Buckner**, 46226 SE 139<sup>th</sup> Place, mentioned potential features of a gateway/park to the Middle Fork of the Snoqualmie River with a recreation focus which included benefits of a park, connectivity with West End/Downtown of North Bend, transportation plan, and other recreation opportunities.

**Michael Thomas**, 1231 LaForest Drive SE, elaborated on Ms. Buckner's comments and spoke regarding the benefits of making Exit 34 the natural resource gateway to the Middle Fork of the Snoqualmie River with amenities similar to those offered at Exit 32 on the way to Rattlesnake Lake Park.

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**Peter Nissen**, 46235 SE 140<sup>th</sup> Street, discussed the natural beauty of the parcel in the EP2 Zone that is under consideration for development and noted it would be a horrible waste to pave/develop the property and suggested Council visit the parcel before making any decisions on the development agreement related to the parcel.

**Jason Ritchie**, 2802 SE 16<sup>th</sup> Street, requested Council, when contemplating police services, consider what the City was getting for its money and what they expect of the police service. Additionally, he challenged Council, when thinking about new development, to consider fiscal sustainability for the City.

#### **ANNOUNCEMENTS, PRESENTATIONS, APPOINTMENTS:**

##### **AB24-085 – Youth Appointment to Parks Commission**

**Audio: 19:02**

Mayor Miller recommended the appointment of Ethan Eusebio to Youth Position No. 5 on the Parks Commission.

Councilmember Gothelf **MOVED**, seconded by Councilmember Joselyn to approve AB24-085, confirming the appointment of Ethan Eusebio to Youth Member Position No. 5 on the Parks Commission, term expiring August 31, 2025. The motion **PASSED** 7-0.

##### **Proclamation – Senior Center Month**

**Audio: 24:54**

Mayor Miller read a proclamation declaring the month of September 2024 as Senior Center Month in the City of North Bend. Mt Si Senior Center Executive Director Susan Kingsbury-Comeau was on hand to accept the proclamation.

##### **Presentation – Mt Si Senior Center Community Needs Assessment**

**Audio: 27:44**

Mt Si Senior Center Executive Director Susan Kingsbury-Comeau provided a presentation on the results of the Mt Si Senior Center's recent survey on community needs. She reviewed the methodology used, summary of findings including demographics, community needs, participation in Mt. Si Senior Center activities and engagement.

##### **Presentation – 2<sup>nd</sup> Quarter Financial Status Report**

**Audio: 48:08**

Finance Director Chaw provided a presentation on the 2024 Year-To-Date Financial Status January-June 2024 which included review of General Fund, Special Revenue Funds, Capital Funds, Enterprise Funds, and Internal Service Funds. Mr. Chaw noted all funds ended with a positive balance, with the General Fund ending balance of \$6.3 million dollars being sufficient to cover expenses totaling \$5.5 million dollars.

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**INTRODUCTIONS:**

**AB24-086 – Public Hearing Only, Presentation – 2025-2026 Biennial Budget**

**Audio: 57:12**

Finance Director Chaw provided a presentation on property taxes and revenues sources for the 2025-2026 Biennial Budget.

**Mayor Miller opened the Public Hearing on the 2025-2026 Biennial Budget at 8:43 p.m.**

The following individuals commented on the agenda item:

**Michael Thomas, 1231 LaForest Drive SE**

**Jason Ritchie, 2802 SE 16<sup>th</sup> Street**

**Mayor Miller closed the Public Hearing at 8:49 p.m.**

**AB24-087 – Resolution Authorizing Development Agreement with Middle Fork Property Development, LLC**

**Audio: 1:47:12**

Economic Development Manager Henderson provided the staff report.

The following individuals commented on the agenda item:

**Jean Buckner, 46226 SE 139<sup>th</sup> Place**

**Martin Volken, 909 NE 6<sup>th</sup> Street**

**Jodi Laakso, 450 NE 4<sup>th</sup> Street**

**Susie Martin, 13719 461<sup>st</sup> Place SE**

**Bob Power, 165 NE Juniper Street, Issaquah**

**Kathy Golic, 13705 460<sup>th</sup> Ct. SE**

**Jason Ritchie, 2802 SE 16<sup>th</sup> Street**

**Peter Nissen, 46325 SE 140<sup>th</sup> Street**

**Gina Volken, 909 NE 6<sup>th</sup> Street**

**Fiona Himka, 47527 SE 137<sup>th</sup> Street**

**Eddie Schoen, 17215 432<sup>nd</sup> Ave. SE**

**Will Russack, 8602 378<sup>th</sup> Ave SE, Snoqualmie**

**Michael Thomas, 1231 LaForest Drive SE**

**Pamela Weisman, 13713 460<sup>th</sup> Ct. SE**

Councilmember Joselyn **MOVED**, seconded by Councilmember Gothelf to postpone AB24-087, a resolution authorizing a Development Agreement between the City of North Bend and Middle Fork Property Development LLC to the October 1, 2024 City Council Meeting.

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Mayor Miller recessed the meeting at 10:10 p.m. for a ten-minute break.

Mayor Miller called the meeting back to order at 10:19 p.m.

The motion **PASSED** 5-2. (Torguson, Tremolada)

**AB24-088 – Ordinance 1814 Amending NBMC 1.20 RE Code Enforcement Audio: 3:10:33**

City Attorney Rosenberg and Building Official Mercer provided the staff report.

Councilmember Joselyn **MOVED**, seconded by Councilmember Rustik to approve AB24-088, an ordinance amending NBMC Sections 1.20.060, 1.20.080 and 1.20.100; adopting a new Section 1.20.105 relating to appeals in Code Enforcement, as a first and final reading. The motion **PASSED** 7-0.

**AB24-089 – Motion Authorizing Contract with PH Consulting for the 2025 Sidewalk Gaps Project Audio: 3:15:37**

Deputy City Administrator/Public Works Director Rigos provided the staff report.

Councilmember Koellen **MOVED**, seconded by Councilmember Joselyn to approve AB24-089, authorizing a contract with PH Consulting for design of the 2025 Sidewalk Gaps Project, in a form and content approved by the City Attorney, in an amount not to exceed \$574,400. The motion **PASSED** 7-0.

**MAYOR, COUNCIL, AND ADMINISTRATOR CONCERNS AND INITIATIVES:**

Councilmember Elwood thanked those that provided public comment at tonight's meeting. Additionally, he thanked Snoqualmie/North Bend Police Chief Lynch and Captain Horejsi for presenting the Public Health & Safety Committee with the pink badges that they will be wearing on their uniforms in October for Breast Cancer Awareness Month and for their calling attention to this very important issue.

Councilmember Torguson echoed Councilmember Elwood's comments about Breast Cancer Awareness Month and encouraged those interested to donate the Snoqualmie Valley Food Bank and Mt Si Senior Center.

Councilmember Tremolada announced the Snoqualmie Valley Little League Golf Tournament was being held on September 20<sup>th</sup> at Mt Si Golf Course for those interested.

Councilmember Rustik echoed fellow Councilmember's comments about the pink badges provided for Breast Cancer Awareness Month.

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Councilmember Gothelf echoed fellow Councilmember's comments about Breast Cancer Awareness Month and thanked the public for providing comments on AB24-087 – Resolution Authorizing Development Agreement with Middle Fork Property Development, LLC. Additionally, he reminded all to slow down when traveling in neighborhoods where children were at play.

Mayor Miller spoke regarding the following items:

- Meet Up with the Mayor – September 4<sup>th</sup> 10 a.m. @ Hartwood Café
- King County Regional Animal Services “Clear the Shelters” Campaign thru September 10<sup>th</sup>
- Yard Waste Recycling Program – September 14<sup>th</sup> 8 a.m. to Noon @ Public Works
- Community Shred Event – September 14<sup>th</sup> 8 a.m. to Noon @ City Hall
- Sip, Suds & Si Event – September 14<sup>th</sup> 6 – 9 p.m. @ Downtown North Bend

#### EXECUTIVE SESSION:

Mayor Miller recessed the regular meeting for an Executive Session at 10:40 p.m. to discuss potential litigation, pursuant to RCW 42.30.110(1)(i). No action was anticipated as a result of the Executive Session, which was expected to last twenty minutes and videotaping of the meeting ceased.

The regular meeting reconvened at 11:00 p.m.

#### ADJOURNMENT:

Councilmember Rustik **MOVED** to adjourn, seconded by Councilmember Elwood. The motion **PASSED** 7-0.

The meeting adjourned at 11:00 p.m.

ATTEST:

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Mary Miller, Mayor

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Susie Oppedal, City Clerk







## City Council Agenda Bill

SUBJECT:		Agenda Date: October 1, 2024		AB24-101	
<b>Resolution Accepting Infrastructure Improvements from Vector TDI Alpentel Logistics LLC for the Alpentel Logistics Commercial Development Project</b>		Department/Committee/Individual			
		Mayor Mary Miller			
		City Administrator – David Miller			
		City Attorney – Kendra Rosenberg			
		City Clerk – Susie Oppedal			
		Administrative Services – Lisa Escobar			
		Comm. & Economic Development –			
		Finance – Martin Chaw			
Cost Impact: N/A		Public Works – Mark Rigos, P.E.		X	
Fund Source: N/A					
Timeline: Immediate					
<b>Attachments:</b> Resolution, Exhibit A – Cost Breakdown, Exhibit B – Bill of Sale, Vicinity Map					
<b>SUMMARY STATEMENT:</b>					
<p>Vector TDI Alpentel Logistics LLC (“Developer”) has completed infrastructure construction of the Alpentel Logistics Commercial Development Project (“Project”). The Project is located at 44003 SE Tanner Road and consists of a new 116,080 square foot industrial building shell, perimeter parking, drive aisles, commercial truck loading bays behind the building, and landscaping improvements. The Developer constructed new public infrastructure and utility improvements including approximately 580 lineal feet of new curb and gutter, 15,498 square feet of new paving in SE Tanner Road, approximately 336 lineal feet of stormwater drainage conveyance piping and associated catch basins, streets lights, and other improvements in public right of way (collectively “Infrastructure Improvements”).</p> <p>Key project completion dates are as follows:</p> <ul style="list-style-type: none"><li>• SEPA MDNS: May 6, 2020</li><li>• Developer Extension Agreement Authorization: October 20, 2022</li><li>• Engineering Plan Approval: February 2, 2023</li><li>• Infrastructure punch list completion: May 2024</li></ul> <p>The Developer has completed all infrastructure and utility punch-list items, as-builts, and provided a GIS disk to the City as required by the North Bend Municipal Code.</p> <p>The Developer has provided a Bill of Sale for the Infrastructure Improvements (Exhibit B).</p> <p>This Agenda Bill’s purpose is to authorize transfer of ownership of Developer-constructed Infrastructure Improvements to the City through passage of a resolution.</p>					
<b>APPLICABLE BRAND GUIDELINES:</b> Design Standards					
<b>COMMITTEE REVIEW AND RECOMMENDATION:</b> This item was brought up during the Transportation and Public Works Committee meeting on September 24, 2024 and was recommended for approval and placement on the Consent Agenda.					
<b>RECOMMENDED ACTION: MOTION to approve AB24-101, a resolution accepting ownership of the Infrastructure Improvements constructed as part of the Alpentel Logistics Commercial Development Project.</b>					
<b>RECORD OF COUNCIL ACTION</b>					
<i>Meeting Date</i>		<i>Action</i>		<i>Vote</i>	
October 1, 2024					



## RESOLUTION

### **A RESOLUTION OF THE CITY OF NORTH BEND, WASHINGTON, ACCEPTING STORM DRAINAGE SYSTEM, CURB, AND STREET PAVING INFRASTRUCTURE IMPROVEMENTS FROM VECTOR TDI ALPENTAL LOGISTICS LLC FOR THE ALPENTAL LOGISTICS COMMERCIAL DEVELOPMENT PROJECT**

**WHEREAS**, Vector TDI Alpental Logistics LLC (“Developer”) has completed construction of the Alpental Logistics Commercial Development Project (“Project”) located at 44003 SE Tanner Road; and

**WHEREAS**, a State Environmental Policy Act (“SEPA”) Mitigated Determination of Nonsignificance (“MDNS”) was issued on May 6, 2020; and

**WHEREAS**, a Developer Extension Agreement was authorized on October 20, 2022; and

**WHEREAS**, the City approved the engineering plan on February 2, 2024; and

**WHEREAS**, the Developer has constructed the required storm drainage system, curb, and street paving improvements (collectively “Infrastructure Improvements”); and

**WHEREAS**, City staff inspected the Infrastructure Improvements and the City accepts transfer of ownership of Developer-constructed Infrastructure Improvements; and

**WHEREAS**, the Developer has provided the City with the market value assignment for the Infrastructure Improvements and a Bill of Sale for the Infrastructure Improvements; and

**WHEREAS**, the City Council of the City of North Bend finds that the Infrastructure Improvements meet the standards of the City, and that the value assigned by the Developer reflects a fair market value;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** The City Council of the City of North Bend accepts the storm drainage system, curb, and street paving improvements built for the Alpental Logistics Commercial Development Project as depicted in the attached Exhibit A to this resolution and which is incorporated herein by reference.

**Section 2.** The Mayor is authorized to execute the Bill of Sale accepting the storm drainage system, curb, and street paving improvements on behalf of the City of North Bend, in the

form attached hereto as Exhibit B or in a final form substantially similar and acceptable to the City Attorney.

**PASSED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND,  
WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 1<sup>ST</sup> DAY OF  
OCTOBER, 2024.**

**CITY OF NORTH BEND:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**Mary Miller, Mayor**

\_\_\_\_\_  
**Kendra Rosenberg, City Attorney**

**ATTEST/AUTHENTICATED:**

Effective:  
Posted:

\_\_\_\_\_  
**Susie Oppedal, City Clerk**

Alpental Logistics - BILL OF SALE

EXHIBIT A

09/9/2024

ALPENTAL LOGISTICS BOS - OFF SITE IMPROVEMENTS

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>QTY</u>	<u>UNIT</u>	<u>RATE</u>	<u>TOTAL</u>
Storm System	12 " Storm Drain Pipe	336	LF	\$ 102.76	\$ 34,527.36
Storm System	Type 1 CB	4	EA	\$ 1,677.50	\$ 6,710.00
Storm System	Castings	4	EA	\$ 386.10	\$ 1,544.40
				SUBTOTAL	\$ 42,781.76
<u>ITEM</u>	<u>DESCRIPTION</u>	<u>QTY</u>	<u>UNIT</u>	<u>RATE</u>	<u>TOTAL</u>
Roadway - Paving	3" HMA	1722	SY	\$ 23.55	\$ 40,553.10
Roadway - Paving	Subgrade Prep and Rock Install	1122	SY	\$ 27.31	\$ 30,641.82
Roadway - Paving	Demolish Existing Asphalt	1122	SY	\$ 31.34	\$ 35,163.48
				SUBTOTAL	\$ 106,358.40
<u>ITEM</u>	<u>DESCRIPTION</u>	<u>QTY</u>	<u>UNIT</u>	<u>RATE</u>	<u>TOTAL</u>
Curb, Gutter & Sidewalk	Vertical Curb & Gutter	580	LF	\$ 32.75	\$ 18,995.00
Curb, Gutter & Sidewalk	Subgrade Prep and Rock Install	580	LF	\$ 16.92	\$ 9,813.60
				SUBTOTAL	\$ 28,808.60
<u>ITEM</u>	<u>DESCRIPTION</u>	<u>QTY</u>	<u>UNIT</u>	<u>RATE</u>	<u>TOTAL</u>
Street Lights	Light Pole, Conduits, and Light fixture	3	EA	\$ 8609.06	\$ 25,827.19
				SUBTOTAL	\$ 25,827.19
					TOTAL
					\$ 203,775.95



Return Address:

CITY CLERK

CITY OF NORTH BEND

920 SE CEDAR FALLS WAY

NORTH BEND, WA 98045

Please print or type information **WASHINGTON STATE RECORDER'S Cover Sheet** (RCW 65.04)**Document Title(s)** (or transactions contained therein): (all areas applicable to your document **must** be filled in)1. Bill of Sale 2. \_\_\_\_\_

3. \_\_\_\_\_ 4. \_\_\_\_\_

**Reference Number(s) of Documents assigned or released:**

Additional reference #'s on page \_\_\_\_\_ of document

**Grantor(s)** Exactly as name(s) appear on document1. Vector TDI Alpentel Logistics LLC, \_\_\_\_\_

2. \_\_\_\_\_, \_\_\_\_\_

Additional names on page \_\_\_\_\_ of document.

**Grantee(s)** Exactly as name(s) appear on document1. City of North Bend

2. \_\_\_\_\_, \_\_\_\_\_

Additional names on page \_\_\_\_\_ of document.

**Legal description** (abbreviated: i.e. lot, block, plat or section, township, range)Por. of NW ¼ Sec. 14, Twn. 23 N., Rge. 8 E., W.M.

Additional legal is on page \_\_\_\_\_ of document.

**Assessor's Property Tax Parcel/Account Number**

142308-9068

☐ Assessor Tax # not yet assigned

The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

**"I am signing below and paying an additional \$50 recording fee (as provided in RCW 36.18.010 and referred to as an emergency nonstandard document), because this document does not meet margin and formatting requirements. Furthermore, I hereby understand that the recording process may cover up or otherwise obscure some part of the text of the original document as a result of this request."**

\_\_\_\_\_  
Signature of Requesting Party**Note to submitter: Do not sign above nor pay additional \$50 fee if the document meets margin/formatting requirements**

**UPON RECORDING RETURN TO:**

City Clerk  
City of North Bend  
920 SE Cedar Falls Way  
North Bend, WA 98045

BILL OF SALE

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**Reference Numbers of Related Documents:** N/A

**Grantor:** Vector TDI Alpental Logistics LLC

**Grantee:** City of North Bend

**Legal Description:** See Exhibit C

**Abbreviated Legal:** Por. of NW ¼, Sec. 14, Twn. 23 N., Rge. 8 E., W.M.

**Tax Parcel Identification Number:** 142308-9068

**KNOW ALL MEN BY THESE PRESENTS** that for and in consideration of the sum of One Dollar (\$1.00) and other good and sufficient consideration, receipt whereof is hereby acknowledged, Vector TDI Alpental Logistics LLC, a Delaware Limited Liability Company (“Grantor”), does by these presents hereby grant, convey, set over, assign, transfer and sell to the City of North Bend, a Washington municipal corporation (“Grantee” or “the City”), the following described storm drainage system improvements, and the following curb and street paving improvements, all of which has been constructed and installed in the existing public right of way commonly known as Alpental Logistics (“Project”):

Storm Drainage System:

All stormwater collection, conveyance, and treatment facilities and associated appurtenances within the Project are private and to be owned and maintained by the Project owner.

Grantor constructed approximately 336 lineal feet of 12” diameter storm drainage pipe and other applicable storm drainage facilities and appurtenances in SE Tanner Road that shall be owned and maintained by the City.

Area drains and six-inch conveyance pipe in landscape strips fronting the Project along SE Tanner Road shall be owned and maintained by the Project owner.

Curbs and Street Paving:

Approximately 580 lineal feet of vertical curb and gutter and approximately 15,498 sf of asphalt paving of SE Tanner Road shall be owned and maintained by the City.



Sidewalks, landscape strips, irrigation, and associated facilities and appurtenances constructed as part of the Project located along the Project’s frontage of SE Tanner Road shall be owned and maintained by the Project owner.

Street lights within the Project shall be owned and maintained by the Project owner.

Street lights installed along SE Tanner Road shall be owned and maintained by the City.

Damage to any improvements in the road prism (road prism defined as back of curb to back of curb or back of curb to edge of pavement on City streets) caused by Project owner’s failure to maintain landscape strips, existing trees, street trees, sidewalks, street lights (within the project site), and/or associated facilities along the Project frontage of SE Tanner Road located outside of the road prism shall be reconstructed, removed or replaced by the Project owner.

Grantor warrants that it is the sole owner of all the property above described and has full power to convey all rights herein conveyed, and agrees to defend, indemnify, and hold Grantee harmless from any and all claims which might result from execution of this document.

Grantor warrants that the property above described is free from all liens and encumbrances, and Grantor will defend, indemnify, and hold harmless Grantee and its successors and assigns against claims and demands of all persons regarding ownership in or rights to the property hereby conveyed.

By accepting and recording this instrument, the City accepts and agrees to maintain only the property expressly conveyed herein, and to do so in the same manner as though it had been constructed by the City.

IN WITNESS WHEREOF the Grantor(s) has/have executed these presents this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

GRANTOR:  
Vector TDI Alpentel Logistics LLC

GRANTEE:  
City of North Bend

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Kendra Rosenberg, City Attorney

STATE OF WASHINGTON) )ss  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that he/she signed this instrument on oath stated that (he/she) was authorized to execute the instrument and acknowledge it as the \_\_\_\_\_ of Vector TDI Alpentel Logistics LLC. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: \_\_\_\_\_

(Stamp)

(Print: \_\_\_\_\_)

NOTARY PUBLIC in and for the State of Washington

My appointment expires \_\_\_\_\_

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STATE OF WASHINGTON) )ss  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Mary Miller is the person who appeared before me, and said person acknowledged that she signed this instrument on oath stated that she was authorized to execute the instrument and acknowledge it as the Mayor of the City of North Bend to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: \_\_\_\_\_

(Stamp)

(Print: \_\_\_\_\_)

NOTARY PUBLIC in and for the State of Washington

My appointment expires \_\_\_\_\_

Alpental Logistics - BILL OF SALE

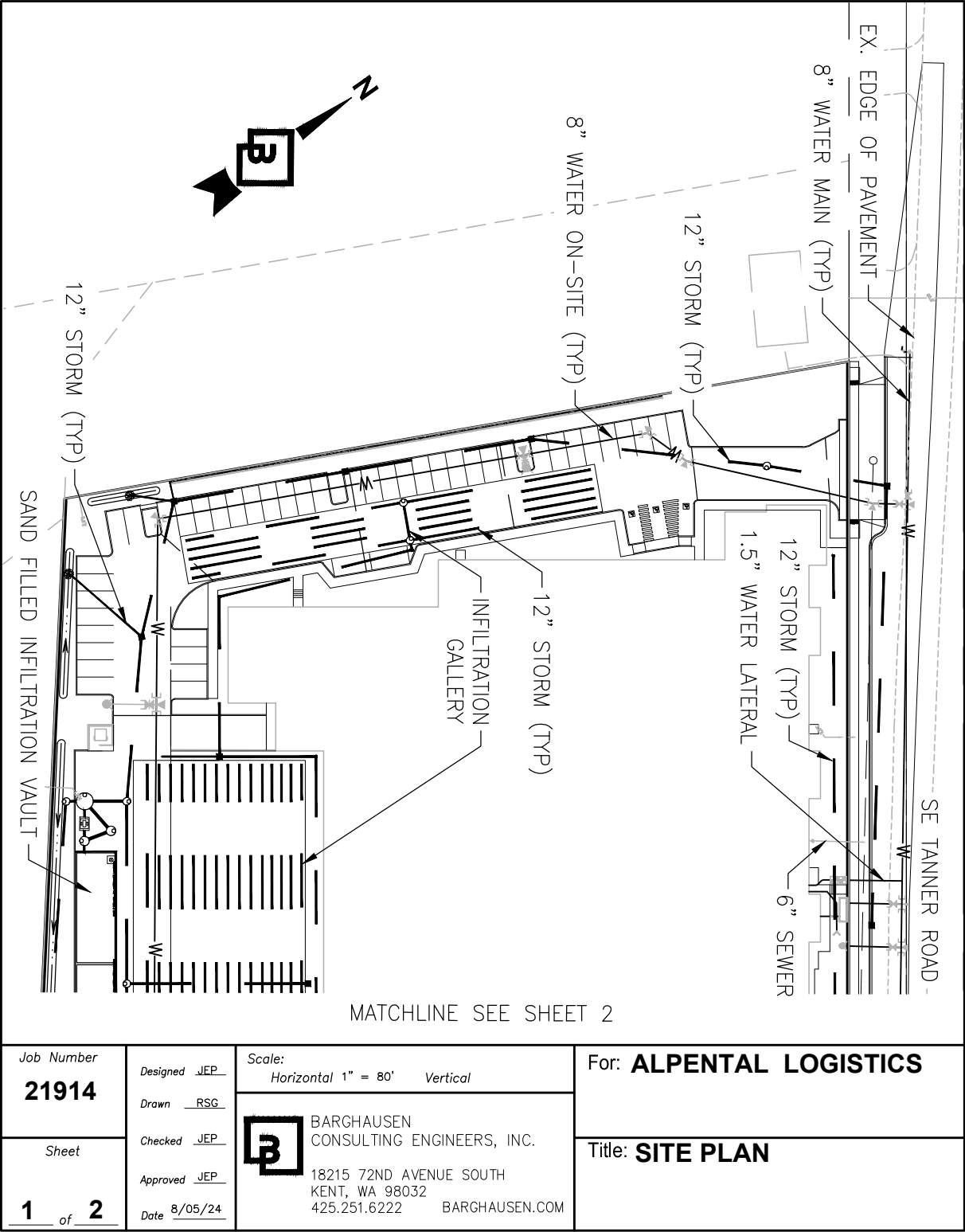
09/9/2024

ALPENTAL LOGISTICS BOS - OFF SITE IMPROVEMENTS

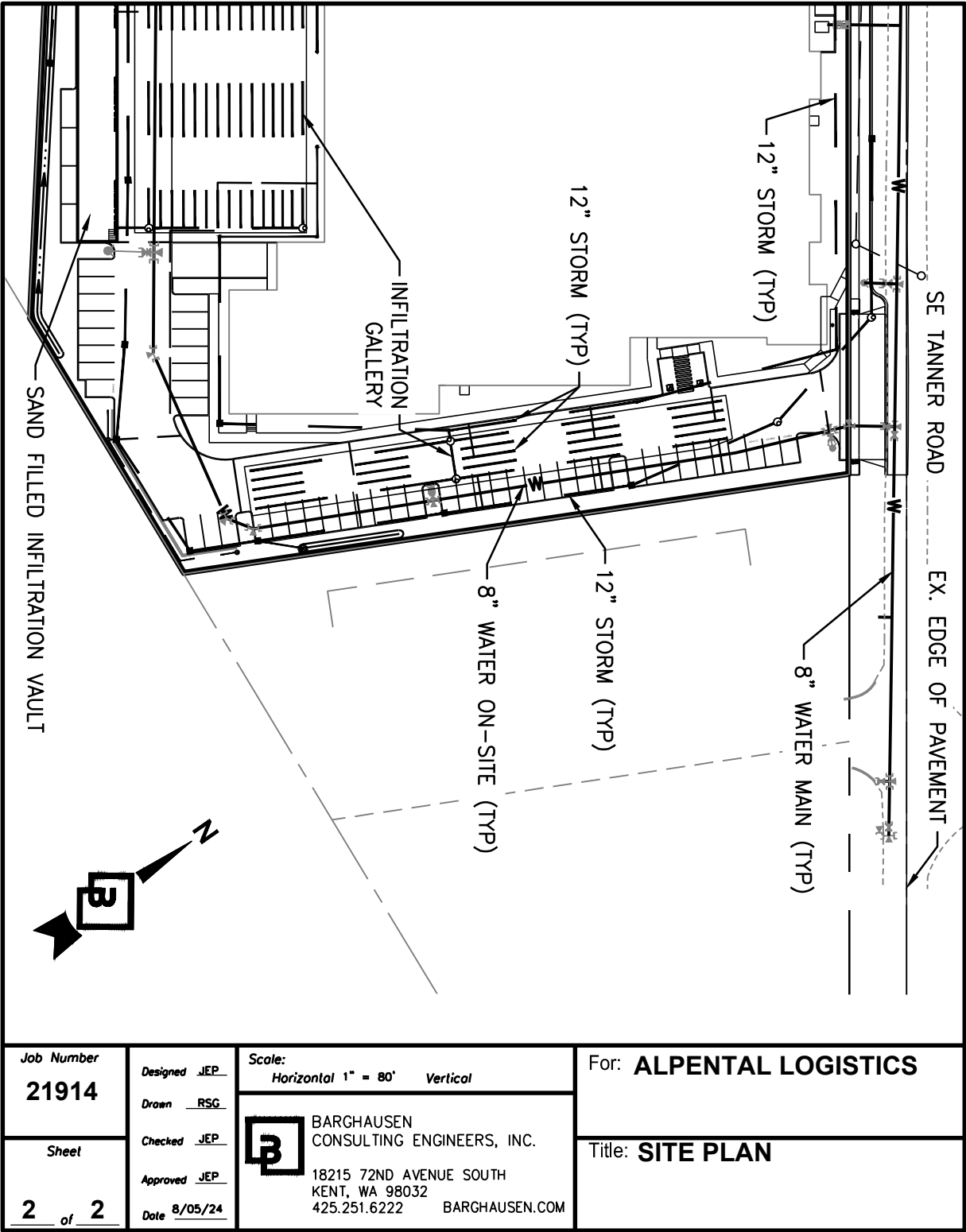
EXHIBIT A

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Storm System	12 " Storm Drain Pipe	336	LF	\$ 102.76	\$ 34,527.36
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Storm System	Castings	4	EA	\$ 386.10	\$ 1,544.40
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Roadway - Paving	Subgrade Prep and Rock Install	1122	SY	\$ 27.31	\$ 30,641.82
Roadway - Paving	Demolish Existing Asphalt	1122	SY	\$ 31.34	\$ 35,163.48
				SUBTOTAL	\$ 106,358.40
<u>ITEM</u>	<u>DESCRIPTION</u>	<u>QTY</u>	<u>UNIT</u>	<u>RATE</u>	<u>TOTAL</u>
Curb, Gutter & Sidewalk	Vertical Curb & Gutter	580	LF	\$ 32.75	\$ 18,995.00
Curb, Gutter & Sidewalk	Subgrade Prep and Rock Install	580	LF	\$ 16.92	\$ 9,813.60
				SUBTOTAL	\$ 28,808.60
<u>ITEM</u>	<u>DESCRIPTION</u>	<u>QTY</u>	<u>UNIT</u>	<u>RATE</u>	<u>TOTAL</u>
Street Lights	Light Pole, Conduits, and Light fixture	3	EA	\$ 8609.06	\$ 25,827.19
				SUBTOTAL	\$ 25,827.19
				TOTAL	\$ 203,775.95

EXHIBIT B



MATCHLINE SEE SHEET 1



P:\21000s\21914\engineering\BOS documents\21914-A-BOS exhibit.dwg 8/5/2024 2:59 PM RGAUL

LEGAL DESCRIPTION

## EXHIBIT C

## PARCEL A:

THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 14, TOWNSHIP 23 NORTH, RANGE 8 EAST, W.M., IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT 544.5 FEET EAST ALONG THE EAST-WEST CENTERLINE FROM THE WEST CORNER, ALSO KNOWN AS THE SOUTHWEST CORNER OF THAT TRACT SHOWN UNDER RECORDING NO. 2845663.

THENCE NORTHEASTERLY ALONG THE NORTHWESTERLY LINE OF SAID TRACT 726.6 FEET TO THE SOUTHWESTERLY MARGIN OF SOUTHEAST TANNER ROAD;

THENCE SOUTHEASTERLY ALONG SAID MARGIN 676.5 FEET;

THENCE SOUTHWESTERLY PARALLEL WITH SAID NORTHWESTERLY LINE 346.5 FEET, MORE OR LESS, TO SAID CENTERLINE;

THENCE WEST ALONG SAID CENTERLINE TO THE POINT OF BEGINNING;

EXCEPT THE NORTHWESTERLY 210 FEET MEASURED ALONG SAID ROAD MARGIN; AND

EXCEPT THE SOUTHEASTERLY 100 FEET OF THE NORTHEASTERLY 100 FEET; AND

EXCEPT THAT PORTION THEREOF CONVEYED TO THE STATE OF WASHINGTON BY DEED RECORDED UNDER RECORDING NO. 4646938.

## PARCEL B:

THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 14, TOWNSHIP 23 NORTH, RANGE 8 EAST, W.M., IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER CORNER OF SECTION 14;

THENCE EAST ALONG THE QUARTER LINE 544.50 FEET THIS POINT BEING THE SOUTHWESTERLY CORNER OF A TRACT CONVEYED TO LEWIS WRIGHT BY DEED RECORDED UNDER RECORDING NO. 2845663;

THENCE NORTHEASTERLY ALONG THE WESTERLY LINE OF SAID WRIGHT TRACT 726.00 FEET TO THE SOUTHERLY LINE OF A COUNTY ROAD RIGHT-OF-WAY;

THENCE SOUTHEASTERLY ALONG SAID RIGHT-OF-WAY 105.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTHEASTERLY ALONG SAID RIGHT-OF-WAY 105.00 FEET;

THENCE SOUTHWESTERLY PARALLEL TO THE WESTERLY LINE OF SAID WRIGHT TRACT TO THE QUARTER LINE;

THENCE WESTERLY ALONG SAID QUARTER LINE TO A POINT WHICH IS PARALLEL TO THE WESTERLY LINE OF WRIGHT TRACT AND SOUTHWESTERLY OF THE TRUE POINT OF BEGINNING;

THENCE NORTHEASTERLY PARALLEL TO THE WEST LINE OF THE WRIGHT TRACT TO THE TRUE POINT OF BEGINNING;

EXCEPT THAT PORTION CONVEYED TO THE STATE OF WASHINGTON BY DEED RECORDED UNDER RECORDING NO. 4646938.

## PARCEL C:

BEGINNING AT A POINT 1,254 FEET, MORE OR LESS, EAST OF THE WEST QUARTER CORNER OF SECTION 14, TOWNSHIP 23 NORTH, RANGE 8 EAST, W.M., IN KING COUNTY, WASHINGTON, SAID POINT BEING THE SOUTHEASTERLY CORNER OF A TRACT OF LAND CONVEYED TO LEWIS WRIGHT BY DEED RECORDED UNDER RECORDING NO. 2845663;

THENCE NORTHEAST ALONG THE EASTERLY LINE OF SAID WRIGHT TRACT 346.50 FEET, MORE OR LESS, TO A POINT ON THE SOUTHWESTERLY LINE OF THE COUNTY ROAD BEING THE MOST EASTERLY CORNER OF SAID WRIGHT TRACT AND THE TRUE POINT OF BEGINNING;

THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF SAID ROAD 100 FEET;

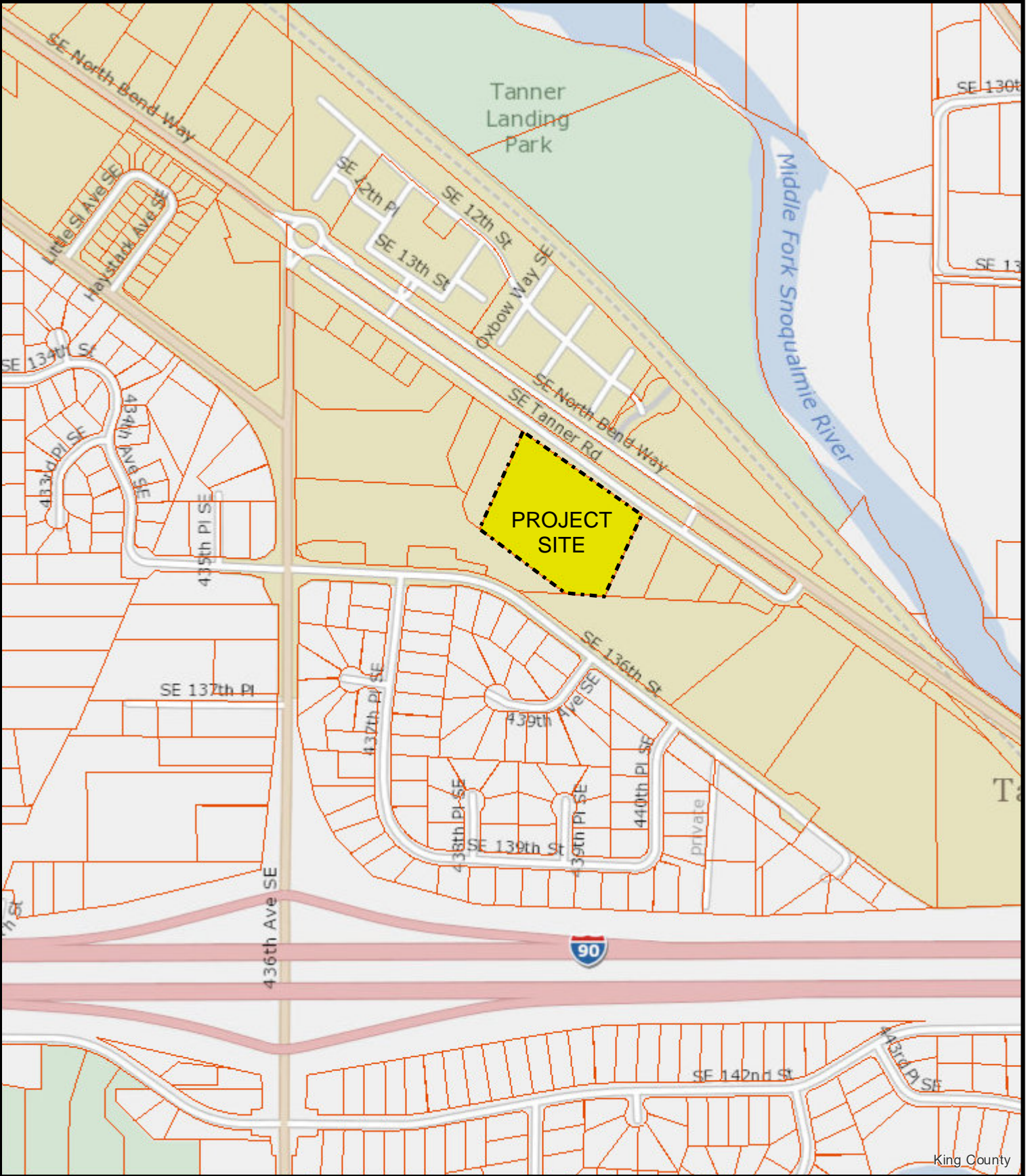
THENCE SOUTHERLY PARALLEL WITH THE EASTERLY LINE OF SAID WRIGHT TRACT 100 FEET;

THENCE SOUTHEASTERLY PARALLEL WITH SAID ROAD 100 FEET;

THENCE NORTHERLY ALONG SAID EASTERLY LINE 100 FEET TO THE TRUE POINT OF BEGINNING;







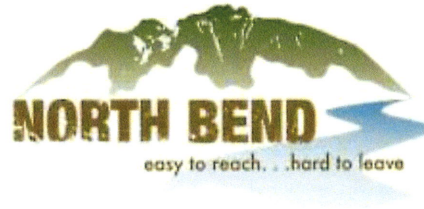
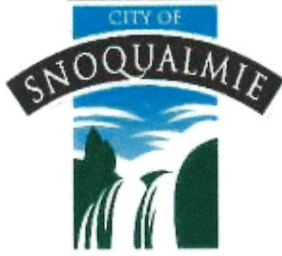
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Date: 4/18/2024      Notes:



King County





## Office of the Mayors of Snoqualmie & North Bend

### PROCLAMATION

**WHEREAS**, breast cancer is one of the most prevalent forms of cancer affecting individuals worldwide, with significant impacts on the lives of those diagnosed, their families, and their communities; and

**WHEREAS**, early detection through regular screenings, advancements in research, and the commitment of healthcare professionals are crucial in improving survival rates and providing hope for those affected by this disease; and

**WHEREAS**, Breast Cancer Awareness Month provides an opportunity to promote education, support ongoing research, and raise public awareness about breast cancer, encouraging individuals to take proactive steps towards their health and well-being; and

**WHEREAS**, the courage and strength of survivors, the dedication of healthcare providers, and the invaluable contributions of researchers and advocates play a vital role in the ongoing fight against breast cancer; and

**WHEREAS**, by fostering a spirit of solidarity and compassion, we can work together to support those battling breast cancer, honor those who have lost their lives to the disease, and continue to strive for a future free from breast cancer;

**NOW, THEREFORE**, Katherine Ross and Mary Miller, Mayors of the cities of Snoqualmie and North Bend, do hereby proclaim the month of October 2024 as

### BREAST CANCER AWARENESS MONTH

in the Cities of Snoqualmie and North Bend; we encourage all residents to participate in educational activities, support breast cancer research, and engage in efforts that promote awareness and early detection. Together, we can make a meaningful impact in the fight against breast cancer.

A handwritten signature in blue ink that reads "Katherine Ross".

**Katherine Ross**  
Mayor of Snoqualmie

A handwritten signature in blue ink that reads "Mary Miller".

**Mary Miller**  
Mayor of North Bend







## City Council Agenda Bill

SUBJECT:		Agenda Date: October 1, 2024		AB24-102																																				
<b>Motion Authorizing a Contract with FCS Group for a Water, Sewer, Stormwater and GFC Rate Study</b>		Department/Committee/Individual																																						
		Mayor Mary Miller																																						
		City Administrator – David Miller																																						
		City Attorney – Kendra Rosenberg																																						
		City Clerk – Susie Oppedal																																						
		Administrative Services – Lisa Escobar																																						
		Comm. & Economic Development –																																						
		Finance – Martin Chaw		X																																				
Cost Impact: +\$65,305 (costs to be proportionally shared based on 2023 annual utility revenues)																																								
Fund Source: Water, Sewer, and Stormwater Utility funds		Public Works – Mark Rigos																																						
Timeline: Completion 1Q2025		Information Technology – Phillip Davenport																																						
Attachments: FCS GROUP Scope of Work & Fee Estimate																																								
SUMMARY STATEMENT:																																								
<p>The City of North Bend owns and operates three public utilities that provide water, sewer and stormwater services. Combined, the utility system administers 7,500 accounts and nearly \$14.0 million in annual revenues. Maintenance and operations of the City’s water, sewer, and stormwater services are financed through monthly utility service charges assessed to rate payers and utility one-time general facility charges assessed to new connections to the utility system.</p> <p>Each utility is operated as an enterprise, meaning operations and capital expenditures must be fully funded through revenue from utility service charges and general facility charges and no subsidy from general taxpayers is included. Industry best practices recommend that utility service charges should be evaluated regularly to ensure ongoing revenue from charges are sufficiently calibrated to fully fund the ongoing daily operating expenses of each utility. Revenue from one-time connection charges is used to fund capital project improvements that are required to support growth from new customer connections and should also be regularly evaluated.</p> <p>The following graphic compares revenues from rates and general facility charges to operating and capital expenses for each utility as of the end of 2023. Sewer utility capital expenses reflect the timing of expenditures for the construction of wastewater treatment plant expenditures</p>																																								
<div><p>2023 Year End Financial Performance by Utility</p><table border="1"><thead><tr><th>Category</th><th>2023 Rate Revs</th><th>2023 GFC Revs</th><th>2023 OpEx</th><th>2023 CapEx</th></tr></thead><tbody><tr><td>Water Revenues</td><td>\$3.5</td><td>\$1.0</td><td>\$0.0</td><td>\$0.0</td></tr><tr><td>Water Expenses</td><td>\$0.0</td><td>\$0.0</td><td>\$3.0</td><td>\$0.0</td></tr><tr><td>Sewer Utility</td><td>\$4.0</td><td>\$2.5</td><td>\$0.0</td><td>\$0.0</td></tr><tr><td>Sewer Utility Expenses</td><td>\$0.0</td><td>\$0.0</td><td>\$3.5</td><td>\$12.5</td></tr><tr><td>Stormwater Utility</td><td>\$0.0</td><td>\$0.0</td><td>\$1.0</td><td>\$0.0</td></tr><tr><td>Stormwater Utility Expenses</td><td>\$0.0</td><td>\$0.0</td><td>\$1.0</td><td>\$0.0</td></tr></tbody></table></div>						Category	2023 Rate Revs	2023 GFC Revs	2023 OpEx	2023 CapEx	Water Revenues	\$3.5	\$1.0	\$0.0	\$0.0	Water Expenses	\$0.0	\$0.0	\$3.0	\$0.0	Sewer Utility	\$4.0	\$2.5	\$0.0	\$0.0	Sewer Utility Expenses	\$0.0	\$0.0	\$3.5	\$12.5	Stormwater Utility	\$0.0	\$0.0	\$1.0	\$0.0	Stormwater Utility Expenses	\$0.0	\$0.0	\$1.0	\$0.0
Category	2023 Rate Revs	2023 GFC Revs	2023 OpEx	2023 CapEx																																				
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## City Council Agenda Bill

The following table summarizes historical adjustments to utility rates from 2020 to present. The City has not studied, nor adjusted, its stormwater rates for a number of years.

	2020	2021	2022	2023	2024	2025	2026
Water	2.49%	2.40%	5.50%	5.50%	5.50%	5.50%	5.50%
Sewer	8.0%	2.40%	2.50%	2.50%	2.50%	2.50%	--
Stormwater	--	--	--	--	--	--	--

Ordinances 1741 and 1747 established water and sewer rates through 2026 and 2025, respectively. Dashes (--) indicates no adjustment.

Approval of this agenda bill authorizes the City to enter into a contract with FCS GROUP to prepare a comprehensive water, sewer and stormwater rates study. The City engaged FCS GROUP for a review and update of its water and sewer utility rates in 2021.

This study includes the following scope of work for each utility.

Task 1: Project kickoff meeting

Task 2: Data collection and validation

Task 3: Prepare revenue requirement analysis

Task 4: Rate design

Task 5: General Facility Charge update

Task 6: Meetings and presentations

Task 7: Documentation

The total proposed budget is \$65,305. FCS GROUP is prepared to start work immediately, with study completion anticipated for first quarter 2025.

### ALTERNATIVES:

#### **Alternative #1: Do not approve.**

Description: Do not approve study.

Business Impacts: Do not complete comprehensive evaluation to determine the sufficiency of rate and connection charge revenues to fund utility operations and capital expenditures.

Recommendation: Do not recommend.

#### **Alternative #2: Prepare study in-house**

Description: Direct staff to prepare study using existing staff resources.

Business Impacts: Utility rate studies are complex and require extensive resources, time and attention and would divert staff time and resources away from other City tasks and issues.

Recommendation: Do not recommend.

#### **Alternative #3: Approve motion to contract with FCS GROUP as proposed.**

Description: Authorize FCS GROUP to conduct utility rates study as outlined in the attached scope of work.

Business Impacts: Leverages resources of a financial consulting firm that is well versed and respected in the industry and familiar with the City's utility finances given previous engagement.

Recommendation: Recommend Council approval.

**APPLICABLE BRAND GUIDELINES:** Economic viability/balanced budget; Consistent delivery of quality basic services.

# City Council Agenda Bill

COMMITTEE REVIEW AND RECOMMENDATION: The Finance and Administration Committee reviewed this scope of work at its meeting of September 10, 2024, and recommended approval and placement on the Main Agenda for discussion.

RECOMMENDED ACTION: **MOTION to approve AB24-102, authorizing the Mayor to execute and administer a contract with FCS GROUP to prepare a water, sewer, and stormwater rates and general facility charge update, in a form and content acceptable to the City Attorney, in an amount not to exceed \$65,305.**

## RECORD OF COUNCIL ACTION

<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
September 17, 2024	AB24-099 Postponed to 10-1-24 CC	6-0
October 1, 2024		





# CITY OF NORTH BEND

## 2025-2030 UTILITY RATE AND GENERAL FACILITY CHARGE UPDATE STUDY

The following scope of services has been developed to meet the needs of the City of North Bend (City) based on email correspondence with Mark Rigos, Deputy City Administrator / Public Works Director. The City is desiring a revenue requirement rate study and general facilities charge update for the water, sewer and stormwater utilities. Deliverables will include proposed and forecasted annual rates and GFCs for each utility for the 2025 through 2030 planning period. The services to be provided as part of this scope are described below.

### TASK PLAN

#### TASK 1: INITIAL PROJECT MEETING

An initial project meeting will be scheduled at the commencement of the project with the consultant and the City project team. Meeting participants would include a representative from departments that can address issues related to finance, engineering, operations, customer service and administration.

The intent of the meeting is to confirm the goals and objectives of the proposed study and focus the efforts of the project team. The items covered at the meeting include reviewing the scope of work, identifying project objectives, expectations, project schedule, project deliverables, and the appropriate lines of communication.

#### TASK 2: DATA COLLECTION & VALIDATION

FCS GROUP will provide a data needs list encompassing historical and projected revenue, expenses, fiscal policies, capital plans, fund balances, customer statistics, and comprehensive planning documents. The data will be reviewed, analyzed and validated for inclusion in the study process.

#### TASK 3: REVENUE REQUIREMENT ANALYSIS

This task will establish a sustainable financial management plan covering the subject study period that fully funds the projected total financial needs of each of the City's utilities. Annual cash flow needs are developed by identifying expenses incurred to operate and manage each system including:

- Capital investment funding (improvements, expansion, and replacement)
- Expenses incurred to operate, maintain, and manage each system
- Identification of any new revenue debt required, including new debt service repayment
- Cash flow needs
- Fiscal policy achievement

Tasks are as follows:

- » Update the forecast of operating revenues and expenses to reflect the most recent approved budgets. Adjust for any known future changes in annual non-capital costs associated with the operation, maintenance, and administration of each system. Changes may include additional staffing needs and other operating costs associated with maintaining the systems along with initiating new or enhanced program activities, such as any additional resources to comply with known local, State, and Federal regulations.
- » Incorporate the most recent capital plans identifying the annual capital projects and maintenance expenditures required to maintain each system in good repair. Develop a capital funding analysis that balances available funding from rate revenue, reserve funds, contributions and additional revenue bonds, if needed.
- » Evaluate annual cash flow needs to meet existing and anticipated new annual debt service requirements and debt coverage requirements.
- » Test the sufficiency of current revenues in fully funding annual system obligations. Identify any projected shortfalls over the forecast period. Rate revenue sufficiency will be tested from two perspectives: a cash test to assess the ability to meet all cash obligations, and a coverage test to assess the sufficiency of any debt coverage requirements.
- » Design a rate implementation strategy that fully funds the financial obligations over the multi-year planning horizon and provides for smooth and moderated utility billing impacts to ratepayers.
- » Develop rate scenarios to evaluate the impact of changes to key variables such as funding sources, growth rates, capital project need and timing, or other factors identified by the City. The budget includes five (5) alternative scenarios per utility.

## TASK 4: RATE DESIGN

The rate design task will evaluate existing rate structures for alignment with the City's current and/or recommended fiscal policies and generate sufficient revenue to meet the revenue requirement forecast. Key task outcomes include the following:

- Across the board adjustments. Increases will be applied equally to both fixed and variable charges (where applicable).

Additional rate structure modifications can be added to the scope upon request.

## TASK 5: GENERAL FACILITY CHARGE UPDATE

A general facility charge (GFC) is a one-time charge authorized under RCW 35.92.025 and is imposed as a condition of service on new development or on expanded connection to the system. The charge represents a prorated share of the capital investment made to provide system capacity. In general, state laws stipulate that each connection shall bear a proportional share of the cost of the system capacity required.

This task will focus on updating the City's existing GFCs for each system (water, sewer and stormwater). The GFC shall reflect an updated inventory of existing system assets, the most recent approved capital improvement program costs related to growth and capacity supported by the infrastructure identified as part of the system plan updates. The result will provide the City with a cost based, system wide, maximum allowable GFC for each utility.

## TASK 6: MEETINGS & PRESENTATIONS

During the study process, it will be important to interact frequently with staff throughout the project, to ensure that the findings and recommendations reflect approaches that are understood by impacted parties and can be implemented within City's administrative practices. Review meetings are anticipated to be conducted via remote session. The following meetings are budgeted:

- Five (5) staff project team meetings to review study results at key milestones.
  - » Two (2) – two (2) hour meetings with City staff to review draft revenue requirement results.
  - » One (1) – two (2) hour meeting with City staff to review final revenue requirement scenarios and rate design alternatives.
  - » Two (2) – one (1) hour meetings with City staff to review draft GFC alternatives and presentation to the Council.
- Up to two (2) on-site workshop / presentations with City Council to present the study results and incorporate feedback. Draft presentation materials for each workshop to be reviewed with City staff prior to finalizing and distributing to the City Council.

Should any additional meetings be requested or required, each additional meeting will be billed on a time and materials basis.

## TASK 7: DOCUMENTATION

An executive level report documenting the rate study methodology, key assumptions, results and recommendations will be provided. The technical information referenced in the report will be available in the provided Excel based models. Included will be one (1) electronic copy of each of the utility's rate models with the associated formulas, and a final report in MS-Word and PDF formats.

## BUDGET

Our normal billing practice is to bill based on actual time and materials, not to exceed the total budget. We would be more than happy to negotiate the appropriate level of effort for this project if we have scaled our approach out of line with the City's needs and/or expectations.

TASK	WATER	UTILITY SEWER	STORMWATER	TOTAL
<b>Technical Tasks</b>				
Task 2   Data collection & validation	\$ 920	\$ 920	\$ 920	\$ 2,760
Task 3   Revenue requirement analysis	8,010	8,010	7,390	23,410
Task 4   Rate design	1,075	1,075	920	3,070
Task 5   General facility charge update	6,550	6,550	5,640	18,740
<b>Total Technical Tasks</b>	<b>\$ 16,555</b>	<b>\$ 16,555</b>	<b>\$ 14,870</b>	<b>\$ 47,980</b>
<b>Process Tasks</b>				
Task 1   Initial project meeting				\$ 815
Task 6   Meetings & presentations				
- Review meetings - 3 x 2 hours, 2 x 1 hour   remote				4,880
- Presentations - 2 on-site				
- Development				4,700
- Attendance				1,000
Task 7   Documentation				5,930
<b>Total Process Tasks</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,325</b>
<b>Total Budget</b>	<b>\$ 16,555</b>	<b>\$ 16,555</b>	<b>\$ 14,870</b>	<b>\$ 65,305</b>





## City Council Agenda Bill

SUBJECT:		Agenda Date: October 1, 2024	AB24-103
<b>Ordinance Amending Ordinance No. 1789 Regarding Refinancing of Outstanding Water and Sewer Revenue Bonds for ULID #7 (Meadowbrook)</b>	Department/Committee/Individual		
	Mayor Mary Miller		
	City Administrator – David Miller		
	City Attorney – Kendra Rosenberg		
	City Clerk – Susie Oppedal		
	Administrative Services – Lisa Escobar		
	Comm. & Economic Development –		
	Finance – Martin Chaw		X
Cost Impact:	Public Works – Mark Rigos		
Fund Source: Water, Sewer, and Stormwater Utility funds			
Timeline: Approve proposed Ordinance before end of 2024	Information Technology – Phillip Davenport		
<b>Attachments:</b> Ordinance, Ordinance 1789			
<p><b>SUMMARY STATEMENT:</b></p> <p>The Meadowbrook area (“Project Area”) is located in the westerly portion of the City, west of the South Fork of the Snoqualmie River and north of I-90 and the Outlet Mall. The majority of this area consists of parkland and open space associated with Tollgate Park, a variety of creek and wetland sensitive areas, as well as land for commercial uses and single-family residential uses. The Project Area includes 68 tax parcels totaling 353.4 acres. The Project Area is presently not served with sewer services. Existing buildings are served with individual septic systems. Public water is available with service mains located along Bendigo Blvd. N, Boalch Ave. NW, and NW 8<sup>th</sup> Street. Some parcels have private wells. Sewer service is necessary to support development and improvement to the Project area, which is key to continued economic development.</p> <p>In 2021, the City conducted a feasibility study (“Study”) to establish a Utilities Local Improvement District #7 (ULID #7) for the Project Area. ULID #7, also known as the Meadowbrook ULID, consists of constructing improvements to the City’s sewer system which includes design and construction of low-pressure grinder/pumps and installation of sewer system main lines to convey wastewater to the City’s wastewater treatment facility. Construction of the Meadowbrook ULID is anticipated to positively impact property values by replacing aging septic systems, permitting development of properties to more intensive uses, and increasing property desirability for buyers and investors. The study estimated total project costs of about \$8.7 million, which includes engineering design costs of \$1.2 million and project construction costs of \$7.5 million. The feasibility study concluded the improvements would result in a net positive benefit to the Project Area, increasing property values within the Meadowbrook ULID from \$54.152 million to \$65.769 million.</p> <p>Following the 2021 Study, the City Council adopted Ordinance No. 1789 on December 6, 2022, authorizing the sale of a \$1.2 million short-term water and sewer revenue bond anticipation note (the “BAN”) to fund the engineering and design phase of the project. The BAN bears interest at a rate of 6.32% and matures 24 months after issuance (December 22, 2024). The BAN requires interest only payments until maturity when all principal becomes due. A BAN is a short-term interest-bearing security that is issued in advance of a larger, future bond issue. The larger, future bond issuance is commonly referred to as “take-out financing.” BANs are frequently issued by governments, such as local municipalities, wishing to generate interim construction funds for upcoming projects.</p> <p>Project design is currently about 60 percent complete. Upon design completion (anticipated 1Q 2025) and completion of project construction (anticipated late 2025 to 2026), take out financing will be required to refinance this BAN plus the amount needed to complete the project. Once the project is constructed and completed, the final ULID #7 assessments will be determined and assessments made.</p>			

## City Council Agenda Bill

As project engineering and design is not yet complete, staff is requesting to refinance and extend the aforementioned BAN for another 24 months through December 2026 to coincide with the construction window of the Meadowbrook ULID.

### ALTERNATIVES:

#### **Alternative #1: Refinance and extend the existing BAN as staff is proposing.**

Description: Refinance the BAN as proposed.

Business Impacts: One option is to extend the final maturity and principal payment due on the existing BAN by refinancing the obligation (but not incurring additional debt or project funding at this time). Refinancing the existing BAN to extend the maturity date can allow the City to refinance at a lower interest rate (estimates currently range from 5.25% to 5.50%) until the City is ready to issue long-term bonds once the project is complete and the assessment roll is confirmed. Once the City is ready to construct the project (in 2025 or 2026), the City will need to secure additional financing for an additional amount to construct this project (separate from the existing BAN). City staff discussed with Bond Counsel whether there is any credit risk for takeout financing in 2025. Bond Counsel was not aware of any market risks that the City should be concerned about.

Recommendation: Council approval of attached Ordinance to refinance and extend the existing BAN.

#### **Alternative #2: Refinance and extend the existing BAN and issue additional debt for construction costs.**

Description: A second option is to extend the final maturity and principal payment due on the existing BAN by refinancing the obligation and incurring additional debt to pay costs of construction.

Business Impacts: This alternative will initiate additional financing for the amount necessary to construct the project and to refinance the existing BAN at the same time. The benefit of this option is that the City will have funds available for completion of the project. The downside of this option is that construction costs have not been finalized as of the time of this writing and proceeds from the financing will sit idle until late 2025 or 2026 when the funds are needed, resulting in accrued interest expense on this additional project funding during this period. Additionally, should interest rates decline further in the next 12 to 24 months, the City will not be able to take advantage of those reduced rates unless it refinances again.

Recommendation: Do not recommend.

**APPLICABLE BRAND GUIDELINES:** Economic viability; Consistent delivery of quality basic services.

**COMMITTEE REVIEW AND RECOMMENDATION:** The Finance and Administration Committee reviewed this item at its meeting of September 10, 2024, and recommended approval and placement on the Main Agenda for discussion.

**RECOMMENDED ACTION: MOTION to approve AB24-103, an ordinance amending Ordinance No. 1789 to refinance the City's outstanding Water and Sewer Revenue Note related to ULID #7, as a first and final reading.**

### RECORD OF COUNCIL ACTION

<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
October 1, 2024		

CITY OF NORTH BEND, WASHINGTON  
WATER AND SEWER REVENUE NOTE (TAXABLE)  
(UTILITY LOCAL IMPROVEMENT DISTRICT NO. 7 (MEADOWBROOK))  
(AMENDMENT AND REISSUANCE)

ORDINANCE NO. \_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, AMENDING ORDINANCE NO. 1789 AUTHORIZING THE ISSUANCE AND SALE OF A WATER AND SEWER REVENUE NOTE (UTILITY LOCAL IMPROVEMENT DISTRICT NO. 7 (MEADOWBROOK)) OF THE CITY IN THE PRINCIPAL AMOUNT OF \$1,200,000; AUTHORIZING THE EXTENSION OF MATURITY AND REFINANCING OF THE NOTE; AUTHORIZING AN AMENDMENT TO THE NOTE PURCHASE CONTRACT; AND AUTHORIZING OTHER MATTERS RELATED THERETO.

WHEREAS, the City of North Bend, Washington (the “City”), adopted Ordinance No. 1789 on December 6, 2022 (the “Original Ordinance”), authorizing the issuance and sale of the City’s Water and Sewer Revenue Note, 2022 (Taxable) (Utility Local Improvement District No. 7 (Meadowbrook)) in the principal amount of \$1,200,000 (the “Note”); and

WHEREAS, proceeds of the Note were used to finance a portion of the engineering and design phase of sewer improvements within Utility Local Improvement District No. 7 (Meadowbrook) (the “Project”); and

WHEREAS, the Note is scheduled to mature on December 22, 2024 (the “Maturity Date”), and pursuant to the Original Ordinance and the Note Purchase Contract (the “Note Purchase Contract”) between the City and Key Government Finance, Inc., as purchaser (the “Purchaser”), at such time all accrued interest and principal on the Note shall become due; and

WHEREAS, upon completion of the Project, the City expects to issue bonds in order to refinance the Note and provide long-term financing for the Project; and

WHEREAS, the Purchaser has agreed to extend the Maturity Date of the Note in order to provide the City additional time for completion of the Project, and to revise the interest rate on the Note; and

WHEREAS, the City now deems it necessary and advisable to amend the Original Ordinance to extend the Maturity Date and to adjust the interest rate on the Note as provided herein; and

WHEREAS, such extension and adjustment shall effectively refinance and reissue the Note and therefore will be considered issuance of a “Future Parity Bond” for purposes of the Original Ordinance;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Definitions. Terms not otherwise defined herein, including in the recitals set forth above, shall have the meanings set forth in the Original Ordinance.

Section 2. Parity Requirements. In accordance with the Outstanding Parity Bond Ordinances, which permit the issuance of additional Parity Bonds upon compliance with the conditions set forth therein, the City hereby finds and determines, as follows:

(a) Proceeds of the Note have been used for lawful purposes of the City related to the System.

(b) There is not now and at the time of reissuance of the Note there shall not be any deficiency in the Bond Fund, the Principal and Interest Account or the Reserve Account.

The applicable conditions of the Outstanding Parity Bond Ordinances having been or to be complied with, the pledge of Net Revenue and ULID Assessments to pay and secure the payment of the Note shall be extended and shall continue to constitute a lien and charge upon such Net Revenue and ULID Assessments equal in rank with the lien and charge upon the Net Revenue and ULID Assessments to pay and secure the payment of the Outstanding Parity Bonds.

Section 3. Amendment to Section 16(a) (Sale of Note). Section 16(a) (Sale of Note) of the Original Ordinance is hereby amended as follows (deletions are ~~stricken~~, additions are double underlined):

Section 16. Sale of Note.

(a) *Note Sale.* The Council has determined that it would be in the best interest of the City to delegate for a limited time the authority to approve the final terms of the Note. Subject to the terms and conditions set forth in this Section 16, each Designated Representative is hereby authorized (i) to approve the principal payment date(s), dated date, denomination, interest payment date(s), redemption/prepayment provisions and interest rate or rates for the Note issued under the terms of this ordinance, (ii) to execute the Note Purchase Contract and/or other documents necessary for the sale of the Note to the Purchaser (including but not limited to a rate lock agreement); (iii) to agree to any additional terms and covenants that are in the best interest of the City and consistent with this ordinance; and (iv) to execute the sale of the Note to the Purchaser. Notwithstanding the foregoing, the sale of the Note to the Purchaser shall be subject to the following conditions:

- (1) the principal amount of the Note does not exceed \$1,200,000,



(2) the final maturity of the Note is no later than ~~three~~ six years from the Closing (December 22, 2022),

(3) the interest rate on the Note does not exceed ~~6.5%~~ 6.32%, subject to the Default Rate;

(4) the Default Rate does not exceed the interest rate on the Note by more than 4% (400 basis points), and

(5) the Note otherwise conforms to all other terms of this ordinance.

...

Section 4. Amendment to the Note and Note Purchase Contract. Each Designated Representative is authorized to negotiate the final terms of the reissued Note and the terms of a first amendment to the Note Purchase Contract so long as (a) the final maturity of the reissued Note is no later than six years from its original Closing date (December 22, 2022), (b) the adjusted interest rate on the Note does not exceed 6.32%, and (c) the terms of the reissued Note otherwise conform to all other terms of the Original Ordinance as authorized herein. Each Designated Representative is further authorized to execute such first amendment to the Note Purchase Contract and other documents necessary for the reissuance of the Note to the Purchaser. The signature of one Designated Representative shall be sufficient to bind the City.

Section 5. Delivery of Replacement Note; Further Acts. The City is hereby authorized to authenticate and deliver a replacement Note to the Registered Owner, which shall include the extended Maturity Date and adjusted interest rate as provided in Sections 3 and 4 of this ordinance.

The replacement Note shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon. The Finance Director, as Note Registrar, is hereby authorized to authenticate the replacement Note on behalf of the City.

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

The appropriate City officials are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the replacement Note to the Registered Owner and to carry out the terms of this ordinance.

Section 6. Ratification and Confirmation. Except as hereby amended, the remaining terms and conditions of Ordinance No. 1789, are hereby ratified and confirmed in all respects.

All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 7.     Effective Date of Ordinance.     This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

**ADOPTED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND,  
WASHINGTON, AT A REGULAR MEETING THEREOF, THIS \_\_\_\_ DAY OF  
\_\_\_\_\_, 2024.**

**CITY OF NORTH BEND:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**Mary Miller, Mayor**

\_\_\_\_\_  
**Pacifica Law Group LLP, Note Counsel**

**ATTEST/AUTHENTICATED:**

Published: \_\_\_\_\_  
Effective: \_\_\_\_\_

\_\_\_\_\_  
**Susie Oppedal, City Clerk**

CERTIFICATE

I, the undersigned, City Clerk of the City Council of the City of North Bend, Washington (the “City”), DO HEREBY CERTIFY:

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 \_\_\_\_\_, 2024; and

2. That said meeting was duly convened and held in all respects in accordance with law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been fully fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Susie Oppedal, City Clerk



CITY OF NORTH BEND, WASHINGTON

WATER AND SEWER REVENUE NOTE (TAXABLE)  
(UTILITY LOCAL IMPROVEMENT DISTRICT NO. 7 (MEADOWBROOK))

ORDINANCE NO. 1789

AN ORDINANCE OF THE CITY OF NORTH BEND, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF A WATER AND SEWER REVENUE NOTE (UTILITY LOCAL IMPROVEMENT DISTRICT NO. 7 (MEADOWBROOK)) IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,200,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE IMPROVEMENTS TO THE CITY'S COMBINED WATER, SEWER AND STORM AND SURFACE WATER SYSTEMS AND TO PAY COSTS OF ISSUANCE; MAKING CERTAIN COVENANTS WITH RESPECT TO THE NOTE; PROVIDING THE FORM AND TERMS OF THE NOTE; DELEGATING THE AUTHORITY TO APPROVE THE FINAL TERMS OF THE NOTE; AND AUTHORIZING OTHER MATTERS RELATED THERETO.

PASSED: DECEMBER 6, 2022

PREPARED BY:

PACIFICA LAW GROUP LLP  
Seattle, Washington

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Exhibit A: Form of Note

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

## CITY OF NORTH BEND, WASHINGTON

WATER AND SEWER REVENUE NOTE (TAXABLE)  
(UTILITY LOCAL IMPROVEMENT DISTRICT NO. 7 (MEADOWBROOK))

## ORDINANCE NO. 1789

AN ORDINANCE OF THE CITY OF NORTH BEND, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF A WATER AND SEWER REVENUE NOTE (UTILITY LOCAL IMPROVEMENT DISTRICT NO. 7 (MEADOWBROOK)) IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,200,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE IMPROVEMENTS TO THE CITY'S COMBINED WATER, SEWER AND STORM AND SURFACE WATER SYSTEMS AND TO PAY COSTS OF ISSUANCE; MAKING CERTAIN COVENANTS WITH RESPECT TO THE NOTE; PROVIDING THE FORM AND TERMS OF THE NOTE; DELEGATING THE AUTHORITY TO APPROVE THE FINAL TERMS OF THE NOTE; AND AUTHORIZING OTHER MATTERS RELATED THERETO.

WHEREAS, the City of North Bend, Washington (the "City"), previously combined its water system with the City's sewer system to create a combined system, pursuant to Ordinance No. 440 passed by the City Council on May 17, 1977, as amended by Ordinance No. 464 passed by the City Council on July 19, 1977, and the City further combined its storm and surface water drainage system into its combined waterworks utility (together, the "System"), pursuant to Ordinance No. 1251 passed by the City Council on June 19, 2006; and

WHEREAS, as of the date of this ordinance, the City has issued and has outstanding the following senior lien obligations of the System:

Series	Dated Date	Maturity Date	Authorizing Ordinance	Original Principal Amount
Water and Sewer Revenue Bonds, 2019 (the "2019 Bonds")	10/30/2019	08/01/2049	1699	\$ 8,915,000
Water and Sewer Revenue and Refunding Bonds, 2021 (the "2021 Bonds")	08/04/2021	08/01/2051	1746	25,450,000

(The 2019 Bonds and the 2021 Bonds identified above are referred to as the "Outstanding Parity Bonds" and the authorizing ordinances identified above are referred to as the "Outstanding Parity Bond Ordinances"); and

WHEREAS, the Outstanding Parity Bond Ordinances provide that additional water and sewer system revenue bonds or notes may be issued with a lien on Net Revenues of the System and ULID Assessments (each as defined herein) on a parity with the lien of the Outstanding Parity Bonds if certain conditions are met; and

WHEREAS, the Outstanding Parity Bond Ordinances also permit securing System obligations by a pledge of assessments levied in one or more utility local improvement districts (“ULID”) which shall have been created to construct the improvements to be paid for out of proceeds of such obligations; and

WHEREAS, pursuant to Ordinance No. 1780 (“ULID No. 7 Ordinance”), after public hearings thereon, the City Council established a ULID of the City to be known as “Utility Local Improvement District No. 7 (Meadowbrook)” (the “Meadowbrook ULID” or “ULID No. 7”), and ordered the design, construction, and installation of certain improvements, including a sanitary sewer collection system, sewer conveyance system, sewer lift station(s), a forcemain crossing over or under South Fork Snoqualmie River, and necessary appurtenances within ULID No. 7 (the “ULID No. 7 Project”), provided that payment for the ULID No. 7 Project be made by special assessments upon the property in ULID No. 7, and provided for the issuance and sale of bond anticipation notes or other short-term obligations redeemable by Net Revenue and/or by ULID No. 7 revenue bonds; and

WHEREAS, the City Council has determined that the conditions to the issuance of parity bonds have been or will be met and that it is in the best interest of the City to issue a water and sewer revenue note in the principal amount of not to exceed \$1,200,000 (the “Note”) in order to provide interim financing for the ULID No. 7 Project and to pay costs of issuing the Note; and

WHEREAS, the City has received a proposal from Key Government Finance, Inc. (the “Purchaser”) to purchase the Note; and

WHEREAS, the City Council wishes to delegate authority to the Designated Representatives specified herein, for a limited time, to approve the interest rate(s), maturity date, redemption terms, and other terms for the Note within the parameters set by this ordinance;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Definitions. As used in this ordinance, the following words shall have the following meanings, unless the context requires otherwise:

**2019 Bonds** means the “Water and Sewer Revenue Bonds, 2019” issued pursuant to the 2019 Bond Ordinance.

**2019 Bond Ordinance** means Ordinance No. 1699 of the City passed on October 1, 2019.

**2021 Bond Ordinance** means Ordinance No. 1746 of the City passed on May 4, 2021.



**2021 Bonds** means the “Water and Sewer Revenue and Refunding Bonds, 2021” issued pursuant to the 2021 Bond Ordinance.

**Annual Debt Service** means, in any calendar year, that year’s total of principal and interest requirements for the then-outstanding Parity Bonds (excluding the principal maturity of any Parity Bonds issued as term bonds), plus any mandatory sinking fund or mandatory bond redemption requirement for such Parity Bonds for that year, less all capitalized interest payable that year from the proceeds of such Parity Bonds.

**Assessment Bonds** means, as of its date of calculation, that portion of all Parity Bonds outstanding equal to the aggregate principal amount of nondelinquent ULID Assessments then remaining to be collected and paid into the Bond Fund plus the principal amount of ULID Assessments previously paid into and then on deposit in the Bond Fund.

**Average Annual Debt Service** means, in any calendar year, the sum of the Annual Debt Service of the then-outstanding Parity Bonds, divided by the number of years such Parity Bonds are scheduled to remain outstanding.

**Bonds** means the City’s Water and Sewer Revenue Bonds, 20XX (Utility Local Improvement District No. 7 (Meadowbrook)) authorized to be issued in one or more series to pay and redeem the Note.

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

**City Administrator** means the duly appointed and acting City Administrator of the City, or the successor of such office.

**City Clerk** means the duly appointed and acting City Clerk of the City, or the successor of such office.

**Closing** means the date of delivery of the Note to the Purchaser.

**Code** means the Internal Revenue Code of 1986 as it may be amended, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

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

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

**Coverage Requirement** means, in any calendar year, an amount of Net Revenue at least equal to 1.25 times the Annual Debt Service in that year on Parity Bonds that are not Assessment Bonds and, for Assessment Bonds, in any calendar year Coverage Requirement means an amount of ULID Assessments collections together with Net Revenue that is available after satisfying the Coverage Requirement on bonds that are not Assessment Bonds, at least equal to

1.00 times the Annual Debt Service in that year on such Assessment Bonds. Furthermore, in calculating the Coverage Requirement adjustments shall be made to Annual Debt Service for each calendar year by subtracting any amount scheduled to be received in that calendar year by the City as a federal credit payment with respect to Parity Bonds designated by the City as federal tax credit bonds, including but not limited to build America bonds and similar “direct-pay” tax credit bond programs.

***Covered Bonds*** mean those Future Parity Bonds designated in the Parity Bond Ordinance authorizing their issuance as Covered Bonds secured by the Reserve Account. The Note is not a Covered Bonds.

***Default Rate*** means the fixed rate of the Note, plus 4% (400 basis points).

***Designated Representative*** means the Mayor, City Administrator and the Finance Director of the City and any successor to the functions of such offices. The signature of one Designated Representative shall be sufficient to bind the City.

***Event of Default*** means the declaration by the Registered Owner of the Note of an event of default as a result of a reasonable determination by the Registered Owner that there has been: (i) a failure of the City to pay principal of or interest on the Note when due, as provided in this ordinance, the Note Purchase Contract and the Note; (ii) a failure by the City to comply with any of its obligations or to perform any of its duties, under this ordinance, the Note Purchase Contract or the Note, which failure continues, and is not cured, for a period of more than ninety (90) days after the Registered Owner has made written notice to the City to cure such failure; or, (iii) a material misrepresentation to the Registered Owner by the City in this ordinance, the Note Purchase Contract or the Note, as reasonably concluded by the Registered Owner after investigation and discussion with the City; provided, however, that no consent or waiver, express or implied, to or of any breach or default in the performance of any obligation under the Note shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.

***Fair Market Value*** means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm’s length transaction, except for specified investments as described in Treasury Regulation § 1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

***Finance Director*** shall mean the City’s Finance Director or the successor to such officer.

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

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

***Independent Utility Consultant*** means a professional consultant experienced with municipal utilities of comparable size and character to the System.

***Maximum Annual Debt Service*** means the maximum amount of Annual Debt Service which is scheduled to become due in any calendar year on all outstanding Parity Bonds.

***Mayor*** means the duly elected Mayor of the City or the successor to such officer.

***Net Revenue*** means the Revenue of the System less the Operating and Maintenance Expense.

***Note Purchase Contract*** means the contract for the purchase of the Note between the Purchaser and City, executed pursuant to this ordinance.

***Note Register*** means the registration records for the Note maintained by the Note Registrar.

***Note Registrar*** means the Finance Director, whose duties include registering and authenticating the Note, maintaining the Note Register, transferring ownership of the Note, and paying the principal of and interest on the Note.

***Note*** means the City's Water and Sewer Revenue Note, 20XX (Taxable) (Utility Local Improvement District No. 7 (Meadowbrook)) authorized to be issued pursuant to this ordinance.

***Operating and Maintenance Expense*** means all reasonable expenses incurred by the City in causing the System to be operated and maintained in good repair, working order and condition, including without limitation payments of premiums for insurance on the System; costs incurred in connection with the acquisition of water or the securing of water rights; payments to any public or private entity for water service, sewage treatment and disposal service or other utility service in the event that the City enters into a contract for such service; pro-rata budget allocations or charges for the City's administration expenses where those represent a reasonable distribution and share of actual costs; and any State-imposed taxes. Operating and Maintenance Expense shall exclude depreciation, taxes levied or imposed by the City, payments-in-lieu-of-taxes paid to the City, capital additions and capital replacements to the System.

***Outstanding Parity Bond Ordinances*** means, together, the ordinances authorizing the issuance of the Outstanding Parity Bonds, as described in the recitals to this ordinance.

**Outstanding Parity Bonds** means, together, the outstanding 2019 Bonds and 2021 Bonds.

**Parity Bond Ordinances** means, as applicable to each series of Parity Bonds, the Outstanding Parity Bond Ordinances, this ordinance, and any Future Parity Bond Authorizing Ordinance.

**Parity Bonds** means any and all revenue bonds or other revenue obligations issued by the City which have a lien upon the Net Revenue and ULID Assessments to pay and secure the payment of the principal thereof and interest thereon equal to the lien created on the Net Revenue and ULID Assessments to pay and secure the payment of the principal of and interest on the Bonds. Upon issuance of the Note, "Parity Bonds" shall include the Outstanding Parity Bonds, the Note and any Future Parity Bonds.

**Parity Conditions** means, as conditions to the issuance of Future Parity Bonds, the requirements set forth in Section 14 of this ordinance.

**Principal and Interest Account** means the account of that name previously created in the Bond Fund for the payment of the principal of and interest on all Parity Bonds.

**Purchaser** means Key Government Finance, Inc., and its successors.

**Rate Stabilization Fund** means the fund of that name created pursuant to Ordinance No. 1388.

**Registered Owner** means the person in whose name the Note is registered on the Note Register.

**Reserve Account** means the account of that name originally created in the Bond Fund.

**Reserve Requirement** means the dollar amount to be calculated with respect to all Covered Bonds, and separately with respect to other Parity Bonds.

(a) With respect to Covered Bonds, the Reserve Requirement means as of any date an amount equal to the least of (1) 1.25 times the Average Annual Debt Service of all then-outstanding Parity Bonds; (2) Maximum Annual Debt Service of all then-outstanding Parity Bonds; or (3) 10% of the proceeds of all then-outstanding Parity Bonds.

(b) With respect to any other series of Parity Bonds, the Reserve Requirement shall be equal to the amount, if any, specified in the Parity Bond Ordinance authorizing the issuance of such Parity Bonds.

**Reserve Surety** means any bond insurance, letter of credit, guaranty, surety bond or similar credit enhancement device obtained by the City equal to part or all of the Reserve Requirement for any Parity Bonds which is issued by an institution which has been assigned a

credit rating at the time of issuance of the device in one of the three highest rating categories of Moody's Investors Service, Inc., S&P Global Ratings or Fitch, Inc., or any other rating agency then maintaining a rating on the Bonds.

**Revenue of the System or Revenue** means all of the earnings and revenues received by the City from the maintenance and operation of the System from any source whatsoever, including but not limited to: revenues from the sale, lease or furnishing of commodities, services, properties or facilities; all earnings from the investment of money in the Bond Fund, which earnings are deposited into the Principal and Interest Account; earnings from the investment of money in any maintenance fund or similar fund; all connection and capital improvement charges collected for the purpose of defraying the cost of capital facilities of the System; and withdrawals from the Rate Stabilization Fund. However, the Revenue of the System shall not include: (a) revenues from general ad valorem taxes; (b) principal proceeds of Parity Bonds or any other borrowings, or earnings or proceeds from any investments in a trust, defeasance or escrow fund created to defease or refund obligations relating to the System (until commingled with other earnings and revenues included in the Revenue of the System) or held in a special account for the purpose of paying a rebate to the United States Government under the Code; (c) income and revenue which may not legally be pledged for revenue bond debt service; (d) improvement district assessments; (e) federal or state grants, and gifts from any source, allocated to capital project; (f) federal tax credit payments with respect to bonds issued as build America bonds or similar direct-pay tax credit bonds; (g) payments under bond insurance or other credit enhancement policy or device; (h) insurance or condemnation proceeds used for the replacement of capital projects or equipment; (i) proceeds from the sale of System property; (j) earnings in any construction fund or bond redemption fund; (k) deposits to the Rate Stabilization Fund; or (l) revenue from any Separate System.

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

**Separate System** means any water supply, sewage collection or treatment, stormwater or other utility service or facilities that may be created, acquired or constructed by the City as provided in Section 15 of this ordinance.

**State** means the State of Washington.

**System** means the existing waterworks utility of the City, which is composed of the combined water system, sewage system and storm and surface water drainage system of the City, together with all additions thereto and betterments and extensions thereof heretofore or hereafter made.

**Term Bonds** means those Bonds designated as such by a Designated Representative pursuant to Section 4 of this ordinance.

**ULID** means a utility local improvement district of the City.

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

**ULID No. 7** means Utility Local Improvement District No. 7 (Meadowbrook), created by the ULID No. 7 Ordinance for the purpose of paying the costs of the ULID No. 7 Project.

**ULID No. 7 Ordinance** means Ordinance No. 1780 passed by the City Council on August 2, 2022, ordering the formation of ULID No. 7.

**ULID No. 7 Project** means the improvements within ULID No. 7 as authorized in the ULID No. 7 Ordinance.

**ULID No. 7 Project Fund** has the meaning set forth in Section 7 of this ordinance.

Section 2. Parity Requirements; Authorization of Bonds and Bond Details.

(a) *Findings; Parity Requirements.* In accordance with the Outstanding Parity Bond Ordinances, which permit the issuance of additional Parity Bonds upon compliance with the conditions set forth therein, the City hereby finds and determines, as follows:

(1) The Note is being issued for lawful purposes of the City related to the System.

(2) There is not now and at the time of closing of the Note there shall not be any deficiency in the Bond Fund, the Principal and Interest Account or the Reserve Account.

The applicable conditions of the Outstanding Parity Bond Ordinances having been or to be complied with in connection with the issuance of the Bonds, the pledge contained herein of Net Revenue and ULID Assessments to pay and secure the payment of the Note shall constitute a lien and charge upon such Net Revenue and ULID Assessments equal in rank with the lien and charge upon the Net Revenue and ULID Assessments to pay and secure the payment of the Outstanding Parity Bonds.

(b) *Additions and Betterments to the System.* The Council hereby finds that the public interest, welfare and convenience require the design, construction, and installation of the ULID No. 7 Project, and that said improvements are legally required and/or economically sound, and will contribute to the conduct of the business of the System in an efficient manner. The City shall provide all equipment, connections and appurtenances together with all work as may be incidental and necessary to complete the ULID No. 7 Project.

The City shall acquire by purchase, lease or condemnation, all property, both real and personal, or any interest therein, or rights-of-way and easements that may be found necessary to acquire, construct and install the ULID No. 7 Project.

(c) *Authorization of Bonds.* For the purpose of providing funds to finance and/or refinance the ULID No. 7 Project, including costs of issuing the Note and the Bonds, there shall be issued and sold special limited obligations of the City to be designated the “City of North Bend, Washington, Water and Sewer Revenue Bonds, 20[ ] (Utility Local Improvement District No. 7 (Meadowbrook))” in an amount at least sufficient to pay the principal of and interest on the Note or any additional notes issued to redeem the Note on or before maturity, to the extent not paid from other sources.

The Bonds to be issued shall be in such series, principal amounts, denomination(s) and form; shall be dated and bear interest at such rate or rates; shall be payable at such place or places; shall have such option of payment prior to maturity; shall contain and be subject to such covenants; may be combined with any subsequently authorized bonds and issued as a single combined series, as provided hereafter by ordinance of the Council. The Bonds shall be payable from Net Revenue and ULID Assessments on a parity of lien on such revenue with the outstanding Parity Bonds. The Bonds shall constitute a lien and charge upon the Net Revenue and ULID Assessments prior and superior to any other charges whatsoever.

(d) *Authorization of Note.* For the purpose of providing funds to finance, refinance and/or reimburse the City for costs of the ULID No. 7 Project and paying costs of issuance, the City is hereby authorized to issue its water and sewer revenue note (the “Note”) in the aggregate principal amount of not to exceed \$1,200,000.

(e) *Description of Note.* The Note shall be designated the “City of North Bend, Washington, Water and Sewer Revenue Note, 20XX (Taxable) (Utility Local Improvement District No. 7 (Meadowbrook))” with such series designation as set forth in the Note and approved by a Designated Representative. The Note shall be dated as of Closing; shall be fully registered as to both principal and interest; shall be in one denomination; shall be numbered in such manner and with any additional designation as the Note Registrar deems necessary for purposes of identification; shall be fully funded at Closing; shall bear interest from its date payable at the rate (subject to the Default Rate) on the dates and commencing as provided in the Note Purchase Contract; and shall mature on the date set forth in the Note Purchase Contract. Interest on the Note shall be calculated per annum on the basis of a 360-day year of twelve 30-day months, unless otherwise provided in the Note Purchase Contract and the Note. If the City fails to pay principal of or interest on the Note when due, then the unpaid payment shall accrue interest at the Default Rate until such payment default is cured, and for any Event of Default, that is not cured within 90 days written notice thereof to the City, then the entire principal on the Note shall bear interest at the Default Rate until such Event of Default is cured.

(f) *Limited Obligation.* The Note shall be a special limited obligation of the City payable only from the funds and secured as provided herein. The Note does not constitute an indebtedness of the City within the meaning of the constitutional provisions and limitations of the State or chapter 39.36 RCW. The full faith and credit of the City is not pledged to the repayment of the Note.

Section 3. Registration, Exchange and Payments.

(a) *Registrar/Note Registrar.* The Finance Director shall act as Note Registrar. The Note Registrar is authorized, on behalf of the City, to authenticate and deliver the Note if transferred or exchanged in accordance with the provisions of the Note and this ordinance and to carry out all of the Note Registrar's powers and duties under this ordinance.

(b) *Registered Ownership.* The City and the Note Registrar may deem and treat the Registered Owner of the Note as the absolute owner for all purposes, and neither the City nor the Note Registrar shall be affected by any notice to the contrary. Payment of the Note shall be made only as described in subsection (d) below. All such payments made as described in subsection (d) below shall be valid and shall satisfy the liability of the City upon the Note to the extent of the amount so paid.

(c) *Transfer or Exchange of Registered Ownership.* The Purchaser shall have the right at any time to assign, transfer or convey the Note in whole but no such assignment, transfer or conveyance shall be effective as against the City unless and until the Purchaser has delivered to the City prior written notice thereof that discloses the name and address of the assignee and such assignment, transfer or conveyance shall be made only to (i) an affiliate of the Purchaser or (ii) banks, wholly-owned direct or indirect subsidiaries of banks or bank holding companies, insurance companies or other financial institutions or their affiliates that signs a qualified purchaser letter in substantially the same form as provided by the Purchaser in connection with the issuance of the Note and otherwise satisfactory to the City.

(d) *Place and Medium of Payment.* Both principal of and interest on the Note shall be payable in lawful money of the United States of America. Principal on the Note shall be payable by check or warrant or by other means mutually acceptable to the Purchaser and the City. Interest shall be payable as provided in Section 3. Upon final payment of principal of and interest on the Note, the Registered Owner shall surrender the Note for cancellation at the office of the Note Registrar.

Section 4. Right of Prepayment. The City reserves the right to prepay and redeem the Note as provided in the Note and in the Note Purchase Contract.

Section 5. Form of Note. The Note shall be in substantially the form set forth in Exhibit A, which is incorporated herein by this reference, with such changes thereto as may be approved by a Designated Representative.

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

Only such Note as shall bear thereon a Certificate of Authentication in the form in Exhibit A, manually executed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this ordinance.



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

Section 7. Application of Note Proceeds. Proceeds of the Note shall be deposited into the project fund, which is hereby authorized to be created (the "ULID No. 7 Project Fund"), and used to pay the costs of the ULID No. 7 Project Fund and costs of issuance of the Note. The Finance Director may invest money in the ULID No. 7 Project Fund in legal investments for City funds. Earnings on such investments shall accrue to the benefit of the ULID No. 7 Project Fund.

Section 8. Not Tax Exempt. Interest on the Note is not intended to be exempt from federal income taxation.

Section 9. Payments into the Bond Fund. The Bond Fund has been previously created and established in the office of the Finance Director as a special fund of the City, consisting of two accounts, each held separate and apart from the other: the Reserve Account and the Principal and Interest Account. The City may create sinking fund subaccounts or other subaccounts in the Bond Fund for the payment or securing of the Parity Bonds as long as the maintenance of such subaccounts does not conflict with the rights of the owners of any such Parity Bonds.

(a) The City hereby covenants and agrees that all ULID Assessments shall be deposited into the Principal and Interest Account of the Bond Fund.

(b) In addition to the required deposits for the Outstanding Parity Bonds and any Future Parity Bonds, so long as the Note is Outstanding, the Finance Director shall set aside and pay into the Bond Fund out of the Net Revenue, a fixed amount without regard to any fixed proportion, as follows:

(1) Into the Principal and Interest Account, on or before each debt service payment date, an amount which, together with ULID Assessments and other money on deposit therein, will be sufficient to pay interest coming due and payable on the next debt service payment date;

(2) Into the Principal and Interest Account, on or before each debt service payment date, an amount which, together with ULID Assessments and other money on deposit therein, will be sufficient to pay principal coming due and payable on the next debt service payment date, including mandatory redemption amounts due on that date with respect to any Term Bonds;

(3) Into the Reserve Account, with respect to any Covered Bonds:

(A) on the date of issue of such Covered Bonds, an amount which, together with other money and Reserve Sureties on deposit in the Reserve Account, will be equal to the Reserve Requirement for the then outstanding Parity Bonds that are Covered Bonds;

(B) at least annually, regular installments of amounts that will cause the additional amount required to be deposited due to the issuance of Future Parity Bonds that are Covered Bonds to be accumulated by no later than five years from the date of such issue; or

(C) on the date of issue, one or more Reserve Sureties the face amount of which, together with any amount deposited under subsection (A), above, are equal to the Reserve Requirement for the outstanding Parity Bonds that are Covered Bonds.

(4) Into any other reserve account created in the future for the payment of debt service on Parity Bonds as set forth in the applicable Parity Bond Ordinance.

(c) The Note is not a Covered Bond and will not be secured by a reserve account. The Reserve Requirement with respect to the Note is zero. The City covenants and agrees that it will at all times that any Covered Bonds remain outstanding, maintain in the Reserve Account an amount (including the face amount of any Reserve Surety permitted to be deposited therein) equal to the Reserve Requirement, except for withdrawals authorized in this subsection.

(1) Whenever there is a sufficient amount in the Principal and Interest Account and the Reserve Account to pay the principal of, premium, if any, and interest on all Covered Bonds then outstanding, the money in the Reserve Account may be used to pay such principal, premium, if any, and interest. Money in the Reserve Account may be withdrawn to redeem and retire, by payment of principal, premium, if any, and the interest due to such date of redemption, any outstanding Covered Bonds so long as the value of deposits remaining on deposit in the Reserve Account are equal to the Reserve Requirement.

(2) If the amount in the Principal and Interest Account is insufficient to make any debt service payment with respect to any Covered Bonds, such insufficiency shall be made up from the Reserve Account by the withdrawal of money therefrom. Any deficiency created in the Reserve Account by reason of any such withdrawal shall be made up from the Net Revenue or ULID Assessments that are first available after making necessary provisions for the required payments into the Principal and Interest Account.

(d) All money in any Bond Fund may be kept in cash or may be invested in any legal investment for City funds, maturing not later than the date when needed (for investments in the Principal and Interest Account) or the last maturity of any outstanding Parity Bonds (for investments in the Reserve Account), but only to the extent that the same are acquired, valued and disposed of at Fair Market Value.

(e) Income from the investments in the Principal and Interest Account shall be retained in that account. Income from investments in the Reserve Account shall be retained in that account until the amount therein is equal to the Reserve Requirement, and any excess

shall be deposited into the Principal and Interest Account. If the value of the money and investments in the Reserve Account exceeds the Reserve Requirement, the excess shall be transferred to the Principal and Interest Account. The City may, at any time, value the amount on deposit in the Reserve Account and any other reserve accounts securing the payment of Parity Bonds and may transfer any excess to the Principal and Interest Account as provided in this subsection (e).

Section 10. Pledge and Lien Position. The City hereby irrevocably covenants that it will issue the Bonds or refunding notes in amounts sufficient to pay such principal and interest on the Note as the same shall become due. Such proceeds are hereby pledged irrevocably to the payment of the Note.

The Net Revenue and all ULID Assessments are pledged for the payment of the Parity Bonds, including the Note. This pledge shall constitute a lien and charge upon the Net Revenue and ULID Assessments prior and superior to any other liens and charges whatsoever, except that the amounts so pledged are of equal lien to the charges upon the Net Revenue and ULID Assessments which have been pledged to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds, and which may hereafter be made to pay and secure the payment of the principal of and interest on any Future Parity Bonds.

Section 11. Covenants of the City. The City covenants and agrees so long as the Note is outstanding as follows:

(a) *Rates and Charges; Coverage.* The City will establish, maintain, revise as necessary, and collect rates and charges for services furnished by the System that will be sufficient to produce Net Revenue in each calendar year, which, together with ULID Assessments that are collected in such year and other revenue available therefor, will be at least equal to the Coverage Requirement.

(b) *Maintenance and Repair.* The City will at all times maintain and keep the System in good repair, working order and condition, and also will at all times operate such utility and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) *ULID Assessments.* The City will collect promptly all ULID Assessments. Such ULID Assessments may be used to pay the principal of or interest on any bonds payable out of the Bond Fund without those ULID Assessments being particularly allocated to the payment of principal of or interest on any particular series of Parity Bonds.

(d) *Sale or Transfer of System.* The City may sell, transfer or otherwise dispose of any or all of the works, plant, properties, facilities or other part of the System or any real or personal property comprising a part of the System only consistent with one or more of the following:

(1) The City in its discretion may carry out such a sale, transfer or disposition (each, as used in this subparagraph, a "transfer") if the facilities or property transferred are not material to the operation of the System, or shall have become

unserviceable, inadequate, obsolete or unfit to be used in the operation of the System or are no longer necessary, material or useful to the operation of the System; or

(2) The City in its discretion may carry out such a transfer if the aggregate depreciated cost value of the facilities or property being transferred under this subparagraph (2) in any fiscal year comprises no more than 3% of the total assets of the System; or

(3) The City in its discretion may carry out such a transfer if the City receives from the transferee an amount equal to the greater of the following:

(A) 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 Bond Fund and accounts therein) that the Revenue of the System from the portion of the System sold or disposed of for the preceding year bears to the total Revenue for that period; or

(B) 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 System sold or disposed of for the preceding year bears to the total Net Revenue for such period; or

(C) An amount equal to the fair market value of the portion of the System transferred. As used in this section, "fair market value" means the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the willing buyer and willing seller each acting prudently and knowledgeably and assuming that the price is not affected by coercion or undue stimulus.

The proceeds of any transfer under this subparagraph (3) shall be used, first, to promptly redeem (or shall be irrevocably set aside for the redemption of) Parity Bonds, and, if any proceeds remain, second, to provide for part of the cost of additions to and betterments and extensions of the System.

(e) *Books and Records.* The City will keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the System, and it will furnish the Registered Owner of the Note, at the written request of such Registered Owner, complete operating and income statements of the System in reasonable detail covering any calendar year not more than 120 days after the close of such calendar year and it will grant any registered owners of at least 25% of the then-outstanding Parity Bonds the right at all reasonable times to inspect the entire System and all records, accounts and data of the City relating thereto. Upon request of any registered owner of any of the Parity Bonds, it also will furnish to such registered owner a copy of the most recently completed audit of the City's accounts by the State Auditor.

(f) *No Free Service.* The City will not furnish any service of the System to any customer whatsoever free of charge, except as permitted in aid of the poor and infirm in

conformance with the State Constitution, and will take prompt legal action to enforce collection of all delinquent accounts.

(g) *Insurance.* The City will at all times carry fire and such other forms of insurance on such of the buildings, equipment, facilities and properties of the City as under good practice are ordinarily carried on such buildings, equipment, facilities and properties by utilities engaged in the operation of water and sewer systems to the full insurable value thereof, and also will carry adequate public liability insurance at all times.

(h) *Operating and Maintenance Expense.* The City will pay all Operating and Maintenance Expense and otherwise meet the obligations of the City as herein set forth.

Section 12. Flow of Funds. The City will use, pay out and distribute the Revenue of the System in the following order of priority:

- (a) To pay Operating and Maintenance Expense;
- (b) To meet the debt service requirements with respect to the Parity Bonds by making payments into the Principal and Interest Account;
- (c) To make required payments into the Reserve Account to secure the payment of any Covered Bonds, and into any other reserve fund created in the future for the payment of debt service on Parity Bonds;
- (d) To meet the debt service requirements on any bonds or other obligations having a charge and lien on the Net Revenue and ULID Assessments (if any) junior to the Parity Bonds; and
- (e) To redeem and retire any then-outstanding Parity Bonds or to purchase any or all of those Parity Bonds in the open market as provided in those bonds in the open market, or to make necessary betterments and replacements of or repairs, additions or extensions to the System, or for any other lawful purpose.

The City will not create any special fund or funds for the payment of the principal of and interest on any other revenue bonds which will have any priority over or which will rank on a parity with the payments required by the Parity Bond Authorizing Ordinances to be made out of the Revenue of the System and ULID Assessments, nor will it issue Parity Bonds except as permitted pursuant to the Parity Conditions and Section 14 of this ordinance.

Section 13. Rate Stabilization Fund. There is created and established in the office of the Finance Director, a Rate Stabilization Fund. The City may at any time, as determined by the Finance Director and consistent with this ordinance, deposit into the Rate Stabilization Fund amounts from Revenue of the System and any other money received by the System and available to be used for that purpose, excluding principal proceeds of any Future Parity Bonds. The Finance Director may at any time withdraw money from the Rate Stabilization Fund for inclusion in the Net Revenue for the current fiscal year of the System, except that the total amount withdrawn from the Rate Stabilization Fund in any calendar year may not exceed the total debt service of the System in that year. Such deposits or withdrawals may be made up to

and including the date 90 days after the end of the calendar year for which the deposit or withdrawal will be included as Net Revenue. Earnings from investments in the Rate Stabilization Fund shall be deposited in that fund and shall not be included as Net Revenue unless and until withdrawn from that fund as provided in this section. The Finance Director may also deposit earnings from investments in the Rate Stabilization Fund into any System fund as authorized by ordinance, and such deposits shall be included as Net Revenue in the year of deposit. No deposit may be made into the Rate Stabilization Fund to the extent that such deposit would prevent the City from meeting the Coverage Requirement in the relevant calendar year.

Section 14. Future Parity Bonds.

(a) *Future Parity Bonds; Parity Conditions.* The City covenants and agrees with the Registered Owner of the Note that, for as long as the Note remains outstanding, the City will not issue any bonds having a greater or equal priority of lien upon the Net Revenue and ULID Assessments to pay and secure the payment of the principal of and interest on the Parity Bonds except upon satisfaction of the conditions set forth below. Nothing herein contained shall prevent the City from issuing revenue bonds to refund maturing Parity Bonds for the payment of which moneys are not otherwise available.

(b) The City reserves the right, upon compliance with the conditions set forth below, to issue Future Parity Bonds and to pledge that payments will be made out of the Revenue of the System into the Bond Fund and the accounts therein to pay and secure the payment of the principal of and interest on such Future Parity Bonds on a parity with the payments required to be made out of such moneys into the Bond Fund and its accounts to pay and secure the payment of the principal of and interest on any Parity Bonds then outstanding.

Future Parity Bonds may be issued only for the purposes of: first, providing funds to acquire, construct, reconstruct, install or replace any equipment, facilities, additions, betterments or other capital improvements to the System pursuant to a plan or plans of additions and betterments thereto hereafter adopted, or, second, refunding at or prior to their maturity, any part or all of any outstanding revenue bond anticipation notes, or revenue bonds, or other obligations payable out of the Revenue of the System.

(c) *Parity Conditions.* Future Parity Bonds may be issued only upon compliance with the following conditions:

(1) At the time of the issuance of any Future Parity Bonds there may be no deficiency in the Bond Fund, the Principal and Interest Account, the Reserve Account or the other funds and accounts held therein.

(2) With respect to Covered Bonds, the Future Parity Bond Authorizing Ordinance must provide for the deposit into the Reserve Account of any combination of Future Parity Bond proceeds, Reserve Sureties, or other money legally available, in the amount necessary (if any) to make the amount on deposit in the Reserve Account equal to the Reserve Requirement, which may include the deposit of approximately equal annual installments that will

provide for full funding of the Reserve Requirement no later than five years after the date of issuance of the Future Parity Bonds that are Covered Bonds.

(3) If Future Parity Bonds are to be issued as term bonds, the Future Parity Bond Authorizing Ordinance shall provide for a schedule of mandatory sinking fund redemption payments to be made into the Principal and Interest Account sufficient to amortize the principal of such term bonds on or before the maturity date thereof.

(4) The Future Parity Bond Authorizing Ordinance authorizing the issuance of such Future Parity Bonds shall provide that ULID Assessments levied in any ULIDs created to pay part of the cost of improvements to the System for which such Future Parity Bonds are issued shall be paid into the Bond Fund.

(5) *Parity Certificate.*

(i) *Certificate of an Independent Utility Consultant.* The City shall have on file a certificate of an Independent Utility Consultant showing that, in his or her professional opinion, the “Adjusted Net Revenue” and the “Estimated Assessment Income” (as such terms are defined below) for each calendar year after the issuance of such Future Parity Bonds will equal at least 1.25 times the “Future Average Annual Debt Service” (as defined below). The Independent Utility Consultant may rely upon, and the Consultant’s certificate shall have attached to it, financial statements of the System, showing income and expenses for the period upon which the same is based. The Independent Utility Consultant’s certificate shall be conclusive and the only evidence required to show compliance with the provisions and requirements of these Parity Conditions; or

(ii) *Certificate of Finance Director.* In lieu of the certificate of an Independent Utility Consultant, the City may have on file a certificate of the Finance Director showing that that Net Revenue and Estimated Assessment Income in any 12 consecutive months out of the most recent 24 months preceding the delivery of the Future Parity Bonds then proposed to be issued, as determined from the financial statements of the System (which may not be audited), were not less than 1.25 times Future Average Annual Debt Service. In issuing such certificate the Finance Director shall reflect in the certificate the Net Revenue he or she estimates would have been collected in such 12-month period if the City Council at any time on or prior to the date of delivery of the Future Parity Bonds proposed to be issued had adopted any adjustment in the rates, fees and charges collected by the City for the services to the System if such new rates, fees and charges had been in effect for the entire 12 month period.

(6) *Refunding Bonds.* Notwithstanding the foregoing requirement for a parity certificate, if Future Parity Bonds are to be issued for the purpose of refunding at or prior to their maturity any part or all of the then-outstanding Parity Bonds and the issuance of such refunding Future Parity Bonds will result in a debt service savings and does not require an increase of more than \$5,000 in any fiscal or calendar year for principal of and interest on such refunding Future Parity Bonds over and above the amount required in such year for the principal of and interest on the Parity Bonds being refunded thereby, a certificate described in (5) above is not required.

(d) *Definitions.* As used in these Parity Conditions, the following capitalized terms have the following meanings:

(1) “Future Annual Debt Service” means the amount required to be paid in a calendar year for (i) interest on all Parity Bonds then outstanding including the Future Parity Bonds proposed to be issued, plus (ii) the principal of all Parity Bonds then outstanding including the Future Parity Bonds proposed to be issued, minus (iii) the amounts scheduled to be received in that calendar year by the City as a federal credit payment with respect to Parity Bonds designated by the City as federal tax credit bonds, including but not limited to build America bonds and similar “direct-pay” tax credit bond programs.

(2) “Future Average Annual Debt Service” means (i) the total Future Annual Debt Service for the calendar years in which all Parity Bonds including the Future Parity Bonds proposed to be issued are outstanding divided by the number of such calendar years, minus (ii) the amounts scheduled to be received in that calendar year by the City as a federal credit payment with respect to Parity Bonds designated by the City as federal tax credit bonds, including but not limited to Build America Bonds and similar “direct-pay” tax credit bond programs.

(3) “Adjusted Net Revenue” means Net Revenue for a period of any 12 consecutive months out of the 24 months immediately preceding the issue date of the proposed Future Parity Bonds for each calendar year after such issue date, for so long as any Parity Bonds, including the Future Parity Bonds proposed to be issued, remain outstanding, which Net Revenue calculation may be adjusted by the Independent Utility Consultant to take into consideration certain changes in Net Revenue estimated to occur under the certain conditions, as follows:

(A) The additional Net Revenue, which would have been received if any change in rates and charges adopted prior to the date of the Independent Utility Consultant’s certificate and subsequent to the beginning of such eighteen-month period, had been in force during the full twelve-month period;

(B) The additional Net Revenue, which would have been received if any facility of the System, which became fully operational after the beginning of such twelve-month period had been so operating for the entire period;

(C) The additional Net Revenue estimated by such Independent Utility Consultant to be received as a result of any additions, betterments and improvements to and extensions of any facilities of the System which are (a) under construction as of the date of the Consultant’s certificate, or (b) will be constructed from the proceeds of the Future Parity Bonds to be issued;

(D) The additional Net Revenue estimated by such Independent Utility Consultant to be received if any customers added to the System during such twelve-month period were customers for the entire period; and



(E) The additional Net Revenue estimated to be received from anticipated growth in customers not to exceed 2% per year for a period of not more than ten years after delivery of such proposed Future Parity Bonds.

(4) "Estimated Assessment Income" for each calendar year shall be determined as follows:

(A) by deducting from the principal amount of unpaid ULID Assessments levied by the City in each applicable ULID and payable into the Bond Fund for estimated nonpayment an amount equal to 5% of such unpaid principal;

(B) by dividing the principal balance remaining after such deduction by the number of years in which installments on each such assessment roll may be paid without becoming delinquent; and

(C) by adding to the amount found for each year the interest due and payable on such installments.

(e) *Subordinate Bonds.* Nothing herein contained shall prevent the City from (1) issuing revenue bonds or other obligations which are a charge upon the Net Revenue junior or inferior to the payments required by Parity Bond Ordinances to be made out of the Net Revenue into the Bond Fund and the Accounts therein to pay and secure the payment of the then outstanding Parity Bonds, and (2) securing such junior lien revenue bonds by pledge of assessments levied in one or more ULIDs which shall have been created to construct the improvements to be paid for out of the proceeds of such junior lien revenue bonds.

Section 15. Separate Utility Systems. The City may create, acquire, construct, finance, own and operate one or more additional systems for water supply, sewer service, water, sewage or stormwater transmission, treatment or other commodity or utility service. The revenue of that Separate System, and any ULID assessments payable solely with respect to improvements to a Separate System, shall not be included in the Revenue of the System and may be pledged to the payment of revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand the Separate System. Neither the Revenue of the System nor the Net Revenue may be pledged to the payment of any obligations of a separate utility Separate System except that the Net Revenue may be pledged on a basis subordinate to the lien on such revenue to the lien of the Parity Bonds.

Section 16. Sale of Note.

(a) *Note Sale.* The Council has determined that it would be in the best interest of the City to delegate for a limited time the authority to approve the final terms of the Note. Subject to the terms and conditions set forth in this Section 16, each Designated Representative is hereby authorized (i) to approve the principal payment date(s), dated date, denomination, interest payment date(s), redemption/prepayment provisions and interest rate or rates for the Note issued under the terms of this ordinance, (ii) to execute the Note Purchase Contract and/or other documents necessary for the sale of the Note to the Purchaser (including but not limited to a rate lock agreement); (iii) to agree to any additional terms and covenants that are in the best interest

of the City and consistent with this ordinance; and (iv) to execute the sale of the Note to the Purchaser. Notwithstanding the foregoing, the sale of the Note to the Purchaser shall be subject to the following conditions:

- (1) the principal amount of the Note does not exceed \$1,200,000,
- (2) the final maturity of the Note is no later than three years from the Closing,
- (3) the interest rate on the Note does not exceed 6.5%, subject to the Default Rate;
- (4) the Default Rate does not exceed the interest rate on the Note by more than 4% (400 basis points), and
- (5) the Note otherwise conforms to all other terms of this ordinance.

(b) *Report to Council; Expiration of Authority.* Following the sale of the Note, a Designated Representative shall provide a report to the Council describing the sale and final terms of the Note approved pursuant to the authority delegated in this section. The authority granted to the Designated Representatives by this Section 16 shall expire on June 1, 2023. If the Note authorized herein has not been sold by June 1, 2023, the Note shall not be issued nor its sale approved unless the Note shall have been re-authorized by ordinance of the Council. The ordinance re-authorizing the issuance and sale of such Note may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving the sale of the Note or establishing terms and conditions for the authority delegated under this Section 16.

(c) *Delivery of Note; Documentation.* Upon the passage and approval of this ordinance, the proper officials of the City including the Designated Representatives and City Clerk are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Note to the Purchaser and further to execute all closing certificates, agreements, and documents required to effect the closing and delivery of the Note in accordance with the terms of this ordinance, including but not limited to the Bond Purchase Contract and other agreements required by the Purchaser that are consistent with this ordinance.

Section 17. Ongoing Disclosure; Information to be Provided to the Purchaser. The Note is exempt from ongoing disclosure requirements of the Rule.

While the Note is outstanding, the City shall provide to the Registered Owner the following:

(a) a copy of its annual financial statements, which statements may not be audited, except that if and when audited financial statements are otherwise prepared and available to the City, they will be provided to the Registered Owner within a reasonable timeframe, and operating data of the type and form that the City is required to file in connection with its ongoing disclosure undertakings entered into under the Rule for its Outstanding Parity Bonds. The annual financial statements and operating data shall be provided to the Registered Owner on or before the end of nine months after the end of the City's fiscal year, and

(b) reports and other information, if any, set forth in the Note Purchase Contract.

Section 18. Amendatory and Supplemental Ordinances.

(a) This ordinance shall not be modified or amended in any respect subsequent to the initial issuance of the Note, except as provided in and in accordance with and subject to the provisions of this section.

(b) The City, from time to time, and at any time, without the consent of or notice to the Registered Owner of the Note, may pass supplemental or amendatory ordinances as follows:

(1) To cure any formal defect, omission, inconsistency or ambiguity in this ordinance in a manner not adverse to the owner of any Parity Bonds;

(2) To impose upon the Note Registrar for the benefit of the Registered Owner of the Note any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with this ordinance as theretofore in effect;

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

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

(5) To make correlative amendments and modifications to this ordinance regarding exchangeability of the Note, redemptions of portions of the Note and similar amendments and modifications of a technical nature;

(6) To modify, alter, amend or supplement this ordinance in any other respect which is not materially adverse to the registered owners of the Parity Bonds and which does not involve a change described in subsection (c) of this section;

(7) Because of change in federal law or rulings, to maintain the exclusion from gross income of the interest on any Parity Bonds from federal income taxation; and

(8) To add to the covenants and agreements of, and limitations and restrictions upon, the City in this ordinance, other covenants, agreements, limitations and restrictions to be observed by the City which are requested by a bond insurer or provider of a Reserve Surety and which are not materially adverse to the registered owners of the Parity Bonds.

Before the City may pass any such supplemental ordinance pursuant to this subsection, there shall have been delivered to the City and the Registered Owner an opinion of Bond Counsel stating that such supplemental ordinance is authorized or permitted by this ordinance and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms.

(c) Except for any supplemental ordinance entered into pursuant to subsection (b) of this section, subject to the terms and provisions contained in this subsection (c) and not otherwise:

(1) Registered Owners of not less than 50% in aggregate principal amount of the Parity Bonds then outstanding shall have the right from time to time to consent to and approve the passage by the City Council of any supplemental ordinance deemed necessary or desirable by the City for the purpose of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this ordinance; except that, unless approved in writing by the registered owners of all the Parity Bonds then outstanding, nothing contained in this section shall permit, or be construed as permitting: (i) a change in the times, amounts or currency of payment of the principal of or interest on any outstanding Parity Bond, or a reduction in the principal amount of redemption price of any outstanding Parity Bond or a change in the redemption price of any outstanding Bond or a change in the method of determining the rate of interest thereon; (ii) a preference of priority of any Parity Bond or Parity Bonds or any other bond or bonds; or (iii) a reduction in the aggregate principal amount of Parity Bonds, the consent of the registered owners of the impacted Parity Bonds of which is required for any such supplemental ordinance.

(2) If at any time the City shall pass any supplemental ordinance for any of the purposes of this subsection (c), the Note Registrar shall cause notice of the proposed supplemental ordinance to be given by first class United States mail to all registered owners of the then outstanding Parity Bonds and to Moody's Investors Service, Inc. and S&P Global Ratings, if the Parity Bonds are rated by those agencies. Such notice shall briefly set forth the nature of the proposed supplemental ordinance and shall state that a copy thereof is on file at the office of the bond registrar for inspection by all registered owners of the outstanding Parity Bonds.

(3) Within two years after the date of the mailing of such notice, the City may pass such supplemental ordinance in substantially the form described in such notice, but only if there shall have first been delivered to the Note Registrar (i) the required consents, in writing, of the registered owners of the Parity Bonds and (ii) an opinion of Bond Counsel stating that such supplemental ordinance is authorized or permitted by this ordinance, and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Parity Bonds.

(4) If registered owners of not less than the percentage of Parity Bonds required by this subsection (c) have consented to and approved the execution and delivery thereof as herein provided, no owner of the Parity Bonds shall have any right to object to the passage of such supplemental ordinance, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the passage thereof, or to enjoin or restrain the City or the bond registrar from passing the same or from taking any action pursuant to the provisions thereof.

(d) Upon the execution and delivery of any supplemental ordinance pursuant to the provisions of this Section 18, this ordinance shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this ordinance of the City, the bond registrar and all registered owners of Parity Bonds then outstanding, shall thereafter be determined, exercised and enforced under this ordinance subject in all respects to such modifications and amendments.

Section 19. Lost, Stolen or Destroyed Note. In case the Note shall be lost, stolen or destroyed, the Note Registrar may execute and deliver a new Note of like date, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City and the Note Registrar in connection therewith and upon his/her/its filing with the City evidence satisfactory to the City that such Note was actually lost, stolen or destroyed and of his/her/its ownership thereof, and upon furnishing the City and/or the Note Registrar with indemnity satisfactory to the City and the Note Registrar.

Section 20. Severability; Ratification. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Note. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 21. Corrections by Clerk. Upon approval of the City Attorney and bond counsel to the City, the City Clerk is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

Section 22. Effective Date of Ordinance. This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

**ADOPTED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 6<sup>TH</sup> DAY OF DECEMBER, 2022.**

**CITY OF NORTH BEND:**

  
\_\_\_\_\_  
Rob McFarland, Mayor

Published: December 16, 2022  
Effective: December 21, 2022

**APPROVED AS TO FORM:**

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

**ATTEST/AUTHENTICATED:**

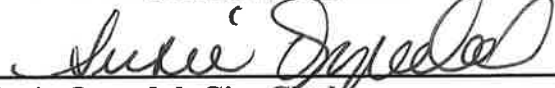
  
\_\_\_\_\_  
Susie Oppedal, City Clerk

EXHIBIT A  
FORM OF NOTE

UNITED STATES OF AMERICA



TRANSFER RESTRICTED

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION, THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN THE NOTE ORDINANCE DESCRIBED BELOW AND MAY NOT BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PROVIDED IN THE NOTE ORDINANCE.

STATE OF WASHINGTON

CITY OF NORTH BEND

WATER AND SEWER REVENUE NOTE, 20XX (TAXABLE)  
(UTILITY LOCAL IMPROVEMENT DISTRICT NO. 7 (MEADOWBROOK))

INTEREST RATE: \_\_\_\_\_ PER ANNUM, SUBJECT TO ADJUSTMENT TO THE  
DEFAULT RATE, AS DESCRIBED BELOW

MATURITY DATE: \_\_\_\_\_

REGISTERED OWNER: KEY GOVERNMENT FINANCE, INC.

PRINCIPAL AMOUNT: NOT TO EXCEED ONE MILLION TWO HUNDRED  
THOUSAND AND NO 100/DOLLARS

The City of North Bend, Washington (the "City"), a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, on or before the Maturity Date identified above, the principal of this note, together with interest thereon, in accordance with the terms of this note, the Ordinance and the Note Purchase Contract (each as defined below).

This note is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. \_\_\_\_ duly passed by the City Council on December \_\_, 2022 (the "Note Ordinance"). Capitalized terms used in this note have the meanings given such terms in the Note Ordinance.

This note shall bear interest on the outstanding principal amount at the Interest Rate noted above, subject to the Default Rate, as defined in and pursuant to the terms of the Note Purchase Contract between the City and the Registered Owner dated \_\_\_\_\_, 20\_\_ (the "Note Purchase Contract"). Interest on this note shall be paid on \_\_\_\_\_, commencing \_\_\_\_\_, and on the Maturity Date or the date of prior prepayment. Principal of and

accrued interest on this note are due and payable on the Maturity Date. Interest on the Outstanding Balance shall be calculated on the basis of a year of 360 days of twelve 30-day months. If the City fails to pay principal of or interest on this note when due, then the unpaid payment shall accrue interest at the Default Rate until such payment default is cured, and for any Event of Default, that is not cured within 90 days written notice thereof to the City, then the entire principal on this note shall bear interest at the Default Rate until such Event of Default is cured.

Upon the occurrence of an Event of Default, the Registered Owner may also exercise any remedy available at law or in equity (excluding acceleration), as provided in the Note Purchase Contract.

Proceeds of this note will be used to finance and/or reimburse the City for the cost associated with the design, construction and installation of improvements within Utility Local Improvement District No. 7 (Meadowbrook), and (c) to pay costs of issuance of this note.

This note is subject to prepayment, in whole or in part, as provided in the Note Purchase Contract.

This note is payable from and secured by the proceeds of water and sewer utility revenue bonds (the "Bonds") to be issued and sold by the City by the Maturity Date and that have been pledged to pay this note as provided in the Note Purchase Contract and the Note Ordinance.

As security for the payment of the principal of, premium, if any, and interest on all Parity Bonds the City has pledged, in accordance with the provisions of the Note Ordinance, Net Revenue and all ULID Assessments. This pledge shall constitute a lien and charge upon the Net Revenue and ULID Assessments prior and superior to any other liens and charges whatsoever, except that the amounts so pledged are of equal lien to the charges upon the Net Revenue and ULID Assessments which have been pledged to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds, and which may hereafter be made to pay and secure the payment of the principal of and interest on any Future Parity Bonds.

The City hereby covenants and agrees with the Registered Owner that it will keep and perform all the covenants of this note, the Note Purchase Contract, and the Ordinance. The provisions of the Note Purchase Contract and the Note Ordinance are incorporated herein by this reference.

THIS NOTE IS A SPECIAL AND LIMITED OBLIGATION OF THE CITY PAYABLE ONLY FROM THE SOURCES IDENTIFIED HEREIN, IN THE NOTE PURCHASE CONTRACT AND IN THE NOTE ORDINANCE AND IS NOT A GENERAL OBLIGATION OF THE CITY, KING COUNTY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF. THIS NOTE DOES NOT CONSTITUTE A CHARGE UPON ANY GENERAL FUND OR UPON ANY MONEY OR OTHER PROPERTY OF THE CITY, KING COUNTY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF NOT SPECIFICALLY PLEDGED THERETO BY THE NOTE ORDINANCE.



This note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Note Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Note Registrar or its duly designated agent.

This note is issued pursuant to the Constitution and laws of the State of Washington, and duly adopted ordinances of the City. The principal of this note shall be paid only to the Registered Owner and to no other person or entity. This note is transferable only upon compliance with the conditions set forth in the Note Ordinance.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this note have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and statutes of the State of Washington; and that this note and all other obligations of such City are within every debt limitation and other limit prescribed by such Constitution and statutes.

IN WITNESS WHEREOF, the City of North Bend, Washington, has caused this note to be executed by the manual or facsimile signatures of the Mayor and the City Clerk and the seal of the City imprinted, impressed or otherwise reproduced hereon as of this \_\_\_\_ day of \_\_\_\_\_, 20XX.

[SEAL]

CITY OF NORTH BEND, WASHINGTON

By /s/ manual or facsimile  
Mayor

ATTEST:

/s/ manual or facsimile  
City Clerk

## CERTIFICATE OF AUTHENTICATION

This note is registered in the name of the Registered Owner on the books of the City, in the office of the Finance Director of the City (the “Note Registrar”), as to both principal and interest, as noted in the registration blank below. All payments of principal of and interest on this note shall be made by the City from the Bond Fund.

Date of Registration	Name and Address of Registered Owner	Signature of Note Registrar
_____, 20__	Key Government Finance, Inc.	_____ Finance Director

CERTIFICATE

I, the undersigned, City Clerk of the City Council of the City of North Bend, Washington (the "City"), DO HEREBY CERTIFY:

1. The attached copy of Ordinance No. 1789 (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 December 6, 2022; and

2. That said meeting was duly convened and held in all respects in accordance with law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been fully fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 8 day of December, 2022.

  
\_\_\_\_\_  
Susie Oppedal, City Clerk



## City Council Agenda Bill

SUBJECT:		Agenda Date: December 6, 2022	AB22-155
<b>Ordinance Authorizing the Issuance of a Water and Sewer Revenue Note of the City to Fund the Design Phase of the Meadowbrook Sewer ULID No. 7</b>		Department/Committee/Individual	
		Mayor Rob McFarland	
		City Administrator – David Miller	X
		City Attorney - Mike Kenyon/Lisa Marshall	
		City Clerk – Susie Oppedal	
		Administrative Services – Lisa Escobar	
		Comm. & Economic Development – Rebecca Deming	
		Finance – Richard Gould	
Cost Impact: Bond debt of \$1.2 million		Public Works – Mark Rigos, P.E.	
Fund Source: Sanitary Sewer			
Timeline: First Payment April 2023			
<b>Attachments: Ordinance</b>			
<p><b>SUMMARY STATEMENT:</b></p> <p>Attached for the Council’s consideration is an ordinance authorizing the issuance and sale of up to \$1.2 million of a water and sewer revenue note to fund the design of the ULID No. 7 (Meadowbrook) improvements. Public Hearings for ULID No. 7 (Meadowbrook) were held on May 17, 2022 and June 21, 2022. Following the public hearings, on August 2, 2022 Council approved Ordinance 1780 forming ULID No. 7 (Meadowbrook). On September 20, 2022, Council approved a \$1,053,700 contract with Gray and Osborne, civil engineers, for design of the ULID No. 7 improvements.</p> <p>As estimated in 2020, the total of soft service costs (surveying, environmental, engineering, archaeological / cultural, and permitting) and hard construction costs for improvements within ULID No. 7 (Meadowbrook) was estimated by Gray and Osborne to be <b>\$7,452,000</b>.</p> <p>The SOVA special benefits report found that the total special benefit from ULID No. 7 (Meadowbrook) (increased property value) would be <b>\$11,617,000</b> following construction of the new sewer facilities.</p> <p><b>Note Financing</b></p> <p>The proposed ULID formation ordinance contemplates that the City may issue short-term interim financing notes/bonds and long-term bonds to finance the improvements within ULID No. 7. ULID financing customarily occurs in two steps – short-term interim financing during design and construction, and long-term take out financing after construction is complete and the assessment roll is finalized. The attached Ordinance provides for the first phase of short term or interim financing which will fund the final design of the improvements. The short-term financing is secured by a pledge of water and sewer revenue funds collected by the City as an enterprise fund obligation, and any proceeds of long-term bonds or new notes. The note will not be a general obligation of the City and will not be payable from property taxes.</p> <p>Municipal bonds can be issued on a taxable or a tax-exempt basis (for projects that fit within parameters of the federal tax code). If the proposed project does not fit within the parameters of the federal tax code for tax-exempt bonds or if the municipality desires greater flexibility with respect to use of the assets financed, municipalities routinely issue taxable bonds to finance public projects. The short-term note is a taxable obligation and does not qualify for tax-exempt bond status.</p>			



## City Council Agenda Bill

APPLICABLE BRAND GUIDELINES: Consistent delivery of quality basic professional services.

COMMITTEE REVIEW AND RECOMMENDATION: This item was reviewed by the Finance & Administration Committee at their December 6, 2022 meeting for consideration by the Council.

RECOMMENDED ACTION: **Motion to approve AB22-155, an ordinance authorizing the issuance of a Water and Sewer Revenue Note of the City to Fund the design phase of the Meadowbrook Sewer ULID No. 7, as a first and final reading.**

### RECORD OF COUNCIL ACTION

<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
December 6, 2022	Passed Ordinance 1789	7-0



## City Council Agenda Bill

SUBJECT:		Agenda Date: October 1, 2024		AB24-104	
<b>Motion Authorizing the Mayor to Execute an Amendment to the Railroad Depot Lease with the North Bend Downtown Foundation</b>		Department/Committee/Individual			
		Mayor Mary Miller			
		City Administrator – David Miller			
		City Attorney – Kendra Rosenberg			
		City Clerk – Susie Oppedal			
		Administrative Services – Lisa Escobar			
		Comm. & Economic Development –			
		Finance – Martin Chaw			
Cost Impact: N/A		Public Works – Mark Rigos		X	
Fund Source: N/A		Economic Development Manager – James Henderson		X	
Timeline: Immediate					
<b>Attachments:</b> Amendment, Original Lease					
<b>SUMMARY STATEMENT:</b>					
<p>On June 20, 2023, the North Bend City Council approved a lease agreement with the North Bend Downtown Foundation (NBDF) for a dedicated office and meeting space for the NBDF Executive Director within the North Bend Railroad Depot. NBDF’s presence within the depot also brings a valuable use to the building and provides a regular and positive presence at the depot and surrounding William H Taylor Park.</p> <p>In August 2024, the NBDF applied for a 4Culture grant to assist with the upgrades and renovations of the depot. The 4Culture grant is for \$650,000 and the funds will be used to renovate the existing structure and improve the interior layout of the depot to provide more office space for NBDF as well as create a multi-use community space that can be utilized by local community organizations. The renovation of the depot will allow it to serve as a hub for community engagement, offering space for workshops, art programs, and events. To further enrich the culture experience at the depot, the renovation will incorporate heritage elements, with plans to display pieces of art and historical exhibits from the Snoqualmie Valley Historical Museum and Northwest Railway Museum.</p> <p>A requirement of the 4Culture grant is a long-term lease agreement between NBDF and the City of North Bend for the depot to demonstrate the community’s commitment to utilizing the space as a hub for community engagement and support to the NBDF. The current lease agreement between NBDF and the City is month-to-month and commenced on July 1, 2023. To fulfill the grant, the City may opt between a lease term of either two (2) five-year terms or one (1) ten-year term. Staff recommends an amendment to the June 20, 2023 lease to increase the term from month-to-month to a single term, ten-year lease agreement. All other conditions of the June 20, 2023, agreement remain in effect. The amended lease would commence on November 1, 2024.</p>					
<b>APPLICABLE BRAND GUIDELINES:</b> Economic Viability / Commitment to City Investment and Engagement					
<b>COMMITTEE REVIEW AND RECOMMENDATION:</b> This item was reviewed by the Transportation & Public Works Committee at their September 24, 2024 meeting and was recommended for placement on the Main Agenda for discussion.					
<b>RECOMMENDED ACTION:</b> <b>MOTION to approve AB24-104, authorizing the Mayor to execute an amendment to the Railroad Depot Lease with the North Bend Downtown Foundation, in a form and content acceptable to the City Attorney.</b>					

City Council Agenda Bill

RECORD OF COUNCIL ACTION		
Meeting Date	Action	Vote
October 1, 2024		

**AMENDMENT TO LEASE AGREEMENT  
BETWEEN THE CITY OF NORTH BEND  
AND THE NORTH BEND DOWNTOWN FOUNDATION  
FOR LEASE OF NORTH BEND RAILROAD DEPOT MEETING ROOM**

THIS AMENDMENT TO THE LEASE AGREEMENT (“Amendment”) is made and entered into this \_\_\_\_ day of October, 2024, by and between the City of North Bend, a municipal corporation of the state of Washington (“City”), and the North Bend Downtown Foundation, a non-profit corporation (“NBDF”).

WHEREAS, the City and NBDF entered into a Lease Agreement (“Agreement”) on June 20, 2023, to authorize NBDF to use office space in the North Bend Railroad Depot from which it can conduct its day-to-day operations and complete the tasks required of the NBDF pursuant to the Main Street Community Agreement; and

WHEREAS, in August of 2024, the City applied for a 4Culture grant to assist with the upgrades and renovations of the North Bend Railroad Depot and the surrounding area, and the grant conditions require a longer-term lease agreement for use of the Depot, which can either be a 5 year term with a second term renewal option or a 10 year term; and

WHEREAS, the parties support an extended term for a period of ten years to fully utilize 4Culture grant funds and to allow NBDF to operate in an established day-to-day office space at the North Bend Railroad Depot; and

NOW, THEREFORE, in consideration of the mutual promises and conditions set forth herein, the sufficiency of which is hereby acknowledged, the City and NBDF hereby agree to amend the Agreement as follows:

Section 2. Term of Lease, amended. The parties agree to amend the Term of the Lease, in Section 2, as follows: The Premises herein shall be leased for a period of ten years starting on November 1, 2024, and ending upon notice of thirty (30) days written notice from either party.

Full Force and Effect. Except as otherwise set forth in this Amendment, all other provisions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the date first set forth above.

**CITY OF NORTH BEND**

**NORTH BEND DOWNTOWN  
FOUNDATION**

By: \_\_\_\_\_  
Mary Miller, Mayor

By: \_\_\_\_\_  
Sharon Hockenbury, Interim President

**Attest/Authenticated:**

---

Susie Oppedal, City Clerk

**Approved As To Form:**

---

Kendra Rosenberg, City Attorney



**LEASE AGREEMENT  
BETWEEN THE CITY OF NORTH BEND  
AND THE NORTH BEND DOWNTOWN FOUNDATION  
FOR LEASE OF NORTH BEND RAILROAD DEPOT MEETING ROOM**

THIS LEASE AGREEMENT (“Lease”) is made and entered into this 20<sup>th</sup> day of June, 2023, by and between the City of North Bend, a municipal corporation of the state of Washington (“City”), and the North Bend Downtown Foundation, a non-profit corporation (“NBDF”).

WHEREAS, the City and NBDF entered into a separate agreement for the City’s provision of funds to NBDF in exchange for NBDF obtaining Main Street Community Designation (“Main Street Community Agreement”); and

WHEREAS, the Main Street Community Agreement requires NBDF to hire an Executive Director, develop an annual workplan and budget, and complete a downtown strategic plan; and

WHEREAS, NBDF requires office space from which it can conduct its day-to-day operations and complete the tasks required of the NBDF pursuant to the Main Street Community Agreement; and

WHEREAS, the City has identified office space in the North Bend Railroad Depot available for lease to NBDF under the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual promises and conditions set forth herein, the sufficiency of which is hereby acknowledged, the City and NBDF hereby agree as follows:

1. Leased Premises. The City owns the North Bend Railroad Depot (“Property”) and desires to lease to NBDF a meeting room on the Property located in North Bend, King County, Washington, as described and depicted in the attached **Exhibit A**, which is incorporated herein by this reference (“Premises”).
2. Term of Lease. The Premises herein shall be leased on a month-to-month basis starting on (07/01/2023) and ending upon notice of thirty (30) days written notice from either party.
3. Rent. The City and NBDF agree that the rent for the Premises shall be one dollar (\$1.00) per month, plus other valuable consideration. Rent shall be paid in an annual payment at such place or places as the City may designate from time to time in writing.
4. Use of Property. The Premises shall be used and occupied only as an office for the conduct of NBDF business and for no other purpose or purposes without the written consent of the City.
5. Maintenance of Property. NBDF shall not perform any acts or carry on any practices which may injure the building or the Premises, or be a nuisance, and shall keep the Premises under its control, and the sidewalks adjacent to the Premises, clean and free from rubbish and dirt at all times and shall store all trash and garbage within the Premises and arrange for the regular

pickup of such trash and garbage. NBDF shall not burn any trash of any kind in or about the Premises without a proper permit.

The City shall not be called upon to make any structural improvements and shall be responsible only for exterior structural repairs upon the Premises. The Premises shall, at all times, be kept in good order and condition and repair by NBDF and shall be kept in a clean and sanitary condition as required by applicable state and local laws, and in accordance with all directions, rules, and regulations of the health officer, fire marshal, building inspector, or other proper officers of the governmental agencies having jurisdiction, at the sole cost and expense of NBDF. NBDF shall comply with all requirements of law, ordinance, and otherwise, in regard to the Premises. NBDF shall permit no waste, damage, or injury to the Premises at the expiration of the tenancy created hereunder, NBDF shall surrender the Premises in good condition, with reasonable wear and tear and loss by fire or other unavoidable casualty excepted. All repairs to interior structures including fixtures that cost more than \$50.00 (fifty dollars) shall be negotiated between the City and NBDF concerning their respective contributions for the payment of the repairs. NBDF shall pay for repairs to interior structures including fixtures that cost up to \$50.00 (fifty dollars).

6. Structural Alterations. NBDF shall not make any structural alterations without the City's prior written consent. All alterations, additions, and improvements which may be made or installed by either party upon the Premises shall be the property of the City and shall remain upon, and be surrendered with, the Premises as a part thereof at the expiration of the Term. Respecting any fixtures and/or equipment installed by NBDF during the Term, the City and NBDF shall meet, upon termination of this Lease, to negotiate as to whether the fixture and/or equipment shall be deemed a permanent fixture or permanent equipment installation. Those fixture or equipment installations that are determined by the parties to be permanent shall remain upon, and be surrendered with, the Premises as a part thereof at the expiration of the Term.
7. Indemnification. NBDF shall defend, indemnify, and hold harmless the City and/or the City's officers, officials, employees, and agents from all damage of every kind or nature whatsoever, and all expenses arising therefrom, that may be claimed to accrue by reason of any accident upon the Premises, and the City shall not be liable to NBDF or any person for claims arising from any defects in the Premises, whether known or unknown, or hereafter occurring in or in front of the Premises, or by reason of any act of negligence occurring in the Premises of any other lessee or invitee of NBDF. All personal property on the Premises shall be at the risk of NBDF only. NBDF shall defend, indemnify, and hold harmless the City and its officers, officials, employees, and agents against and from any and all claims by or on behalf of any person, firm, or corporation arising from the conduct or management of the business conducted in the Premises, or from any work or thing done by NBDF in or about the Premises, and shall further defend, indemnify, and hold harmless the City and its officers, officials, employees, and agents against and from any and all claims arising during the Term for any breach or default on the part of NBDF in the performance of any covenants or agreements on the part of NBDF to be performed hereunder or arising from any act of negligence of the NBDF or any of its agents, contractors, servants, employees, or licensees, in or about the Premises, and from and against all costs, attorneys' fees, expenses, and liabilities incurred in or about any such claim, action, or proceeding brought thereon, and in case any action or proceeding be brought

against the City by reason of any such claim, NBDF, upon notice from the City, shall resist or defend any such action or proceeding by attorneys reasonably satisfactory to the City. NBDF shall not suffer or give cause for the filing of any lien against the Premises.

8. Assignment of Lease. This Lease is not assignable by law. NBDF may not assign or sublet or, in any manner, transfer the Lease, or any estate or interest therein, without the prior written consent of the City, and the City shall not be unreasonable in withholding consent, and any such consent for any such transfer, assignment, or subletting shall not be construed as consent for any subsequent transfer, assignment, or subletting. Any such consent shall not be construed as an agreement to release NBDF from its primary responsibility under the terms and conditions of this Lease.
9. Utilities and Taxes. NBDF shall pay for all utilities used by NBDF in the operation of the Premises.
10. Damage by Fire. If the Premises are destroyed or damaged by fire, explosion, or earthquake, or any other casualty, as to become wholly untenable, then the City may, if it so elects, rebuild and put the Premises in good condition and fit for occupancy within a reasonable time after such total or partial destruction, or give notice in writing terminating this Lease. If the City elects to repair or rebuild the Premises, the City shall give NBDF notice thereof within thirty (30) days after such injury and then proceed with reasonable speed to repair or rebuild. NBDF shall not be obligated to pay any rent from the time of such destruction or damage until the Premises are again fit and ready for occupancy.

If the Premises are damaged by fire, explosion, or earthquake, or any other casualty, but are not thereafter rendered wholly untenable, then the City shall repair such damage and put the Premises in tenantable condition as rapidly as is reasonably possible, and while such damage is being repaired, NBDF shall not be entitled to any equitable abatement of the rent. The City shall not be liable or responsible for any delays in rebuilding or repairing due to strikes, acts of God, restrictive governmental regulations, or any other causes beyond the City's control. If the City elects to terminate this Lease under the conditions contained in this section, said election to terminate shall not become operative and final until the expiration of thirty (30) days from the date of notification by the City of its election to terminate.

11. Inspection by the City. The City shall have the right to enter the Premises at all reasonable hours for the purpose of inspecting the Premises. If the City deems any repairs reasonable and required to be made by NBDF, the City may demand that NBDF make the same forthwith, and if NBDF refuses or neglects to commence such repairs and complete the same with reasonable dispatch, the City may make or cause such repairs to be made and shall not be responsible to NBDF for any loss or damage that may accrue to its stock or business by reason thereof, and if the City makes or causes such repairs to be made, NBDF shall, on demand, pay to the City the costs thereof, with interest at twelve (12) percent per annum, and if NBDF shall default in such payment, the City shall have the remedies provided in section 14 of this Lease.
12. Waiver of Conditions or Covenants. One or more waivers of any covenant or condition by the City, including acceptance of late rent, shall not be construed as a waiver of a subsequent

breach of the same covenant or condition, and the City's consent to, or approval of, any act by NBDF requiring the City's consent or approval shall not be deemed to waive or render unnecessary the City's consent to, or approval of, any subsequent similar act by NBDF.

13. Notice. Whenever, under this Lease, a provision is made for notice of any kind, it shall be deemed sufficient notice and service thereof if such notice is sent by registered or certified mail with postage prepaid to the last known postal address of the party to be noticed or, in the case of notice made to NBDF, to the postal address of the Premises.
14. Insurance. NBDF shall procure and maintain standard fire and extended coverage insurance on fixtures and equipment in the Premises to the extent of their full insurable value. The City and NBDF shall be named as insureds as the respective interest may appear. Such insurance shall be written with a company satisfactory to the City and shall be in the form approved by the City. NBDF shall provide evidence satisfactory to the City that such insurance is in effect.

Lessee shall, during the entire Term, keep in full force and effect a policy or policies of public liability and property damage insurance with respect to the Premises, and the business operated by NBDF in the Premises, in which the limits of public liability shall not be less than two million dollars (\$2,000,000.00) per person and two million dollars (\$2,000,000.00) per accident, and in which the property damage liabilities shall not be less than one million dollars (\$1,000,000.00). The policies shall name the City as insured and shall contain a clause that the insurer will not cancel or change the insurance without first giving the City ten (10) days' prior written notice. The insurance shall be in an insurance company, or companies, and in a form approved by the City, and a copy of each policy or certificate of insurance shall be delivered to the City.

15. Applicable Law; Venue; Attorneys' Fees. This Lease shall be governed by and construed in accordance with the laws of the State of Washington. In the event any suit, arbitration, or other proceeding is instituted to enforce any term of this Lease, the parties specifically understand and agree that venue shall be exclusively in King County, Washington. The prevailing party in any such action shall be entitled to its attorneys' fees and costs of suit, which shall be fixed by the judge hearing the case and such fee, shall be included in the judgment.
16. Signs. All signs used upon any exterior part of the building by NBDF shall be subject to the approval of the City or its agents. Any signs so placed upon the Premises shall be so placed upon understanding and agreement that NBDF will remove the same at the termination of tenancy herein created and repair any damage or injury to the Premises caused thereby and, if not so removed by NBDF, the City may have the same removed at NBDF's expense.
17. Parties Bound. This Lease is binding upon the parties hereto and their heirs, successors, assigns, and personal representatives.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the date first set forth above.

**CITY OF NORTH BEND**

By:   
Rob McFarland, Mayor


**NORTH BEND DOWNTOWN  
FOUNDATION**

By:   
Beth Burrows, Interim President

**Attest/Authenticated:**

  
Susie Oppedal, City Clerk

**Approved As To Form:**

  
Lisa M. Marshall, City Attorney

STATE OF WASHINGTON       )  
  ) ss.  
COUNTY OF KING            )

On this 26 day of June, 2023, did personally appear before me, the undersigned Notary Public in and for the State of Washington, **Rob McFarland**, who is known to me or produced satisfactory evidence that he is the person that executed the foregoing instrument as Mayor on behalf of the City of North Bend, and acknowledged that he signed this instrument as his free and voluntary act for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this this 26 day of June, 2023.

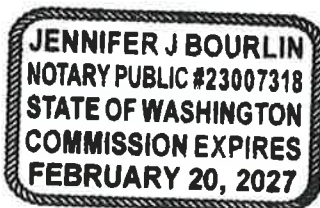


Susan A. Oppedal  
Susan A. Oppedal  
NOTARY PUBLIC in and for the State of  
Washington, residing at Carnation  
My commission expires 06/10/26

STATE OF WASHINGTON       )  
  ) ss.  
COUNTY OF KING            )

On this 27 day of June, 2023, did personally appear before me, the undersigned Notary Public in and for the State of Washington, **Beth Burrows**, who is known to me or produced satisfactory evidence that she is the person that executed the foregoing instrument as Interim President on behalf of North Bend Downtown Foundation, and acknowledged that she signed this instrument as her free and voluntary act for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this this 27 day of June, 2023.

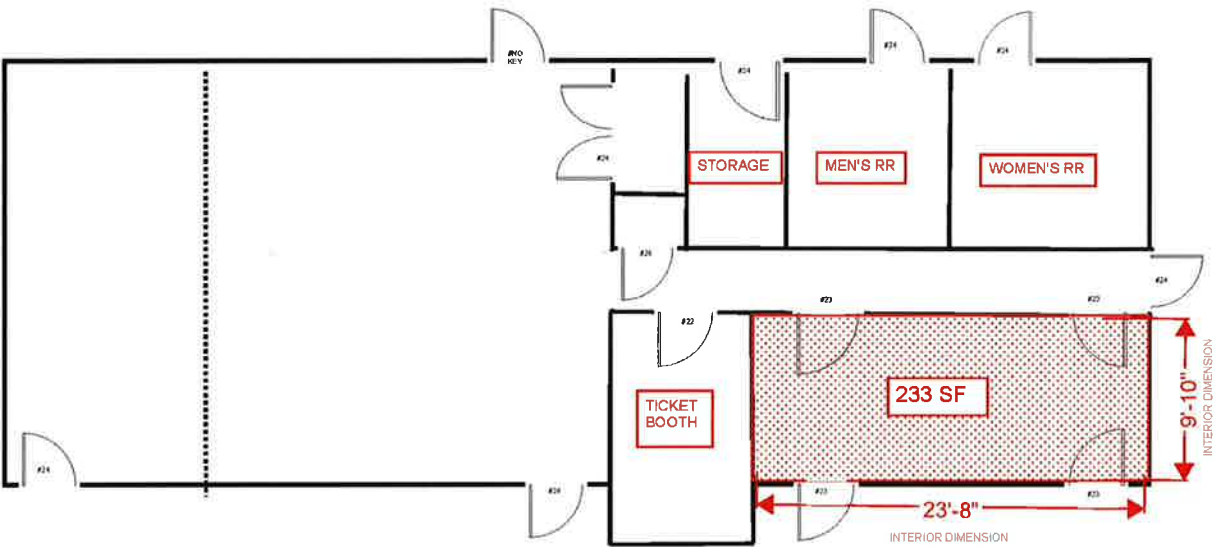


Jennifer J. Bourlin  
Jennifer J. Bourlin  
NOTARY PUBLIC in and for the State of  
Washington, residing at Fall City  
My commission expires 02/20/27



Exhibit A

North Bend Railroad Depot  
205 McClellan St  
North Bend, WA 98045



Leasing area identified in red.









## City Council Agenda Bill

SUBJECT:		Agenda Date: October 1, 2024	AB24-105
<b>Motion Authorizing Work Order with Keithly Electric to Install a Backup Generator for the Public Works Shop and Administration Building</b>	Department/Committee/Individual		
	Mayor Mary Miller		
	City Administrator – David Miller		
	City Attorney – Kendra Rosenberg		
	City Clerk – Susie Oppedal		
	Administrative Services – Lisa Escobar		
	Comm. & Economic Development –		
	Finance – Martin Chaw		
Cost Impact: NTE \$168,886.80 including sales tax			
Fund Source: General Fund (transferred in from ARPA)	Public Works – Mark Rigos, P.E.		X
Timeline: Immediate			
<b>Attachments: Quote</b>			
<p><b>SUMMARY STATEMENT:</b></p> <p>Until recently, backup power at the City of North Bend’s Wastewater Treatment Plant (WWTP) was supplied by two separate backup generators. One of the generators is an 80 kW Cummins Onan unit that was used to provide power to the Utility Local Improvement District (ULID) #6 lift station built 15 years ago. The other generator is a 250-kW unit that supplied power to the remainder of the WWTP. Both generators were decommissioned during the WWTP High Priority Improvements – Phase II project and were replaced with a single 500 kW unit that can provide power to the entire WWTP, except for the solids handling building and equipment.</p> <p>The Emergency Operations Center (EOC) is currently located in the Public Works Shop lunchroom. This is undesirable because when the EOC is open and active, there is a lot of foot traffic, field personal discussions, dining, etc. in that room that detracts from the planning and command staff necessary to complete the emergency objectives. City staff desire to move the EOC from the lunchroom to the Public Works (PW) Administration building to separate command staff from operations staff during emergency events. Currently, this is problematic because the PW Admin building lacks a source of backup power supply that would be necessary to support an EOC. Hence, the purpose of this project.</p> <p>Keithly has an on-call electrical contract with the City of North Bend. Under the attached work order of the umbrella contract, Keithly electric staff will decommission and remove the existing 40 kW generator that currently powers only a portion of the PW shop building and replace it with the decommissioned 80 kW unit from the WWTP. Additionally, Keithly will install a new automatic transfer switch for the PW Admin building such that the building will receive power from that generator. Finally, they will re-wire the shop building such that the entire building has a backup power supply as opposed to the current situation of only having select outlets provided with backup power. The cost for this work is not to exceed \$168,886.80, including sales tax.</p>			
<b>APPLICABLE BRAND GUIDELINES:</b> Consistent delivery of quality basic services including transportation and traffic management.			
<b>COMMITTEE REVIEW AND RECOMMENDATION:</b> This item was discussed at the September 25, 2024 Transportation and Public Works Committee meeting and was recommended for approval and placement on the Main Agenda			
<b>RECOMMENDED ACTION: MOTION to approve AB24-105, authorizing a Work Order with Keithly Electric to install a backup generator for the Public Works</b>			

# City Council Agenda Bill

<b>Shop and Administration Buildings, in a form and content acceptable to the City Attorney, in an amount not to exceed \$168,886.80 including sales tax.</b>		
<b>RECORD OF COUNCIL ACTION</b>		
<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
October 1, 2024		



827 South Director Street · Seattle · WA 98108  
Phone (206) 763-6875 · Fax (206) 764-8880

**To:** Don DeBerg  
**Company:** City of North Bend  
**From:** Shaun Runkel  
**Date:** July 12th, 2024

Dear Don,

Thank you for giving Keithly Electric Company the opportunity to assist you with your project. The cost for this work is broken out below. In review, I have noted the following to be included in the scope of work:

- |   |                     |
|---|---------------------|
| <b>1. 80kw Genset and add Building 2:</b>   | <b>\$92,700.00</b>  |
| a. Provide labor to unwire existing generator.  |                     |
| b. Provide and install 100A transfer switch and wiring to feed building 2. Includes trenching.        |                     |
| c. Existing building 1 ATS to remain.   |                     |
| d. Provide and install wiring from 80kw generator to both automatic transfer switches.                |                     |
| e. Provide drawings, permitting, and inspection support   |                     |
| f. Includes allowance of \$9,800 for crane contractor.  |                     |
| g. Includes startup and commissioning.  |                     |
| <b>2. 80kw Genset and Full Electrical Service Backup:</b>   | <b>\$154,800.00</b> |
| a. Provide feasibility and load study to determine if genset can handle total load from building 2. + |                     |
| b. Provide and install 600A transfer switch.  |                     |
| c. Provide and install wiring from 80kw generator to automatic transfer switch.                       |                     |
| d. Provide drawings, permitting, and inspection support   |                     |
| e. Includes allowance of \$9,800 for crane contractor.  |                     |
| f. Includes startup and commissioning.  |                     |
- Tax*

Items listed above are to be performed during normal business hours at prevailing wage rates.

This proposal does not include:

1. Tax
2. Overtime
3. Equipment Rental
4. Disposal of existing generator

Please do not hesitate to contact me if you have any questions or need additional information. I look forward to working with you on this project.

Sincerely,

Shaun Runkel  
206.763.6875

Keithly Electric Company warrants all work for one year from the date of completion. The warranty is void if a person or firm other than Keithly Electric performs or re-performs any work directly related to our installation. Keithly Electric Company can only warrant materials that it supplies and does not warrant materials supplied by the customer.





# City Council Agenda Bill

SUBJECT:		Agenda Date: October 1, 2024		AB24-106		
<b>Resolution Establishing the City’s Financial Policy Related to Eastside Fire and Rescue for 2025—2026</b>		Department/Committee/Individual				
		Mayor Mary Miller				
		City Administrator – David Miller				
		City Attorney – Kendra Rosenberg				
		City Clerk – Susie Oppedal				
		Administrative Services – Lisa Escobar				
		Comm. & Economic Development –				
		Finance – Martin Chaw		X		
Cost Impact:	Public Works – Mark Rigos					
Fund Source: General Fund	Information Technology – Phillip Davenport					
Timeline: Approve October 1 2024						
<b>Attachments:</b> Resolution						
<b>SUMMARY STATEMENT:</b>						
<p>The City is one of five partner agencies to Eastside Fire and Rescue (EFR) for fire protection, rescue, and emergency medical services. The remaining four partner agencies include the City of Issaquah, City of Sammamish, Fire District 10, and Fire District 34. In 2025 and 2026, EFR plans to increase the payment from each of its five partner agencies, on average, by 15.7% and 7.6% respectively, as shown in Tables 1 and 2 below.</p>						
<p style="text-align: center;"><b>Table 1: Annual Partner Contributions to EFR 2024-2026</b> <b>EFR Adopted and Proposed Budget</b></p>						
	City of North Bend	Fire District 10	City of Issaquah	City of Sammamish	Fire District 38	Total
2024 Adopted	\$1,514,758	\$8,441,294	\$8,330,207	\$9,379,694	\$1,904,658	\$29,570,611
2025 Proposed	\$1,791,438	\$9,784,774	\$9,598,925	\$10,887,210	\$2,145,848	\$34,208,195
2026 Proposed	\$1,928,065	\$10,531,032	\$10,331,007	\$11,717,545	\$2,309,505	\$36,817,154
<b>2025-2026 Ttl</b>	<b>\$3,719,503</b>	<b>\$20,315,806</b>	<b>\$19,929,932</b>	<b>\$22,604,755</b>	<b>\$4,455,353</b>	<b>\$71,025,349</b>
<p style="text-align: center;"><b>Table 2: Year over Year Percentage Increase in Partner Contributions to EFR</b> <b>EFR Proposed Budget</b></p>						
	City of North Bend	Fire District 10	City of Issaquah	City of Sammamish	Fire District 38	Total
2024 to 2025	18.3%	15.9%	15.2%	16.1%	12.7%	15.7%
2025 to 2026	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%
<p>The City is currently preparing its 2025-2026 biennial budget and faces significant increases in other city costs and cannot afford an 18.3% increase in its payment to EFR as part of the overall financial health of the City.</p>						
<p>On September 25, 2024, the EFR Finance and Administration Committee met to review potential reductions to the EFR 2025 and 2026 proposed budget. During this meeting, the City of Issaquah also expressed concern over its 15.2% increase, and suggested reduction in annual EFR expenses, with the goal of reducing its annual increase to not exceed 10.0%.</p>						
<p>The attached resolution directs EFR to identify sufficient budget reductions that would limit the annual increases to the City’s budget related to EFR services to not exceed 10.0%.</p>						

# City Council Agenda Bill

## ALTERNATIVES:

### **Alternative #1: Accept the EFR proposed annual increases as shown in Table 1.**

Description: Direct EFR to adopt its current proposed 2025 and 2026 budget as shown in Table 1 above.

Business Impacts: The EFR proposed 2025 and 2026 budget would result in untenable increases in annual payment by the City to EFR and would require the City to institute significant service level reductions in services to the community.

Recommendation: Do not recommend Alternative 1.

### **Alternative #2: Limit annual increases to no more than 10.0%.**

Description: Direct EFR to identify sufficient budget reductions resulting in an annual increases to no more than 10.0%, as shown in tables 3 and 4 below.

**Table 3: Annual City Contributions to EFR 2024-2026 under a 10.0% Annual Increase Limitation**  
City Proposed Alternative

	City of North Bend
2024 Adopted	\$1,514,758
2025 Proposed	\$1,666,234
2026 Proposed	\$1,832,857
<b>2025-2026 Ttl</b>	<b>\$3,499,091</b>

**Table 4: Year over Year Percentage Increase In City Partner Contributions to EFR**  
City Proposed Alternative

	City of North Bend
2024 to 2025	10.0%
2025 to 2026	10.0%

Business Impacts: Table 5 shows the year over year dollar change in City Partner contributions between tables 1 and 3.

**Table 5: Year over Year Decrease In City Partner Contributions to EFR**  
City Proposed Alternative

	City of North Bend
2024 to 2025	\$(125,204)
2025 to 2026	\$(95,208)

In total, over the 2025-2026 biennium, the total City Partner contributions to EFR would decrease by -5.9%, as shown in table 6.

**Table 6: Total 2-Year Decrease In City Partner Contributions to EFR**  
City Proposed Alternative

	City of North Bend
<b>2025-2026 Total</b>	
EFR Proposed	\$3,719,503
CONB Proposed	\$3,499,091
<b>Difference</b>	<b>\$(220,412)</b>
<b>% Difference</b>	<b>-5.9%</b>

Recommendation: Approve Alternative 2.

# City Council Agenda Bill

APPLICABLE BRAND GUIDELINES: Economic viability; Consistent delivery of quality basic services.		
COMMITTEE REVIEW AND RECOMMENDATION:		
RECOMMENDED ACTION: <b>MOTION to approve AB24-106, a resolution establishing the City’s Financial Policy related to Eastside Fire and Rescue for 2025-2026.</b>		
<b>RECORD OF COUNCIL ACTION</b>		
<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
October 1, 2024		





## RESOLUTION

### **A RESOLUTION OF THE CITY OF NORTH BEND, WASHINGTON, ESTABLISHING THE CITY'S FINANCIAL POLICY RELATED TO EASTSIDE FIRE AND RESCUE FOR 2025 AND 2026**

**WHEREAS**, the City of North Bend contracts with Eastside Fire and Rescue (EFR) for fire protection, rescue, and emergency medical services along with four other contract partner agencies including the City of Issaquah, City of Sammamish, Fire District 10, and Fire District 34; and

**WHEREAS**, in 2025 and 2026, EFR has proposed annual financial increases that would require the City of North Bend to contribute 18.3% more in 2025 and 7.6% more in 2026; and

**WHEREAS**, the City desires to continue with EFR services; and

**WHEREAS**, the City requires financial stability and predictability in contracting for such services; and

**WHEREAS**, the City's Finance Director has studied appropriate rates for such contract services related to fire protection, rescue, and emergency medical services and has determined that a year over year increase of no more than 10% is sufficient; and

**WHEREAS**, the City desires a financial policy that establishes the necessary stability and predictability for the services provided under the EFR contract; and

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** The City of North Bend hereby adopts a formal financial policy that it will accept an increase in the City's annual required monetary contributions to Eastside Fire and Rescue not to exceed a 10% year over year increase for the years 2025 and 2026.

**Section 2.** This Resolution is effective immediately upon passage by the City Council.

**PASSED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 1<sup>ST</sup> DAY OF OCTOBER, 2024.**

**CITY OF NORTH BEND:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**Mary Miller, Mayor**

\_\_\_\_\_  
**Kendra Rosenberg, City Attorney**

**ATTEST/AUTHENTICATED:**

Effective:  
Posted:

\_\_\_\_\_  
**Susie Oppedal, City Clerk**