

AGENDA

DES MOINES CITY COUNCIL
REGULAR MEETING
City Council Chambers
21630 11th Avenue S, Des Moines, Washington

June 28, 2018 – 7:00 p.m.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

CORRESPONDENCE

COMMENTS FROM THE PUBLIC

BOARD & COMMITTEE REPORTS/COUNCILMEMBER COMMENTS

PRESIDING OFFICER'S REPORT

ADMINISTRATION REPORT

CONSENT CALENDAR

Page 1 Item 1: APPROVAL OF MINUTES

Motion is to approve the minutes from the June 7, 2018 City Council Study Session, minutes from the June 14, 2018 City Council Regular meeting and minutes from the June 14, 2018 City Council Executive Session.

Page 13 Item 2: APPROVAL OF VOUCHERS

Motion is to approve for payment vouchers and payroll transfers through June 20, 2018 included in the attached list and further described as follows:

Total A/P Checks/Vouchers	#154336-154475	\$ 563,962.03
Electronic Wire Transfers	#1058-1066	\$ 531,395.16
Payroll Checks	#19050-19055	\$ 14,354.59
Payroll Direct Deposit	#250001-250167	\$ 348,968.57
Total Checks and Wires for A/P and Payroll:		\$1,458,680.34

- Page 15 Item 3: INTERLOCAL AGREEMENT BETWEEN THE CITY AND HIGHLINE WATER DISTRICT REGARDING THE WATER TOWER PARK SITE
Motion is to approve the Interlocal Agreement between the City and Highline Water District for use of Highline Water District property, for a term of five (5) years, wherein the District grants the City the right to use a portion of the District's North Hill Water Storage Tank Property for parks and recreation purposes, and authorize the City Manager to sign the Agreement substantially in the form as submitted.
- Page 25 Item 4: REPEAL OF THE CITY'S COMMERCIAL PARKING TAX
Motion 1 is to suspend Rules 26(a) in order to enact Draft Ordinance No. 18-068 on first reading.

Motion 2 is to enact Draft Ordinance No. 18-068, repealing chapter 5.68 DMMC, Commercial Parking Tax.
- Page 29 Item 5: S 216TH STREET SEGMENT 3 IMPROVEMENTS RIGHT-OF-WAY ACQUISITIONS
Motion 1 is to approve and accept a Statutory Warranty Deed (94 SF) and Temporary Construction Easement (333 SF) on Parcel Number #082204-9132, owned by Sophia Kollias and provide compensation to the owner of \$1,334.80 for the Warranty Deed, \$472.86 for the Temporary Construction Easement and \$40.00 for property damage, totaling \$1888.00 (rounded), plus reasonable closing costs, and authorize the City Manager to sign the Easement and Real Property Voucher Agreement substantially in the form submitted.

Motion 2 is to approve and accept a Temporary Construction Easement (177 SF) on Parcel #082204-9013, owned by Jeffery and Shannon Johnson and provide compensation to the owners of \$358.67 (324 SF) for the Temporary Construction Easement, and \$428.00 for all damages totaling \$787.00 (rounded), and authorize the City Manager to sign the Temporary Construction Easement and Real Property Voucher substantially in the form submitted.
- Page 55 Item 6: RESOLUTION NO. 18-074 SETTING A PUBLIC HEARING REGARDING CHANGES IN PERMITTED USES AND ASSOCIATED REGULATIONS IN THE INSTITUTIONAL CAMPUS (I-C) ZONE
Motion 1 is to adopt Draft Resolution No. 18-074 setting a public hearing on July 26, 2018, or as soon thereafter that the matter can be heard, to consider amending the permitted uses and associated development regulations in the I-C Institutional Campus Zone.
- Page 59 Item 7: ARTS COMMISSION APPOINTMENT
Motion is to confirm the mayoral appointment of Beverly Reich to an unexpired term on the City of Des Moines Arts Commission effective immediately and expiring on December 31, 2019.

NEW BUSINESS

Page 63 Item 1: 2008 REFUNDING BONDS, 1ST READING
Motion is to pass Draft Ordinance No. 18-044 to a second reading on July 12, 2018 for Further City Council consideration and approval.

EXECUTIVE SESSION

PERFORMANCE OF A PUBLIC EMPLOYEE UNDER RCW
42.30.110(1)(G) – 15 MINUTES

NEXT MEETING DATE

July 12, 2018 City Council Regular Meeting

ADJOURNMENT

THIS PAGE LEFT INTENTIONALLY BLANK

MINUTES

DES MOINES CITY COUNCIL STUDY SESSION City Council Chambers 21630 11th Avenue South, Des Moines

June 7, 2018 – 7:00 p.m.

CALL TO ORDER

Mayor Pina called the meeting to order at 7:04 p.m.

PLEDGE OF ALLEGIANCE

The flag salute was led by Deputy Mayor Pennington.

ROLL CALL

Council present: Mayor Matt Pina; Deputy Mayor Vic Pennington; Councilmembers Traci Buxton, Luisa Bangs, Robert Back and Matt Mahoney.

Councilmember Jeremy Nutting was absent.

Direction/Action

Motion made by Councilmember Back to excuse Councilmember Nutting; seconded by Councilmember Bangs.
The motion passed 6-0.

Staff present: City Manager Michael Matthias; Chief Operations Officer Dan Brewer; Chief Strategic Officer Susan Cezar; City Attorney Tim George; Assistant City Attorney Matt Hutchins; Police Chief Ken Thomas; Acting Harbormaster Scott Wilkins; Recreation Manager Rick Scott; Probation Officer Melissa Patrick; Staff Accountant Angelica Martinez-Estrada; Public Works Director Brandon Carver; Recreation Facilities Attendant Bonnie Reister; City Clerk/Communications Director Bonnie Wilkins.

DISCUSSION ITEMS

- Item 1: PILOT PROGRAM FOR MANAGEMENT OF SENIOR SERVICES AT THE ACTIVITY CENTER
- City Manager Matthias addressed the Council
 - Kevin Anderson from Wesley addressed the Council
 - Council commented in support of the Wesley agenda item
 - Mayor Pina read a statement from Councilmember Nutting

COMMENTS FROM THE PUBLIC

Alan Masterson, Des Moines; Management of Senior Center
Gene Achziger, Des Moines; Invited Council and public to Sue and Patrice Retirement Party
Bonnie Reister, Des Moines; Management of Senior Center
Scott Eliason, Des Moines; Management of Senior Center
Harry Steinmetz, Des Moines; Management of Senior Center
Sally Caldwell, Des Moines; Management of Senior Center
JC Harris, Des Moines; Management of Senior Center

Direction/Action

Motion made by Councilmember Back to approve the Contract with Wesley; seconded by Councilmember Bangs.
The motion passed 6-0.

Item 2: EMERGING ISSUES

- AVIATION ADVISORY COMMITTEE REPORT
Steve Edmiston reported on the May 14, 2018 Aviation Advisory Committee meeting.

At 8:35 p.m. Council took a 10 minute break and resumed the regular meeting at 8:45 p.m.

- CITY PARKING TAX
City Attorney George provided information on City Parking Tax.
Council agreed to repeal the City Parking Tax.
- COMMERCIAL USE OF REDONDO BOAT LAUNCH
City Attorney George suggested a draft ordinance to prohibit commercial non boat launching activities.
Council approved a draft ordinance to be written.

Item 3: CITY MANAGERS MONTHLY REPORT

- Staff presented their monthly report items to Council.

At 9:45 p.m. Council took a 5 minute break and resumed the regular meeting at 9:50 p.m.

Item 4: Executive Session – Performance of a Public Employee under RCW 42.30.110(1)(g) – 15 Minutes

At 9:50 p.m. Council went into Executive Session. The purpose of the Executive Session was the performance of a public employee. The Executive session was expected to last 15 minutes.

In attendance: Mayor Matt Pina; Deputy Mayor Vic Pennington; Councilmembers Traci Buxton, Luisa Bangs, Robert Back and Matt Mahoney.

Staff in attendance: City Manager Michael Matthias, Chief Operations Officer Dan Brewer, Chief Strategic Officer Susan Cezar, City Attorney Tim George, City Clerk/Communications Director Bonnie Wilkins.

At 9:50 pm Mayor Pina moved to extent the meeting until 10:10 pm, seconded by Deputy Mayor Pennington.
Motion passed 6-0

At 10:10 p.m. Mayor Pina extended the Executive Session an additional 10 minutes.

NEXT MEETING DATE

June 14, 2018 City Council Regular Meeting

ADJOURNMENT

The meeting was adjourned at 10:20 p.m.

Respectfully Submitted,
Taria Keane
Deputy City Clerk

THIS PAGE LEFT INTENTIONALLY BLANK

MINUTES**SPECIAL MEETING TO HOLD AN EXECUTIVE SESSION**

June 14, 2018

CALL MEETING TO ORDER

The Special Meeting was called to order by Mayor Pina at 6:30 p.m. in Council Chambers.

ROLL CALL

Council present: Mayor Matt Pina; Deputy Mayor Vic Pennington; Councilmembers Traci Buxton, Jeremy Nutting, Luisa Bangs, Robert Back and Matt Mahoney.

Others present: City Manager Michael Matthias; Chief Operations Officer Dan Brewer; Chief Strategic Officer Susan Cezar; City Attorney Tim George; City Clerk/Communications Director Bonnie Wilkins.

PURPOSE

The purpose of the Special Meeting was to hold an Executive Session to discuss the Performance of a Public Employee under RCW 42.30.110(1)(g). The Executive Session was expected to last 20 minutes.

At 6:50 p.m. Mayor Pina extended the Executive Session an additional 10 minutes.

No formal action was taken. The Executive Session lasted 30 minutes.

The meeting adjourned at 7:00 p.m.

Respectfully submitted, Bonnie Wilkins, CMC
City Clerk/Communications Director

THIS PAGE LEFT INTENTIONALLY BLANK

MINUTES

DES MOINES CITY COUNCIL REGULAR MEETING City Council Chambers 21630 11th Avenue South, Des Moines

June 14, 2018 – 7:00 p.m.

CALL TO ORDER

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

PLEDGE OF ALLEGIANCE

The flag salute was led by Councilmember Mahoney

ROLL CALL

Council present: Mayor Matt Pina; Deputy Mayor Vic Pennington; Councilmembers Traci Buxton, Jeremy Nutting, Luisa Bangs, Robert Back and Matt Mahoney.

Staff present: City Manager Michael Matthias; City Attorney Tim George; Chief Operations Officer Dan Brewer; Chief Strategic Officer Susan Cezar; Assistant City Attorney Matt Hutchins; Public Works Director Brandon Carver; Transportation & Engineering Services Manager Andrew Merges; Special Transportation Project Manager Len Madsen; Acting Harbormaster Scott Wilkins; Police Chief Ken Thomas; Parks, Recreation & Senior Services Director Patrice Thorell; City Clerk/Communications Director Bonnie Wilkins; Deputy City Clerk Taria Keane.

STATEMENT FROM CITY MANAGER

- Investigation of a Public Employee

COMMENTS FROM THE PUBLIC

- JC Harris, Des Moines; Airport

BOARD AND COMMITTEE REPORTS/COUNCILMEMBER COMMENTS

Councilmember Mahoney

- Memorial Day Ceremony
- UW Presentation at the MaST Center on the Reef
- SAMP Open House
- Paint Nite Fundraiser
- Farmers Market Opening Day
- Public Safety and Emergency Management Meeting
- Police Advisory Board Meeting
- Aviation Advisory Committee Meeting
- Waterland parade preparation Meeting
- Transportation Committee Meeting

Councilmember Back

- Transportation Committee Meeting

- Environment Committee Meeting
- Farmers Market Opening Day
- Des Moines Elementary Ground Breaking Celebration
- Methodist Church 130 Year Anniversary Celebration

Councilmember Bangs

- Paint Nite Fundraiser
- Public Safety and Emergency Management Meeting
- Seattle Southside State of Cities Event
- Des Moines Elementary Ground Breaking Celebration
- Midway Park
- Farm Bought Project
- Police Advisory Board Meeting
- Des Moines Art Commission Meeting

Councilmember Nutting

- North Hill Elementary Band Concert

Councilmember Buxton

- UW Presentation at the MaST Center on the Reef
- Memorial Day Ceremony
- Farmers Market Opening Day
- Seattle Southside State of Cities Event
- Des Moines Elementary Ground Breaking Celebration
- Puget Sound Regional Council Annual Luncheon
- Sound City Association Meeting
- Transportation Committee Meeting
- Environment Committee Meeting

Deputy Mayor Vic Pennington

- Memorial Day Ceremony
- Farmers Market Opening Day
- Des Moines Elementary Ground Breaking Celebration
- Public Safety and Emergency Management Meeting

PRESIDING OFFICER'S REPORT

- Memorial Day Ceremony
- UW Presentation at the MaST Center on the Reef
- SAMP Open House
- Farmers Market Opening Day
- FAA Ribbon Cutting
- Meeting with Channel 5 News regarding City pronunciation of Des Moines

ADMINISTRATION REPORT

- Aviation Advisory Committee Meeting

Direction/Action

Motion made by Deputy Mayor Pennington to direct Mayor Pina to send Aviation Advisory Letter to Lance Lyttle, Airport Director; seconded by Councilmember Nutting
The Motion Passed 7-0

- Chief Operations Officer Brewer updated council on the Regional Passenger Ferry Conference he attended.
- Chief Operations Officer Brewer updated council on the recent water main break on North Hill.

CONSENT CALENDAR

Item 1: APPROVAL OF MINUTES

Motion is to approve the minutes from the May 3, 2018 City Council Study Session, minutes from the May 10 and May 24, 2018 City Council Regular meeting and minutes from the May 31, 2018 City Council Study Session.

Item 2: APPROVAL OF VOUCHERS

Motion is to approve for payment vouchers and payroll transfers through June 6, 2018 included in the attached list and further described as follows:

Total A/P Checks/Vouchers	#154174-154335	\$ 647,212.85
Electronic Wire Transfers	#1047-1057	\$ 407,482.51
Payroll Checks	#19043-19044	\$ 431.65
Payroll Direct Deposit	#200001-200164	\$ 325,385.41
Payroll Checks	#19045-19049	\$ 9,328.76
Payroll Direct Deposit	#230001-230173	\$ 339,131.30
Total Checks and Wires for A/P and Payroll:		\$1,728,972.48

Item 3: NATIONAL PARKS AND RECREATION MONTH PROCLAMATION

Motion is to approve the Proclamation recognizing July as Parks and Recreation Month in Des Moines.

Item 4: PUGET SOUND GATEWAY PROJECT SR 167 AND SR 509
COMPLETION PROJECTS – LOCAL FUNDING AND PHASING
MEMORANDUM OF UNDERSTANDING

Motion is to direct the City Manager to sign the Puget Sound Gateway Program Local Funding and Phasing Memorandum of Understanding substantially in the form as submitted.

Item 5: TRANSPORTATION GATEWAY PROJECT: S 216TH STREET
SEGMENT 3 IMPROVEMENTS RIGHT-OF-WAY ACQUISITIONS:

PARCEL #082204-9093, PATRICIA BOOZE, PARCEL #082204-9165,
HIGHLINE WATER DISTRICT

Motion 1 is to approve and accept a Temporary Construction Easement (697 SF) on Parcel Number #082204-9093, owned by Patricia Booze and provide compensation to the owner of \$445.38 for the easement and \$330.00 for property damage, totaling \$776.00(r), plus reasonable closing costs, and authorize the City Manager to sign the Easement and Real Property Voucher Agreement substantially in the form submitted.

Motion 2 is to approve and accept a Permanent Utility Easement (640 SF) and a Temporary Construction Easement (177 SF) including authorization for construction staging on Parcel #082204-9165, owned by the Highline Water District, and provide compensation to the owner of \$4,544.00 for the permanent utility easement, \$251.34 for the temporary construction easement and \$4,544.00 as an administrative settlement, totaling \$9,339.00(r), and authorize the City Manager to sign the Utility Easement, Temporary Construction Easement and Real Property Voucher substantially in the form submitted.

Item 6:

CONSULTANT CONTRACT AMENDMENT – GRANT FREDRICKS

Motion to approve Amendment 7 to the Contract with Grant Fredricks, continuing professional consulting services through December 31, 2019, with an increase of \$30,000 for 2018 (bringing the total not-to-exceed amount of 2018 services to \$80,000.00) and \$50,000 for 2019 services, and authorize the City Manager to sign the contract amendment substantially in the form submitted.

Direction/Action

Motion made by Councilmember Nutting to approve the consent calendar; seconded by Councilmember Bangs.
The motion passed 7-0.

PUBLIC HEARING/CONTINUED PUBIC HEARING

Item 1:

TRANSPORTATION IMPROVEMENT PLAN (2019-2038)

Staff Presentation: Transportation & Engineering Services Manager
Andrew Merges

Mayor Pina opened the public hearing at 7:54 p.m.

Transportation & Engineering Services Manager Merges gave a power point presentation to council.

Mayor Pina called for those who signed up to speak.

- Susan Clarke, Woodmont Beach Club, asked to have a sidewalk installed on Woodmont Beach Dr.
- Jeremy Brewer, Woodmont Beach Club, asked to have a sidewalk installed on Woodmont Beach Dr.
- Rick Devitte, Woodmont Beach Club, asked to have a sidewalk installed on Woodmont Beach Dr.

Seeing no other speakers signed up to speak, Mayor Pina asked 3 times if anyone else wished to speak. Seeing none Mayor Pina asked council if they had any questions.

Mayor Pina closed the public hearing at 8:29 p.m.

Direction/Action

Motion made by Councilmember Back to approve Draft Resolution 18-064 adopting 2019-2028 Transportation Improvement Plan; seconded by Councilmember Bangs.

Amendments made by council to move the following items. 10 to 13, 11 to 10, 12 to 11, 14 to 12, and 13 to 14

Amendments passed 7-0

The Main motion, as amended, passed 7-0

NEXT MEETING DATE:

June 28, 2018 City Council Regular Meeting

ADJOURNMENT

Direction/Action

Motion made by Deputy Mayor Pennington to adjourn; seconded by Councilmember Nutting.
The motion passed 7-0.

The meeting was adjourned at 8:48 p.m.

Respectfully Submitted,
Taria Keane
Deputy City Clerk

THIS PAGE LEFT INTENTIONALLY BLANK

CITY OF DES MOINES
Voucher Certification Approval

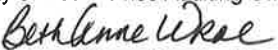
28-Jun-18

Auditing Officer Certification

Vouchers and Payroll transfers audited and certified by the auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing, which has been made available to the City Council.

As of **June 28, 2018** the Des Moines City Council, by unanimous vote, does approve for payment those vouchers and payroll transfers through June 20, 2018 included in the attached list and further described as follows:

The vouchers below have been reviewed and certified by individual departments and the City of Des Moines Auditing Officer:


 Beth Anne Wroe, Finance Director

	# From	# To	Amounts
Claims Vouchers:			
Total A/P Checks/Vouchers	154336	- 154475	563,962.02
Electronic Wire Transfers	1058	- 1066	531,395.16
Total claims paid			1,095,357.18
Payroll Vouchers			
Payroll Checks	19050	- 19055	14,354.59
Direct Deposit	250001	- 250167	348,968.57
Total Paychecks/Direct Deposits paid			363,323.16
Total checks and wires for A/P & Payroll			1,458,680.34

THIS PAGE LEFT INTENTIONALLY BLANK

A G E N D A I T E M

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Interlocal Agreement between the City and Highline Water District regarding the Water Tower Park Site.

ATTACHMENTS:

1. Interlocal Agreement between the City and Highline Water District

FOR AGENDA OF: June 28, 2018

DEPT. OF ORIGIN: Legal

DATE SUBMITTED: June 14, 2018

CLEARANCES:

- ☐ Community Development
- ☐ Marina
- ☒ Parks, Recreation & Senior Services
- ☐ Public Works

CHIEF OPERATIONS OFFICER: DSB

- ☒ Legal *MH*
- ☐ Finance
- ☐ Courts
- ☐ Police

APPROVED BY CITY MANAGER
FOR SUBMITTAL: *[Signature]*

Purpose and Recommendation

The purpose of this agenda item is to request City Council approval to enter into an Interlocal Agreement between the City and Highline Water District regarding the use of District property known as the Water Tower Park.

Suggested Motion

Motion: “I move to approve the Interlocal Agreement between the City and Highline Water District for use of Highline Water District property, for a term of five (5) years, wherein the District grants the City the right to use a portion of the District’s North Hill Water Storage Tank Property for parks and recreational purposes, and authorize the City Manager to sign the Agreement substantially in the form as submitted.”

Background

On November 16, 1995, the City and the Highline Water District entered into an Interlocal Agreement with a ten-year term for the use of Highline Water District Property known as Water Tower Park for City parks and recreation purposes. During the term of the original Agreement, the City, with the District's permission, developed the property by constructing sidewalks and landscaping. With financial support and volunteer labor from the Des Moines Rotary Club and neighborhood community members, play equipment and other park equipment was purchased and installed at the park.

In December 2004, due to impending 2005 budget cuts, the City provided the District with a 60-day termination notice to end the Interlocal Agreement.

In 2005, in a joint effort to retain the use of the site as a public park, the Water District Board of Directors agreed to assist the City and neighborhood volunteers with facility maintenance for a two-year period of time until April, 2007. An Amendment to the Agreement extended the term of the Agreement for one (1) additional and final year until April 2008.

In June 2008, the City and District signed a new Interlocal Agreement for a five (5) year term for use of Highline Water District Property known as Water Tower Park for City parks and recreation purposes.

An additional 5-year extension was approved in 2013.

Discussion

The proposed Interlocal Agreement between the City and Highline Water District regarding Water Tower Park, included as an Attachment of the agenda, has the same conditions as the Agreement signed in 2013.

The term of this Agreement is for five (5) years, with a 5-year extension, commencing from the effective date.

The City accepts the Park in its present condition and may complete, subject to review and prior written approval of the District, any additional capital or other improvements deemed necessary by the City required to make the Property usable and safe for park and recreational purposes.

The City shall provide insurance coverage related to use of the public park portion of the property outside of the District's fenced North Hill Water Storage Tank in amounts and with coverage satisfactory to the District.

The City shall be responsible for maintaining the District's North Hill Water Storage Tank, pump station, and associated mains, meters, and appurtenances, gate and fencing, and landscaping within the fenced area situated on the northwest portion of the Property.

Alternatives

City Council may deny approval of the Interlocal Agreement.

Financial Impact

The City will incur annual maintenance costs for the Park.

Recommendation

Administration and the Park, Recreation and Senior Services Director recommend City Council approval of the Interlocal Agreement between the City and District. This Park serves the North Hill Neighborhood.

INTERLOCAL AGREEMENT FOR USE OF HIGHLINE WATER DISTRICT PROPERTY

This Agreement ("Agreement") is entered into between the City of Des Moines, a Washington municipal corporation ("City") and Highline Water District, a Washington municipal corporation ("District") (individually a "Party" and collectively the "Parties"), for the purpose of describing the terms and conditions under which the District grants to the City the use of certain District property for recreational purposes.

RECITALS

1. On November 15, 1995, the Parties entered into an interlocal agreement ("1995 Agreement") for the use of certain District Property located at the District's North Hill Water Storage Tank, 505 S 208th St, Des Moines, WA 98198, for City Parks and Recreation purposes.
2. During the term of the 1995 Agreement the City, with the District's permission, installed playground and associated equipment on the District's property.
3. The 1995 Agreement was terminated by the Parties on March 1, 2005.
4. The Parties entered into a new interlocal agreement on April 20, 2005 ("2005 Agreement") for the use of a portion of the District's North Hill Water Storage Tank property ("Property") by the City for parks and recreational purposes. The 2005 Agreement provided that the term of the 2005 Agreement was for two years expiring on April 20, 2007 and, by agreement of the Parties, was extended for one additional year to April 20, 2008. The Parties then entered into another interlocal agreement on June 11, 2008 ("2008 Agreement") for the use of a portion of the Property by the City for parks and recreational purposes. The 2008 Agreement was for five years expiring on June 10, 2013. The Parties then entered into another interlocal agreement on June 11, 2013 ("2013 Agreement") for the use of a portion of the Property by the City for parks and recreational purposes. The 2013 Agreement was for five years expiring on June 10, 2018.
5. The Parties desire to enter into a revised interlocal agreement defining the terms and conditions under which the City will be authorized to continue to use the District Property.
6. The Parties are authorized pursuant to Chapter 39.33, the Intergovernmental Disposition of Property Act, and Chapter 39.34, the Interlocal Cooperation Act, to enter into agreements for the use of municipal property on such terms and conditions as may be mutually agreed upon by the Parties.

AGREEMENT

Now, therefore, in consideration of the mutual promises contained herein the Parties agree as follows:

1. **Grant of Use, Property Description.** The District grants to the City the use of its property, as generally located at 505 S 208th St, Des Moines, WA 98198, but not including the District's existing North Hill Water Storage Tank, pump station and associated mains, meters and appurtenances, gate and fencing, and landscaping within the fenced area situated on the northwest portion of the Property, on the terms and conditions contained in this Agreement.
2. **Terms and Termination.** The term of this Agreement is for five (5) years commencing from the date of June 11, 2018 and terminating on June 10, 2023, provided, this Agreement shall be automatically extended for one additional five (5) year period unless either Party at least ninety (90) days prior to the termination date of the Agreement provides written notice to the other Party of its intent to terminate the Agreement at the end of its then current term. Either Party may terminate this Agreement, including any extensions, at any time without cause by giving written notice to the other in accordance with paragraph 11 of this Agreement of intent to so terminate, at least ninety (90) days prior to the intended effective date of termination.
3. **Use of Property.** The Property shall be used for parks and recreational purposes only. The City may authorize groups, clubs or organizations to use the Property for purposes authorized by this Agreement.
4. **Acceptance of Premises, Capital / Other Improvements.** The City accepts the Property subject to this Agreement in its present condition "as is, where is" with all faults and defects and may complete at its own cost and expense any additional capital or other improvements deemed necessary by the City required to make the Property usable and safe for park and recreational purposes. Such improvements and their completion shall be subject to review and prior written approval of the District.
5. **District Responsibilities.** The District shall be responsible for maintaining the District's North Hill Water Storage Tank, pump station and associated mains, meters and appurtenances, gate and fencing, and landscaping within the fenced area situated on the northwest portion of the Property.
6. **City Responsibilities.** The City shall be responsible for maintaining the park landscaping outside of the District's fenced North Hill Water Storage Tank situated on the Property including seasonal irrigation, mowing, plant maintenance and weed abatement, regular safety evaluations and as needed repair of park equipment. The City shall also be responsible for litter control, and garbage disposal, provided however, that the City may delegate such responsibilities to a community organization or other community volunteers but shall remain primarily responsible for such duties and responsibilities under this Agreement.
7. **Insurance.** The City shall provide insurance coverage related to the use of the Property as a public park in amounts and with coverage satisfactory to the District. The City shall obtain and keep in force during the term of the Agreement, Commercial General Liability insurance policies with insurance companies which

have an A.M. Best's rating of A: VII or better and who are approved by the Insurance Commissioner of the State of Washington pursuant to Title 48 RCW.

Prior to the execution of this Agreement, the City shall file with the District either a certified copy of all policies with endorsements attached, or a certificate of insurance with endorsements attached as are necessary to comply with these specifications. Failure of the City to fully comply with the requirements regarding insurance will be considered a material breach of Agreement and shall be cause for immediate termination of the Agreement and of any and all District obligations, regarding same.

The insurance shall provide coverage for the City and shall specifically name the District and its elected and appointed officials, officers, employees, agents and volunteers as insureds under such coverage by endorsement to such insurance policies. The City shall provide the District with such endorsement at the time of the execution of this Agreement. The coverage so provided shall protect against claims from bodily injuries, including accidental death, as well as claims for property damage which may arise from any act or omission of the City, the City's employees, agents or by anyone directly or indirectly employed by either of them.

The insurance shall be maintained in full force and effect at the City's expense throughout the term of this Agreement.

The District shall be given at least thirty (30) days written notice of cancellation, nonrenewal, material reduction or modification of coverage. Such notice shall be by certified mail to the District.

The coverages provided by the City's insurance policies shall be primary to any insurance maintained by the District, except for losses attributable to the sole negligence of the District. Any insurance that might cover this Agreement which are maintained by the District shall be in excess of the City's insurance and shall not contribute with the City's insurances.

The General Aggregate provision of the City's insurance policies shall be amended to show that the General Aggregate Limit of the policies applies separately to this Agreement.

The City's insurance policies shall not contain deductibles or self-insured retentions in excess of \$10,000 unless approved by the District.

The City's insurance policies shall contain a provision that the District has no obligation to report events which might give rise to a claim until a claim has been filed with the District's Board of Commissioners.

Types and Limits of Insurance Required:

Commercial General Liability

- \$2,000,000 each occurrence Bodily Injury and Property Damage liability
- \$2,000,000 annual aggregate
- Employees and volunteers as Additional Insureds
- Premises and operations
- Broad form property damage including underground, explosion and collapse hazards (XCU)
- Products completed operations
- Blanket Agreement
- Subcontractors
- Personal injury with employee exclusion deleted
- Employers liability (Stop gap)

Automobile Liability

- \$2,000,000 per accident bodily injury and property damage liability, including
- Any owned automobile
- Hired automobiles
- Non-owned automobile

As an alternative to the above indicated Commercial General Liability and Umbrella Liability insurance policies the City may provide the District with an Owners and Citys Protective (OCP) policy with a limit of coverage of \$5,000,000. If the City provides an OCP policy, the City shall additionally provide the District with evidence that the City's Commercial General Liability policy has been endorsed adding the District, its elected and appointed officials, officers, employees, agents and volunteers as insureds for at least products completed operations coverage.

Providing of coverages in the stated amounts shall not be construed to relieve the City from liability in excess of such limits.

The City shall maintain Workers Compensation insurance and/or Longshore and Harbor Workers insurance (or Jones Act coverage for all employees eligible for same) as required by state or federal statute for all of the City's employees to be engaged in work on the Property under this Agreement and, in case any such work is sublet, the City shall require the contractor similarly to provide workers compensation insurance and/or longshore and harbor workers insurance (or Jones Act coverage) for

all of the contractor's employees to be engaged in such work. The City's Department of Labor & Industries account number shall be noted on the certificate of insurance. In the event any class of employees engaged in the work under this Agreement is not covered under Workers Compensation insurance or Longshore and Harbor Workers insurance (or Jones Act coverage) as required by state and federal statute, the City shall maintain and cause each contractor to maintain, Employers Liability insurance for limits of at least \$1,000,000 for each employee for disease or accident, and shall furnish the District with satisfactory evidence of such.

The City shall be solely and completely responsible for safety and safety conditions on the Property which is the subject of this Agreement, including the safety of all persons and property during performance of the work. Any observation by District employees in the review of the City's performance of this Agreement is not intended to include review of the adequacy of the City's work methods, equipment, bracing, scaffolding, or trenching, or safety measures on the Property. The City shall provide safe access for the District and its employees and agents to adequately observe the City's performance.

The City shall be solely and completely responsible to perform all work and furnish all materials in strict compliance with all applicable state, city, county and federal laws, regulations, ordinances, orders and codes. The City's attention is directed to the requirements of the Washington Industrial Safety and Health Act (WISHA), Chapter 49.17 RCW.

The coverage of the City's policy shall be sufficiently broad enough to insure the provisions of the indemnity and hold harmless provision set forth in Section 8 of this Agreement.

Nothing contained in these insurance requirements shall be construed as limiting the extent of the City's responsibility for payment of damages resulting from the City's operations under this Agreement.

The City's insurance requirements in Section 7, with the exception of the Jones Act coverage and the Longshore and Harbor Workers insurance requirements, shall be fulfilled by the City's membership in Washington Cities Insurance Authorities. Washington Cities Insurance Authority is a municipal insurance pool providing liability coverage.

8. Indemnification. City shall defend, indemnify and hold harmless the District, its elected and appointed officers, officials, employees, agents and volunteers from and against any and every claim and risk and all losses, damages, demands, suits, judgments and attorney fees, and other expenses of any kind, on account of injury to or death of any and all persons and/or on account of all property damage of any kind, whether tangible or intangible, including loss of use resulting therefrom, in connection with this Agreement, or caused or occasioned in whole or in part by reason of the presence of the City or its employees, agents, contractors, licensees, and invitees, or their property, employees or agents, upon or in proximity to the Property, except only for those losses, claims or

damages resulting solely from the negligence of the District, its officers, officials, employees and agents, or arising out of the maintenance, ownership, or use of the North Hill Water Storage Tank, pump station and associated mains, meters and appurtenances, gates, fencing, and landscaping located within the fenced area, on the northwest portion of the Property.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the City and the District, its officials, officers, employees and agents, the City's liability hereunder shall be only to the extent of the City's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes City's waiver of immunity under industrial insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the Parties.

If a lawsuit arises in respect to this Agreement, the City shall appear and defend that lawsuit at its own cost and expense, and if judgment is rendered or settlement made requiring payment of damages by the District, its elected or appointed officers, officials, employees, agents and volunteers, the City shall pay the same..

9. Right of Entry. The District reserves the right to enter the Property at reasonable times, with or without notice to the City, for the purpose of maintenance of the District's North Hill Water Storage Tank, pump station and associated mains, meters and appurtenances gate and fencing, facilities and landscaping within the fenced area situated on the northwest portion of the Property and activities associated with the statutory purpose of the District.

10. Removal of Park Equipment. At the termination of this Agreement, the City agrees to remove all playground and park equipment and other improvements on the Property ("Equipment") if so requested by the District or so desired by the City. If following the termination of this Agreement the District requests the City to remove the Equipment and the City fails to do so within sixty (60) days of the date of the District's request, the District shall have the right, but not the obligation, to remove the Equipment and the City shall reimburse the District for all costs and fees incurred to remove the Equipment.

11. Notices. Any written notice given by either party to the other under the provisions of, or with respect to, this Agreement, shall be delivered in person, or by certified or registered mail to the following addresses:

CITY	DISTRICT
City Manager City of Des Moines 21630 – 11 th Ave. South Des Moines, WA 98198-6398	General Manager Highline Water District 23828 30 th Ave S Kent, WA 98032

Or to such other address as each party hereto may notify the other.

12. Effective Date. This Agreement shall be effective ("Effective Date") on the last date that the Agreement has been approved and signed by all of the Parties.

IN WITNESS WHEREOF, the parties have entered into this Agreement as evidenced by their signatures below:

Dated this ____ day of _____, 2018.

HIGHLINE WATER DISTRICT
By direction of its Board of Commissioners
taken by Resolution _____.

Matt Everett
General Manager

Dated this ____ day of _____, 2018.

CITY OF DES MOINES
By direction of the Des Moines City
Council taken _____.

Michael Matthias
City Manager

APPROVED AS TO FORM this ____ day of
_____ 2018.

John W. Milne,
Attorney for Highline Water District

APPROVED AS TO FORM this ____ day
of _____ 2018.

Tim George
City Attorney
City of Des Moines

ATTEST:

City Clerk
City of Des Moines

THIS PAGE LEFT INTENTIONALLY BLANK

A G E N D A I T E M

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Repeal of the City's Commercial
Parking Tax

ATTACHMENTS:

1. Draft Ordinance No. 18-068

FOR AGENDA OF: June 28, 2018

DEPT. OF ORIGIN: Legal Department

DATE SUBMITTED: June 21, 2018

CLEARANCES:

- ☐ Community Development
- ☐ Marina
- ☐ Parks, Recreation & Senior Services
- ☐ Public Works

CHIEF OPERATIONS OFFICER: _____

- ☒ Legal *mf*
- ☒ Finance *Bau*
- ☐ Courts
- ☐ Police

APPROVED BY CITY MANAGER
FOR SUBMITTAL: *mm*

Purpose and Recommendation

The purpose of this agenda item is for City Council to repeal the City Commercial Parking Tax.

Suggested Motion

Motion 1: "I move to suspend Rule 26(a) in order to enact Draft Ordinance No. 18-068 on first reading."

Motion 2: "I move to enact Draft Ordinance No. 18-068, repealing chapter 5.68 DMMC, *Commercial Parking Tax*".

Background

The state authorizes cities, pursuant to chapter 82.80 RCW, to impose a parking tax on persons conducting commercial parking businesses within the City. The tax proceeds are required to be used for transportation purposes or for transportation improvements as defined by state law.

In 2004, the City Council enacted Ordinance No. 1353 under the authority granted by the state, establishing a commercial parking tax. Ordinance No. 1353 is codified at chapter 5.68 DMMC. The Ordinance was enacted anticipating that so-called “park and fly” operations could create a considerable toll on the City’s transportation infrastructure and the tax was imposed as a means to help maintain the City’s facilities. As required by State law, the tax revenues were to be deposited into the City street fund for transportation purposes or improvements.

Currently, there are only two entities in the City subject to the commercial parking tax. One hotel is charging for overnight parking and is subject to the commercial parking tax at a rate of ten percent (10%). The other entity subject to the tax is the Des Moines Marina, which charges an hourly rate for parking, which is taxed at a rate of twenty-five percent (25%). The Marina paid parking program was intended to provide revenue for capital improvements benefitting the Marina, the replacement of the North bulkhead being the first in time and most urgent.

Discussion

The intent of the City Council was for the proceeds of the Marina paid parking program to be placed into the general fund and to be used for capital improvements for the benefit of the Marina. The effect of the commercial parking tax is to sequester twenty-five percent (25%) of these revenues into the street fund where the revenues can only be used for transportation purposes or improvements. This restriction may make it more difficult or impossible to use these Marina parking revenues for their intended purpose.

Repealing the commercial parking tax would eliminate this unanticipated restriction on a portion of Marina parking revenues, allowing the City to more effectively pursue the goal of replacing the North bulkhead. Repealing the tax may also be seen by the business community as another measure taken by the City Council to promote a business-friendly environment in the City.

Alternatives

The City Council may:

1. Pass the proposed Draft Ordinance as written.
2. Decline to pass the proposed Draft Ordinance.
3. Enact the proposed Draft Ordinance with modifications. Modifications could include, but are not limited to:
 - a. Repealing the hourly parking tax and maintaining the overnight parking tax.
 - b. Maintaining the hourly and overnight parking tax but exempting the City from the tax.

Financial Impact

If this Ordinance is enacted, the City’s street fund will no longer receive revenue from the tax imposed on overnight parking at the hotel. The amount of revenue lost is currently estimated to be \$8,000.00 annually. There will be no net financial impact on Marina parking receipts, as the tax had only served to divert funds from the general fund to the street fund.

Recommendation

Staff recommends that the City Council enact Draft Ordinance No. 18-068 as written.

CITY ATTORNEY'S FIRST DRAFT 06/19/2018**DRAFT ORDINANCE NO. 18-068**

AN ORDINANCE OF THE CITY OF DES MOINES, WASHINGTON relating to revenue and finance and repealing chapter 5.68 DMMC, *Commercial Parking Tax*.

WHEREAS, Ordinance No. 1353, passed by the City Council on November 23, 2004, imposed a new tax upon commercial parking, set the tax rate, specified administration and enforcement, prescribed penalties for delinquency and non-compliance, provided for appeal, added a new chapter to Title 5 DMMC, and established an effective date, and

WHEREAS, RCW 82.80.030 restricts the use of revenue generated by the commercial parking tax to transportation purposes in accordance with RCW 82.80.070 or transportation improvements in accordance with chapter 36.73 RCW, and

WHEREAS, the City's paid parking program at the Marina is intended to provide funding for capital improvements at the Marina, including replacement of the North bulkhead, and

WHEREAS, the commercial parking tax diverts Marina parking revenue intended for capital improvements at the Marina from the general fund to the street fund, dedicated to specific transportation purposes, and

WHEREAS, the sequestration of these funds is incompatible with the purpose for which they are collected, and

WHEREAS, the City Council finds that the repeal of chapter 5.68 DMMC is appropriate and necessary for the preservation of the public health, safety, and general welfare; now therefore,

THE CITY COUNCIL OF THE CITY OF DES MOINES ORDAINS AS FOLLOWS:

Sec. 1. Repealer. Chapter 5.68 DMMC and sections 1 through 11 of Ordinance No. 1353 are repealed.

Ordinance No. ____
 Page 2 of 2

Sec. 2. Severability - Construction.

(1) If a section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid for any reason by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance.

(2) If the provisions of this Ordinance are found to be inconsistent with other provisions of the Des Moines Municipal Code, this Ordinance is deemed to control.

Sec. 3. Effective date. This Ordinance shall take effect and be in full force five (5) days after its final passage by the Des Moines City Council in accordance to law.

PASSED BY the City Council of the City of Des Moines this ____ day of ____, 2018 and signed in authentication thereof this ____ day of ____, 2018.

 M A Y O R

APPROVED AS TO FORM:

 City Attorney

ATTEST:

 City Clerk

Published: _____

AGENDA ITEM

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Transportation Gateway Project:
S. 216th Street Segment 3 Improvements
Right-of-Way Acquisitions
Parcel #082204-9132, Sophia Kollias
Parcel #082204-9013, Jeffery Johnson

ATTACHMENTS:

1. Sophia Kollias (Plan #11) Statutory Warranty Deed, Temporary Construction Easement and Voucher
2. Jeffery and Shannon Johnson (Plan #25) Temporary Construction Easement and Voucher
3. Status ROW Acquisition - Graphic
4. CIP Budget S. 216th St Segment 3

AGENDA OF: June 28, 2018

DEPT. OF ORIGIN: Public Works

DATE SUBMITTED: June 21, 2018

CLEARANCES:

- [X] Community Development *DEL for Susan Cezar*
 [] Marina N/A
 [] Parks, Recreation & Senior Services N/A
 [X] Public Works *PBC*

CHIEF OPERATIONS OFFICER: _____

- [X] Legal *LG*
 [X] Finance *Baw*
 [] Courts N/A
 [] Police N/A

APPROVED BY CITY MANAGER
FOR SUBMITTAL: *[Signature]*

Purpose and Recommendation:

The purpose of this agenda item is to seek City Council approval for establishment of utility and temporary construction easements to construct S. 216th Street Improvements consistent with the Right of Way Plan for properties fronting the street. The following motions will appear on the Consent Calendar:

Suggested Motions:

1. "I move to approve and accept a Statutory Warranty Deed (94 SF) and Temporary Construction Easement (333 SF) on Parcel Number #082204-9132, owned by Sophia Kollias and provide compensation to the owner of \$1,334.80 for the Warranty Deed, \$472.86 for the Temporary Construction Easement and \$40.00 for property damage, totaling **\$1,888.00** (rounded), plus reasonable closing costs, and authorize the City Manager to sign the Easement and Real Property Voucher Agreement substantially in the form submitted."
2. "I move to approve and accept a Temporary Construction Easement (177 SF) on Parcel #082204-9013, owned by Jeffery and Shannon Johnson and provide compensation to the owners of \$358.67 (324 SF) for the Temporary Construction Easement, and \$428.00 for all damages totaling **\$787.00** (rounded), and authorize the City Manager to sign the Temporary Construction Easement and Real Property Voucher substantially in the form submitted."

Background:

In order to facilitate the widening of the S. 216th Street, Segment #3 of the Transportation Gateway Project, CIP Project #319.334, easements are necessary to secure property for placement of underground utilities, walls, slopes and sidewalks. The requested action is consistent with the Council motion of January 16, 2018 approving the ROW plan and the start of the right of way acquisition phase for the improvements. Segment 3 is the last link for the S. 216th Street improvements west of State Route 99, collectively known as the City of Des Moines Transportation Gateway Project.

Discussion:

Design of this project is 85% complete including the SEPA Declaration of Non-Significance (DNS) issued on November 8, 2017. KPG's licensed surveyor has prepared legal descriptions and the right of way plan, with minor modifications, is consistent with that endorsed by the City Council on January 11, 2018. The deed and easements are included in Attachment 1 & 2. The deed is required to clear title to required right of way adjoining Parcel 11 on 13th Avenue S. The easements permit the City, and its assigns, to access the properties, install and maintain utilities, sidewalks, fences and other related improvements as well as authorize the owners to make use of these properties where there are no conflicts (i.e. landscaping, access, etc.). Property owner compensation associated with this City Council request totals **\$2,675**.

Individual meetings have been held with the owner including discussions of how best to coordinate plans and construction, presentation of offers, and making settlements.

Notwithstanding minor design changes, there are 27 properties adjoining the project. Three of these properties are city owned, eight require only construction licenses to enter properties and match the improvements. Sixteen (16) properties require easements or fee simple acquisitions that are subject to compensation and acceptance by the City Council. Including the easements herein, permanent property rights have been acquired on 11 of the 16 properties referenced above. The other settlements will be subsequently forwarded to the Council as offers are accepted by the owners.

Attachment 4 illustrates the status of ROW acquisition. Time is of the essence as these acquisitions and/or property possession is required prior to bidding the project in the 4th quarter of 2018, followed by construction in the first quarter of 2019.

The City will match said improvements to all adjacent properties. The City will also agree to maintain access to these properties during construction and will restore the properties as close to the “before” condition as possible. Consistent with other Gateway Project improvements, City’s contract will underground all overhead electrical and communication lines along the corridor, including some secondary service connections where needed to avoid construction delays and cost increases.

Alternatives:

The final design and alignment for the roadway requires these easements. An effort was made to only require easements where there was inadequate right of way to accommodate the improvements. Other alternatives are currently unavailable.

Financial Impact:

Funds for acquisition of this easement were approved as part of the City of Des Moines 2018 budget (Attachment 4). These acquisitions are funded, in part, by a grant from the Washington State Transportation Improvement Board.

Recommendation/Conclusion:

Staff recommends the Council approve the proposed motions.

Concurrence:

The Legal, Finance, and Planning, Building, and Public Works Department concur.

THIS PAGE LEFT INTENTIONALLY BLANK

After Recording, Return to:
CITY OF DES MOINES
ATTN: CITY ATTORNEY
21630 11th Avenue South, Suite C
Des Moines, WA 98198

STATUTORY WARRANTY DEED

Grantors:	Sophia Kollias
Grantee:	City of Des Moines, a municipal corporation of the State of Washington
Abbreviated Legal Description:	PTN SEC 8 TWP 22N RGE 4E QTR NE QTR, KING COUNTY
Additional Legal(s)	Exhibit A and A-1, attached hereto and made part of
Assessor's Tax Parcel ID#:	

Transportation Gateway Project
South 216th Street Improvement, Segment 3
11th Ave S. to 20th Ave S.

THE GRANTOR(S), **Sophia Kollias, as her separate estate**, for and in consideration of sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, hereby conveys and warrants to the **City of Des Moines, a Washington municipal corporation of the State of Washington**, its successors and assigns, under the imminent threat of the Grantee's exercise of its rights of Eminent Domain per Chapter 8.12 RCW, for the use of the public, the real property described and attached hereto as Exhibit A and illustrated and attached hereto as Exhibit A-1, situated in City of Des Moines, in King County, Washington.

Also, the Grantor requests the Assessor and Treasurer of said County to set over to the remainder of Tax Parcel No.082204-9132-04, the lien of all unpaid taxes, if any, affecting the real estate herein conveyed, as provided by RCW 84.60.070

DATED this 18th day of June, 2018.

GRANTOR(S):

Sophia Kollias

Sophia Kollias

GRANTEE:

CITY OF DES MOINES,
a Washington municipal corporation

By: Michael Matthias, City Manager

Date: _____

*At the direction of the Des Moines City Council during open public meeting on the
___ day of _____, 2018.*

APPROVED as to form only:

Tim George, City Attorney

Date _____

STATE OF WASHINGTON }
 } SS.
 COUNTY OF KING }

I hereby certify that I know or have satisfactory evidence that Sophia Kollias are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it to be her free and voluntary, act for the uses and purposes mentioned in this instrument.



Dated: June 18, 2018
 Signature: [Signature]
 Notary Public in and for the WA
 Notary (print name): Sonja Y Davis
 Residing at: Kirkland
 My appointment expires: 12/20/2018

STATE OF WASHINGTON }
 } SS.
 COUNTY OF KING }

This instrument was acknowledged before me on _____ (date of acknowledgment) Michael Matthias as City Manager, City of Des Moines, a State of Washington municipal corporation, on behalf of said corporation.

Dated: _____
 Signature: _____
 Notary Public in and for the State of Washington
 Notary (print name): _____
 Residing at: _____
 My appointment expires: _____

EXHIBIT A
PARCEL NO. 082204-9132
RIGHT OF WAY ACQUISITION

THAT PORTION OF THE HEREINAFTER DESCRIBED PARCEL "A", DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID PARCEL "A", SAID CORNER ALSO BEING THE INTERSECTION OF THE NORTH MARGIN OF SOUTH 216TH STREET AND THE WEST MARGIN OF 13TH AVENUE SOUTH;

THENCE NORTH 87° 51' 30" WEST ALONG SAID NORTH MARGIN, 13.99 FEET;

THENCE NORTH 47° 08' 30" EAST, 19.09 FEET TO SAID WEST MARGIN;

THENCE SOUTH 00° 03' 20" WEST ALONG SAID WEST MARGIN, 13.51 FEET TO THE POINT OF BEGINNING.

CONTAINING 94 SQUARE FEET, MORE OR LESS.

PARCEL "A":

(PER FIRST AMERICAN TITLE COMPANY ORDER NO. 2724905, DATED DECEMBER 11, 2017)

THE SOUTH 113 FEET OF THE EAST 118 FEET OF THE WEST 629.5 FEET OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 22 NORTH, RANGE 4 EAST, W.M., IN KING COUNTY, WASHINGTON;

EXCEPT COUNTY ROAD.

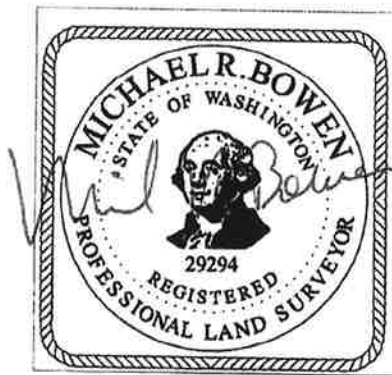
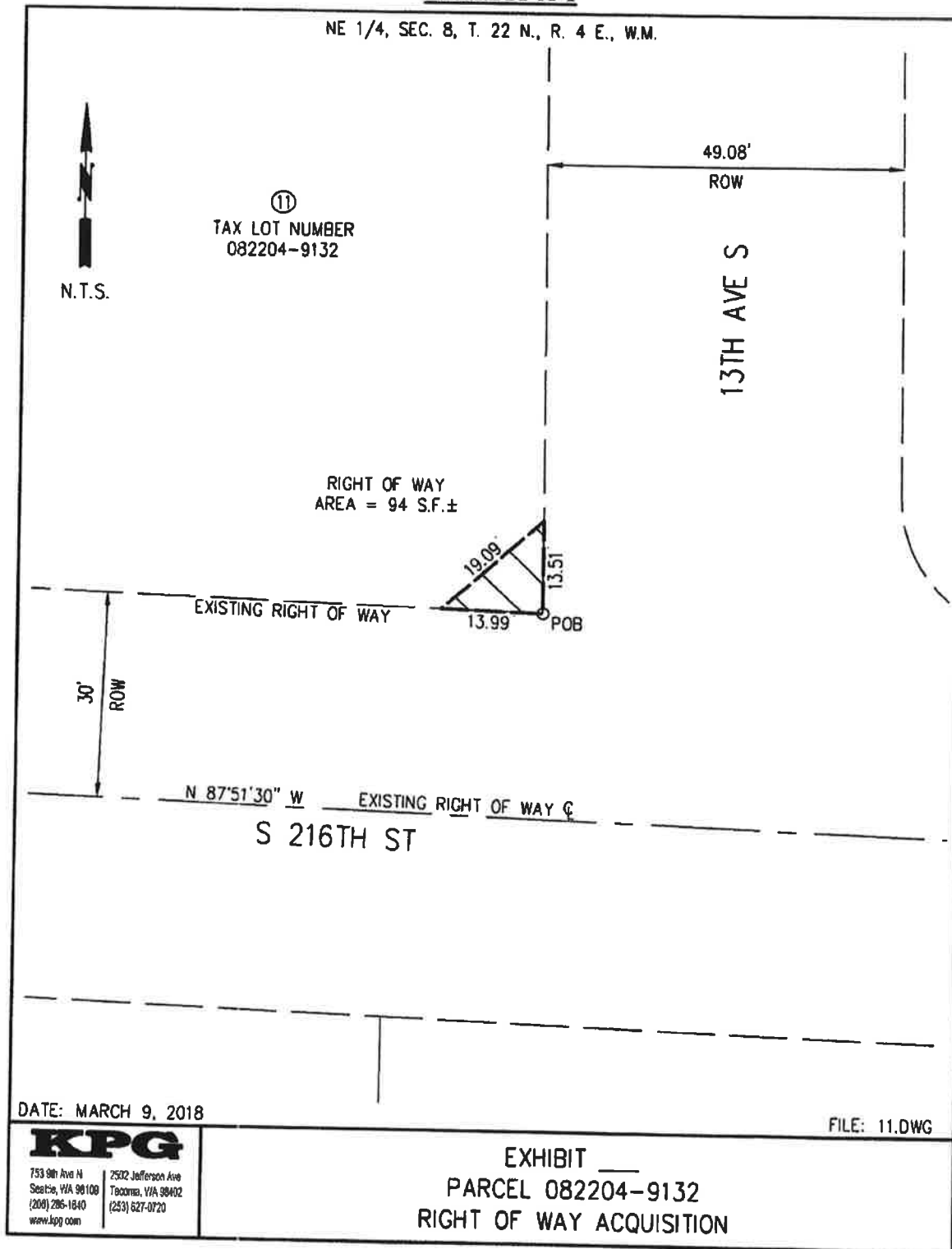


EXHIBIT A-1

Return Address:
 City of Des Moines
 Attn: City Attorney
 21630 11th Avenue So., Suite C
 Des Moines, WA 98198-6398

TEMPORARY CONSTRUCTION EASEMENT/RIGHT OF ENTRY

Grantors:	Sophia Kollias
Grantee:	City of Des Moines, a municipal corporation of the State of Washington
Abbreviated Legal Description:	PTN SEC 8 TWP 22N RGE 4E QTR NE QTR, KING COUNTY
Additional Legal(s)	Exhibit A
Assessor's Tax Parcel ID#:	082204-9132-04

Transportation Gateway Project
South 216th Street Improvement, Segment 3
11th Ave S. to 20th Ave S.

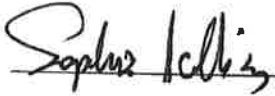
THIS TEMPORARY CONSTRUCTION EASEMENT AGREEMENT, made this _____ day of _____, 2018, by and between **Sophia Kollias, as her separate estate** ("Grantors" herein), and the **CITY OF DES MOINES, a municipal corporation of the State of Washington**, ("Grantee" herein),

In consideration of the transportation, sidewalk, utility and general improvements planned to occur immediately on or adjacent to property that is subject to this easement as a result of the above South 216th Street Improvement, the Grantor(s) hereby grants to the Grantee, its contractors, employees, agents, successors and assigns the right to enter upon land known as King County Assessor's Parcel Number 082204-9132-04 located adjacent to S. 216th St, Des Moines, WA 98198, as required for the purpose of placing personnel and equipment on said premises to re-construct driveway access, restore fences, utility services, mailboxes, plantings, walls and/or walkways to match newly constructed roadway and sidewalk grades within right of way as shown in the plans and specifications found on file with the City Engineer of the Grantee.

SPECIAL STIPULATIONS

1. This easement shall remain in force until such time as the construction of street improvements has been accepted for operation and maintenance by the Grantee. Specific details concerning the public street improvements may be found on maps, plans, and specifications on file with Grantee's City Engineer.
2. Grantee, its agents and assigns, will notify Grantor their agents, successors, and assigns, of its construction schedule, and will, to the greatest extent practicable, schedule the construction activity so as to minimize any inconvenience to the property and business operations. The Grantee agrees to require that the Contractor implement a City approved traffic control plan that maintains 24 hour business access to S. 216th Street.
3. The Grantee agrees, to the extent practicable, to leave the property in as good condition as existed on the day construction commenced. This shall include the timely removal of any and all debris, rubbish or combustible material resulting from construction activities.
4. Compensation: Grantor acknowledges that the property and/or property rights conveyed herein are in consideration for benefits to be derived by matching the roadway improvements with the Grantor's property.
5. Grantor authorizes and appoints Grantee as its agent and attorney-in-fact to make application for any and all permits required to complete the project.
6. The rights herein granted shall include all incidental rights, including but not limited to, rights of ingress and egress necessary to properly perform the work indicated for construction of the project. Grantee and those entitled to exercise the rights granted herein shall exercise all due diligence in their activities upon the property. Grantee hereby agrees to indemnify and hold harmless Grantor against and from any and all liability for losses, damages and expenses on account of damage to property or injury to persons resulting from or arising out of the rights herein granted to Grantee and/or its contractors, employees, agents, successors or assigns.
7. The termination date for this easement shall be by the physical completion date of the project or not later than December 31, 2021 whichever occurs first.

DATED this 18 day of June, 2018.

GRANTOR(S):**Sophia Kollias**

GRANTEE:

CITY OF DES MOINES,
a Washington municipal corporation

 By: Michael Matthias, City Manager

 Date:

*At the direction of the Des Moines City Council during open public meeting on the
 ___ day of _____, 2018.*

APPROVED as to form only:

 Tim George, City Attorney

 Date

STATE OF WASHINGTON }
 } SS.
 COUNTY OF KING }

I hereby certify that I know or have satisfactory evidence that Sophia Kollias are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it to be her free and voluntary, act for the uses and purposes mentioned in this instrument.

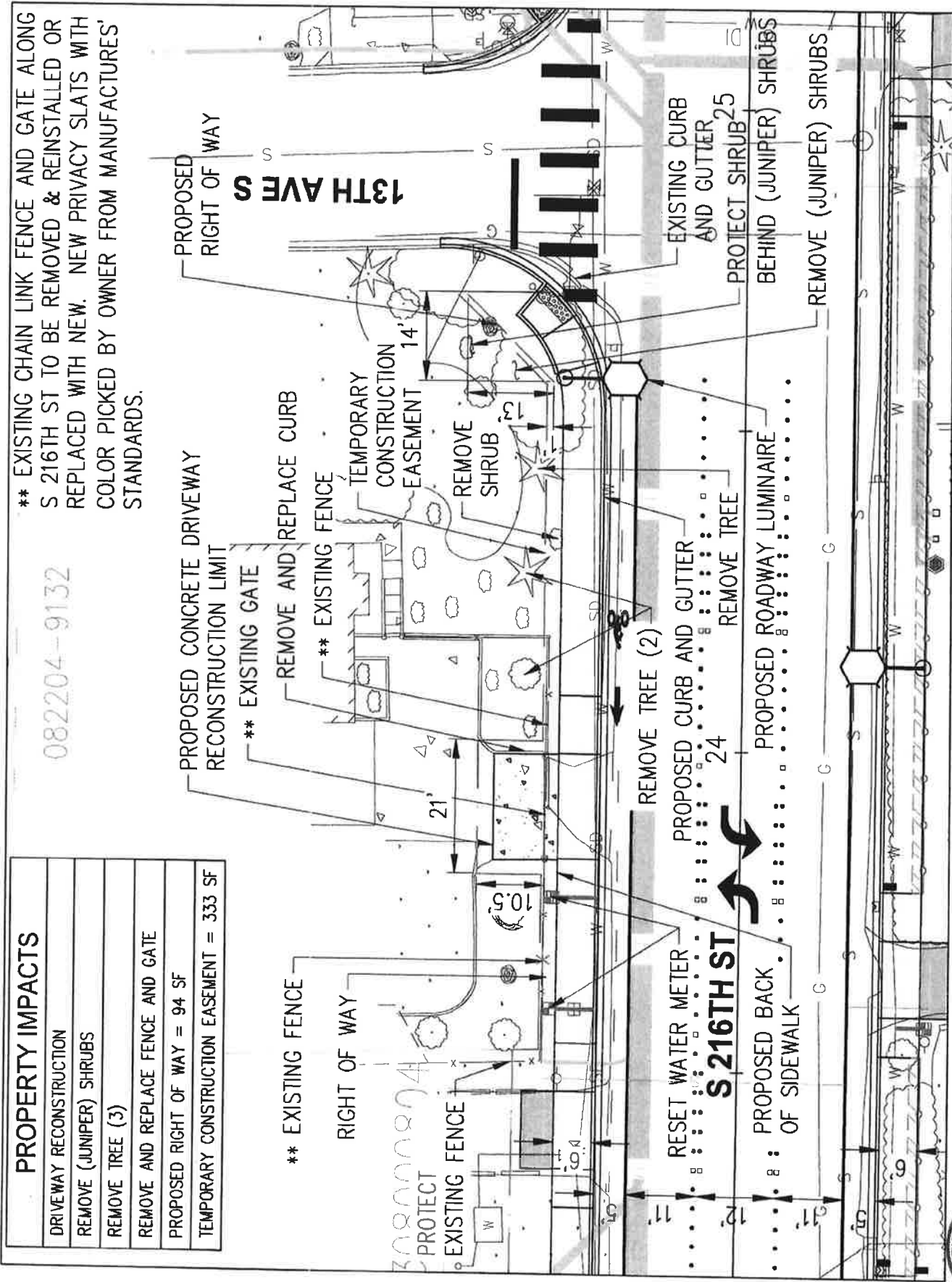


Dated: 6/21/2018
 Signature: [Signature]
 Notary Public in and for the WA
 Notary (print name): Sonja Y. Davis
 Residing at: Kirkland
 My appointment expires: 12/20/2018

STATE OF WASHINGTON }
 } SS.
 COUNTY OF KING }

This instrument was acknowledged before me on _____ (date of acknowledgment) Michael Matthias as City Manager, City of Des Moines, a State of Washington municipal corporation, on behalf of said corporation.

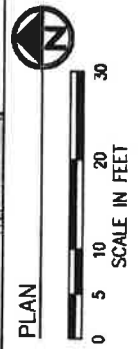
Dated: _____
 Signature: _____
 Notary Public in and for the State of Washington
 Notary (print name): _____
 Residing at: _____
 My appointment expires: _____



KPG
Interdisciplinary Design
3131 East Ave
Suite 400
Tacoma, WA 98402
Phone: (253) 571-5720
Fax: (253) 265-1490
www.kpg.com

PRELIMINARY

ULYSSES & SOPHIA KOLLIAS 11
21467 13TH AVE S
S 216TH ST-SEGMENT 3
APRIL 2018



REAL PROPERTY VOUCHER AGREEMENT

AGENCY NAME City of Des Moines Public Works Department 21630 11 th AVE South, Suite C Des Moines, WA 98198 Phone: (206) 870-6522		I hereby agree to the terms and conditions listed below and hereby certify under penalty of perjury that the items and amounts listed herein are proper charges, that the same or any part thereof has not been paid, and that I am authorized to sign for the Claimant: <i>(Sign in Ink)</i>	
GRANTOR or CLAIMANT Sophia Kollias 21467 13 th Ave S Des Moines, WA 98198		By: <u>Sophia Kollias</u> Owner/Authorized Representative Date: <u>6/18/18</u>	
Re: Transportation Gateway Project, South 216 th Street, Segment 3 – (11 th Ave S. to 20 th Ave S.)		TAX PARCEL NUMBER: 082204-9132 PROJECT PARCEL NUMBER: 11	
In Full, Complete and Final Payment and Settlement for the Title or Interest Conveyed or Released, as Fully Set Forth In Attached Documents: Warranty Deed Date: <u>6/18/18</u> Temporary Construction Easement Date: <u>6/18/18</u>			AMOUNT
For All Lands Convey: Fee Acquisition Temporary Construction Easement: 333SF @ 14.20/SF @ 10% For All Improvements: For All Damages: Shrub \$40 ea. Less Special Benefits: Statutory Evaluation Allowance			+ \$ + \$ 1,334.80 + \$ 472.86 + \$ + \$ 40.00 + \$
JUST COMPENSATION			\$ 1,888.00(r)
Legal / Administrative: Other Items: Deductions:			+ \$
FINAL SETTLEMENT			\$ 1,888.00
SUBTOTAL			\$
TOTAL AMOUNT TO BE PAID:			\$ 1,888.00
Right-of-Way Agent: Sonja Davis <u>Sonja Davis</u> By: <u>6/18/18</u> Date			
The City of Des Moines agrees to the terms and conditions listed above. By: _____ Date: _____			

THIS PAGE LEFT INTENTIONALLY BLANK

Attachment #2

Return Address:
 City of Des Moines
 Attn: City Attorney
 21630 11th Avenue So., Suite C
 Des Moines, WA 98198-6398

TEMPORARY CONSTRUCTION EASEMENT/RIGHT OF ENTRY

Grantors:	Jeffrey R. Johnson & Shannon M. Johnson
Grantee:	City of Des Moines, a municipal corporation of the State of Washington
Abbreviated Legal Description:	PTN NW, NE1/4, SE ¼, 8-22 NORTH 4EAST
Additional Legal(s)	Exhibit A
Assessor's Tax Parcel ID#:	082204-9013

Transportation Gateway Project
South 216th Street Improvement, Segment 3
11th Ave S. to 20th Ave S.

THIS TEMPORARY CONSTRUCTION EASEMENT AGREEMENT, made this _____ day of _____, 2018, by and between **Jeffrey R. Johnson and Shannon M. Johnson, husband and wife** ("Grantors" herein), and the **CITY OF DES MOINES, a municipal corporation of the State of Washington**, ("Grantee" herein),

In consideration of the transportation, sidewalk, utility and general improvements planned to occur immediately on or adjacent to property that is subject to this easement as a result of the above South 216th Street Improvement, the Grantor(s) hereby grants to the Grantee, its contractors, employees, agents, successors and assigns the right to enter upon land known as King County Assessor's Parcel Number 082204-9013 located adjacent to S. 216th St, Des Moines, WA 98198, as required for the purpose of placing personnel and equipment on said premises to re-construct driveway access, restore fences, utility services, mailboxes, plantings, walls and/or walkways to match newly constructed roadway and sidewalk grades within right of way as shown in the plans and specifications found on file with the City Engineer of the Grantee.

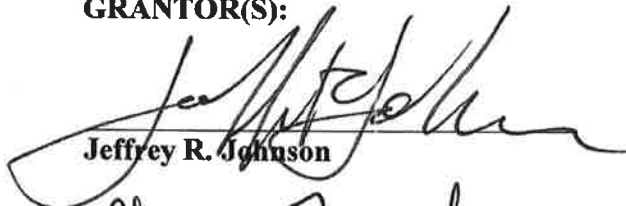
SPECIAL STIPULATIONS

1. This easement shall remain in force until such time as the construction of street improvements has been accepted for operation and maintenance by the Grantee. Specific details concerning the public street improvements may be found on maps, plans, and specifications on file with Grantee's City Engineer.
2. Grantee, its agents and assigns, will notify Grantor their agents, successors, and assigns, of its construction schedule, and will, to the greatest extent practicable, schedule the construction activity so as to minimize any inconvenience to the property and business operations. The Grantee agrees to require that the Contractor implement a City approved traffic control plan that maintains 24 hour business access to S. 216th Street.
3. The Grantee agrees, to the extent practicable, to leave the property in as good condition as existed on the day construction commenced. This shall include the timely removal of any and all debris, rubbish or combustible material resulting from construction activities.
4. The Grantee plans to underground overhead electrical and communication lines adjacent to the Grantor's property as part of the Grantee's construction contract. Secondary conversions to connect overhead utilities to the Grantor's property may be required. According to RCW 35.96, and DMMC 12.48, the Grantor is responsible for all costs associated with said secondary conversions of undergrounding utilities on private property. In consideration of the disruption associated with this license, and the need for timely execution of a construction contract, if and when awarded by the Grantee, the Grantee agrees to require its contractor to schedule and coordinate with the Grantor to underground secondary overhead utilities on the Grantor's property via digging a utility trench and installing said communications and electrical wiring in a direct and mutually agreeable manner between the point of primary connection to the existing secondary exterior terminal connections owned by the utility servicing the property.
5. Compensation: Grantor acknowledges that the property and/or property rights conveyed herein are in consideration for benefits to be derived by matching the roadway improvements with the Grantor's property.
6. Grantor authorizes and appoints Grantee as its agent and attorney-in-fact to make application for any and all permits required to complete the project.
7. The rights herein granted shall include all incidental rights, including but not limited to, rights of ingress and egress necessary to properly perform the work indicated for construction of the project. Grantee and those entitled to exercise the rights granted herein shall exercise all due diligence in their activities upon the property. Grantee hereby agrees to indemnify and hold harmless Grantor against and from any and all liability for losses, damages and expenses on account of damage to property or injury to persons resulting from or arising out of the rights herein granted to Grantee and/or its contractors, employees, agents, successors or assigns.

8. The termination date for this easement shall be by the physical completion date of the project or not later than December 31, 2021 whichever occurs first.

DATED this 13 day of June, 2018.

GRANTOR(S):


 Jeffrey R. Johnson

 Shannon M. Johnson

GRANTEE:

CITY OF DES MOINES,
 a Washington municipal corporation

 By: Michael Matthias, City Manager

 Date:

*At the direction of the Des Moines City Council during open public meeting on the
 ___ day of _____, 2018.*

APPROVED as to form only:

 Tim George, City Attorney

 Date

STATE OF WASHINGTON }
 } SS.
 COUNTY OF KING }

I hereby certify that I know or have satisfactory evidence that Jeffery R. and Shannon M. Johnson, are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged it to be their free and voluntary, act for the uses and purposes mentioned in this instrument.

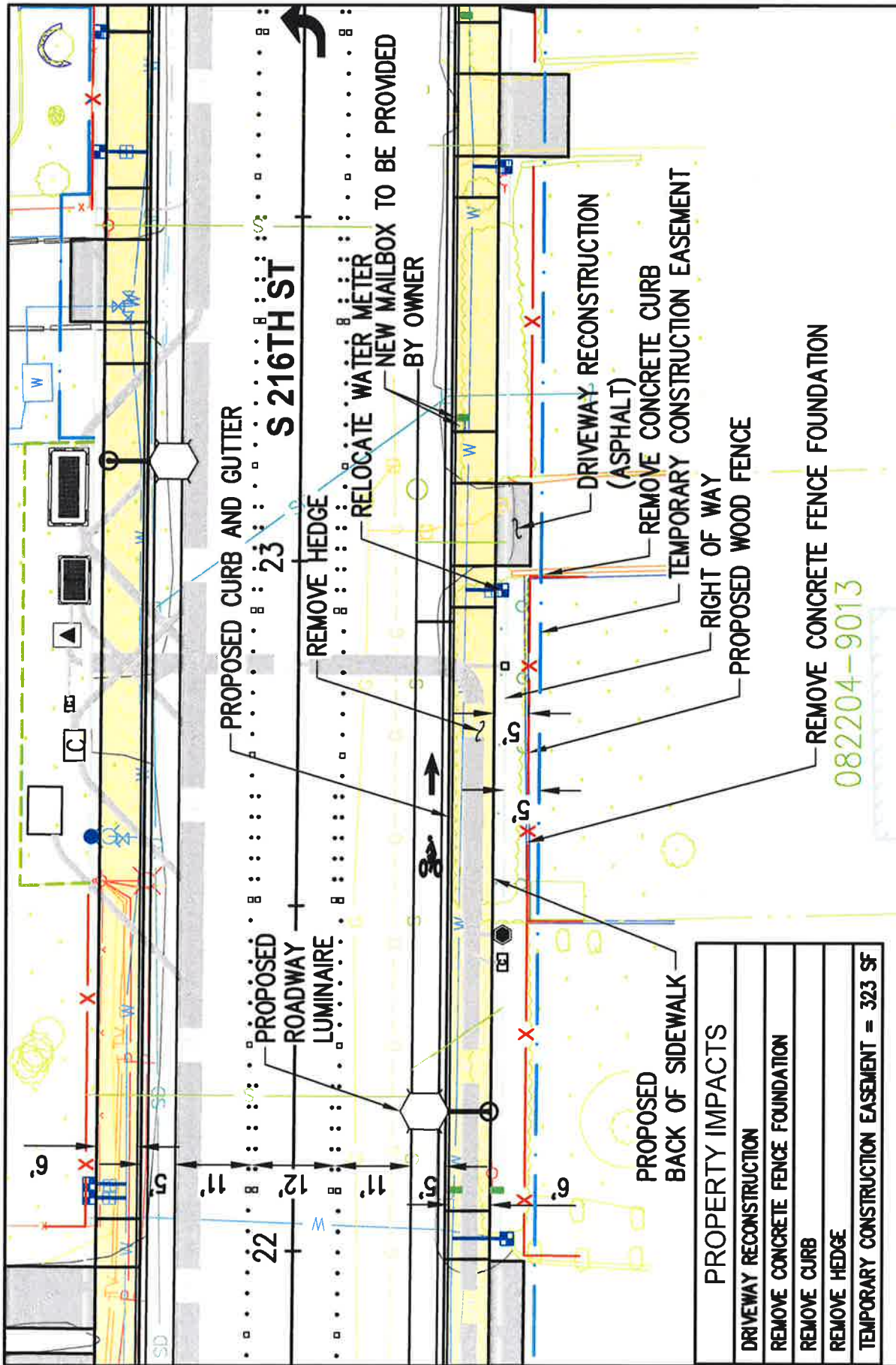


Dated: 6/13/2018
 Signature: [Handwritten Signature]
 Notary Public in and for the WA
 Notary (print name): Sonja Y Davis
 Residing at: Kirkland
 My appointment expires: 12/20/2018

STATE OF WASHINGTON }
 } SS.
 COUNTY OF KING }

This instrument was acknowledged before me on _____ (date of acknowledgment)
 Michael Matthias as City Manager, City of Des Moines, a State of Washington municipal corporation, on behalf of said corporation.

Dated: _____
 Signature: _____
 Notary Public in and for the State of Washington
 Notary (print name): _____
 Residing at: _____
 My appointment expires: _____

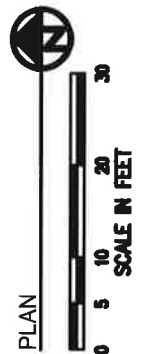


KPG
 Interdisciplinary Design
 3131 E 60th Ave
 Suite 400
 Aurora, CO 80017
 (303) 656-1600 | www.kpg.com

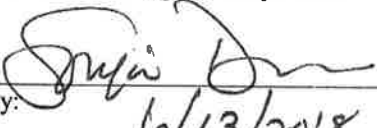
PRELIMINARY

JEFFREY & SHANNON JOHNSON (25)

1225 S 216TH ST
 S 216TH ST-SEGMENT 3
 JUNE 2018



REAL PROPERTY VOUCHER AGREEMENT

AGENCY NAME City of Des Moines Public Works Department 21630 11 th AVE South, Suite C Des Moines, WA 98198 Phone: (206) 870-6522		I hereby agree to the terms and conditions listed below and hereby certify under penalty of perjury that the items and amounts listed herein are proper charges, that the same or any part thereof has not been paid, and that I am authorized to sign for the Claimant: <i>(Sign in Ink)</i>	
GRANTOR or CLAIMANT Jeffrey & Shannon Johnson 1225 S. 216 th St Des Moines, WA 98198		By:  Owner/Authorized Representative Date: <u>6-13-18</u>	
Re: Transportation Gateway Project, South 216 th Street, Segment 3 – (11 th Ave S. to 20 th Ave S.)		TAX PARCEL NUMBER: 082204-9013 PROJECT PARCEL NUMBER: 25	
In Full, Complete and Final Payment and Settlement for the Title or Interest Conveyed or Released, as Fully Set Forth In Attached Documents: Temporary Construction Easement Date: <u>6/13/2018</u>			AMOUNT
For All Lands Convey:			+ \$
Permanent Wall Easement:			+ \$
Permanent Utility Easement:			+ \$
Temporary Construction Easement: 324SF @ 11.07/SF @ 10%			+ \$ 358.67
For All Improvements:			+ \$
For All Damages: Laurel Hedges larges \$165 ea. And mail box \$263.00 ea.			+ \$ 428.00
Less Special Benefits:			+ \$
Statutory Evaluation Allowance			
JUST COMPENSATION			\$ 787.00 (r)
Legal / Administrative:			+ \$
Other Items:			
Deductions:			
FINAL SETTLEMENT			\$ 787.00
SUBTOTAL			\$
TOTAL AMOUNT TO BE PAID:			\$ 787.00
Right-of-Way Agent: Sonja Davis  By: _____ Date: <u>6/13/2018</u>			
The City of Des Moines agrees to the terms and conditions listed above.			
By: _____ Date: _____			



City of Des Moines
Geographic Information
System

South 216th Street
Segment 3 Improvements

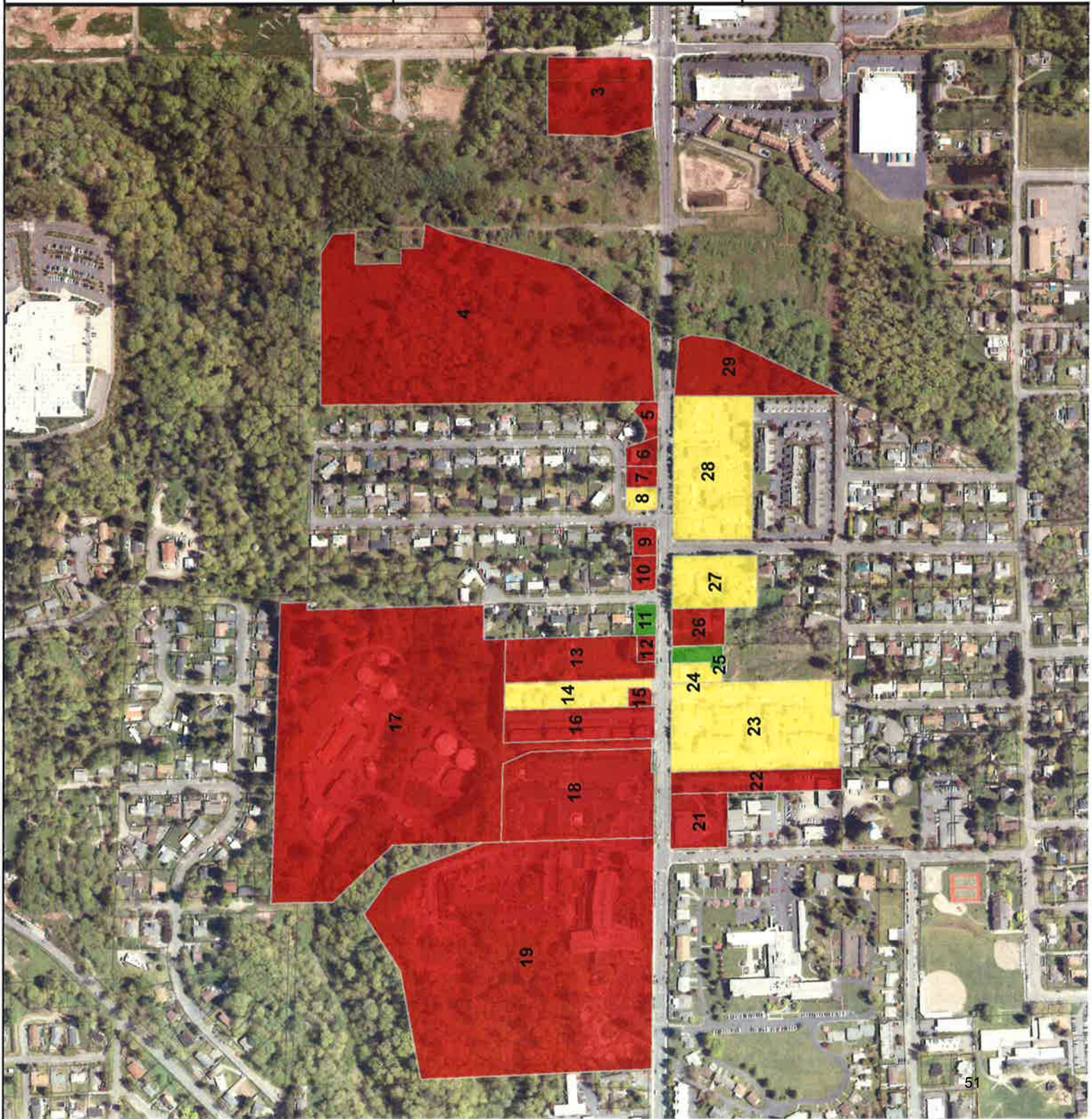
11th Avenue S to 20th Avenue S
ROW Acquisition Status
6/29/2018

51

- Complete
- Pending
- Planned



Des Moines
Transportation
21650 11th Ave S
Des Moines, WA 98198-6398
PHONE: (206) 870-7576 • FAX: (206) 870-6544
WEB: <http://www.desmoineswa.gov>
Map Generated: 21 June, 2018
©2018 City of Des Moines GIS
File: R:\GIS\9803725\Segment3Improvements18.mxd



THIS PAGE LEFT INTENTIONALLY BLANK

GL Account Number	Vendor #	TOTAL PROJECT SCOPE			ACTUAL EXPENDITURES			BUDGET		PROJECT BUDGET ALLOCATIONS BY YEAR				
		Expenditures	1/1/18 Current CIP Budget	2018 CIP Supplemental Request	2018 Revised CIP Budget Estimate	Project to Date 12/31/17	Project To Date 3/31/2018	2018 Year to Date 3/31/2018	2018 Remaining	Estimated Year End 2018	Planned Year 2019	Planned Year 2020	Planned Year 2021	Planned Year 2022
		Design												
319.334.040-595.10-65.10		External Engineering	540,000	-	540,000	475,018	477,035	2,017	62,965	64,982				
319.334.040-595.10-65.12		Internal Engineering/Project Mgmt	10,000	-	10,000	3,069	7,188	4,119	2,812	6,931				
319.334.040-595.10-65.15		Other Professional Services - Len Madsen	80,000	-	80,000	37,693	38,373	680	41,627	42,307				
319.334.040-595.30-65.19		Other Misc (Advertise, Postsign, Etc.)	-	-	-	1,800	1,800		(1,800)	(1,800)				
		Prop ROW/ easements												
319.334.040-595.10-65.20		External Engineering	130,000	-	130,000	-	11,066	11,066	118,934	130,000				
319.334.040-595.20-65.25		Other Professional Services - Len Madsen	30,000	-	30,000	-	7,260	7,260	22,740	30,000				
		Construction												
319.334.040-595.10-65.30		External Engineering	560,000	-	560,000	-	-	-	-	-	560,000			
319.334.040-595.10-65.32		Internal Eng- Proj Mgmt/ Inspect	30,000	-	30,000	-	-	-	-	-	30,000			
319.334.040-595.30-65.33		Construction Contract 1	4,081,000	-	4,081,000	-	-	-	-	-	4,081,000			
319.334.040-595.30-65.34		Construction Contract Contingency	-	-	-	-	-	-	-	-	-			
319.334.040-595.30-65.39		Other Miscellaneous	-	-	-	-	-	-	-	-	-			
		Other												
319.334.040-595.90-65.80		Interfund Financial Services	58,210	-	58,210	5,176	5,176		1,824	1,824	51,210			
319.334.040-595.30-65.90		Contingencies	410,000	-	410,000	-	-	-	-	-	410,000			
		Total Project Expense Budget:	5,929,210	-	5,929,210	522,756	547,898	25,142	249,102	274,244	5,132,210			

53

Funding Source	Funding Sources	TOTAL PROJECT SCOPE			ACTUAL EXPENDITURES			BUDGET		PROJECT BUDGET ALLOCATIONS BY YEAR				
		Expenditures	1/1/18 Current CIP Budget	2018 CIP Supplemental Request	2018 Revised CIP Budget Estimate	Project to Date 12/31/17	Project To Date 3/31/2018	2018 Year to Date 3/31/2018	2018 Remaining	Estimated Year End 2018	Planned Year 2019	Planned Year 2020	Planned Year 2021	Planned Year 2022
		Design												
319.334.321.397.00.00.00	Transfers	External Engineering	540,000	-	540,000	475,018	477,035	2,017	62,965	64,982				
319.334.000.334.03.00.00		Internal Engineering/Project Mgmt	10,000	-	10,000	3,069	7,188	4,119	2,812	6,931				
		Other Professional Services - Len Madsen	80,000	-	80,000	37,693	38,373	680	41,627	42,307				
		Other Misc (Advertise, Postsign, Etc.)	-	-	-	1,800	1,800		(1,800)	(1,800)				
		Prop ROW/ easements												
		External Engineering	130,000	-	130,000	-	11,066	11,066	118,934	130,000				
		Other Professional Services - Len Madsen	30,000	-	30,000	-	7,260	7,260	22,740	30,000				
		Construction												
		External Engineering	560,000	-	560,000	-	-	-	-	-	560,000			
		Internal Eng- Proj Mgmt/ Inspect	30,000	-	30,000	-	-	-	-	-	30,000			
		Construction Contract 1	4,081,000	-	4,081,000	-	-	-	-	-	4,081,000			
		Construction Contract Contingency	-	-	-	-	-	-	-	-	-			
		Other Miscellaneous	-	-	-	-	-	-	-	-	-			
		Other												
		Interfund Financial Services	58,210	-	58,210	5,176	5,176		1,824	1,824	51,210			
		Contingencies	410,000	-	410,000	-	-	-	-	-	410,000			
		Total Project Expense Budget:	5,929,210	-	5,929,210	522,756	547,898	25,142	249,102	274,244	5,132,210			

Committed Cash:

(25,142)

THIS PAGE LEFT INTENTIONALLY BLANK

A G E N D A I T E M

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Resolution No. 18-074 setting a Public Hearing regarding changes in permitted uses and associated regulations in the Institutional Campus (I-C) Zone

ATTACHMENTS:

1. Draft Resolution No. 18-074

FOR AGENDA OF: June 28, 2018

DEPT. OF ORIGIN: Community Development

DATE SUBMITTED: June 21, 2018

CLEARANCES:

- ☒ Community Development *SMC*
- ☐ Marina _____
- ☐ Parks, Recreation & Senior Services _____
- ☐ Public Works _____

CHIEF OPERATIONS OFFICER: _____

- ☒ Legal *IG*
- ☐ Finance _____
- ☐ Courts _____
- ☐ Police _____

APPROVED BY CITY MANAGER
FOR SUBMITTAL: *[Signature]*

Purpose and Recommendation

The purpose of this agenda item is for City Council to consider Draft Resolution No. 18-074 (Attachment 1), that will set a public hearing date to consider amending the permitted uses and associated development regulations in the I-C Institutional Campus Zone. The following motion will appear on the Consent Calendar:

Suggested Motion

Motion 1: "I move to adopt Draft Resolution No. 18-074 setting a public hearing on July 26, 2018, or as soon thereafter that the matter can be heard, to consider amending the permitted uses and associated development regulations in the I-C Institutional Campus Zone".

Background

The Institutional Campus (I-C) Zone was established in 2012 by Ordinance No. 1544. Des Moines Comprehensive Plan policy directed that an Institutional Campus land use designation that supported Highline College's Master Plan be established. In addition to the College, there were other large institutional facilities in the City that serve regional clientele, including Wesley Homes, Judson Park and the Highline School District that required a land use designation and zone that supported their uses, services, operations and facilitated their Master Plan redevelopment plans. There are currently three properties that are zoned I-C: Wesley Homes, Highline College and Judson Park. The Landmark on the Sound site has a Comprehensive Plan preferred land use designation of I-C – Institutional Campus, and a rezone application has been received.

City staff met with representatives from the existing I-C zoned properties (Wesley Homes, Highline College, and Judson Park) and separately with the potential developer of the Landmark site to discuss the proposed zoning changes and to solicit input.

The draft ordinance modifies the purpose statement, adds to the list of permitted uses, clarifies other provisions of the chapter and retains the requirement that larger developments complete a master plan with further review and approval by the City Council. The proposed changes were discussed by the Council Economic Development Committee as a noticed agenda item at its April 26, 2018, May 24, 2018 and June 28, 2018 meetings.

Discussion

Proposed amendments to the permitted uses and associated development regulations for the I-C Zone will facilitate current and future development efforts. They will encourage the appropriate reuse of surplus institutional buildings and properties to avoid long term vacancies. This in turn will help further the economic vision for the City by promoting development in a manner that strengthens community sustainability, livability, business vitality, and employment and housing capacity.

A consultant team was engaged to prepare an environmental analysis and a traffic study for incorporation into a SEPA Environmental Checklist. It is anticipated that a threshold determination will be issued in June 2018. The deadline for comment and appeals will lapse before the July 26, 2018 public hearing.

A hearing on July 26, 2018 would allow for the required minimum 15 day hearing notice period and the SEPA comment and appeal periods.

Alternatives

The City Council may:

1. Adopt the proposed Draft Resolution.
2. Adopt the proposed Draft Resolution with a different hearing date.
3. Decline to adopt the Draft Resolution.

Financial Impact

N/A

Recommendation

Staff recommends Council set the public hearing for consideration of Draft Ordinance No. 18-074.

CITY ATTORNEY'S FIRST DRAFT 6/28/2018

DRAFT RESOLUTION NO. 18-074

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DES MOINES, ~~WASHINGTON~~, fixing a time for a public hearing to consider Draft Ordinance No. 18-074, related to changes in permitted uses in the Institutional Campus ("I-C") Zone, and amending chapters 18.52 and 18.95 Des Moines Municipal Code.

WHEREAS, the City Council is considering amendments to the permitted uses in the I-C Zone, and

WHEREAS, a public hearing is necessary to receive public comment regarding amendments to Title 18 DMMC, and

WHEREAS, a public hearing is required for adoption of an ordinance which amends portions of Title 18 DMMC commonly referred to as the Zoning Code; now therefore,

THE CITY COUNCIL OF THE CITY OF DES MOINES RESOLVES AS FOLLOWS:

The matter of Draft Ordinance 18-074, changes in permitted uses in the I-C Institutional Campus Zone and other amendments to Title 18 DMMC, *Zoning Code*, is set for a public hearing before the City Council on Thursday, July 26, 2018, at 7:00 p.m., or as soon thereafter as the matter may be heard, in the City Council Chambers, 21630 11th Avenue South, Suite B, Des Moines, Washington.

ADOPTED BY the City Council of the City of Des Moines, Washington this _____ day of _____, 2018 and signed in authentication thereof this _____ day of _____, 2018.

M A Y O R

APPROVED AS TO FORM:

City Attorney

Resolution No. 18-074
Page 2 of 2

ATTEST:

City Clerk

A G E N D A I T E M

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Arts Commission Appointment

FOR AGENDA OF: June 28, 2018

ATTACHMENTS:

1. Application

DEPT. OF ORIGIN: Parks, Recreation & Senior Services

DATE SUBMITTED: June 20, 2018

CLEARANCES:

- ☐ Community Development
- ☐ Marina
- ☒ Parks, Recreation & Senior Services 
- ☐ Public Works

CHIEF OPERATIONS OFFICER: _____

- ☐ Legal _____
- ☐ Finance
- ☐ Courts
- ☐ Police

APPROVED BY CITY MANAGER
FOR SUBMITTAL: 

The purpose of this agenda item is to recommend City Council approval of an appointment to the City of Des Moines Arts Commission.

Suggested Motion

Motion: "I move to confirm the Mayoral appointment of Beverly Reich to an unexpired term on the City of Des Moines Arts Commission effective immediately and expiring on December 31, 2019."

Background

The City Council adopted Ordinance No. 1393 establishing the Des Moines Arts Commission in November 30, 2006. The nine Arts Commission positions were appointed in February 2007. The terms were staggered so that six positions are retained each year and three positions expire each year on December 31.

The Arts Commission was created to:

- (1) Represent the interest of the city in matters of the arts, to be a spokes group for the arts in the city and to keep the city council informed on all such related matters.
- (2) Evaluate, prioritize, and make recommendations on funding for cultural arts needs within the city.
- (3) Review and recommend works of art for the city, especially works to be acquired through appropriations set aside from municipal construction projects. Local artists will be encouraged and given equal consideration for these projects.
- (4) Inform, assist, sponsor or coordinate with arts organizations, artists, or others interested in the cultural advancement of the community.
- (5) Encourage and aid programs for the cultural enrichment of the citizens of Des Moines and encourage more public visibility of the arts.
- (6) Develop cooperation with schools, local, regional, state and national arts organizations.
- (7) Obtain private, local, regional, state or federal funds to promote arts projects within the Des Moines community.

Discussion

Former Arts Commissioner Ekkarath Sisavatdy has resigned due to activities and work commitments and will not be able to serve the remainder of his term. This agenda seeks confirmation of the Mayoral appointment of Des Moines resident Beverly Reich to the Des Moines Arts Commission effective immediately and expiring on December 31, 2019.

Alternatives

None provided.

Financial Impact

No financial impact. App

Recommendation/Concurrence

Parks, Recreation & Senior Services Staff support the appointment of Beverly Reich to the Des Moines Arts Commission.



CITY OF DES MOINES
APPLICATION FOR APPOINTEE OFFICE
 21630 11th Avenue South
 Des Moines, WA 98198

RECEIVED
 Recvd. _____
MAR 05 2018
CITY OF DES MOINES
CITY CLERK
 Please Check

NAME: BEVERLY REICH
 ADDRESS: 816 216TH ST S., DES MOINES IA 50319
 CITY/ZIP: (WESLEY HOMES) 98198
 PHONE: Home (206) 810-8639 Work N/A
 LENGTH OF RESIDENCE AT THE ABOVE ADDRESS 5 YRS
 REGISTERED VOTER? YES
 E-MAIL ADDRESS: beva@jane42@gmail.com

- ☐ Civil Service Commission
☐ Planning Agency
☐ Library Board
☐ Human Services
☐ Senior Services
☒ Arts Commission
☐ Marina Beach Park

EMPLOYMENT SUMMARY LAST FIVE YEARS: _____

See Attachment

Are you related to anyone presently employed by the City or a member of a City Board? No
 If yes, explain: _____

Do you currently have an owning interest in either real property (other than your primary residence or a business) in the Des Moines planning area? _____ if so, please describe: _____
WESLEY RESIDENT

IN ORDER FOR THE APPOINTING AUTHORITY TO FULLY EVALUATE YOUR QUALIFICATIONS FOR THIS POSITION, PLEASE ANSWER THE FOLLOWING QUESTIONS USING A SEPARATE PAPER IF NECESSARY.

1. Why do you wish to serve in this capacity and what can you contribute? I believe that active support of the arts is critical to strengthening the fabric of community, and that my input, based on experience, may be of some value to the commission

2. What problems, programs or improvements are you most interest in? _____

3. Please list any Des Moines elective/appointive offices you have run/applied for previously. NONE

Education

Bachelor of Arts (UW) 1949 – Journalism -major/radio script writing -minor

Metropolitan Business School graduate (honor roll) 1950

Job Experience

Recreational Director (GS5) Special Services – Germany

Basic communications Instructor (Blue Mt. CC, Pendleton)

Journalism Instructor and Managing Editor of BMCC campus newspaper

Editor-in-chief of Hodaka Motorcycles Dealers' Periodical

Experience as Volunteer

AAUW board (Scholarship and Publicity chairman)

Civic Music (Board)

College-Community Theatre (Founder)

Productions*

Script for two 'Revues' for Kiwanis Club (along with three for others including one for Wesley)

Winner of Oregon State playwriting contest (*Raggedy Ann and the Magic Pencil* and author of

Walla Walla Little Theater children's production (*Once Upon a Wish*)

along with an AAUW radio series (*Something Borrowed*) featuring musical

themes from well-known classics which have been 'borrowed' and

'retrofitted' as popular songsto name a few

*Some contracted; some not-for-profit

Journalism

I have been employed by six newspapers over the years: the UW Daily, the Renton Record, the East Oregonian, the Portland Daily (stringer); the St. Helens Weekly; and the Valley News.

Currently, I am a Contributing Editor for the Wesley-at-Des Moines in-house newspaper, a member of its closed circuit TV committee, and a recently retired member of its Program Committee.

A G E N D A I T E M

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Bond Ordinance for the Limited Tax General Obligation Improvement and Refunding Bonds, 2018, First Reading

ATTACHMENTS:

1. Draft Ordinance No. 18-044: Bond Ordinance for the Limited Tax General Obligation Improvement and Refunding Bonds, 2018

FOR AGENDA OF: June 28, 2018

DEPT. OF ORIGIN: Legal

DATE SUBMITTED: June 21, 2018

CLEARANCES:

- ☐ Community Development _____
- ☒ Marina *South*
- ☐ Parks, Recreation & Senior Services _____
- ☒ Public Works *PHC*

CHIEF OPERATIONS OFFICER: _____

- ☒ Legal *JG*
- ☒ Finance *Bau*
- ☐ Courts _____
- ☐ Police _____

APPROVED BY CITY MANAGER
FOR SUBMITTAL: *[Signature]*

Purpose and Recommendation

The purpose of this agenda item is for the City Council to consider for a first reading a Bond Ordinance for limited tax general obligation improvement and refunding bonds for the design, construction, improvement, renovation and/or replacement of the bulkhead located near the City marina and other related public amenities and capital improvements.

Suggested Motion

Motion 1: "I move to pass Draft Ordinance No. 18-044 to a second reading on July 12, 2018 for further City Council consideration and approval."

Background

The Bulkhead for the marina north parking lot was completed in 1979 and consists of timber walers, timber piling, timber lagging, and deadman anchoring systems with rock slope scour protection. Recent bulkhead evaluations concluded the timber elements exhibit severe degradation and failure. Additionally, some of the deadman anchors appear to be no longer constrained by the timber walers.

Given the condition of the bulkhead, the City is moving forward with design and permitting for complete replacement to ensure public use, economic development, and emergency management operations remain resilient into the future. The City issued a Request for Proposals in late 2017 and selected Exeltech Consulting to assist in these efforts. They will conduct preliminary engineering, bulkhead and breakwater alternative analysis, environmental permitting, and final design to be able to advertise the project for construction bidding.

It is anticipated that the replacement for the entire north parking lot bulkhead and restroom facility could cost up to \$15,000,000. Due to the significant cost, the project will be phased into three or four distinct projects with a focus on asset risk first. During preliminary engineering, it has been determined that the northwest corner of the existing bulkhead and north bulkhead are most susceptible to damage and wave inundation.

Discussion

The Draft Ordinance for consideration will allow the City to finance a portion of the costs of the Project through the issuance of tax-exempt bonds in the anticipated amount of approximately \$3,300,000. This financing is necessary to undertake the design, construction, improvement, renovation and/or replacement of the bulkhead located near the City marina and other related public amenities and capital improvements.

Limited tax general obligation (LTGO) bonds (also called "councilmanic" bonds or non-voted debt), may be issued by a vote of City Council. Because the voters have not been asked to approve a tax increase to pay for the principal and interest, general fund revenues must be pledged to pay the debt service on LTGO. The new bond issue will be repaid over a 20-year period and the estimated annual debt service is approximately \$250,000.

Additionally, this Draft Ordinance would provide for the repayment or "refunding" of outstanding bonds. The refunding allows the City the opportunity to lower the interest rate on the outstanding bonds as detailed below:

Refunding Bonds:

The 2008A Bonds were issued for the purpose of providing funds to pay part of the costs of capital improvements to the Marina described in the Marina Master Plan of the City, including but not limited to upgrades to the electrical distribution system, fire safety improvements with installation of stand pipes and a fire alarm system, dredging in the Marina entrance and at selected locations inside the moorage basin and replacement of a large restroom/shower facility (the "2008 Marina Projects"), and to pay the costs of issuance of the 2008A Bonds. The 2008A Bonds are currently outstanding in the aggregate principal amount of \$4,330,000, maturing the years 2018 through 2028, inclusive, and bearing interest at rates ranging from 4.000% to 5.000%. In the 2008A Bond Ordinance, the City reserved the

right to redeem the 2008A Bonds prior to their maturity at a price equal to 100% of the principal amount to be redeemed, plus accrued interest, on any date on or after December 1, 2018.

The outstanding 2008B Bonds were allocated to the purpose of providing funds to pay part of the costs of capital improvements to the City's transportation infrastructure described in the Comprehensive Transportation Plan of the City, or necessary repairs to transportation infrastructure owned and maintained by the City, such as bridges and other structures, and roadways (the "2008 Transportation Projects"), and to pay the costs of issuance of the 2008B Bonds. The 2008B Bonds are currently outstanding in the aggregate principal amount of \$1,635,000, maturing the years 2021, 2025 and 2028, and bearing interest at rates ranging from 4.375% to 4.700%. In the 2008B Bond Ordinance, the City reserved the right to redeem the 2008B Bonds prior to their maturity at a price equal to 100% of the principal amount to be redeemed, plus accrued interest, on any date on or after December 1, 2018.

The estimated present value savings on the refunding is currently estimated to range from \$444,521 to \$540,953 over the remaining life of the refunding Bonds. The final savings figures depending on market rates at the time of refunding and the outcome of the City's bond rating, which will be assigned in conjunction with this financing in mid-July.

Alternatives

Do not approve Draft Ordinance No. 18-044. The City will not be able to take advantage of the estimated present value savings on the refunding which is estimated to range from \$444,521 to \$540,953. In addition, the City will need to find another funding source for the \$3,300,000 project improvements.

Financial Impact

As discussed, the financial impact provides for present value savings estimated to range from \$444,521 to \$540,953, depending on market rates at the time of refunding and the City's bond rating. The estimated annual debt service for the new bond issue is estimated to be approximately \$250,000. Savings from the refunding will be applied to the debt service for the new bond.

Recommendation

Staff recommends that the City Council authorize the issuance of Limited Tax General Obligation Improvement and Refunding Bonds, 2018, by adopting Draft Ordinance No. 18-044.

THIS PAGE LEFT INTENTIONALLY BLANK

CITY OF DES MOINES, WASHINGTON

DRAFT ORDINANCE NO. 18-044

AN ORDINANCE of the City of Des Moines, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of not to exceed \$10,000,000 aggregate principal amount of limited tax general improvement and refunding obligation bonds to provide funds (i) to pay or reimburse a portion of the costs of the design, construction, improvement, renovation and/or replacement of the bulkhead located near the City marina and other related public amenities and capital improvements; (ii) to carry out a current refunding of all or a portion of the City's outstanding Limited Tax General Obligation Bonds, 2008A and Limited Tax General Obligation and Refunding Bonds, 2008B; and (iii) to pay the costs of issuance and sale of the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City's designated representative to approve the Bond Sale Terms of the sale of the bonds; and providing for other related matters.

Passed _____

This document prepared by

STRADLING YOCCA CARLSON & RAUTH, PC
999 Third Avenue, Suite 3610
Seattle, Washington
(206) 829-3000

TABLE OF CONTENTS*

	<u>Page</u>
Section 1. Definitions.....	3
Section 2. Findings and Determinations	7
Section 3. Authorization and Description of Bonds	9
Section 4. Appointment of Designated Representative; Bond Sale Terms.....	10
Section 5. Bond Registrar; Registration and Transfer of Bonds.....	10
Section 6. Pledge of Taxes.....	11
Section 7. Form and Execution of Bonds	11
Section 8. Bond Fund; Manner of Payment; Failure to Pay.	12
Section 9. Redemption Provisions and Purchase of Bonds	13
Section 10. Refunding or Defeasance of the Bonds.....	14
Section 11. Deposit and Use of Proceeds	15
Section 12. Refunding Proceeds; the Refunding Plan	15
Section 13. Tax Covenants; Designation of Bonds as “Qualified Tax Exempt Obligations.”	16
Section 14. Manner of Sale; Delivery of the Bonds	17
Section 15. Official Statement; Continuing Disclosure	17
Section 16. Supplemental and Amendatory Ordinances.....	18
Section 17. General Authorization and Ratification	18
Section 18. Severability	18
Section 19. Effective Date of Ordinance	19
Exhibit A Parameters for Bond Sale Terms	
Exhibit B Form of Continuing Disclosure Agreement	
Exhibit C Identification of Refunded Bonds	

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

CITY OF DES MOINES, WASHINGTON

DRAFT ORDINANCE NO. 18-044

AN ORDINANCE of the City of Des Moines, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of not to exceed \$10,000,000 aggregate principal amount of limited tax general improvement and refunding obligation bonds to provide funds (i) to pay or reimburse a portion of the costs of the design, construction, improvement, renovation and/or replacement of the bulkhead located near the City marina and other related public amenities and capital improvements; (ii) to carry out a current refunding of all or a portion of the City's outstanding Limited Tax General Obligation Bonds, 2008A and Limited Tax General Obligation and Refunding Bonds, 2008B; and (iii) to pay the costs of issuance and sale of the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City's designated representative to approve the Bond Sale Terms of the sale of the bonds; and providing for other related matters.

THE CITY COUNCIL OF THE CITY OF DES MOINES, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Definitions. As used in this ordinance, the following capitalized terms shall have the following meanings:

- (a) "2008 Bonds" means the 2008A Bonds and 2008B Bonds.
- (b) "2008A Bond Ordinance" means Ordinance No. 1445 of the City, adopted on November 20, 2008.
- (c) "2008A Bonds" means the Limited Tax General Obligation Bonds, 2008A, originally issued in the aggregate principal amount of \$6,080,000, as authorized by the 2008A Bond Ordinance.
- (d) "2008B Bond Ordinance" means Ordinance No. 1444 of the City, adopted on November 20, 2008.
- (e) "2008B Bonds" means the Limited Tax General Obligation and Refunding Bonds, 2008B, originally issued in the aggregate principal amount of \$3,450,000, as authorized by the 2008B Bond Ordinance.
- (f) "Acquired Obligations" means those Government Obligations, as defined in chapter 39.53 RCW and as further identified in the Refunding Trust Agreement, purchased to accomplish the refunding of the Refunded Bonds as authorized by this ordinance.
- (g) "Authorized Denomination" means \$5,000 or any integral multiple thereof within a maturity of a Series, or such other minimum authorized denominations as may be specified by the Designated Representative in a Bond Purchase Agreement for a Series.

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

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

(j) “*Bond Counsel*” means the firm of Stradling Yocca Carlson & Rauth, a Professional Corporation, its successor, or any other attorney or firm of attorneys selected by the City with a nationally recognized standing as bond counsel in the field of municipal finance.

(k) “*Bond Fund*” means the Limited Tax General Obligation Bond Fund, 2018, of the City created for the payment of the principal of and interest on the Bonds and other outstanding limited tax general obligation bonds of the City.

(l) “*Bond Purchase Agreement*” means a written offer to purchase a Series of the Bonds pursuant to certain Bond Sale Terms, which offer has been accepted by the Designated Representative on behalf of the City, in accordance with this ordinance. In the case of a competitive sale, the official notice of sale, the Purchaser’s bid and the award by the City shall constitute the Bond Purchase Agreement for purposes of this ordinance.

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

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

(o) “*Bond Sale Terms*” means the terms and conditions for the sale of a Series of Bonds including, but not limited to the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants, including minimum savings for refunding bonds. The parameters for certain Bond Sale Terms are set forth in Exhibit A.

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

(q) “*City*” means the City of Des Moines, Washington, a municipal corporation duly organized and existing as a non-charter code city under the laws of the State.

(r) “*City Contribution*” means money of the City from sources other than proceeds of the Bonds that is legally available and allocated to carrying out the Refunding Plan, as determined by the Designated Representative.

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

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

(u) “*Continuing Disclosure Agreement*” means the written undertaking to provide continuing disclosure entered into pursuant to Section 15 of this ordinance, in substantially the form set forth in Exhibit B.

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

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

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

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

(z) “*Government Obligations*” means, unless otherwise limited in the Bond Purchase Agreement for a particular Series of the Bonds, any government obligation as that term is defined in RCW 39.53.010, as now in effect or as may hereafter be amended.

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

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

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

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

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

(ff) “*Project*” means the design, construction, improvement, renovation and/or replacement of the bulkhead located near the City marina and other related public amenities and capital improvements, as deemed necessary and advisable by the City. Incidental costs incurred in connection with carrying out and accomplishing the Project, consistent with RCW 39.46.070, may be included as costs of the Project.

(gg) “*Project Fund*” means the Municipal Capital Improvements Fund of the City, or such other fund or account as may be designated or created by the Finance Director for the purpose of carrying out the Project.

(hh) “*Purchaser*” means KeyBanc Capital Markets of Seattle, Washington, or such other corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement, underwriter or placement agent in a negotiated sale, or awarded as the successful bidder in a competitive sale of any Series of the Bonds.

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

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

(kk) “*Redemption Date*” means the date or dates selected by the Designated Representative for the call, payment and redemption of the Refunded Bonds, as set forth in the Refunding Plan.

(ll) “*Refunded Bond Ordinances*” means the 2008A Bond Ordinance and the 2008B Bond Ordinance.

(mm) “*Refunded Bonds*” means those maturities or portions of maturities of the 2008 Bonds identified in Exhibit C, which are selected by the Finance Director to be refunded pursuant to the authorization set forth in this ordinance.

(nn) “*Refunding Plan*” means the following plan for carrying out the current refunding of the Refunded Bonds, as further detailed in the Refunding Trust Agreement:

(1) On the Issue Date, the deposit with the Refunding Trustee of proceeds of the sale of the Bonds allocated to the Refunding Plan in an amount, together with the City Contribution (if any), sufficient to acquire the Acquired Obligations (if any) and establish a beginning cash balance;

(2) The acquisition by the Refunding Trustee of the Acquired Obligations (if any) and the periodic receipt by the Refunding Trustee of the maturing principal of and interest on the Acquired Obligations (if any);

(3) On the Redemption Date, the application of the amounts held by it (together with any other cash held by it) to the call, payment and redemption of the Refunded Bonds at a price equal to the principal amount to be redeemed, plus accrued interest to that date; and

(4) At the direction of the City’s Finance Director, the application of funds deposited with the Refunding Trustee for such purpose to the payment of all or a portion of the costs of issuing the Bonds and the costs of carrying out the foregoing elements of the Refunding Plan (if payment of such costs is specified in the Refunding Trust Agreement).

(oo) “*Refunding Trust Agreement*” means a refunding trust agreement between the City and the Refunding Trustee, providing for the carrying out of the Refunding Plan.

(pp) “*Refunding Trustee*” means the trustee, or any successor or alternate trustee, designated by the Designated Representative to serve as refunding trustee to carry out the Refunding Plan.

(qq) “*Registered Owner*” means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the Bonds are held in Book-Entry Form, Registered Owner shall mean the Securities Depository.

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

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

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

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

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

(ww) “*System of Registration*” means the system of registration for the City’s bonds and other obligations set forth in chapter 3.32 of the Des Moines Municipal Code.

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

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

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

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

(a) *The City Marina.* Pursuant to applicable law, including without limitation RCW 35A.11.020, 35.22.280 (25) through (28), 35.23.440(26) and chapter 67.20 RCW, the City is authorized to own and operate the City marina (the “Marina”). The City in 2008 undertook a variety of Marina improvements, which are now eligible to be refinanced to achieve a debt service savings. In addition, the City is now in need of funds to undertake the Project, described below, to rebuild the bulkhead and public amenities located along the seaward side of the public parking lot at the north

end of the Marina, and has instituted parking fees associated with the public's use of that lot to offset the costs of the Project.

(b) *Findings with respect to the Project and the New Money Portion of Bonds.*

(1) *Authority and Description of Project.* The City finds that it is necessary and in the City's best interest to undertake the design, construction, improvement, renovation and/or replacement of the bulkhead located near the City marina and other related public amenities and capital improvements (the "Project"). The total expected cost of the Project is estimated to be approximately \$12 million, which cost is expected to be paid from proceeds of the Bonds and other available money of the City. Because the City does not have sufficient funds currently available and budgeted for this Project, the City Council finds that it is in the best interests of the City to issue the Bonds to carry out the Project.

(2) *Debt Capacity.* The maximum amount of additional indebtedness authorized by this ordinance for the Project (i.e., exclusive of the refunding portion) is \$10,000,000. Based on the following facts, this amount is to be issued within the amount permitted to be issued by the City for general municipal purposes without a vote:

(i) The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes for collection in the calendar year 2018 is \$3,786,485,943.

(ii) As of June 1, 2018, the City has limited tax general obligation indebtedness, consisting of bonds, notes and leases outstanding in the principal amount of \$13,645,549, which is incurred within the limit of up to 1½% of the value of the taxable property within the City permitted for general municipal purposes without a vote.

(iii) As of June 1, 2018, the City has no unlimited tax general obligation indebtedness outstanding. Such indebtedness is permitted to be incurred for capital purposes only, with the approval of the requisite proportion of the City's qualified voters at an election meeting the minimum turnout requirements, within the limits of: up to 2½% of the value of the taxable property within the City for general municipal purposes (when combined with the outstanding limited tax general obligation indebtedness); 2½% for utility purposes; and 2½% for open space, parks and economic development purposes.

(c) *Findings With Respect to the Refunding.*

(1) *The Refunded Bonds.* Pursuant to Chapter 39.53 RCW and other applicable State law, the City is authorized to carry out the Refunding Plan. Pursuant to the Refunded Bond Ordinances, the City previously issued the 2008 Bonds, as follows:

(i) *The 2008A Bonds.* The 2008A Bonds were issued for the purpose of providing funds to pay part of the costs of capital improvements to the Marina described in the Marina Master Plan of the City, including but not limited to upgrades to the electrical distribution system, fire safety improvements with installation of stand pipes and a fire alarm system, dredging in the Marina entrance and at selected locations inside the moorage basin and replacement of a large restroom/shower facility (the "2008 Marina Projects"), and to pay

the costs of issuance of the 2008A Bonds. The 2008A Bonds are currently outstanding in the aggregate principal amount of \$4,330,000, maturing the years 2018 through 2028, inclusive, and bearing interest at rates ranging from 4.000% to 5.000%. In the 2008A Bond Ordinance, the City reserved the right to redeem the 2008A Bonds prior to their maturity at a price equal to 100% of the principal amount to be redeemed, plus accrued interest, on any date on or after December 1, 2018.

(ii) *The 2008B Bonds.* The outstanding 2008B Bonds were allocated to the purpose of providing funds to pay part of the costs of capital improvements to the City's transportation infrastructure described in the Comprehensive Transportation Plan of the City, or necessary repairs to transportation infrastructure owned and maintained by the City, such as bridges and other structures, and roadways (the "2008 Transportation Projects"), and to pay the costs of issuance of the 2008B Bonds. The 2008B Bonds are currently outstanding in the aggregate principal amount of \$1,635,000, maturing the years 2021, 2025 and 2028, and bearing interest at rates ranging from 4.375% to 4.700%. In the 2008B Bond Ordinance, the City reserved the right to redeem the 2008B Bonds prior to their maturity at a price equal to 100% of the principal amount to be redeemed, plus accrued interest, on any date on or after December 1, 2018.

(2) *Debt Service Savings.* After due consideration, it appears to the City Council that, in order to realize a debt service savings to the City, it is in the best interest of the City to authorize the Designated Representative to take such steps as are necessary or convenient to carry out the refunding of all or a portion of the outstanding 2008 Bonds, as selected by the Finance Director (the "Refunded Bonds"), by the issuance and sale of the refunding portion of the Bonds authorized herein. The Refunded Bonds that are to be refunded shall be selected by the Designated Representative such that a savings equal to or exceeding the savings target set forth in Exhibit A will be effected by the difference between the principal and interest cost over the life of the portion of the Bonds allocated to such refunding and the principal and interest cost over the life of the Refunded Bonds to be refunded by such allocated portion of the Bonds.

(d) *Plan of Financing.* Pursuant to applicable law, including without limitation chapters 35.37, 35A.40, 39.36, 39.44, 39.46, 39.52 and 39.53 RCW, the City is authorized to issue general obligation bonds for the purposes of financing the Project, carrying out the Refunding Plan (subject to meeting the savings target set forth in Exhibit A) and paying the costs of issuance of the Bonds.

(e) *Issuance of the Bonds.* For the purpose of providing the funds necessary to pay or reimburse a portion of the costs of carrying out the Project, to carry out and the Refunding Plan, and to pay the costs of issuance and sale of the Bonds, the City Council therefore finds that it is in the best interests of the City and its taxpayers to issue and sell the Bonds to the Purchaser, pursuant to the terms set forth in the Bond Purchase Agreement as approved by the City's Designated Representative consistent with this ordinance.

Section 3. Authorization and Description of Bonds. The City is authorized to borrow money on the credit of the City and issue negotiable limited tax general obligation improvement and refunding bonds evidencing indebtedness, in one or more Series, in the maximum principal amount stated in Exhibit A, to provide funds necessary to carry out the Project and the Refunding Plan and to pay the costs of issuance and sale of the Bonds. The Bonds may be issued in one or more Series and may be combined with other general obligation bonds (including refunding bonds) authorized

separately. The Bonds shall be designated limited tax general obligation bonds, shall be numbered separately, and shall have any name, year and series or other label as deemed necessary or appropriate by the Finance Director.

Section 4. Appointment of Designated Representative; Bond Sale Terms. The City Manager and the Finance Director are each, acting independently, appointed to act as the Designated Representative of the City in connection with the issuance and sale of the Bonds in accordance with RCW 39.46.040 and this ordinance. The Designated Representative is authorized to approve, on behalf of the City, Bond Sale Terms for the sale of the Bonds in one or more Series, and in connection with each such sale, to execute a Bond Purchase Contract (or, in the case of a competitive sale, a Pricing Certificate) confirming the Bond Sale Terms and such related agreements as may be necessary or desirable, consistent with the parameters set forth in Exhibit A, which is attached and incorporated by this reference.

Section 5. Bond Registrar; Registration and Transfer of Bonds.

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

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

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

(d) *Securities Depository; Book-Entry Only Form.* Unless otherwise determined by the City's Designated Representative, the Bonds initially shall be issued and held fully immobilized in Book-Entry Form by the Securities Depository in accordance with the provisions of the Letter of Representations. Neither the City nor the Bond Registrar shall have any responsibility or obligation to participants of the Securities Depository or the persons for whom they act as nominees with respect to the Bonds regarding the accuracy of any records maintained by the Securities Depository

or its participants of any amount in respect of principal of or interest on the Bonds, or any notice which is permitted or required to be given to Registered Owners hereunder (except such notice as is required to be given by the Bond Registrar to the Securities Depository). Registered ownership of a Bond initially held in Book-Entry Form, or any portion thereof, may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City or such substitute Securities Depository's successor; or (iii) to any person if the Bond is no longer held in Book-Entry Form.

If the Securities Depository resigns from its functions as depository, or upon a determination by the Finance Director to discontinue utilizing the then-current Securities Depository, the Finance Director may appoint a substitute Securities Depository. If the Securities Depository resigns from its functions as depository and no substitute Securities Depository can be obtained, or if the Finance Director determines not to utilize a Securities Depository, then the Bonds shall no longer be held in Book-Entry Form and ownership may be transferred only as provided herein.

Nothing herein shall prevent the Bond Sale Terms from providing that a Series of the Bonds shall be issued in certificated form without utilizing a Securities Depository, and that the Bonds of such Series shall be registered as of their Issue Date in the names of the Owners thereof, in which case ownership may be transferred only as provided herein.

(d) *Lost or Stolen Bonds.* In case any Bond shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new bond or bonds of like amount, date, tenor, and effect to the Registered Owner(s) thereof upon the Registered Owner(s)' paying the expenses and charges of the City in connection therewith and upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such bond or bonds were actually lost, stolen or destroyed and of Registered Ownership thereof, and upon furnishing the City with indemnity satisfactory to both.

(e) *DTC Letter of Representations.* To induce DTC to accept the Bonds as eligible for deposit at DTC, the City approves the Letter of Representations. The Designated Representative is authorized and directed to execute the Letter of Representations, on behalf of the City, and to deliver it to DTC on or before the Issue Date.

Section 6. Pledge of Taxes. The Bonds constitute a general indebtedness of the City and are payable from tax revenues of the City and such other money as is lawfully available and pledged by the City for the payment of principal of and interest on the Bonds. For as long as any of the Bonds are outstanding, the City irrevocably pledges that it shall, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Bonds as the same become due. The full faith, credit and resources of the City are pledged irrevocably for the prompt payment of the principal of and interest on the Bonds and such pledge shall be enforceable in mandamus against the City.

Section 7. Form and Execution of Bonds.

(a) *Form of Bonds; Signatures and Seal.* Each Bond shall be prepared in a form consistent with the provisions of this ordinance and State law. Each Bond shall be signed by the Mayor and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any

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

(b) *Authentication Required.* Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: “*Certificate of Authentication. This Bond is one of the fully registered City of Des Moines, Washington, Limited Tax General Obligation Improvement and Refunding Bonds, 2018 [Series], described in the Bond Ordinance.*” The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 8. *Bond Fund; Manner of Payment; Failure to Pay.*

(a) *Bond Fund.* The Bond Fund has been previously created as a special fund of the City for the sole purpose of paying principal of and interest on the Bonds and other limited tax general obligation bonds of the City. The principal of and interest on the Bonds shall be paid out of the Bond Fund. All amounts allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund as necessary for the timely payment of amounts due with respect to the Bonds. Bond proceeds (if any) in excess of the amounts needed to carry out the Refunding Plan, to pay the costs of the Project, and to pay the costs of issuance shall be deposited into the Bond Fund. Until needed to pay principal of and interest on the Bonds, the City may invest money in the Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the Bond Fund and used for the purposes of that Fund.

(b) *Manner of Payment.* Principal of and interest on each Bond shall be payable in lawful money of the United States of America on the dates and in the amounts as provided in the Bond Purchase Agreement applicable to that Series. No Bonds of any Series shall be subject to acceleration under any circumstances.

(1) *Bonds Held In Book-Entry Form.* Principal of and interest on each Bond held in Book-Entry Form shall be payable in the manner set forth in the Letter of Representations.

(2) *Bonds Not Held In Book-Entry Form.* Interest on each Bond not held in Book-Entry Form shall be payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The City, however, is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received at least ten days prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not held in Book-Entry Form shall be payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar.

(c) *Failure To Pay Bonds.* If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 9. *Redemption Provisions and Purchase of Bonds.*

(a) *Optional Redemption.* All or some of the Bonds may be issued subject to redemption prior to their stated maturity dates at the option of the City at the times and on the terms set forth in the Bond Purchase Agreement, consistent with the parameters set forth in Exhibit A.

(b) *Mandatory Redemption.* All or some of the Bonds of any Series may be designated as Term Bonds, subject to mandatory redemption in principal installment payments, as set forth in the applicable Bond Purchase Agreement. If not redeemed or purchased at the City's option prior to maturity, Term Bonds (if any) must be redeemed, at a price equal to one hundred percent of the principal amount to be redeemed plus accrued interest, on the dates and in the years and principal amounts as set forth in the applicable Bond Purchase Agreement. If the City optionally redeems or purchases a Term Bond prior to maturity, the principal amount of that Term Bond so redeemed or purchased (irrespective of its redemption or purchase price) shall be credited against the remaining mandatory redemption installment payments in the manner as directed by the Finance Director. In the absence of direction by the Finance Director, credit shall be allocated to each mandatory redemption installment payment for that Bond on a *pro rata* basis.

(c) *Extraordinary Redemption Provisions.* All or some of the Bonds of any Series may be issued subject to extraordinary optional or extraordinary mandatory redemption prior to maturity, upon the occurrence of an extraordinary event, at the prices, in the principal amounts, and on the dates set forth in the applicable Bond Purchase Agreement.

(d) *Partial Redemption; Selection of Bonds for Redemption.* If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the Finance Director shall select the Series and maturities to be redeemed. If less than all of the principal amount of a maturity of the selected Series is to be redeemed, if such Series is held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected for redemption by the Securities Depository in accordance with the Letter of Representations, and if the Series is not then held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected by the Bond Registrar randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(e) *Notice of Redemption.* Notice of an intended redemption of any Bond then in Book-Entry Form shall be given in accordance with the Letter of Representations. Unless otherwise set forth in the applicable Bond Purchase Agreement, the City must cause notice of any intended

redemption of Bond not in Book-Entry Form to be given not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of each Bond to be redeemed at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the Owner of any Bond, and may be waived by the Registered Owner of the Bond to be redeemed. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Continuing Disclosure Agreement), to each Rating Agency, and to such other persons and with such additional information as the Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

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

(g) *Effect of Redemption.* Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth in Section 9, or money sufficient to effect such redemption is not on deposit in the Bond Fund or in a trust account established to refund or defease the Bond.

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

Section 10. Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bonds (the “defeased Bonds”); (b) redeeming the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the “trust account”), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the City may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose. Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

Section 11. Deposit and Use of Proceeds.

(a) *Project Fund; Deposit of New Money Proceeds.* The Project Fund has been previously created for the purpose of paying the costs of the Project and other capital improvements. On the Issue Date, proceeds received from the sale and delivery of the Bonds allocated to carry out the Project shall be deposited into the Project Fund and used to pay or reimburse the City for costs of the Project. Until needed to pay such costs, the City may invest those proceeds temporarily in any legal investment, and the investment earnings shall be retained in the Project Fund and used for the purposes of that fund, except that earnings subject to a federal tax or rebate requirement (if applicable) may be withdrawn from the Project Fund and used for those tax or rebate purposes.

(b) *Refunding Proceeds.* On the Issue Date, the proceeds of the Bonds allocated to the Refunding Plan shall be deposited with the Refunding Trustee in accordance with Section ____.

(c) *Costs of Issuance.* Pending their application to pay costs of issuance, bond proceeds may be deposited, as directed by the Finance Director, either with the Refunding Trustee for payment in accordance with the Refunding Trust Agreement or in the Project Fund for payment by the City.

Section 12. Refunding Proceeds; the Refunding Plan. Subject to the condition of meeting the minimum savings target set forth in exhibit A, the Designated Representative is authorized to carry out the refunding of the Refunded Bonds, consistent with the following:

(a) *Appointment of Refunding Trustee.* The Designated Representative is authorized and directed to appoint a financial institution to serve as Refunding Trustee and to perform the duties of Refunding Trustee under this ordinance.

(b) *Use of Bond Proceeds; Acquisition of Acquired Obligations.* On the Issue Date, sufficient proceeds of the sale of the Bonds, plus the City Contribution (if any), shall be deposited with the Refunding Trustee and used to discharge the obligations of the City relating to the Refunded Bonds by carrying out the Refunding Plan in accordance with the Refunding Trust Agreement. To the extent practicable, such obligations shall be discharged fully by the Refunding Trustee's simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amounts required to be paid by the Refunding Plan. The Acquired Obligations, if any, shall be listed and more particularly described in a schedule attached to the Refunding Trust Agreement. Any Bond proceeds or other money deposited with the Refunding Trustee not needed to carry out the Refunding Plan shall be returned to the City for deposit in the Bond Fund to pay interest on the Bonds on the next upcoming interest payment date.

(c) *Refunding Trust Agreement; Administration of Refunding Plan.* The Designated Representative is authorized and directed to execute a Refunding Trust Agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with carrying out the Refunding Plan. The Refunding Trust Agreement shall, among other things, authorize and direct the Refunding Trustee to purchase the Acquired Obligations and to make the payments required to be made by the Refunding Plan. All Acquired Obligations and the money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of the Refunded Bond Ordinances, this ordinance, chapter 39.53 RCW and other applicable State law. All administrative costs (including without limitation all necessary and proper

fees, compensation, and expenses of the Refunding Trustee for the Bond and all other costs incidental to the setting up of the escrow to accomplish the Refunding Plan) and costs of issuance of the Bonds may be paid out of the amounts deposited with the Refunding Trustee or other available money of the City, in accordance with the Refunding Trust Agreement.

(d) *Call for Redemption of the Refunded Bonds.* The Designated Representative is authorized to call the Refunded Bonds for redemption on their respective Redemption Dates at their redemption prices, plus accrued interest. Such call for redemption shall identify the Refunded Bonds, the maturity dates, the Redemption Date and redemption price (expressed as a percentage of par, plus accrued interest), and shall be irrevocable after the Bonds are delivered to the Purchaser. The Designated Representative is authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to the Refunded Bond Ordinances, and to take all other actions necessary to effect the redemption of the Refunded Bonds on the Redemption Date.

(e) *Additional Findings with Respect to Refunding.* Prior to approving the sale of the Bond, the Designated Representative shall make the following determinations in writing if in his or her judgment the following conditions are met:

(1) The savings that will be effected (as measured by the difference between the principal and interest cost over the life of the Bond and the principal and interest cost over the life of the Refunded Bonds, but for such refunding) shall be equal to at least the percentage savings set forth in Exhibit A. In making such determination, the Designated Representative shall give consideration to the fixed maturity of the Bond and the Refunded Bonds, the costs of issuance of the Bond and the known earned income from the investment of the proceeds of the Bond pending redemption of the Refunded Bonds.

(2) The Refunding Plan will provide sufficient funds to discharge and satisfy the obligations of the City under the Refunded Bond Ordinance. In making such determination, the Designated Representative may rely upon a verification by a nationally recognized independent certified public accounting firm.

Section 13. Tax Covenants; Designation of Bonds as “Qualified Tax Exempt Obligations.” The Designated Representative is authorized to designate each Series of the Bonds as either Tax-Exempt Bonds or Taxable Bonds.

(a) *Preservation of Tax Exemption for Interest on Tax-Exempt Bonds.* For each Series of the Bonds issued as Tax-Exempt Bonds, the City covenants that it will take all actions necessary to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Tax-Exempt Bonds or other funds of the City treated as proceeds of the Tax-Exempt Bonds that will cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes. The City also covenants that, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Tax-Exempt Bonds, it will take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Tax-Exempt Bonds.

(b) *Post-Issuance Compliance.* The Finance Director is authorized and directed to adopt and implement written procedures to facilitate compliance by the City with the covenants in this

ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal tax purposes.

(c) *Designation of Tax-Exempt Bonds as “Qualified Tax-Exempt Obligations.”* Any Series of the Bonds may be designated as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code, if the following conditions are met: (1) the Series does not constitute “private activity bonds” within the meaning of Section 141 of the Code; (2) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Series is issued will not exceed \$10,000,000; and (3) the amount of tax-exempt obligations, including the Series, designated by the City as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Series is issued does not exceed \$10,000,000.

Section 14. Manner of Sale; Delivery of the Bonds.

(a) *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell each Series of the Bonds by negotiated sale or private placement, based on the assessment of the Designated Representative of market conditions, in consultation with appropriate City officials and staff, Bond Counsel and other advisors. In determining the method of sale of a Series and accepting the Bond Sale Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the City.

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

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

Section 15. Official Statement; Continuing Disclosure.

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

Official Statement that has approved by the Designated Representative and been deemed final, if applicable, in accordance with this subsection.

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

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

Section 16. Supplemental and Amendatory Ordinances. The City may supplement or amend this ordinance without the consent of any Owners of the Bonds only for one or more of the following purposes:

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

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

Section 17. General Authorization and Ratification. The Designated Representative and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of each Series of the Bonds to the Purchaser thereof and for the proper application, use and investment of the proceeds of the Bonds. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 18. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Ordinance No. _____
Page 19 of 26

Section 19. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council of the City of Des Moines, Washington, at an open public meeting thereof, this _____ day of _____, 2018, and signed in authentication of its passage this _____ day of _____, 2018.

Mayor

ATTEST:

Bonnie Wilkins, City Clerk

APPROVED AS TO FORM:

Bond Counsel

Exhibit A

PARAMETERS FOR BOND SALE TERMS

- | | | |
|-----|-------------------------------|--|
| (a) | Principal Amount. | The Bonds may be issued in one or more Series. The aggregate principal amount of the Bonds shall not exceed \$10,000,000, and the refunding portion shall not exceed the amount necessary to carry out the refunding and pay the costs of issuance and administrative costs of carrying out the Refunding Plan. |
| (b) | Date or Dates. | Each Bond shall be dated its Issue Date, as determined by the Designated Representative, which date may not be later than December 31, 2019. |
| (c) | Denominations, Name, etc. | The Bonds shall be issued in Authorized Denominations, shall be numbered separately in the manner and shall bear any name (including any additional series or other designation) as deemed necessary or appropriate by the Designated Representative. |
| (d) | Interest Rate(s). | Each Bond shall bear interest from its Issue Date or from the most recent date to which interest has been paid or duly provided for, whichever is later, unless otherwise provided in the Bond Purchase Agreement. One or more rates of interest shall be established for each maturity of each Series of the Bonds, which rate or rates may be fixed or variable. No rate of interest for any Bond may exceed 6.00%, and the true interest cost to the City for any Series of the Bonds may not exceed 5.00%. |
| (e) | Payment Dates. | <p>Interest shall be payable on dates acceptable to the Designated Representative, which shall include payment at the maturity of each Bond, on any mandatory redemption date for Term Bonds, and on any other redemption date.</p> <p>Principal payments shall commence on a date acceptable to the Designated Representative and shall be payable at maturity and in mandatory redemption installments for Term Bonds on dates acceptable to the Designated Representative.</p> |
| (f) | Maturities; Final Maturity. | The final maturity of the Bonds allocated to the Project shall mature no later than 22 years after the Issue Date. The final maturity of the Bonds allocated to the Refunding Plan may not be later than twelve months after the date of the final maturity of the Refunded Bonds. |
| (g) | Redemption Prior to Maturity. | <p>The Designated Representative may approve in the Bond Purchase Agreement redemption provisions consistent with Section 9 and subject to the following:</p> <p>(1) <u>Optional Redemption</u>. Any Bond may be subject to optional redemption prior to its maturity. Any Bond that is subject to optional redemption prior to maturity must be callable on at least one or more date(s) occurring not more than 10½ years after the Issue Date, consistent with Section 9.</p> |

- (2) **Mandatory Redemption.** Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity in mandatory redemption installment payments of principal, consistent with Section 9.
- (3) **Extraordinary Redemption.** Any Bond may be subject to extraordinary optional redemption or extraordinary mandatory redemption upon the occurrence of an extraordinary event, as such event or events may be set forth in the Bond Purchase Contract or other appropriate document, consistent with Section 9.
- (h) **Price.** The purchase price for any Series of Bonds may not be less than 95% or more than 125% of the stated principal amount of that Series.
- (i) **Other Terms and Conditions.**
- (1) **Debt Capacity.** A Series of the Bonds may not be issued if it would cause the indebtedness of the City to exceed the City's legal debt capacity on the Issue Date.
- (2) **Expected Life of Capital Facilities.** As of the Issue Date of each Series, the Designated Representative must find to his or her satisfaction that the average expected life of the capital facilities to be financed with the proceeds (or allocable share of proceeds) of that Series must exceed the weighted average maturity of such Series (or share thereof allocated to financing those capital facilities).
- (3) **Refunding Conditions; Minimum Savings.** The Designated Representative must find that:
- (a) The net present value savings that will be effected (as measured by the difference between the principal and interest cost over the life of the Bonds allocable to the Refunding Plan and the principal and interest cost over the life of the Refunded Bonds, but for such refunding) shall be at least equal to 2.00%. In making such determination, the Designated Representative shall give consideration to the fixed maturities of the Bonds and the Refunded Bonds, the costs of issuance of the Bonds and the known earned income from the investment of the proceeds of the Bonds pending redemption of the Refunded Bonds.
- (b) The Refunding Plan will provide sufficient funds to discharge and satisfy the obligations of the City under the Refunded Bond Ordinance. In making such determination, the Designated Representative may rely upon a verification by a nationally recognized independent certified public accounting firm.
- (4) **Additional Credit Enhancement, Terms, Conditions and Agreements.** The Designated Representative may determine whether it is in the City's best interest to provide for bond insurance or other credit enhancement; and may accept such additional terms, conditions and covenants as he or she may determine are in the best interests of the City, consistent with this ordinance.

Exhibit B

**[Form of]
CONTINUING DISCLOSURE AGREEMENT**

**City of Des Moines, Washington
Limited Tax General Obligation Improvement and Refunding Bonds, 2018**

For the sole purpose of assisting the Purchaser in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds, the City of Des Moines, Washington (the “City”), makes the following written undertaking for the benefit of the Owners of the City’s Limited Tax General Obligation Improvement and Refunding Bonds, 2018.

Capitalized terms used but not defined below shall have the meanings given in Ordinance No. ____ of the City (the “Bond Ordinance”).

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

- (i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in paragraph (b) of this certificate (“annual financial information”). If audited financial statements are unavailable on or before the dates specified in paragraph (b), below, the timely filing of unaudited financial statements shall satisfy the requirements and filing deadlines set forth in paragraph (b), and the City agrees to file audited financial statements if and when they are otherwise prepared and available to the City.
- (ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such “Bankruptcy Events” are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than

pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

- (i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to local governmental units of the State such as the City, as such principles may be changed from time to time, which statements may be unaudited, provided, that if and when audited financial statements are prepared and available they will be provided; (2) principal amount of general obligation bonds outstanding at the end of the applicable fiscal year; (3) assessed valuation for that fiscal year; (4) property tax levy amounts and rates for that fiscal year; [and (5) a statement of revenues for that fiscal year from any other revenue sources pledged to the Bonds (if any)];
- (ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ending December 31, 2018; and
- (iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the Securities and Exchange Commission.

(c) Amendment of Continuing Disclosure Agreement. This Continuing Disclosure Agreement is subject to amendment after the primary offering of the Bonds without the consent of any Owner or holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12, including: (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; (ii) the undertaking, as amended, would have complied with the requirements of the rule at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders, as determined either by parties unaffiliated with the City (e.g., bond counsel or other counsel familiar with federal securities laws), or by approving vote of bondholders pursuant to the terms of the Bond Ordinance at the time of the amendment. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to this Continuing Disclosure Agreement and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) **Beneficiaries.** This Continuing Disclosure Agreement shall inure to the benefit of the City and the Beneficial Owner of each Bond, and shall not inure to the benefit of or create any rights in any other person.

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

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

(g) **Designation of Official Responsible to Administer Continuing Disclosure Agreement.** The Finance Director or his or her designee is the person designated, in accordance with the Bond Ordinance, to carry out the Continuing Disclosure Agreement of the City in respect of the Bonds set forth in this section and in accordance with Rule 15c2-12, including, without limitation, the following actions:

- (i) Preparing and filing the annual financial information undertaken to be provided;
- (ii) Determining whether any event specified in paragraph (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;
- (iii) Determining whether any person other than the City is an "obligated person" within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person a Continuing Disclosure Agreement to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;
- (iv) Selecting, engaging and compensating designated agents and consultants, including financial advisors and legal counsel, to assist and advise the City in carrying out this Continuing Disclosure Agreement; and
- (v) Effecting any necessary amendment of this Continuing Disclosure Agreement.

Exhibit C

Identification of Refunded Bonds

**Limited Tax General Obligation Bonds, 2008A
(Redemption Date: 12/1/2018)**

Maturity (Dec 1)	Principal Amount	Interest Rate	Maturity (Dec 1)	Principal Amount	Interest Rate
2019	\$325,000	5.000%	2024	\$410,000	4.625%
2020	340,000	5.000	2025	425,000	4.625
2021	355,000	5.000	2026	445,000	4.600
2022	375,000	4.500	2027	465,000	4.650
2023	390,000	4.500	2028	490,000	4.700

**Limited Tax General Obligation Bonds, 2008B
(Redemption Date: 12/1/2018)**

Maturity (Dec 1)	Principal Amount	Interest Rate
2021*	\$390,000	4.375%
**		
2025*	600,000	4.625
**		
2028*	525,000	4.700

*Term Bond maturity

CERTIFICATION

I, the undersigned, City Clerk of the City of Des Moines, Washington (the "City"), hereby certify as follows:

1. The attached copy of Ordinance No. ____ (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on _____, 2018, as that ordinance appears on the minute book of the City.

2. The Ordinance will be in full force and effect five days after publication in the City's official newspaper, which publication date [is/was] _____, 2018.

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

Dated: _____, 2018.

CITY OF DES MOINES, WASHINGTON

Bonnie Wilkins, City Clerk



CITY COUNCIL REGULAR MEETING

Speaker Sign-Up Sheet

June 28, 2018

NAME (PLEASE PRINT)	ADDRESS	TOPIC	PHONE/E-MAIL ADDRESS
✓ Brian Snure		Legacy	
✓ ALAN MASTERSON	DES MOINES	SR. CENTER	
✓ Loup McEvoy	DES MOINES	DMAC	mcrevay@dm101a@yahoo.com 206 478 0351
✓ Bob Pond	DES MOINES Des Moines	30th Ave S	
✓ EAnn Serrill		SR CENTER	506-821-9569
✓ Nonne Nutting	Des Moines	ABC 4 Highline	
✓ Sue Fadden	Tacoma	Senior Center	206 755-8060
✓ Susan White	Des Moines	Retiring employees	253.670.6096
✓ Bill Luscott	Des Moines	Thx you - Marina Dist Meeting	206 445-2099
✓ Patricia Clark	Des Moines	Sue Fadden	206 2540 @synd.com
✓ JC Harris	Des Moines	ARBORE	
✓ Patricia Tharell	Des Moines	Legacy	



Gene Achziger
President

Patricia V. Clark
Vice President

Patrice Thorell
Secretary

Hallie Marks
Treasurer

Board of Directors

Carla Jackson

Gary McNeil

Lisa Meinecke

Sally Moncrieff

Sue Padden

Kim Richmond

Alena Rogers

Rick Scott

Nancy Stephan

Brian Snure

June 28, 2018

Mr. Arik Van Zandt
Alvarez & Marsal Valuation Services, LLC
111 Third Avenue – Suite 2450
Seattle, WA 98101

Dear Mr. Van Zandt:

We are in receipt of your June 26, 2018 letter requesting records from the Des Moines Legacy Foundation. We recognize that you have been hired as a consultant to perform a specific task for the City and it appears that you may be lacking some important background information. Accordingly, in addition to providing you with the information requested, we believe the following background information is important to your investigation.

The Des Moines Legacy Foundation was created by a committed group of community volunteers, including several City employees, in 1999 as an independent 501(c)3 non-profit organization. We trust that you and the City recognize that the Legacy Foundation is, and will remain, an entity that is separate from the City of Des Moines.

The mission of the Legacy Foundation has always been "to provide services, programs, equipment and other materials critical to our parks, recreation and senior services programs **when city funds are not available.**" (emphasis added). For the past 19 years, through the countless hours and energy of volunteers, we have lived this mission by raising more than \$1.7 million dollars, **100 percent of which has been or will be expended to directly support parks, recreation and senior services programs that the City was unable to afford.**

With the above in mind, I hope you will understand how offensive we find the current action being undertaken by the City. For 19 years, the City has been our partner and has specifically authorized city employees to work on Legacy Foundation projects. It now appears that the City management staff and the City Council have lost sight of the purpose, mission and value that the Legacy Foundation provides to this City. The current action of the City is a direct affront to the spirit of volunteerism exhibited by the dedicated community members who have served and currently serve on the Legacy Foundation Board of Directors.

As the only purpose of the Legacy Foundation is to provide funding to support the City's parks, recreation and senior services programs, it defies logic to suggest that donations made to the Legacy Foundation could in any manner constitute a misappropriation of City funds when 100 percent of the funds go exclusively to those programs. It defies logic to suggest that a City employee's statements encouraging donors to support City programs by donating to the Legacy Foundation could constitute a misappropriation of City funds when our sole purpose is to supplement city funding of these programs. It defies logic to suggest that the authorized participation of City employees in Legacy Foundation events could create a conflict of interest or create opportunities for misappropriations of funds when the funds raised go nowhere other than the City's parks, recreation and senior services programs.

We are disheartened and offended that City management and City Council have chosen to attack the character and reputation of the Des Moines Legacy Foundation and the community volunteers who serve the Legacy Foundation. We wonder if the City Management and City

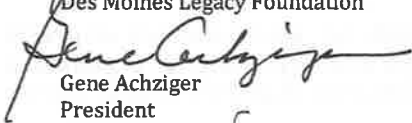
Council recognize, or have considered, that any damage to the reputation of the Legacy Foundation will directly impair our ability to raise the funds that provide services the City cannot afford to provide with its own revenue sources. In our opinion, the City's decision to engage your firm to investigate the Legacy Foundation's finances is a gross waste of taxpayer funds that appears to be premised on a complete lack of understanding of the vital role of the Legacy Foundation and on a complete failure to communicate with the Legacy Foundation Board about any concerns.

Despite our frustration and disillusionment with the current process, we remain committed to our mission. Accordingly, we will do our best to cooperate and provide you with the information requested. To that end we have included a copy of our QuickBooks files that we believe contains the relevant information listed in your letter.

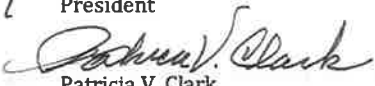
If you have any questions regarding this response or the information provided, you may either contact Board Member Brian Snure (206-824-5630) or our Treasurer Hallie Marks (206-824-5667).

Sincerely,

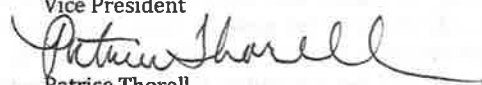
Des Moines Legacy Foundation



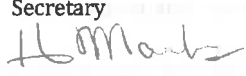
Gene Achziger
President



Patricia V. Clark
Vice President



Patrice Thorell
Secretary



Hallie Marks
Treasurer



Brian Snure
Board Member

CC: City Council Members
City Manager
City Attorney
Legacy Foundation Board Members



June 26, 2018

VIA E-MAIL ONLY

Mr. Brian Snure
Snure Law Office, PSC
C/O Des Moines Legacy Foundation
612 S. 227th Street
Des Moines, WA 98198

RE: City of Des Moines / Des Moines Legacy Foundation

Dear Mr. Snure:

At the request of the City of Des Moines, Washington (the “City”), we have been engaged by the City to review and analyze certain books and records of the Des Moines Legacy Foundation (the “DMLF”) to determine whether or not, and to what extent, funds intended for the City were misappropriated to the DMLF.

Based on our initial review of limited information, we identified opportunities where funds designated for the City could have been misappropriated to the DMLF. For example, in Ms. Padden’s succession notes for the City she stated, “Any personal cash/check donations from a participant larger than \$50 should NOT GO TO THE CITY. Those donations should go to DMLF.”¹ Further, in Ms. Padden’s succession notes for the City she wrote, “We promote leaving funds to the [DMLF] for the senior center through wills, estates and endowments.” She stated later in her notes, “WE do lots of marketing to tell folks to leave estate funds to the [DMLF], not the City!!!”

Lastly, we understand that Ms. Padden has attempted to remove both electronic and physical files from the City that relate to the DMLF.

We understand that many of the individuals on the DMLF board are City employees, which has created both conflicts of interest and lack of segregation of duties between the City and the DMLF. For example, City employees may collect donations during City events for the DMLF. These unusual relationships and procedures can be indicators of opportunities to misappropriate funds from one entity to another.

Based on these activities and interactions, we have been asked to review and analyze certain books and records of the DMLF.

¹ Page 3 of Ms. Padden’s succession notes for the City.

Please provide the following information. *If any of the requested information does not exist or is not applicable, please so indicate.*

1. DMLF's bank statements, including copies of checks from January 2015 through May 2018;
2. DMLF's credit card statements from January 2015 through May 2018;
3. DMLF's QuickBooks files with appropriate username and password;
4. DMLF's payroll reports from January 2015 through May 2018, if not incorporated in DMLF's QuickBooks file;
5. DMLF's financial budgets from January 2015 through May 2018;
6. DMLF's summary of petty cash, if not tracked in DMLF's QuickBooks file;
7. List of donors with amounts donated from January 2015 through May 2018;
8. All documentation related to estates and wills from January 2015 through May 2018;
9. DMLF's monthly expense reports from January 2015 through May 2018;
10. List of all purchases made for City purposes, such as equipment and appliances, from January 2015 through May 2018;
11. List of all projects and events, including amounts spent, from January 2015 through May 2018;
12. All invoices; for example, Normandy Park invoices, from January 2015 through May 2018; and
13. List of all advertisers from January 2015 through May 2018.

There may well be additional items we will need as our work progresses. If you have any questions, please do not hesitate to contact us.

Regards,



Arik K. Van Zandt ASA, CDBV
Managing Director, Alvarez & Marsal Valuation Services, LLC

AKV:cac



Our Generous Heritage

Des Moines is a community rich in parks and recreation stewardship dating back to the early 1900s when citizens donated land for baseball fields (now Field House Park).

In 1984, Thomas Wooton bequeathed two acres of valuable land (Wooton Park) in the heart of Redondo so that children there would always have grass to play upon.

In 1996, Daisy Sonju left a 9-acre wooded oasis that now hosts the city's community garden, orchards and hiking trails.

In 2010, Phyllis Moore gave a generous endowment for a future children's play area.

Here's What We Do

The Des Moines Legacy Foundation works to provide services, programs, equipment and other materials critical to our parks, recreation and senior services programs when city funds are not available.

Here's just a sampling of the programs and projects we support:

- Scholarships that broaden opportunities for youth participation in Des Moines recreation activities
- Sonju Community Orchard and Garden pea-patches and the Georgie Nupen greenhouse grow food for the Des Moines Food Bank
- Summer lunch and recreation programs for low income youth
- Des Moines Arts Commission's Summer Concerts at Beach Park and public art projects
- Park improvements at Des Moines Beach Park, Field House Park and Steven J. Underwood Park.
- Enhancements to the Activity Center

Who We Are

Since its creation in 1999 the Des Moines Legacy Foundation, a 501(c)(3) non-profit organization, is committed to continuing the city's rich tradition of expanding parks and recreation opportunities and facilities for youth, adults and seniors throughout our community.

Our 15-member board of directors is made up of your friends and neighbors, dedicated to raising funds through legacy and other charitable donations for the betterment of the community.

Our Vision

Together, we can build a brighter future through parks, recreation, and senior services in the Des Moines community.

Our Mission

- Improve and create community and park and recreation services
- Promote interest in and opportunities for charitable giving
- A positive force in providing tools to assist the changing needs of our community
- To enhance services for all ages



Call 206.870.6527
for more information
or visit our website:
desmoineslegacy.org

Des Moines
Legacy Foundation
P.O. Box 13582
Des Moines, WA 98198

TAX IDENTIFICATION: 91-2019863

WHAT WILL BE YOUR



LEGACY?

Whether you consider yourself rich or poor, your gift will make a difference

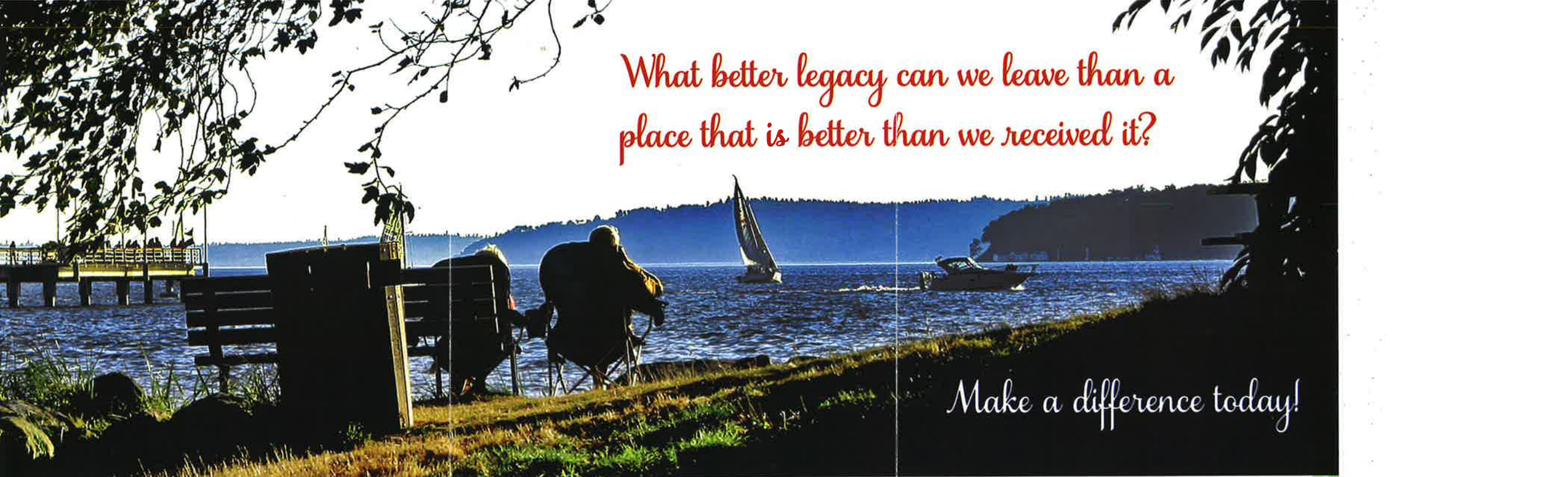
Even small amounts can have a big impact over time

Give Back

What you leave behind is not what is engraved in stone monuments, but what is woven into the lives of others

Pericles

www.desmoineslegacy.org



*What better legacy can we leave than a
place that is better than we received it?*

Make a difference today!

*Leaving your legacy can be
of great value to you
and to our community*

Tax Benefits

Donating to a charity provides tax write-off opportunities. You can claim both monetary donations and donations of items. The deduction is dependent upon the value of the items you have donated. The more you give, the more you are able to write off on your taxes and help a nonprofit organization at the same time; it is a win-win situation.

It Feels Good

One of the best reasons to donate to charity is to help with a cause that is important to you and feel great at the same time. Donating to charity can help you give back.

In Memoriam or Honor

A gift is a wonderful way to recognize someone who made a difference in your life. You may also specify to which program, project, or community facility your gift will be directed.

Many families ask for contributions to a particular charity in lieu of sending flowers to a funeral. Some people do the same for birthdays, asking for donations in lieu of gifts.

Matching Gifts

Many corporations match employee gifts to charities, enabling you to double your contribution to the Des Moines community.

You may wish to make a donation of cash, stock, life insurance, bonds or real estate as a memorial to a loved one or by leaving a gift in your will.

Annuities and IRAs can also be an excellent source of funds. Within certain guidelines, withdrawals are tax-free.

Who can help arrange my gift?

Although more than 70 percent of people in this country give money to charitable causes, only 4 percent leave a legacy in a will or trust to charities after their death.

Your lawyer or financial adviser can assist you with these options.



**There are only
two lasting bequests
we can give our children...
one is roots,
the other is wings**

Stephen Covey

www.desmoineslegacy.org

June 25, 2018

Tim George
City Attorney
21630 11th Avenue South, Suite C
Des Moines, WA 98196-6398

Mr. George:

I have reviewed your undated letter asking me to respond by June 27 regarding public records. To the best of my knowledge, all records of the City that I dealt with on behalf of the Des Moines Legacy Foundation were created and maintained on the City's computer.

Mr. Matthias stated at the June 14, 2018 Council meeting that:

"Yesterday, it was confirmed that a city employee was acting in a way to compromise that investigation, specifically deleting large numbers of files from the city's server," said Matthias. "These actions put the city at great risk."

But the records were "fully recovered and have been made available to our third party investigator," and the Washington State Auditor.

I agree that all public records I am aware of with regards to Des Moines Legacy Foundation are on the City computer, and the best source for obtaining those records is the City web server. I did put Des Moines Legacy records and photos on a thumb drive that I downloaded from a folder I had labeled "DMLF" and the DMLF photo file. Also included on that drive was a C drive folder labeled "Succession". This thumb drive was given to the Des Moines Legacy Foundation at their June 21st meeting, along with the Des Moines Legacy Foundation laptop.

I look forward to the completion of the investigation, to date I have not been contacted by an investigator but I will cooperate completely. I also expect that I will be given a copy of the investigation findings when it is complete.

Sincerely



Sue Padden