CITY OF TUMWATER

CITY COUNCIL
MEETING AGENDA

Online via Zoom and In Person at
Tumwater City Hall, Council Chambers,
555 Israel Rd. SW, Tumwater, WA 98501

Tuesday, September 15, 2026
7:00 PM

1. **Call to Order**
2. **Roll Call**
3. **Flag Salute**
4. **Special Items:**
   a. Proclamation: Week Without Driving, October 1st – 8th, 2026
   b. Proclamation: Fire Prevention Week, October 4th – 10th, 2026
5. **Public Comment:** (for discussion of items not having a public hearing on tonight's agenda)
6. **Consent Calendar:**
   a. Approval of Minutes: City Council Meeting, August 18, 2026
   b. Approval of Minutes: City Council Work Session, August 25, 2026
   c. Approval of Minutes: City Council Meeting, September 1, 2026
   d. Payment of Vouchers (Finance Department)
   e. Resolution No. R2026-013, Financial Policy Updates (Budget & Finance Committee)
   f. Alternative Response Team Grant Agreement with the Association of Washington Cities (Public Health & Safety Committee)
   g. Cancellation of the October 6th Regular Council Meeting (Executive Department)
   h. Advisory Board Appointment of Paul Strickland to the Historic Preservation Commission (Executive Department)
7. **Public Hearings:**
   a. Resolution No. R2026-014, In Support of Timberland Regional Library Levy Lid Lift Proposition (Executive Department)

Timberland Regional Library District
Proposition No. 1
Regular Property Tax Levy Lid Lift for Library Services,
Operations and Maintenance

The Timberland Regional Library District's Board of Trustees adopted Resolution No. 26-002 concerning a proposed increase of the District's regular levy rate.

If approved, this proposition would restore the District's regular property tax levy rate for library services, operations, and maintenance from $0.22 to $0.35 per $1,000 of assessed valuation for both 2027 and 2028, subject to applicable limitations. The resulting 2028 levy dollar amount would be used for the purpose of computing subsequent levy limitations under chapter 84.55 RCW.

Should this proposition be approved?

____ Yes

____ No

8. Council Considerations:

a. Ordinance No. O2026-006 Delegation of Authority to Issue Bonds (Budget & Finance Committee)

b. Interlocal Agreement with Cities of Lacey, Olympia and Thurston County for Franz Anderson Road Permanent Housing Project – Second Amendment (Community Development Project)

9. Mayor/City Administrator's Report

10. Councilmember Reports

11. Any Other Business

12. Adjourn

Hybrid Meeting Information
The public are welcome to attend in person, by telephone or online via Zoom.

Watch Online
https://us02web.zoom.us/w/81538279123?tk=x3whezJ3cVgXcS_L8tx8wHY1DQ4bcZTQ5wzZBce3Fu4.DQkAAAAS_A9m0xZMeXh4aDFXNlI4UzY4S1BtN2RaOWd3AAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAA&pwd=qCrbKSjHoZQKbuDFFIoMhXQxLS1QA5.1&uuid=WN_4a6M4C-LTmijmKf530oKpg

Listen by Telephone
Call (253) 215-8782, listen for the prompts and enter the Webinar ID 815 3827 9123 and Passcode 334103.

Public and Written Comment
Attend in person to give public comment or register by 5:00 p.m. the day of the meeting to provide public comment using the web-based meeting platform:
https://us02web.zoom.us/webinar/register/WN_4a6M4C-LTmijmKf530oKpg

After registering, you will receive a confirmation email with a login to join the online meeting.

As an alternative, prior to the meeting, the public may submit comments by sending an email to council@ci.tumwater.wa.us, no later than 5:00 p.m. on the day of the meeting. Comments are submitted directly to the Mayor and City Councilmembers and will not be read individually into the record of the meeting.

Post Meeting
Video of this meeting will be recorded and posted on our City Meeting page: https://tumwater-wa.municodemeetings.com.

Accommodations
The City of Tumwater takes pride in ensuring that people with disabilities are able to take part in, and benefit from, the range of public programs, services, and activities offered by the City. To request an accommodation or alternate format of communication, please contact the City's ADA Coordinator directly, call (360) 754-4129 or email ADACoordinator@ci.tumwater.wa.us. For vision or hearing impaired services, please contact the Washington State Relay Services at 7-1-1 or 1-(800)-833-6384.

TO: City Council

FROM: Brittaney McClanahan, Executive Assistant

DATE: September 15, 2026

SUBJECT: Proclamation: Week Without Driving, October 1st – 8th, 2026

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1) <u>Recommended Action</u>:

Informational Only.

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2) <u>Background</u>:

October 1st – 8th is Week Without Driving. Grier Jewell and Ivanova Smith from People First of Washington will be present to accept the Proclamation and say a few words.

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3) <u>Policy Support</u>:

Vision, Mission, Values

Partnership: We work in partnership with residents, businesses, community organizations, and governments to address challenges and advance shared goals.

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4) <u>Alternatives</u>:

- ❑ None

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5) <u>Fiscal Notes</u>:

Proclamations have no fiscal impact.

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6) <u>Attachments</u>:

A. Proclamation

Proclamation

WHEREAS, the Week without Driving was established in 2021 in Washington State by the Disability Mobility Initiative of Disability Rights Washington so those who have the option to drive can learn firsthand about barriers and challenges that nondrivers face; and

WHEREAS, mobility is a fundamental part of health, safety, and community connection; and

WHEREAS, non-drivers include aging adults, youth, students, low-income individuals, people with physical, mental, intellectual, or developmental disabilities, and people who prefer not to drive; and

WHEREAS, a third of the people residing in Washington state do not have a driver's license; and

WHEREAS, the U.S. Bureau of Labor Statistics estimates the cost of owning a car is approximately 82 cents per mile, with average household spending of more than $12,000 a year in 2024; and

WHEREAS, improvements in walking and bike paths in Tumwater improves mobility for residents who cannot or do not drive to get around to visit family and friends and take care of everyday tasks; and

WHEREAS, transportation represents the second largest greenhouse gas emission source in Thurston County, which we must reduce to meet our City, region, and state greenhouse gas emission reduction goals; and

WHEREAS, going a week without driving provides an opportunity to gain lived experience to understand how we can meet the needs of all Tumwater residents.

NOW THEREFORE, I, Leatta Dahlhoff, Mayor of the City of Tumwater, do hereby proclaim

October 1st-8th, 2026

Week Without Driving

and I encourage all people in the City of Tumwater to participate in the Week Without Driving.

Signed in the City of Tumwater, Washington, and recognized on this 15th day of September in the year, two thousand twenty-six.

Leatta L Dahlhoff

Leatta Dahlhoff
Mayor

THE SEAL OF THE CITY OF TUMWATER, WASHINGTON

Item 4b.

TO: City Council

FROM: Brittaney McClanahan, Executive Assistant

DATE: September 15, 2026

SUBJECT: Proclamation: Fire Prevention Week, October 4th – 10th, 2026

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1) Recommended Action:

Informational Only.

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2) Background:

October 4th – 10th is Fire Prevention Week. Tumwater Fire Chief Brian Hurley will be present to accept the Proclamation and say a few words.

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3) Policy Support:

Vision, Mission, Values

Partnership: We work in partnership with residents, businesses, community organizations, and governments to address challenges and advance shared goals.

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4) Alternatives:

- ❑ None

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5) Fiscal Notes:

Proclamations have no fiscal impact.

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6) Attachments:

A. Proclamation

A

Proclamation

WHEREAS, the City of Tumwater is committed to ensuring the safety and security of all those living in and visiting our City; and

WHEREAS, many of the devices in our daily lives-phones, tablets, tools, toys, e-bikes, and scooters, to name a few run on rechargeable lithium-ion batteries, which store high amounts of energy in a small space; and

WHEREAS, if batteries are damaged or charged incorrectly, they can overheat, start a fire or even explode; and

WHEREAS, the National Fire Protection Association® (NFPA®) reports an increase in battery-related fires, underscoring the need for public education on the safe use of lithium-ion batteries; and

WHEREAS, Properly charging devices can significantly reduce the risk of fires and associated hazards. Use the cord and charge that came with your device or ones approved by the manufacturer. Using the wrong charger can damage the battery and increase the risk of fire; and

WHEREAS, Charge devices on a table, desk, or other hard, flat surface. Do not charge them on beds, couches, or under pillows. Devices and chargers produce head during normal charging. Soft surfaces can trap heat and block airflow, which can cause the battery to overheat; and

WHEREAS, Unplug your device when it is fully charged. Do not leave it plugged in longer than needed. Leaving a device plugged in too long can increase heat and stress on the battery; and

WHEREAS, the 2026 Fire Prevention Week theme, "Charge into Fire Safety: Safe Charging Is a Superpower!" serves to focus on lithium-ion batteries to better educate the public about how to buy, charge, and dispose of them safely.

NOW THEREFORE, I, Leatta Dahlhoff, Mayor of the City of Tumwater, do hereby proclaim the week of

October 4, 2026 - October 10, 2026

Fire Prevention Week

and I urge all residents and businesses in the City of Tumwater to heed these messages and to support the efforts of the Tumwater Fire Department and other emergency services to keep us safe from fires and in times of medical emergencies.

Signed in the City of Tumwater, Washington, and recognized on this 15th day of September in the year, two thousand twenty-six.

Leatta L Dahlhoff

Leatta Dahlhoff
Mayor

MEETING MINUTES

TUMWATER CITY COUNCIL
August 18, 2026

CONVENE: 7:00 p.m.

PRESENT: Mayor Leatta Dahlhoff and Councilmembers Peter Agabi, Joan Cathey, Angela Jefferson, Meghan Sullivan, Eileen Swarthout, Kelly Von Holtz and Brandon Weedon.

Staff: City Administrator Paul Simmons, Assistant City Administrator Kelly Adams, Administrative Services Director Michelle Sutherland, City Attorney Karen Kirkpatrick, Community Development Director Brad Medrud, Communications Manager Jason Wettstein, Finance Director Troy Niemeyer, Information Technology Director Lance Inman, Parks & Recreation Director Chuck Denney, Acting Deputy Police Chief Ken Driver, Water Resources & Sustainability Director Dan Smith, Water Resources Program Manager Patrick Soderberg, Water Resource Specialist Carrie Gillum, Water Resource Specialist Alex Kate Halvey, and Deputy City Clerk Tracie Core.

Others: Thurston County Public Health & Social Services Opioid Response Coordinator Katie Strozyk and Education and Outreach Specialist Kateri Wimsett and Thurston Conservation District Executive Director Sarah Moorehead and Board Chair TJ Johnson.

SPECIAL ITEMS:

PROCLAMATION: INTERNATIONAL OVERDOSE AWARENESS DAY, AUGUST 31, 2026

Councilmember Sullivan read a proclamation declaring August 31, 2026, International Overdose Awareness Day. The proclamation calls on the people of Tumwater to raise awareness around drug overdose by reducing stigma through initiatives related to education, prevention, treatment, and recovery support for substance use disorder.

	Mayor Dalhoff presented the proclamation to Katie Strozyk and Kateri Wimsett with the Thurston County Public Health and Social Services Department Opioid Response Program.
THURSTON CONSERVATION DISTRICT PRESENTATION:	Director Moorehead and Board Chair Johnson with the Thurston Conservation District gave a presentation on the work that they do and the work they are doing with the City of Tumwater. The Thurston Conservation District is a voluntary, non-regulatory entity. They work all throughout Thurston County and have unique partnerships with several jurisdictions to address specific needs in those communities. Throughout this presentation core services were highlighted and include: • Habitat Restoration • Agriculture and Local Food Systems • Urban Conservation • Forestry & Wildfire resilience • Native Plants and Pollinators • K-12 Education • Community Gardens Councilmembers asked questions and shared comments.
PUBLIC COMMENT:	Public Comment was given by resident Nicandri.
CONSENT CALENDAR:	a. Approval of Minutes: City Council Meeting, July 21, 2026 b. Approval of Minutes: City Council Joint Planning Commission & Tree Board Tour, July 28, 2026 c. Payment of Vouchers d. Ordinance No. O2026-016, Parking Lot Lighting e. Resolution No. R2026-008, Charitable Partnerships f. Resolution No. R2026-012, Council Rules g. Data share agreement with the Secretary of State for the Combined Fund Drive h. Reappointment of Satpal Sohal, Dave Bills and Brian Reynolds to the Lodging Tax Advisory Committee
MOTION:	**Councilmember Weedon moved, seconded by Councilmember Jefferson, to approve the Consent Calendar as published. A voice vote approved the motion unanimously.**

COUNCIL CONSIDERATIONS:

2026 DROUGHT BRIEFING AND PUBLIC OUTREACH:

Program Manager Soderberg introduced Senior Specialist Gillum and Resource Specialist Halvey who shared the 2026 Summer Drought Assessment and Public Outreach presentation.

Every year Tumwater does an annual drought assessment looking at many different sites for information at both the national and regional levels.

Senior Specialist Gillum shared a shortage response plan that consists of the four following stages:

- Stage 1 – Advisory-Voluntary Reductions
- Stage 2 – Minor Shortage-Voluntary Reductions
- Stage 3 – Moderate Shortage- Mandatory Restrictions
- Stage 4 – Severe Shortage-Emergency Curtailment

Resource Specialist Halvey shared about the Water Conservation Program that included public outreach efforts with water conservation messaging using utility bill inserts during the months of May, July and August. Councilmembers asked questions and shared comments.

COUNCILMEMBER REPORTS:

No reports were given due to time constraints.

MAYOR/CITY ADMINISTRATOR'S REPORT:

Mayor Dahlhoff gave no report.

Administrator Simmons commended the Parks and Recreation Department for a successful Brewfest with over 3,000 people attending the event. The event consisted of forty-seven breweries, cideries, and distilleries. A thank you was also given to all the city departments that supported this event.

EXECUTIVE SESSION:

Mayor Dahlhoff recessed the meeting at 8:44 p.m. to discuss Collective Bargaining pursuant to RCW 42.30.140(4)(b) for approximately 10 minutes.

ADJOURNMENT:

Mayor Dahlhoff reconvened the meeting and adjourned the meeting at 8:55 p.m.

Prepared by Tracie Core, Deputy City Clerk

MEETING MINUTES

TUMWATER CITY COUNCIL WORK SESSION
August 25, 2026

CITY OF TUMWATER

CONVENE: 6:00 p.m.

PRESENT: Mayor Leatta Dahlhoff and Councilmembers Peter Agabi, Joan Cathey, Angela Jefferson, Eileen Swarthout, Meghan Sullivan, Kelly Von Holtz, and Brandon Weedon.

Staff: City Administrator Paul Simmons, City Attorney Karen Kirkpatrick, Finance Director Troy Niemeyer, Information Technology Director Lance Inman, Community Development Director Brad Medrud, Deputy Community Development Director Sharon Lumbantobing, Water Resources & Sustainability Director Dan Smith, Police Chief Carlos Quiles and City Clerk Melody Valiant.

Others: Washington Cities Insurance Authority Executive Director Ann Bennett & ECONorthwest Project Director Erik Bagwell.

WASHINGTON CITIES INSURANCE AUTHORITY TRAINING – COUNCIL BEST PRACTICES:

Assistant Kirkpatrick introduced Ann Bennett, Executive Director with Washington Cities Insurance Authority (WCIA) who would be presenting Council Best Practices. Director Bennett provided an overview of WCIA, noting Tumwater has been a member since 1985, and discussed the organization's liability coverage, risk management training and loss prevention services. She also explained the increasing liability risks facing public entities.

Director Bennet reviewed several best practices for reducing liability including:

- Follow legal and staff advice and remain within the Council's legislative role.
- Avoid promises or statements that could create liability.
- Protect executive-session information and use City systems for City business.

- Keep personal, campaign, and official social media separate.
- Work through appropriate staff when representing the City on outside boards and committees.

Councilmembers asked questions and shared experiences related to the topics and best practices presented.

COMMUNITY DEVELOPMENT 2026 WORK PLAN STATUS UPDATE:

Deputy Director Lumbantobing presented an update to the Community Development 2026 Work Plan, reviewing the status of major planning and code projects. Most projects are on track, while several, including the Park Plan and Urban Forestry Management updates, will continue into 2027. Staff also highlighted progress on the Economic Development Plan, development regulations, annexations, Brewery Redevelopment Plan, and permit system replacement. Councilmembers asked questions and provided comments on the work plan updates.

MULTI-FAMILY TAX EXEMPTION (MFTE) PROGRAM EVALUATION – PRELIMINARY FINDINGS:

Project Director with ECONorthwest Erik Bagwell introduced himself and presented his preliminary findings for the Multifamily Tax Exemption (MFTE) Program. He reviewed current development activity, affordability requirements, and how the program affects housing production and project feasibility.

Councilmembers asked questions about affordability and the program's goals. Staff and ECONorthwest will continue with the analysis and return with recommendations and additional options for Council to consider.

MAYOR/CITY ADMINISTRATOR'S REPORT:

Mayor Dahlhoff and Administrator Simmons had no reports.

ADJOURNMENT:

Mayor Dahlhoff adjourned the meeting at 7:59 p.m.

Prepared by City Clerk, Melody Valiant.

MEETING MINUTES

TUMWATER CITY COUNCIL
September 1, 2026

CONVENE: 7:00 p.m.

PRESENT: Mayor Leatta Dahlhoff and Councilmembers Peter Agabi, Joan Cathey, Angela Jefferson, Meghan Sullivan, Eileen Swarthout, Kelly Von Holtz and Brandon Weedon.

Staff: City Administrator Paul Simmons, Assistant City Administrator Kelly Adams, City Attorney Karen Kirkpatrick, Police Chief Carlos Quiles, Jr., Assistant Fire Chief Shawn Crimmins, Finance Director Troy Niemeyer, Information Technology Director Lance Inman, Transportation & Engineering Director Brandon Hicks, Communications Director Jason Wettstein, Water Resources & Sustainability Director Dan Smith, Administrative Services Director Michelle Sutherland, Economic Development Coordinator Gene Angel, and Deputy City Clerk Tracie Core.

Others: Hispanic Roundtable Vice President Olivia Salazar de Breaux and Board Members Bonnie Hale and Paulette Perez, Thurston County Auditor's Office Technician Laura Carlson.

SPECIAL ITEMS:

PROCLAMATION: NATIONAL HISPANIC HERITAGE MONTH, SEPTEMBER 15 – OCTOBER 15, 2026

Councilmember Sullivan read a proclamation declaring September 15 – October 15, 2026, National Hispanic Heritage Month. Each year, Americans observe National Hispanic Heritage Month from September 15 to October15, by celebrating the histories, cultures, and contributions of those who ancestors came from Spain, Mexico, the Caribbean, Central and South America.

It is a time to honor the many ways Hispanics, Latinos, and Latinx contribute to Tumwater, celebrate diverse cultures, and work toward a stronger, more inclusive, and prosperous community for all.

Mayor Sullivan presented the proclamation to Hispanic Roundtable Vice President Olivia Salazar de Breaux, Board Members Bonnie Hale and Paulette Perez.

PROCLAMATION: NATIONAL VOTER REGISTRATION DAY, SEPTEMBER 15, 2026

Councilmember Weedon read a proclamation declaring September 15, 2026, National Voter Registration Day. The proclamation encourages all eligible City of Tumwater residents to register to vote, to vote when they receive their ballot, and to encourage their neighbors to vote.

Mayor Sullivan presented the proclamation to Thurston County Auditor's Office Technician, Laura Carlson.

PUBLIC COMMENT:

Public comment was given by residents Stewart and Reynolds.

CONSENT CALENDAR:

a. Payment of Vouchers
b. Lease Agreement with South Puget Sound Community College Addendum 1
c. Percival Creek Fish Passage Barrier Removal Project – Request for Increase to Change Order Authority

MOTION:

Councilmember Jefferson moved, seconded by Councilmember Agabi, to approve the Consent Calendar as published. A voice vote approved the motion unanimously.

COUNCIL CONSIDERATIONS:

ECONOMIC DEVELOPMENT QUARTERLY UPDATE:

Assistant Administrator Adams shared a quarterly Economic Development Update presentation covering the following areas:

- Local Businesses
- Brownfield funding
- Brewery
- Community Economic Revitalization Board (CERB) Grant
- Planned Actions EIS
- Comp Plan Element

Congratulations were given to our Tumwater organizations and businesses who were listed in the Olympians' Best of South Sound magazine. The list of selected organizations and businesses can be found at www.bestsouthsound.com. Councilmembers share comments and praises.

2027 – 2029 COLLECTIVE BARGAINING AGREEMENT WITH TUMWATER POLICE GUILD:

Director Sutherland and Chief Quiles, Jr. gave a presentation on the 2027-2029 Collective Bargaining Agreement with the Tumwater Police Guild.

The agreement is a strategic investment in the Tumwater Police Guild and the police force recruitment, retention, officer readiness, and the Tumwater community. All the proposed changes to this contract are covered by the public safety tax, along with currently budgeted general fund dollars. Together, the provisions improve wellness, work-life balance, and career sustainability. Councilmembers asked questions and shared comments.

MOTION:

Councilmember Sullivan moved, seconded by Councilmember Jefferson, to approve the 2027 – 2029 Collective Bargaining Agreement with the Tumwater Police Guild. A voice vote approved the motion unanimously.

LEASE AGREEMENT WITH LACEY FIRE DISTRICT 3 FOR SHOWER TRAILER:

Assistant Chief Crimmins shared T-1 fire station is currently having work done involving bathrooms and showers due to leaking and low placed shower heads. The lease agreement is temporary. It is for an 8-stall trailer that will be used for the fire academy and other situations. The hope is to have the trailer for less than a month.

The funds have already been allocated in the current budget, through the Capital Facilities Plan, so there is no budgetary impact due to this work already being planned for. Councilmembers asked questions and made comments.

MOTION:

Councilmember Sullivan moved, seconded by Councilmember Weedon, to approve Lease Agreement with Lacey Fire District 3 fort Shower Trailer. A voice vote approved the motion unanimously.

MAYOR/CITY ADMINISTRATOR'S REPORT:	Administrator Simmons reminded everyone that offices will be closed on Monday due to the Labor Day holiday. Mayor Dahlhoff had not report
COUNCILMEMBER REPORTS:	Councilmembers Agabi, Cathey, Jefferson, Sullivan, Swarthout, Von Holtz and Weedon gave reports.
ADJOURNMENT:	**With there being no further business, Mayor Dahlhoff adjourned the meeting at 8:11 p.m.** Prepared by Tracie Core, Deputy City Clerk

TO: City Council

FROM: Silvia Torres-Torrero, Accounting Technician

DATE: September 15, 2026

SUBJECT: Payment of Vouchers

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1) Recommended Action:

Staff are seeking City Council ratification of:

- August 28, 2026, payment of Eden vouchers 175110 to 175114 in the amount of $1,354.20; payment of Enterprise vouchers 191025 to 191084 in the amount of $427,068.65, and electronic payments 907572 to 907596 in the amount of $139,688.48 and Wire payment of $334,722.71

- September 04, 2026, payment of Eden vouchers 175115 to 175120 in the amount of $2,442.48; payment of Enterprise vouchers 191085 to 191159 in the amount of $1,237,635.29 and electronic payments 907597 to 907615 in the amount of $610,134.18

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2) Background:

The City pays vendors monthly for purchases approved by all departments. The Finance Director has reviewed and released the payments as certified on the attached Exhibit(s). The full voucher listings are available upon request from the Finance Manager. The most significant payments* were:

Vendor		
Name	Amount	Description
Active Construction INC	$717,500.14	ACI PE #5 Percival Creek
LOTT Clean Water Alliance	$572,193.11	Deschutes Valley Property Purchase #1
Pumptech Holdings LLC	$83,448.00	4-RTU Installations at L/S Sewer 23-349
Gray & Osborne INC	$61,836.87	Trosper Sewer Extension
Bud Clary Chevrolet INC	$48,779.86	2026 Traverse Replacement for Police
Pacific Education Institute	$25,000.00	Tumwater School District YESS Program
Thurs CO District Court	$20,274.00	TCDC Infraction/Citation Billings

* Includes vouchers in excess of $20,000, excluding routine utility payments.

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3) Policy Support:

Strategic Priorities & Goals 2026-2032: Tumwater Excellence
Be good stewards of public funds by following sustainable financial strategies.

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4) Alternatives:

- ❑ Ratify the vouchers as proposed.
- ❑ Develop an alternative voucher review and approval process.

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5) Fiscal Notes:

The vouchers are for appropriated expenditures in the respective funds and departments.

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6) Attachments:

A. Exhibit A – Payment of Vouchers – Review and Approval
B. Exhibit B – Payment of Vouchers – Review and Approval

EXHIBIT "A"

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein and that the claim is a just, due and unpaid obligation against the City of Tumwater, and that I am authorized to authenticate and certify to said claim.

Enterprise ERP
Voucher/Check Nos 191025 through 191084 in the amount of $427,068.65
Electronic payment Nos 907572 through 907596 in the amount of $139,688.48
Wire payments in the amount of $334,722.71

Eden
Voucher/Check Nos 175110 through 175114 in the amount of $1,354.20

Silvia Torres-Torrero

Accounting Technician – Accounts Payable

EXHIBIT "B"

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein and that the claim is a just, due and unpaid obligation against the City of Tumwater, and that I am authorized to authenticate and certify to said claim.

Enterprise ERP
Voucher/Check Nos 191085 through 191159 in the amount of $1,237,635.29
Electronic payment Nos 907597 through 907615 in the amount of $610,134.18

Eden
Voucher/Check Nos 175115 through 175120 in the amount of $2,442.48

Silvia Torres-Torrero

Accounting Technician – Accounts Payable

Checks dated 09/04/2026

TO: City Council

FROM: Troy Niemeyer, Finance Director

DATE: September 15, 2026

SUBJECT: Resolution No. R2026-013, Financial Policy Updates

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1) Recommended Action:

Adopt Resolution No. R2026-013, updating the City's financial policy.

This Resolution was recommended for adoption by the Budget & Finance Committee at their August 28, 2026, meeting.

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2) Background:

The Washington State constitution, as well as state law, set the maximum amount of debt that a local government can have. The City's current financial policy is more restrictive, limiting the City to one half (1/2) of the debt limit allowed by state law. This policy update removes the additional restrictions and aligns the debt limits with state law requirements. In addition, there are other minor updates.

The City Council is still required to approve bond issues and to approve individual projects.

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3) Policy Support:

2026-2032 Strategic Priorities & Goals: Tumwater Excellence: refine and sustain a great organization. Be good stewards of public funds by following sustainable financial strategies.

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4) Alternatives:

- ❑ Do not adopt the Resolution.
- ❑ Provide different directions to staff.

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5) Fiscal Notes:

The change to this policy allows the City Council to authorize debt up to, but not in excess of, state law requirements.

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6) Attachments:

A. Resolution R2026-013 – Financial Policy
B. Financial Policy – redline version

RESOLUTION NO. R2026-013

A RESOLUTION of the City Council of the City of Tumwater, Washington adopting comprehensive financial policies.

WHEREAS, the City considers it best practice to establish written long-term comprehensive financial policies as a stand-alone document to govern financial planning, the budget process, and financial decisions; and

WHEREAS, the City adopted comprehensive financial policies via R2018-010 on April 3, 2018; and

WHEREAS, changes to the policies are needed to address debt financing needs for upcoming capital projects; and

WHEREAS, periodic updates are needed to stay current with best practices and updated accounting rules and guidance; and

WHEREAS, the City's Budget & Finance Committee has reviewed the revised policies on August 28, 2026; and

WHEREAS, the City Council finds adoption is in the best interests of the residents of Tumwater to protect public health, safety and welfare.

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

Section 1. **Adoption.** The City Council hereby adopts the comprehensive financial policies as shown in Exhibit A, attached hereto and incorporated herein by reference.

Section 2. **Repeal**. Resolution R2018-010 is repealed immediately.

Section 3. **Implementation.** The Finance Director shall have the authority to interpret and make minor administrative changes to the financial policies and take all actions necessary to implement and enforce the adopted policies.

Section 4. **Ratification**. Any act consistent with the authority and prior to the effective date of this Resolution is hereby ratified and affirmed.

<u>Section 5</u>. **<u>Severability</u>**. The provisions of this Resolution are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this Resolution or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of the Resolution, or the validity of its application to other persons or circumstances.

<u>Section 6</u>. **<u>Effective Date</u>**. This Resolution shall become effective immediately upon adoption and signature as provided by law.

RESOLVED this 15th day of September, 2026.

CITY OF TUMWATER

____
Leatta Dahlhoff, Mayor

ATTEST:

____
Melody Valiant, City Clerk

APPROVED AS TO FORM:

____
Karen Kirkpatrick, City Attorney

TABLE OF CONTENTS

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 1
PURPOSE

Tumwater is a full-service City that provides police and fire services, maintains parks and other public facilities, offers recreational programs and activities, conducts urban planning, issues construction permits, and makes sure residents have safe transportation options. These services are considered general government services. The City also operates three utilities that provide clean drinking water, remove and recycle wastewater safely and manage storm water conveyances and ponds to prevent flooding, and to protect the environment; and, it operates a Transportation Benefit District (TBD) which is a special purpose district dedicated to the maintenance of streets and sidewalks. In addition, the City has the Tumwater Metropolitan Park District (TMPD) to support and expand parks. Furthermore, all of these services utilize internal support services such as finance, human resources, community relations, equipment purchases and maintenance, and administration. The City has the authority to impose taxes, such as property taxes, sales taxes and business taxes, as well as fees for specific services, which pay for the cost of these services. The City has to be accountable for the use of all public funds and keep its service promise.

These written policies are approved by Council and apply to all City funds and activities, including general government, utility and internal services, and for any special districts. Special policies for a sub-set of services will be called out. They are intended to be adaptable to changing needs and support Council strategies and goals long-term while ensuring financial protection and sound fiscal practices.

The intent here is to establish written policy and not procedures. Policy is a philosophy or thought process and provides a framework for procedures and day to day decision making. The establishment of specific accounting and financial procedures is the responsibility of the Finance Director and should be in the spirit of these policies. They may be established administratively by the Finance Director.

The policy provides guidance in what should be done and as such, prevents what should not be done. It does not state all that should not be done, because that list would be infinite. This policy should be reviewed and updated periodically to be a living document that fits the times.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 2
OBJECTIVE

The City strives to:

- Maintain all essential services without major service interruption,
- Obtain equitable and fair revenue sources,
- Build financial stability and sustainability,
- Fulfill all financial obligations,
- Be prepared for growth, economic change, and emergencies,
- Comply with laws and regulations, and
- Maintain a high bond rating.

These following policies are to provide guidance for decisions that have a significant fiscal impact and that are in support of the above goals. They are broken out into the following topics:

- Reserve and Contingency Policies
- Revenue and Other Resources
- Expenditures
- Budget Preparation
- Stewardship Over What the City Owns
- Long-term Financial Planning
- Long-term Operational Financial Planning
- Investments
- Debt
- Auditing, Accounting and Financial Reporting
- Management of Federal Grants

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 3
RESERVE AND CONTINGENCY POLICIES

Reserves reduce financial risk, provide flexibility, add to financial stability, and contribute to good bond ratings. Typically, they are established to manage uneven revenue and expenditure fluctuations, known or planned expenditure spikes, or to provide cash flow for large and long-term strategic goals. The purpose for any reserve should be defined and the reserves should be used according to that purpose. Reserves are expected to periodically fall below the target levels and are expected to then be replenished within a reasonable time. A reasonable time will depend on the City's financial situation and is defined as no more than five years or shorter where feasible.

The following reserves are reserves commonly established by government organizations and follow best practices. Each serves a different purpose and uses a different time horizon. The General Fund cash flow reserve, for example, bridges uneven cash flows from the City's normal operations and throughout a normal operating year. The facility reserve is a tool to accumulate funds for known large projects in the foreseeable future. And the Contingency Fund sets aside funds in an attempt to prepare for future emergencies such as an earthquake, an ice storm, or a chemical spill, which could happen tomorrow or in twenty years. When cash is needed, the primary need determines which reserve serves the purpose and should be used to address that need.

General Fund Cash Flow Reserve: The purpose of this reserve is to bridge uneven cash flows throughout a year and in the normal course of operations of the General Fund. This is not a separate fund and technically is not a reserve. Rather, it is ending fund balance of a year. The General Fund, at a minimum, should maintain an ending fund balance of seventeen percent (17%) of annual budgeted operating expenditures and debt service payments. The 17% constitutes an estimate for needed cash balance and a commitment of fund balance and is measurable at the end of each year. The commitment percentage can be changed by Council through a Resolution. The reserve may be released by Council through the adoption of a resolution at any time or as part of the regular budget process. This policy helps ensure that the City can meet its obligations throughout a calendar year.

Facility Reserve: The City maintains a reserve fund per Tumwater City Code 3.36.030 for the purpose of providing funds for the repair, major maintenance and replacement of City facilities. These financial policies make reference to the above mentioned City Code section and, specifically, commit a target amount of two million dollars ($2,000,000). This amount may come from various sources and, at a minimum, is to be accumulated from first year property taxes on new construction in excess of $30 million as a transfer from the General Fund annually. The Capital Facilities Plan (CFP) serves as the project plan and should include the projects that may be funded from this reserve. The CFP is approved by Council.

Contingency Fund (Emergency Reserve): City Code section 3.36.035 establishes a contingency fund for the purpose of providing funds for unanticipated and unbudgeted emergencies as defined in RCW 35A.34.140 [http://app.leg.wa.gov/rcw/default.aspx?cite=35A.34.140] and 35A.34.150 [http://app.leg.wa.gov/rcw/default.aspx?cite=35A.34.150]. The above Tumwater City Code section and RCWs are made an integral part of these financial policies. in addition, in the case of an emergency not defined in RCW 35A.34.140, "council may, upon the adoption of an ordinance by a majority plus one stating the facts constituting the emergency, the estimated amount required to meet it, and declaring that an emergency exists, make the expenditure therefor."

Permit Reserve Fund: The Permit Reserve Fund is a financial reserve established by the City of Tumwater to provide funds for Community Development activities during economic downturns. Some developments or new buildings may span several fiscal years. A permit that is paid for in year one may require staff time commitments for inspections or other activities in years two and three. If building permit revenue declines, as it did during the Great Recession, the City needs to keep staff working to fulfill the commitments previously made. This reserve is funded by building permit revenue and provides assurance that the City will provide the resources necessary to meet its commitments.

Water Utility Cash Flow Reserve: The purpose of this reserve is to bridge uneven cash flows throughout a year and from year-to-year in the normal course of operations of the Water Utility. The fees for service of the water utility are partially based on water consumption charges. Consumption, and therefore revenues, can fluctuate greatly from month to month and year to year. The Water Utility, at a minimum, should maintain an ending fund balance of twenty percent (20%) of annual budgeted operating expenditures and debt service payments. The 20% is a percentage higher than for the cash flow reserve of the General Fund or other utilities because the water utility has a higher risk of uneven cash flows due to its weather dependence and volumetric service fee structure. This reserve constitutes a commitment of fund balance and is measured at the end of each year. The commitment percentage can be changed by Council through a Resolution. The reserve may expressly be released by Council through the adoption of a resolution at any time or as part of the regular budget process. The reserve may fall below required levels during normal operations. Any need for replenishment will become part of the biennial revenue requirement forecast and rate setting assessment. This policy helps ensure that the City can meet its obligations throughout a calendar year and from year to year.

Wastewater Utility Cash Flow Reserve: The purpose of this reserve is to bridge uneven cash flows throughout a year in the normal course of operations of the Wastewater Utility. The utility, at a minimum, should maintain an ending fund balance of seventeen percent (17%) of annual budgeted operating expenditures and debt service payments. This reserve constitutes a commitment of fund balance and is measured at the end of each year. The commitment percentage can be changed by Council through a Resolution. The reserve may expressly be released by Council through the adoption of a resolution at any time or as part of the regular budget process. The reserve may fall below required levels during normal operations. Any need for replenishment will become part of the biennial revenue requirement forecast and rate setting assessment. This policy helps ensure that the City can meet its obligations throughout a calendar year and from year to year.

Storm Water Utility Cash Flow Reserve: The purpose of this reserve is to bridge uneven cash flows throughout a year in the normal course of operations of the Storm Water Utility. The utility, at a minimum, should maintain an ending fund balance of seventeen percent (17%) of annual budgeted operating expenditures and debt service payments. This reserve constitutes a commitment of fund balance and is measured at the end of each year. The commitment percentage can be changed by Council through a Resolution. The reserve may expressly be released by Council through the adoption of a resolution at any time or as part of the regular budget process. The reserve may fall below required levels during normal operations. Any need for replenishment will become part of the biennial revenue requirement forecast and rate setting assessment. This policy helps ensure that the City can meet its obligations throughout a calendar year and from year to year.

Equipment Rental and Reserve Fund Cash Flow Reserve: The purpose of this reserve is to bridge uneven cash flows throughout a year in the normal course of business in the Equipment Rental and Reserve Fund (ER&R). The ER&R fund should maintain an ending fund balance of eight percent (8%) of annual budgeted operating expenditures and debt service payments. This reserve constitutes a commitment of fund balance and is measured at the end of each year. The commitment percentage can be changed by Council through a Resolution. The reserve may expressly be released by Council through the adoption of a resolution at any time or as part of the regular budget process. The reserve is over and above funds set aside for the planned replacement of equipment and other capital assets in the ER&R fund. Any need for replenishment will become part of the biennial revenue requirement forecast and rate setting assessment. This policy helps ensure that the ER&R fund can meet its obligations throughout a calendar year.

The City maintains several other special revenue funds such as for the prevention of domestic violence, safekeeping of forfeited and seized property, development fees, Barnes Lake maintenance, the Lodging Tax Fund, and others. The purpose of these funds is to use all such designated revenue and fund balances for the designated special purposes. These funds tend to hold relatively small amounts of cash, with revenues that are highly variable and expenditures that can be scaled back if revenues do not meet expectations. Thus, no reserve policy is established in this document. The Council and City management may establish additional such special purpose funds at any time.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 4
REVENUE AND OTHER RESOURCES

The City has certain resources available to deliver its services. These resources consist of on-going revenues, one-time revenues, and fund balances. The City also makes a distinction between one-time expenditures, such as acquisition of capital assets, and on-going expenditures, such as compensation and purchases for day-to-day operations.

On-going revenues should pay for all on-going expenditures. They may also fund one-time projects.

One-time revenues and fund balance should only pay for one-time projects and should not be relied upon for ongoing operations. One-time revenues are defined as: sale of assets, interest, special distributions, grants, and any other revenue that is extraordinary, such as a legal settlement or retroactive sales taxes.

The City seeks to recover the full cost of operating all business-type and internal service funds, such as the utilities, the Equipment Rental and Reserve Fund, and the Tumwater Valley Municipal Golf Course through fees for service. These funds provide a direct services to Tumwater residents and businesses for which they charge a service fee. The service fees should ultimately recover the full cost of service. Full cost includes the cost of ongoing operations and ongoing infrastructure repair and maintenance, as well as necessary infrastructure expansion, and the estimated cost of future equipment and building replacements (including any debt service payments and depreciation), that are not funded through other designated capital funding sources, such as connection fees. Connection fees are intended for the acquisition of new infrastructure capacity capital assets only.

The City also provides direct services in its general government funds, such as issuance of permits, building inspections, recreational classes, public records requests, and more. It strives to charge service fees to recover the full cost of these services but also recognizes that it is not always feasible, legal or advisable.

The City strives to stay economically competitive in the community and to be a City of choice for residents and businesses. A full cost recovery of all costs of governmental services may, therefore, be less than one hundred percent (100%) and be outweighed by other considerations that benefit the broad public good. The City actively pursues new revenue opportunities, especially those that add financial diversification and stability, as long as they are derived fairly, equitably, and from a broad base for broad services, or from a specific narrow group when only that group will benefit.

The City may solicit sponsorships and pursue fund raising and donation revenue options by taking a programmatic approach and for a purpose that benefits both, the sponsor and City or the sponsor and the Public equally. It may also accept individual donations and endowments that are to be put to public use, benefit its general government purposes, or provide support to the economically disadvantaged, and do not award special financial or economic advantage to the donor.

A firm approach to collecting old and outstanding balances is applied while balancing the cost of those collections with the recovered revenues. With that approach City staff may turn over past-due accounts and amounts to a collection agency or file a lien. City staff may take non-payment due to a hardship under special consideration and may make arrangements for payments over time for up to twelve months, waive any penalties and late fees, and suspend otherwise normal collection procedures. A hardship case is defined as a serious accident, long-term illness or disability, natural disaster, loss of livelihood, loss of home, or other life-changing occurrence. The Finance Director is to approve any special arrangements in advance and these decisions should be documented for accountability. Staff is encouraged to offer the City's utility assistance program to those customers who are eligible and provide contact information for other help organizations, including the City-sponsored utility assistance program.

Debt proceeds are a one-time resource and can be used for one-time investments into infrastructure, such as for the purchase of land, construction of capital projects or for the purchase of long-lived capital equipment, as long as the City has identified a revenue source to make the debt service payments.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 5
EXPENDITURES

Any City is primarily a service organization and, thus, personnel costs are a large portion of overall expenditures. The City strives to be an employer of choice in the community and attract quality employees that represent the organizational values of the City. Therefore, it strives to set compensation levels that are competitive in the public service sector.

The human resources department personnel review the City's salary and grade schedule periodically and assess its competitiveness with comparable governmental entities. It strives to establish pay grades that fit into the median range of comparable positions. Council must approve pay grade and position changes with a Resolution at any time or through the regular budget process.

Bonuses are not permitted except as signing or referral bonuses used for recruitment purposes and as approved by Council.

The City should only incur those ongoing expenditures for which it can pay from ongoing revenues.[1]

The City strives to follow its written procurement procedures and adhere to all State and Federal purchasing and bidding rules where applicable. The City receives federal grants from time to time and is committed to follow 2 CFR 200, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, where it applies.

The City has several administrative functions that provide shared administrative services, such as executive management, public affairs, human resources, accounting, treasury and finance, legal, risk management, and more to all City departments and funds. The cost of those services is charged to the business-type and special purpose funds (the utilities, equipment rental and replacement fund, Golf, Barnes Lake Benefit District, Transportation Benefit District, and any other special purpose district the City may form) based on factors that reasonably estimate a fair share. It implements a full cost approach for the funds that receive the benefit. These shared services are not charged to other general government funds and departments to avoid the double accounting of expenditures, offset by internal revenue. The Finance Director makes recommendations on the appropriate allocation and the Finance Department administers the cost allocation.

[1] This is not intended to preclude paying project oversight costs from one-time capital funds.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 6
BUDGET PREPARATION

The City budget should be a reflection of the Mayor's and Council's strategies and goals. Under the direction of the City Administrator and the Finance Director, the heads of individual funds and departments have the primary responsibility to formulate preliminary budget proposals that meet Mayor and Council direction to the extent feasible.

The financial policies documented here are also to be applied to the preparation of the City's budget.

The budget is prepared on the modified accrual basis of accounting. This is the same as the official financial reporting basis of accounting for governmental services funds, but differs from the full accrual basis of accounting for the official financial reports of the business-type funds. The budget for the latter group of funds includes expenditures, such as outlay for capital projects and payments for debt principal, which are instead reported as addition to fixed assets and reduction in liability, respectively, in the official financial statements. Additionally, depreciation and amortization are expenses reported on official financial statements, but are not budgeted.

The budget represents a spending authority that should not be exceeded by the end of the budget period. The level of spending authority is at the fund level, where the General Fund and general fund sub-funds[2] may be combined. The amount of spending authority should not exceed the sum of an estimated beginning fund balance and budgeted revenues. This encourages that spending authority stays within planned resources and it presents a balanced budget.

The Finance Department is responsible for the coordination and overall preparation and administration of the City's budget. Revised Code of Washington Chapter 35A.34 applies and has very specific requirements as to the timing of budget estimates, budget proposal, publication and adoption, as well as public notices, to name a few examples. The Finance Director coordinates the budget process so that the City follows all statutes.

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[2] The Levy Lid Lift fund, K-9, emergency reserve, e-link fund are all examples of General Fund sub-funds. They were established to ensure these funds are expended for specific purposes. They have separate budgets, but are combined into the General Fund for external financial reporting purposes.

CITY OF TUMWATER
FINANCIAL POLICIES

The Finance Department assists department budget managers in the preparation of their respective budgets, particularly when it comes to inter-fund charges and personnel costs. The Finance Department assists with solutions and alternatives so that the budget is also a useful tool for budget managers. All reserves and contingencies should be presented in the City's budget.

SECTION 7
STEWARDSHIP OVER WHAT THE CITY OWNS

As a matter of policy, the City prefers electronic money transactions, whether it makes or receives payments. It observes internal control procedures for the receipting of coins, bills or electronic cash, including the segregation of duties, the physical safeguard of checks, coins and bills, assignment of direct responsibility for daily cash handling, daily cash counts, and monthly cash reconciliations. The City only pays and accepts payments recognized as legal tender by the U.S. government. It does not accept, or pay with, cryptocurrencies such as Bitcoin.

It is regarded as preferable internal control to maintain one high-volume and main transaction bank (or check-writing) account into which all receipts are recorded, from which all checks are written, and all electronic payments are made. This is with the recognition that other low-volume bank accounts may be required or advisable, such as for the state-required advance travel account, performance bonds, funds held in trust, and other fiduciary monies. Accumulated cash may be invested in lawful investment vehicles. The Finance Director is responsible for the implementation of effective controls over all bank and investment accounts.

The City owns and maintains land, buildings, rights-of-ways, infrastructure, equipment and other long-lived assets, also known as capital assets. Capital assets are individually identified and recorded in a capital asset system and depreciated over their useful lives, in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements. The City may set a significance threshold so that items at or above the threshold are recorded as capital assets, and items below the threshold are expensed. The City set the threshold to $10,000. The Finance Department estimates the useful lives to be consistent over years and among similar items. Information about additions to the capital asset records are provided at least annually to the City's insurance carrier for property and liability insurance coverage.

The City maintains two equipment rental and reserve funds (ER&R), as prescribed in TMC 3.36.060 and TMC 3.36.065 to be used for the expenditures of salaries, wages and operations required for the repair, replacement, purchase and operation of all motor vehicles as well as other portable equipment which the city shall decide to maintain and replace through this fund.". In Fund 501 the City includes all motorized and other rolling stock. Fund 502 contains computers and IT assets. The Finance Director, or delegate, together with management staff of the ER&R fund, develops annual estimated operating and annual replacement costs of the existing equipment complement. These costs are charged to the users and collected in the fund. At times additions are made to the existing complement of equipment. Additions require a transfer of funds to the ER&R fund from the acquiring fund or department in the amount of the initial purchase cost. Annual replacement fees begin in the first year after the year of acquisition. Replacement fees continue until the equipment is replaced regardless of the initial estimated life expectancy. The annual estimated replacement cost schedule for each category of equipment shall be established by the Finance Director in consultation with the City Administrator and department director. This schedule may be periodically adjusted based on actual operating experience. The annual depreciation expense will be used as a minimum estimate of the annual replacement cost.

The departments that own the assets must take a periodic inventory of all fixed assets. The fixed asset inventory is taken at least every two years, but can be taken more often at the discretion of the department director or Finance. Departments shall retain documented proof of the inventory count and retain it for five (5) years. In addition, they shall inform the finance department when: (1) the inventory count is complete, (2) if there are assets that need to be removed or added to the ERP system, and (3) of any significant impairments to any fixed assets.

City staff make purchases of a variety of long-lived items, such as furniture, equipment, containers, trailers, power tools, to name a few, with a cost of less than $10,000. They are recorded as an operating cost, not as a capital asset and are not depreciated. A sub-group of these items, called small and attractive assets, are considered to be at high risk of premature and undetected loss. This is because they are small or light, used infrequently, are easily removed from the premises without anyone noticing, and could be disposed without approval, be converted to personal use, and could result in personal gain. The department directors (or designees) maintain a list of common small and attractive assets based on the above attributes. The current threshold is $1,000 per item. Department directors should implement a reasonable safeguard and tracking mechanism for small and attractive assets, including a periodic inventory. As with capital assets, departments perform the physical inventory count at least once every two years, and should inform the Finance Department when the inventory has been completed,

The City disposes of certain capital and non-capital assets from time to time. The Council is to declare all such items surplus through approval of a resolution. City staff disposes of any surplus items with positive value (see below) through negotiated sale, auction, transfer to another government entity, or donation to a non-profit agency. At times, capital and non-capital items become obsolete or the cost of storage, disposition, or repair exceeds the remaining value. In that case the surplus item has either no or a negative value to the City. The Finance Director, or delegate, may approve disposition of such surplus items through the responsible disposal as refuse. Nothing herein shall be interpreted to authorize the gifting of any capital or non-capital items to a city employee, employee family member, or other private person.

These same policies apply to equipment originally acquired for a City utility. RCW 35.94.040 sets rules for the disposal of utility property to be leased, sold, or conveyed. This policy assumes that an item has to have a value to be leased, sold, or conveyed and that RCW 35.94.040 does not apply to items with a zero or negative value.

SECTION 8
LONG-TERM CAPITAL FACILITIES FINANCIAL PLANNING

The Growth Management Act requires a Capital Facilities Plan (CFP) be part of the City's Comprehensive Plan. The Public Works Department should present to Council a CFP for major transportation projects, parks and other general government projects, and for major utility (water, wastewater, storm water) projects every other year, for a six-year forecasting period, at a minimum, that begins with an even-numbered year. For a biennial budget cycle, that aligns the beginning for the CFP forecasting period with the second year of the biennial budget.

The CFP must include appropriate funding each year to balance resources with planned project expenditures. Appropriate funding could be restricted revenue such as that for the Transportation Benefit District, loan or bond proceeds, real estate excise tax, impact fees, grants, developer or other contributions, motor vehicle fuel tax, and general transfers from other funds. The City has committed the utility tax from private utility (6% at the time of the writing of these policies) to the General Fund (Fund 001) and each of the two Capital Facilities funds (fund 303 and 304) as follows: of the six percentage points (6%),three and seven tenths percentage points (3.7%) to the General Fund, one and a half percentage points(1.5 %) to the General Government Capital Facilities Fund 303, and one and a half percentage points (1.5%) to the Transportation Capital Facilities Fund 304. For the Water, Sewer, and Stormwater utilities the utility tax is 12% and is committed as follows: nine percent (9%) to the General Fund, one and a half percent (1.5%) to Fund 303, and one and a half percent (1.5%) to Fund 304. Although expected to be rarely done, these allocations may be adjusted by the Council as part of the budget process.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 9
LONG-TERM OPERATIONAL FINANCIAL PLANNING

The revenues, expenditures and fund balances for the general fund should be forecasted each year, about mid-calendar-year, for the current and next 5 years, making it a rolling five-year forecast, as an early look at changing economic conditions and possible unfavorable consequences, such as declining revenues and increasing costs. This enables the City to be flexible, and make choices to adjust its expectations and/or service levels as early as possible.

The utilities should strive to work towards a forecast for revenues, expenditures and fund balances for a six-year period, updated every two years and on the same update-cycle as the Capital Facilities Plan (CFP). The CFP is the basis for the amounts of planned capital spending for those six years. The plan should also include reasonable revenue and operating cost assumptions, as well as minimum funding for all reserves as established by these policies.

Estimates and forecasts of all revenues and expenditures should be cautious in a slow economic environment, taking a financially restrained approach. Estimates and forecasts of revenues and expenditures may become less restrained at a time of a more growth-oriented outlook.

The utilities' financial plans should assume that they support themselves through fees for service and that they do not receive financial or economic support from the General Fund.

The utilities should make every effort to set service fees that recover full life-cycle costs which may lead to periodic accumulations of fund balances. The accumulation of fund balance is regarded as competent long-term planning tool for foreseeable needs. This tool helps temper annual rate increases and enables the City to fund a large portion of its projects with cash or to position the City well for long-term debt issues.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 10
INVESTMENTS

Most funds hold some amount of cash since the timing of expenditures seldom matches the time of receipt of revenue. This cash accumulates and can be invested. The Finance Director acts as the investment officer and has the authority to invest accumulated cash with the objective of safety first, liquidity second, and third, a market rate return that can reasonably be expected given these objectives, while complying with State law.

Accumulated cash includes funds over and above the minimum required reserves as described in the policy.

The investments must adhere to the requirements of RCW Chapter 35A.40 Section 050 Investment of Funds [http://app.leg.wa.gov/RCW/default.aspx?cite=35A.40.050], RCW Chapter 39.59 Public Funds-Authorized Investments, and RCW Chapter 39.59 Section 040 Authorized investments-Bonds, warrants, certificates, and other investments [http://app.leg.wa.gov/RCW/default.aspx?cite=39.59.040]. These chapters define specific investments by types, quality and maturity. The most current Washington State Investment Board (WSIB) investment policies adhere to these RCW Chapters and are, herewith, made an integral part of these policies as guidance for City investments. The most current WSIB policies went into effect as of September 21, 2023, and are attached (see Exhibit B).

The investment officer must remain impartial in all investment decisions and must not pursue a personal activity that creates a conflict of interest in the execution and management of the City's investment program. A conflict of interest arises when the investment officer could in fact or appearance, either directly or indirectly, benefit financially or economically from his or her influence or decision. This requirement extends to any employee, committee member, or Council member who could significantly influence an investment decision.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 11
DEBT

The City issues debt infrequently and primarily for large capital purchases and infrastructure projects. It takes a conservative approach in the sense that it keeps debt maturities as short as possible and complies with RCW Chapter 35A.40 [http://app.leg.wa.gov/rcw/default.aspx?cite=35a.40], RCW Chapter 43.80 [http://app.leg.wa.gov/RCW/default.aspx?Cite=43.80.100], as minimum requirements. The City will also observe any other laws and regulations pertaining to debt.

The City may issue debt for the acquisition of long-lived assets, where the maturity of the debt does not exceed the estimated useful life of the asset and where the asset or existing revenue serves as security for the debt. Any debt issue should be paired with a known and adequate revenue flow from which principal and interest are paid.

When the Capital Facilities Plan or any other long-term plan includes the proceeds of a debt issue, the plan will also identify and include the source of making annual payments for principal and interest.

The Finance Director is responsible for the analysis of debt requirements. This includes the timing, calculation of outstanding debt, debt limits, future debt burden, and revenue requirements. The Finance Director is also responsible for the coordination of debt issues and subsequent required disclosures. The water, sewer, and stormwater utilities are combined as one water services utility for debt issuance purposes.

The City may issue the following types of debt: General Obligation bonds, voted and non-voted for any City purpose; Certificates of Participation[3] and full faith and credit bonds for any City purpose, revenue bonds for the utilities and special districts with or without the backing of the City's full faith and credit[4], and short-term loans in anticipation of long-term bonds, all subject to RCW limitations and other relevant City policies. The City may also enter into long-term finance leases.

[3] The State of Washington facilitates bond issues where the debt needs of several small jurisdictions may be combined into one debt issue. Each jurisdiction holds a proportion of that debt issue through a Certificate of Participation or COP and makes the debt service payments to the State. It reduces issuance and interest costs to the COP holders, and minimizes subsequent disclosure requirements.
[4] The general fund may lend its creditworthiness to the utilities, for example, when utilities issue revenue bonds. It minimizes interest costs and debt coverage ratio requirements.

The Finance Director assesses the lowest cost debt financing option for any debt issue. The Finance Director is responsible for the solicitation and selection of professionals, who are required to issue and administer City debt, such as bond counsel, financial advisor, underwriter, and fiscal agent.

A refinancing is a practice of selling new bonds to replace or combine existing bonds. Typically this is done when interest rates have fallen below an existing issues' effective interest rate. The City considers it best practice to initiate a refinancing when the net present value savings are at least three percent (3%). The Finance Director shall periodically evaluate bond issues and recommend a refinancing for this reason, as well as for other reasons, such as when the timing of anticipated revenues changes, or when it is in the City's best interest to modify bond covenants. A refinancing and a new issue may be combined.

An advance refunding is a practice of placing funds into escrow, and entirely relinquishing control over such funds, for the future repayment of bonds. Typically this is done when the bond security[5] no longer qualifies as security, such as through conversion[6], sale or impairment[7], or when the issuer desires to extinguish the debt. The Finance Director shall recommend an advance refunding when it is in the best interest of the City.

The preferred method of debt issuance is the competitive process because it generally helps obtain a lower total interest cost. However, negotiated sales, direct placements, and other allowable methods of issuing debt are acceptable. Market conditions often determine the most appropriate and lowest cost of obtaining financing.

The three utilities of water, sewer and storm water are considered to be one water utility for debt purposes. The City will strive to set service fees for the utilities that are estimated to maintain a minimum revenue bond debt coverage ratio of 1.25.

The City must identify revenue for any new debt and should associate it with a specific community benefit, so that the residents of Tumwater know what they are paying for.

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[5] Examples of bond securities are land, a building, or equipment that is typically acquired with the bond proceeds. For tax-exempt bonds, the underlying security has to be used for almost all public and very minor private purposes.
[6] An example of a conversion is when an old City Hall is converted from public use to private use, such as commercial offices.
[7] An example of impairment could be a building damaged in a fire. Insurance proceeds could be used to either repair and rebuild or retire the associated debt early, because the building will not be recovered.

The City strives to have a General Obligation bond rating of A or better (based on the S&P credit rating tiers, see Exhibit A) and is committed to filing all required subsequent debt disclosures according to applicable debt covenants and Security and Exchange rules.

Unused debt proceeds are invested according to the City's investment policy and any resulting arbitrage rebates are to be filed as required.

The City may use inter-fund borrowing when the lending fund has cash available and both funds benefit. Such inter-fund borrowing shall be in writing, with loan terms that include principal, annual interest, and payment schedule, and be approved by Council. The interest rate charged for such borrowing should be no less than what the lending fund would earn if its accumulated cash was invested in accordance with the policies in Section 10.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 12
AUDITING, ACCOUNTING AND FINANCIAL REPORTING

Council Rules established a standing Budget and Finance Committee. Its stated purpose is to develop and review policy issues and make recommendations regarding budget amendments, financial contracts, social and health services funding, financing, and budget development not otherwise covered by other committees or the full Council. The Mayor and three Council members form the Budget and Finance Committee. The Budget and Finance Committee has also acted as oversight committee over the City's annual audit engagement, audit reports, and any necessary follow-up, and should continue to do so. It should also receive information about unusual developments and cases of fraud, waste and abuse.

The Finance Department is responsible for the establishment and accounting of all funds, and fund assets, liabilities, revenues, expenditures, and expenses using the double-entry accounting method. The funds are established according to Generally Accepted Accounting Principles (GAAP), the Budgeting, Accounting and Reporting System (BARS) manual, and are further described in the Tumwater Municipal Code chapter 3.36.

The Finance Department prepares GAAP-compliant annual financial statements including footnotes, known as an Annual Comprehensive Financial Report (ACFR). It does not prepare the Management Discussion and Analysis (MD&A) which requires certain additional budget comparative data and statistical information, the cost of which is deemed to outweigh the benefit at the time these policies are written. This may be reconsidered at any time.

The Tumwater accounting records should be designed to support financial reporting per GAAP and to support all required filings with the Washington State Auditor's Office (SAO). The Governmental Accounting, Auditing, and Financial Reporting (GAAFR, or 'Blue Book') of the Government Finance Officers' Association (GFOA) and the SAO Budgeting, Accounting and Reporting System (BARS) manual serve as guidance for Chart of Accounts structure, GAAP implementation, audit preparation, and best accounting practices.

The Finance Department is also responsible for issuing timely internal reports for the Mayor, Council, City Administrator, and Directors.

The Finance Director is the internal control officer of the City and should design and implement internal controls to prevent errors and omissions, and loss of assets, including through segregation of duties, physical security over cash, assignment of direct responsibilities for cash and bank record handling, secure access to bank accounts, purchase approval processes, periodic interim financial reviews, periodic reconciliations, and inventory taking.

The Finance Director has the responsibility to establish a fund and account structure as required by SAO, GAAP or other laws and regulations. At the same time, the decision to add funds or accounts should follow an emphasis on simplicity and accountability, whenever possible. Funds and accounts require annual maintenance and essentially exist forever. It is prudent to keep the number of funds and accounts to those that are required and financially significant, or are of particular interest to the Public, Council, commissions and committees, or management long-term.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 13
MANAGEMENT OF FEDERAL GRANTS

The City applies for federal grants where possible and advisable, to fund transportation, law enforcement, water/sewer/storm drainage utility infrastructure projects, to name a few. When the City receives federal grants it strives to administer those grants in conformance with 2 CFR 200: Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards, when it applies. Key elements for that compliance are:

- Written Internal Controls over the grant funds and ability to demonstrate that the policies are being followed (2 CFR 200.303);
- Written procedures to minimize the time lag between advance payments by the granting agency (draws) and related disbursements (2 FCR 200.305);
- Written procedures to avoid a conflict of interest (2 CFR 200.318);
- Written Procurement Policies (2 CFR 200.320); and,
- Oversight and assurance that only Allowable Costs are claimed and ability to demonstrate the oversight (2 CFR 200.403).

The City's internal controls over federal funds take the Internal Control Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as guidance and strive to be able to demonstrate that it follows Federal statutes, regulations, and the terms and conditions of the Federal awards through oversight or monitoring, that it takes prompt action when non-compliance is identified, and that it takes reasonable measures to safeguard private personal and otherwise sensitive and confidential information.

The City strives to obtain grant funds as a reimbursement of expenditures. This means that any grant eligible invoices and internal labor costs have been paid by the City from City funds, and are billed to the granting agency subsequently and in the same amount as previously paid. In the unlikely event, that funds are drawn in advance of the expenditures, such as in the case of inadequate working capital, the draw is made as reasonably close to the expenditure timing as is administratively possible.

The City's procurement policies, adopted by Council, require the absence of employee or agent conflict of interest during the selection, award and administration of contracts, and include actions to be taken in the case of a violation.

The department managing a project, which is funded by direct or indirect federal funds, is responsible for the ability to demonstrate that it follows procedures that assure that only allowable costs are claimed.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 14: EXHIBIT A
CREDIT RATING TIER CHART OF THREE MAJOR RATING AGENCIES

Moody's		S&P		Fitch		Rating description	
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term		
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime	
Aa1		AA+		AA+		High grade	
Aa2		AA		AA			
Aa3		AA−		AA−			
A1		A+	A-1	A+	F1	Upper medium grade	
A2		A		A			
A3	P-2	A−	A-2	A−	F2		
Baa1		BBB+		BBB+		Lower medium grade	
Baa2	P-3	BBB	A-3	BBB	F3		
Baa3		BBB−		BBB−			
Ba1	Not prime	BB+	B	BB+	B	Non-investment grade speculative	Non-investment grade aka high-yield bonds aka junk bonds
Ba2		BB		BB			
Ba3		BB−		BB−			
B1		B+		B+		Highly speculative	
B2		B		B			
B3		B−		B−			
Caa1		CCC+	C	CCC	C	Substantial risks	
Caa2		CCC				Extremely speculative	
Caa3		CCC−				Default imminent with little prospect for recovery	
Ca		CC					
		C					
C		D	/	DDD	/	In default	
/				DD			
				D			

We are here

The City strives to have a General Obligation bond rating of A or better.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 14: EXHIBIT B
WASHINGTON STATE INVESTMENT BOARD INVESTMENT POLICIES

Refer to WSIB website for details. https://www.sib.wa.gov/index.html

WSIB Policy page https://www.sib.wa.gov/policies.html

WSIB Policy updated 9/21/23 https://www.sib.wa.gov/docs/policies/2_05_500.pdf

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CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 1
PURPOSE

Tumwater is a full-service City that provides police and fire services, maintains parks and other public facilities, offers recreational programs and activities, conducts urban planning, issues construction permits, and makes sure residents have safe transportation options. These services are considered general government services. The City also operates three utilities that provide clean drinking water, remove and recycle wastewater safely and manage storm water conveyances and ponds to prevent flooding, and to protect the environment; and, it operates a T~~t~~ransportation B~~b~~enefit D~~d~~istrict (TBD) which is a special purpose district dedicated to the maintenance of streets and sidewalks. In addition, the City has the Tumwater Metropolitan Park District (TMPD) to support and expand parks. Furthermore, all of these services utilize internal support services such as finance, human resources, community relations, equipment purchases and maintenance, and administration. The City has the authority to impose taxes, such as property taxes, sales taxes and business taxes, as well as fees for specific services, which pay for the cost of these services. The City has to be accountable for the use of all public funds and keep its service promise.

These written policies are approved by Council and apply to all City funds and activities, including general government, utility and internal services, and for any special districts. Special policies for a sub-set of services will be called out. They are intended to be adaptable to changing needs and support Council strategies and goals long-term while ensuring financial protection and sound fiscal practices.

The intent here is to establish written policy and not procedures. Policy is a philosophy or thought process and provides a framework for procedures and day to day decision making. The establishment of specific accounting and financial procedures is the responsibility of the Finance Director and should be in the spirit of these policies. They may be established administratively by the ~~City Administrator~~Finance Director.

The policy provides guidance in what should be done and as such, prevents what should not be done. It does not state all that should not be done, because that list would be infinite. This policy should be reviewed and updated periodically to be a living document that fits the times.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 2
OBJECTIVE

The City strives to:

- Maintain all essential services without major service interruption,
- Obtain equitable and fair revenue sources,
- Build financial stability and sustainability,
- Fulfill all financial obligations,
- Be prepared for growth, economic change, and emergencies,
- Comply with laws and regulations, and
- Maintain a high bond rating.

These following policies are to provide guidance for decisions that have a significant fiscal impact and that are in support of the above goals. They are broken out into the following topics:

- Reserve and Contingency Policies
- Revenue and Other Resources
- Expenditures
- Budget Preparation
- Stewardship Over What the City Owns
- Long-term Financial Planning
- Long-term Operational Financial Planning
- Investments
- Debt
- Auditing, Accounting and Financial Reporting
- Management of Federal Grants

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 3
RESERVE AND CONTINGENCY POLICIES

Reserves reduce financial risk, provide flexibility, add to financial stability, and contribute to good bond ratings. Typically, they are established to manage uneven revenue and expenditure fluctuations, known or planned expenditure spikes, or to provide cash flow for large and long-term strategic goals. The purpose for any reserve should be defined and the reserves should be used according to that purpose. ~~Otherwise, there is no reason to maintain a reserve.~~ Reserves are expected to periodically fall below the target~~required~~ levels and are expected to then be replenished within a reasonable time. A reasonable time will depend on the City's financial situation and is defined as no more than five years or shorter where feasible.

The following reserves are reserves commonly established by government organizations and follow best practices. Each serves a different purpose and uses a different time horizon. The General Fund cash flow reserve, for example, bridges uneven cash flows from the City's normal operations and throughout a normal operating year. The facility reserve is a tool to accumulate funds for known large projects in the foreseeable future. And the Contingency Fund sets aside funds in an attempt to prepare for future emergencies such as an earthquake, an ice storm, or a chemical spill, which could happen tomorrow or in twenty years. When cash is needed, the primary need determines which reserve serves the purpose and should be used to address that need.

General Fund Cash Flow Reserve: The purpose of this reserve is to bridge uneven cash flows throughout a year and in the normal course of operations of the General Fund. This is not a ~~legally~~ separate fund and technically is not a reserve. Rather, it is ending fund balance of a year. The General Fund, at a minimum, should maintain an ending fund balance of seventeen percent (17%) of annual budgeted operating expenditures and debt service payments. The 17% constitutes an estimate for needed cash balance and a commitment of fund balance and is measurable at the end of each year. The commitment percentage can be changed by Council through a Resolution. The reserve may be released by Council through the adoption of a resolution at any time or as part of the regular budget process. This policy helps ensure that the City can meet its obligations throughout a calendar year.

Facility Reserve: The City maintains a reserve fund per Tumwater City Code 3.36.030 for the purpose of providing funds for the repair, major maintenance and replacement of City facilities. These financial policies make reference to the above mentioned City Code section and, specifically, commit a target amount of two million dollars ($2,000,000). This amount may come from various sources and, at a minimum, is to be accumulated from first year property taxes on new construction in excess of $30 million as a transfer from the General Fund annually. The Capital Facilities Plan (CFP) serves as the project plan and should include the projects that may be funded from this reserve. The CFP is approved by Council.

Contingency Fund (Emergency Reserve): City Code section 3.36.035 establishes a contingency fund for the purpose of providing funds for unanticipated and unbudgeted emergencies as defined in RCW 35A.34.140 [http://app.leg.wa.gov/rcw/default.aspx?cite=35A.34.140] and 35A.34.150 [http://app.leg.wa.gov/rcw/default.aspx?cite=35A.34.150]. The above Tumwater City Code section and RCWs are made an integral part of these financial policies. in addition, in the case of an emergency not defined in RCW 35A.34.140, "council may, upon the adoption of an ordinance by a majority plus one stating the facts constituting the emergency, the estimated amount required to meet it, and declaring that an emergency exists, make the expenditure therefor."

Permit Reserve Fund: The Permit Reserve Fund is a financial reserve established by the City of Tumwater to provide funds for Community Development activities during economic downturns. Some developments or new buildings may span several fiscal years. A permit that is paid for in year one may require staff time commitments for inspections or other activities in years two and three. If building permit revenue declines, as it did during the Great Recession, the City needs to keep staff working to fulfill the commitments previously made. This reserve is funded by building permit revenue and provides assurance that the City will provide the resources necessary to meet its commitments.

Water Utility Cash Flow Reserve: The purpose of this reserve is to bridge uneven cash flows throughout a year and from year-to-year in the normal course of operations of the Water Utility. The fees for service of the water utility are partially based on water consumption charges. Consumption, and therefore revenues, can fluctuate greatly from month to month and year to year. The Water Utility, at a minimum, should maintain an ending fund balance of twenty percent (20%) of annual budgeted operating expenditures and debt service payments. The 20% is a percentage higher than for the cash flow reserve of the General Fund or other utilities because the water utility has a higher risk of uneven cash flows due to its weather dependence and volumetric service fee structure. This reserve constitutes a commitment of fund balance and is measured at the end of each year. The commitment percentage can be changed by Council through a Resolution. The reserve may expressly be released by Council through the adoption of a resolution at any time or as part of the regular budget process. The reserve may fall below required levels during normal operations. Any need for replenishment will become part of the biennial revenue requirement forecast and rate setting assessment. This policy helps ensure that the City can meet its obligations throughout a calendar year and from year to year.

Wastewater Utility Cash Flow Reserve: The purpose of this reserve is to bridge uneven cash flows throughout a year in the normal course of operations of the Wastewater Utility. The utility, at a minimum, should maintain an ending fund balance of seventeen percent (17%) of annual budgeted operating expenditures and debt service payments. This reserve constitutes a commitment of fund balance and is measured at the end of each year. The commitment percentage can be changed by Council through a Resolution. The reserve may expressly be released by Council through the adoption of a resolution at any time or as part of the regular budget process. The reserve may fall below required levels during normal operations. Any need for replenishment will become part of the biennial revenue requirement forecast and rate setting assessment. This policy helps ensure that the City can meet its obligations throughout a calendar year and from year to year.

Storm Water Utility Cash Flow Reserve: The purpose of this reserve is to bridge uneven cash flows throughout a year in the normal course of operations of the Storm Water Utility. The utility, at a minimum, should maintain an ending fund balance of seventeen percent (17%) of annual budgeted operating expenditures and debt service payments. This reserve constitutes a commitment of fund balance and is measured at the end of each year. The commitment percentage can be changed by Council through a Resolution. The reserve may expressly be released by Council through the adoption of a resolution at any time or as part of the regular budget process. The reserve may fall below required levels during normal operations. Any need for replenishment will become part of the biennial revenue requirement forecast and rate setting assessment. This policy helps ensure that the City can meet its obligations throughout a calendar year and from year to year.

Equipment Rental and Reserve Fund Cash Flow Reserve: The purpose of this reserve is to bridge uneven cash flows throughout a year in the normal course of business in the Equipment Rental and Reserve Fund (ER&R). The ER&R fund should maintain an ending fund balance of eight percent (8%) of annual budgeted operating expenditures and debt service payments. This reserve constitutes a commitment of fund balance and is measured at the end of each year. The commitment percentage can be changed by Council through a Resolution. The reserve may expressly be released by Council through the adoption of a resolution at any time or as part of the regular budget process. The reserve is over and above funds set aside for the planned replacement of equipment and other capital assets in the ER&R fund. Any need for replenishment will become part of the biennial revenue requirement forecast and rate setting assessment. This policy helps ensure that the ER&R fund can meet its obligations throughout a calendar year.

The City maintains several other special revenue funds such as for the prevention of domestic violence, safekeeping of forfeited and seized property, development fees, Barnes Lake maintenance, the Lodging Tax Fund, and others. The purpose of these funds is to use all such designated revenue and fund balances for the designated special purposes. These funds tend to hold relatively small amounts of cash, with revenues that are highly variable and expenditures that can be scaled back if revenues do not meet expectations. Thus, no reserve policy is established in this document. The Council and City management may establish additional such special purpose funds at any time.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 4
REVENUE AND OTHER RESOURCES

The City has certain resources available to deliver its services. These resources consist of on-going revenues, one-time revenues, and fund balances. The City also makes a distinction between one-time expenditures, such as acquisition of capital assets, and on-going expenditures, such as compensation and purchases for day-to-day operations.

On-going revenues should pay for all on-going expenditures. They may also fund one-time projects.

One-time revenues and fund balance should only pay for one-time projects and should not be relied upon for ongoing operations. One-time revenues are defined as: sale of assets, interest, special distributions, grants, and any other revenue that is extraordinary, such as a legal settlement or retroactive sales taxes.

The City seeks to recover the full cost of operating all business-type and internal service funds, such as the utilities, the Equipment Rental and Reserve Fund, and the Tumwater Valley Municipal Golf Course through fees for service. These funds provide a direct services to Tumwater residents and businesses for which they charge a service fee. The service fees should ultimately recover the full cost of service. Full cost includes the cost of ongoing operations and ongoing infrastructure repair and maintenance, as well as necessary infrastructure expansion, and the estimated cost of future equipment and building replacements (including any debt service payments and depreciation), that are not funded through other designated capital funding sources, such as connection fees. Connection fees are intended for the acquisition of new infrastructure capacity capital assets only.

The City also provides direct services in its general government funds, such as issuance of permits, building inspections, recreational classes, public records requests, and more. It strives to charge service fees to recover the full cost of these services but also recognizes that it is not always feasible, legal or advisable.

The City strives to stay economically competitive in the community and to be a City of choice for residents and businesses. A full cost recovery of all costs of governmental services may, therefore, be less than one hundred percent (100%) and be outweighed by other considerations that benefit the broad public good. The City actively pursues new revenue opportunities, especially those that add financial diversification and stability, as long as they are derived fairly, equitably, and from a broad base for broad services, or from a specific narrow group when only that group will benefit.

CITY OF TUMWATER
FINANCIAL POLICIES

The City may solicit sponsorships and pursue fund raising and donation revenue options by taking a programmatic approach and for a purpose that benefits both, the sponsor and City or the sponsor and the Public equally. It may also accept individual donations and endowments that are to be put to public use, benefit its general government purposes, or provide support to the economically disadvantaged, and do not award special financial or economic advantage to the donor.

A firm approach to collecting old and outstanding balances is applied while balancing the cost of those collections with the recovered revenues. With that approach City staff may turn over past-due accounts and amounts to a collection agency or file a lien. City staff may take non-payment due to a hardship under special consideration and may make arrangements for payments over time for up to twelve months, waive any penalties and late fees, and suspend otherwise normal collection procedures. A hardship case is defined as a serious accident, long-term illness or disability, natural disaster, loss of livelihood, loss of home, or other life-changing occurrence. The Finance Director is to approve any special arrangements in advance and these decisions should be documented for accountability. Staff is encouraged to offer the City's utility assistance program to those customers who are eligible and provide contact information for other help organizations, including the City-sponsored utility assistance program.

Debt proceeds are a one-time resource and can be used for one-time investments into infrastructure, such as for the purchase of land, construction of capital projects or for the purchase of long-lived capital equipment, as long as the City has identified a revenue source to make the debt service payments.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 5
EXPENDITURES

Any City is primarily a service organization and, thus, personnel costs are a large portion of overall expenditures. The City strives to be an employer of choice in the community and attract quality employees that represent the organizational values of the City. Therefore, it strives to set compensation levels that are competitive in the public service sector.

The human resources department personnel review the City's salary and grade schedule periodically and assess its competitiveness with comparable governmental entities. It strives to establish pay grades that fit into the median range of comparable positions. Council must approve pay grade and position changes with a Resolution at any time or through the regular budget process.

Bonuses are not permitted except as signing or referral bonuses used for recruitment purposes and as approved by Council.

The City should only incur those ongoing expenditures for which it can pay from ongoing revenues.[1]

The City strives to follow its written procurement procedures and adhere to all State and Federal purchasing and bidding rules where applicable. The City receives federal grants from time to time and is committed to follow 2 CFR 200, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, where it applies.

The City has several administrative functions that provide shared administrative services, such as executive management, public affairs, human resources, accounting, treasury and finance, legal, risk management, and more to all City departments and funds. The cost of those services is charged to the business-type and special purpose funds (the utilities, equipment rental and replacement fund, Golf, Barnes Lake Benefit District, Transportation Benefit District, and any other special purpose district the City may form) based on factors that reasonably estimate a fair share. It implements a full cost approach for the funds that receive the benefit. These shared services are not charged to other general government funds and departments to avoid the double accounting of expenditures, offset by internal revenue. The Finance Director makes recommendations on the appropriate allocation and the Finance Department administers the cost allocation.

[1] This is not intended to preclude paying project oversight costs from one-time capital funds.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 6
BUDGET PREPARATION

The City budget should be a reflection of the Mayor's and Council's strategies and goals. Under the direction of the City Administrator and the Finance Director, the heads of individual funds and departments have the primary responsibility to formulate preliminary budget proposals that meet Mayor and Council direction to the extent feasible.

The financial policies documented here are also to be applied to the preparation of the City's budget.

The budget is prepared on the modified accrual basis of accounting. This is the same as the official financial reporting basis of accounting for governmental services funds, but differs from the full accrual basis of accounting for the official financial reports of the business-type funds. The budget for the latter group of funds includes expenditures, such as outlay for capital projects and payments for debt principal, which are instead reported as addition to fixed assets and reduction in liability, respectively, in the official financial statements. Additionally, depreciation and amortization are expenses reported on official financial statements, but are not budgeted.

The budget represents a spending authority that should not be exceeded by the end of the budget period. The level of spending authority is at the fund level, where the General Fund and general fund sub-funds[2] may be combined. The amount of spending authority should not exceed the sum of an estimated beginning fund balance and budgeted revenues. This encourages that spending authority stays within planned resources and it presents a balanced budget.

The Finance Department is responsible for the coordination and overall preparation and administration of the City's budget. Revised Code of Washington Chapter 35A.34 applies and has very specific requirements as to the timing of budget estimates, budget proposal, publication and adoption, as well as public notices, to name a few examples. The Finance Director coordinates the budget process so that the City follows all statutes.

[2] The Levy Lid Lift fund, K-9, emergency reserve, e-link fund are all examples of General Fund sub-funds. They were established to ensure these funds are expended for specific purposes. They have separate budgets, but are combined into the General Fund for external financial reporting purposes.

CITY OF TUMWATER
FINANCIAL POLICIES

The Finance Department assists department budget managers in the preparation of their respective budgets, particularly when it comes to inter-fund charges and personnel costs. The Finance Department assists with solutions and alternatives so that the budget is also a useful tool for budget managers. All reserves and contingencies should be presented in the City's budget.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 7
STEWARDSHIP OVER WHAT THE CITY OWNS

As a matter of policy, the City prefers electronic money transactions, whether it makes or receives payments. It observes internal control procedures for the receipting of coins, bills or electronic cash, including the segregation of duties, the physical safeguard of checks, coins and bills, assignment of direct responsibility for daily cash handling, daily cash counts, and monthly cash reconciliations. The City only pays and accepts payments recognized as legal tender by the U.S. government. It does not accept, or pay with, cryptocurrencies such as Bitcoin.

It is regarded as preferable internal control to maintain one high-volume and main transaction bank (or check-writing) account into which all receipts are recorded, from which all checks are written, and all electronic payments are made. This is with the recognition that other low-volume bank accounts may be required or advisable, such as for the state-required advance travel ~~advance~~ account, performance bonds, funds held in trust, and other fiduciary monies. Accumulated cash may be invested in lawful investment vehicles. The Finance Director is responsible for the implementation of effective controls over all bank and investment accounts.

The City owns and maintains land, buildings, rights-of-ways, infrastructure, equipment and other long-lived assets, also known as capital assets. Capital assets are individually identified and recorded in a capital asset system and depreciated over their useful lives, in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements~~per generally accepted accounting rules~~. The City may set a significance threshold so that items at or above the threshold are recorded as capital assets, and items below the threshold are expensed. The City set the threshold to $10~~5~~,000. The Finance Department estimates the useful lives to be consistent over years and among similar items. Information about additions to the capital asset records are provided at least annually to the City's insurance carrier for property and liability insurance coverage.

The City maintains two equipment rental and reserve funds (ER&R), as prescribed in ~~Tumwater City Code~~TMC 3.36.060 and TMC 3.36.065 to be used for the expenditures of salaries, wages and operations required for the repair, replacement, purchase and operation of all motor vehicles as well as other portable equipment which the city shall decide to maintain and replace through this fund.". In Fund 501 the City includes all motorized and other rolling stock. Fund 502 contains computers and IT assets. The Finance Director, or delegate, together with management staff of the ER&R fund, develops annual estimated operating and annual replacement costs of the existing equipment complement. These costs are charged to the users and collected in the fund. At times additions are made to the existing complement of equipment. Additions require a transfer of funds to the ER&R fund from the acquiring fund or department in the amount of the initial purchase cost. Annual replacement fees begin in the first year after the year of acquisition. Replacement fees continue until the equipment is replaced regardless of the initial estimated life expectancy. The annual estimated replacement cost schedule for each category of equipment shall be established by the Finance Director in consultation with the City Administrator and department director. This schedule may be periodically adjusted based on actual operating experience. The annual depreciation expense will be used as a minimum estimate of the annual replacement cost.

The departments that own the assets must take a periodic inventory of all fixed assets. The fixed asset inventory is taken at least every two years, but can be taken more often at the discretion of the department director ~~and/~~or Finance. Departments shall retain documented proof of the inventory count and retain it for five (5) years. In addition, they shall inform the finance department when: (1) the inventory count is complete, (2) if there are assets that need to be removed or added to the ERP system, and (3) of any significant impairments to any fixed assets.

City staff make purchases of a variety of long-lived items, such as furniture, equipment, containers, trailers, power tools, to name a few, with a cost of less than $10,000. They are recorded as an operating cost, not as a capital asset and are not depreciated. A sub-group of these items, called small and attractive assets, are considered to be at high risk of premature and undetected loss. This is because they are small or light, used infrequently, are easily removed from the premises without anyone noticing, and could be disposed without approval, be converted to personal use, and could result in personal gain. The department directors (or designees) maintain a list of common small and attractive assets based on the above attributes. The current threshold is $1,000 per item. Department directors should implement a reasonable safeguard and tracking mechanism for small and attractive assets, including a periodic inventory. As with capital assets, departments perform the physical inventory count at least once every two years, and should inform the Finance Department when the inventory has been completed,

The City disposes of certain capital and non-capital assets from time to time. The Council is to declare all such items surplus through approval of a resolution. City staff disposes of any surplus items with positive value (see below) through negotiated sale, auction, transfer to another government entity, or donation to a non-profit agency. At times, capital and non-capital items become obsolete or the cost of storage, disposition, or repair exceeds the remaining value. In that case the surplus item has either no or a negative value to the City. The ~~City Administrator~~Finance Director, or delegate, may approve disposition of such surplus items through the responsible disposal as refuse. Nothing herein shall be interpreted to authorize the gifting of any capital or non-capital items to a city employee, employee family member, or other private person.

These same policies apply to equipment originally acquired for a City utility. RCW 35.94.040 sets rules for the disposal of utility property to be leased, sold, or conveyed. This policy assumes that an item has to have a value to be leased, sold, or conveyed and that RCW 35.94.040 does not apply to items with a zero or negative value.

SECTION 8
LONG-TERM CAPITAL FACILITIES FINANCIAL PLANNING

The Growth Management Act requires a Capital Facilities Plan (CFP) be part of the City's Comprehensive Plan. The Public Works Department should present to Council a CFP for major transportation projects, parks and other general government projects, and for major utility (water, wastewater, storm water) projects every other year, for a six-year forecasting period, at a minimum, that begins with an even-numbered year. For a biennial budget cycle, that aligns the beginning for the CFP forecasting period with the second year of the biennial budget.

The CFP must include appropriate funding each year to balance resources with planned project expenditures. Appropriate funding could be restricted revenue such as that for the Transportation Benefit District, loan or bond proceeds, real estate excise tax, impact fees, grants, developer or other contributions, motor vehicle fuel tax, and general transfers from other funds. The City has committed the utility tax from private utility ~~and City utility enterprises~~ (6% at the time of the writing of these policies) to the General Fund (Fund 001) and each of the two Capital Facilities funds (fund 303 and 304) as follows: of the six percentage points (6%),three and seven tenths percentage points (3.7%) to the General Fund, one and a half percentage points(1.5 %) to the General Government Capital Facilities Fund 303, and one and a half ~~eight tenths of one~~ percentage points (1.5~~0.8~~%) to the Transportation Capital Facilities Fund 304. ~~Although expected to be rarely done, these allocations may be adjusted by the Council as part of the budget process.~~ For the Water, Sewer, and Stormwater utilities the utility tax is 12% and is committed as follows: nine percent (9%) to the General Fund, one and a half percent (1.5%) to Fund 303, and one and a half percent (1.5%) to Fund 304. Although expected to be rarely done, these allocations may be adjusted by the Council as part of the budget process.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 9
LONG-TERM OPERATIONAL FINANCIAL PLANNING

The revenues, expenditures and fund balances for the general fund should be forecasted each year, about mid-calendar-year, for the current and next 5 years, making it a rolling five-year forecast, as an early look at changing economic conditions and possible unfavorable consequences, such as declining revenues and increasing costs. This enables the City to be flexible, and make choices to adjust its expectations and/or service levels as early as possible.

The utilities should strive to work towards a forecast for revenues, expenditures and fund balances for a six-year period, updated every two years and on the same update-cycle as the Capital Facilities Plan (CFP). The CFP is the basis for the amounts of planned capital spending for those six years. The plan should also include reasonable revenue and operating cost assumptions, as well as minimum funding for all reserves as established by these policies.

Estimates and forecasts of all revenues and expenditures should be cautious in a slow economic environment, taking a financially restrained approach. Estimates and forecasts of revenues and expenditures may become less restrained at a time of a more growth-oriented outlook.

The utilities' financial plans should assume that they support themselves through fees for service and that they do not receive financial or economic support from the General Fund.

The utilities should make every effort to set service fees that recover full life-cycle costs which may lead to periodic accumulations of fund balances. The accumulation of fund balance is regarded as competent long-term planning tool for foreseeable needs. This tool helps temper annual rate increases and enables the City to fund a large portion of its projects with cash or to position the City well for long-term debt issues.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 10
INVESTMENTS

Most funds hold some amount of cash since the timing of expenditures seldom matches the time of receipt of revenue. This cash accumulates and can be invested. The Finance Director acts as the investment officer and has the authority to invest accumulated cash with the objective of safety first, liquidity second, and third, a market rate return that can reasonably be expected given these objectives, while complying with State law.

Accumulated cash includes funds over and above the minimum required reserves as described in the policy.

The investments must adhere to the requirements of RCW Chapter 35A.40 Section 050 Investment of Funds [http://app.leg.wa.gov/RCW/default.aspx?cite=35A.40.050], RCW Chapter 39.59 Public Funds-Authorized Investments, and RCW Chapter 39.59 Section 040 Authorized investments-Bonds, warrants, certificates, and other investments [http://app.leg.wa.gov/RCW/default.aspx?cite=39.59.040]. These chapters define specific investments by types, quality and maturity. The most current Washington State Investment Board (WSIB) investment policies adhere to these RCW Chapters and are, herewith, made an integral part of these policies as guidance for City investments. The most current WSIB policies went into effect as of September ~~15, 2016~~21, 2023, and are attached (see Exhibit B).

The investment officer must remain impartial in all investment decisions and must not pursue a personal activity that creates a conflict of interest in the execution and management of the City's investment program. A conflict of interest arises~~,~~ when the investment officer could in fact or appearance, either directly or indirectly, benefit financially or economically from his or her influence or decision. This requirement extends to any employee, committee member, or Council member who could significantly influence an investment decision.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 11
DEBT

The City issues debt infrequently and primarily for large capital purchases and infrastructure projects. It takes a conservative approach in the sense that it keeps debt maturities as short as possible and complies with RCW Chapter 35A.40 [http://app.leg.wa.gov/rcw/default.aspx?cite=35a.40], RCW Chapter 43.80 [http://app.leg.wa.gov/RCW/default.aspx?Cite=43.80.100], as minimum requirements. The City will also observe any other laws and regulations pertaining to debt.

~~Debt payments limit the City's ability to respond to ongoing operational needs and unexpected expenses. For this reason, it is advisable to limit the amount of debt and associated debt payments. The debt limits prescribed by the RCWs are shown in the table below. The City further voluntarily limits its debt exposure by adopting more stringent debt limits at a level half of that required by the RCWs. The limits are stated as percentage of the City's assessed property values.~~

~~Type of Debt~~	~~RCW Limits~~	~~City Policy~~	~~2016 Actual~~
~~General Obligation[1]:~~	~~2.50 %~~	~~1.25%~~	~~0.1165%~~
~~Non-Voted~~	~~1.50 %~~	~~0.75 %~~	~~0.0977%~~
~~Voted~~	~~1.00 %~~	~~0.50%~~	~~0.0188%~~
~~Open Space, Parks~~	~~2.50 %~~	~~1.25%~~	~~0.1706%~~
~~Utilities~~	~~2.50 %~~	~~1.25%~~	~~0.0036%~~
~~Revenue[3] bonds~~	~~no limit~~	~~no limit[2]~~	~~-~~
~~Local Improvement District[3]~~	~~no limit~~	~~no limit[2]~~	~~-~~

~~[1] Proceeds may be used for any City function, fund, or department~~
~~[2] The ability to pay and debt coverage ratios will set a natural debt limit here.~~
~~[3] Statutory limits do not apply, because the City's general revenue or taxing authority are not pledged.~~

The City may issue debt for the acquisition of long-lived assets, where the maturity of the debt does not exceed the estimated useful life of the asset and where the asset or existing revenue serves as security for the debt. Any debt issue should be paired with a known and adequate revenue flow from which principal and interest are paid.

When the Capital Facilities Plan or any other long-term plan includes the proceeds of a debt issue, the plan will also identify and include the source of making annual payments for principal and interest.

The Finance Director is responsible for the analysis of debt requirements. This includes the timing, calculation of outstanding debt, debt limits, future debt burden, and revenue requirements. The Finance Director is also responsible for the coordination of debt issues and subsequent required disclosures. The water, sewer~~waste water~~, and storm~~-~~water utilities are combined as one water services utility for debt issuance purposes.

The City may issue the following types of debt: General Obligation bonds, voted and non-voted for any City purpose; Certificates of Participation[3] and full faith and credit bonds for any City purpose, revenue bonds for the utilities and special districts with or without the backing of the City's full faith and credit[4], and short-term loans in anticipation of long-term bonds, all subject to RCW limitations and other relevant City policies. The City may also enter into long-term finance leases~~ that constitute in substance a debt-financed purchase, a so called capital lease~~.

The Finance Director assesses the lowest cost debt financing option for any debt issue. The Finance Director is responsible for the solicitation and selection of professionals, who are required to issue and administer City debt, such as bond counsel, financial advisor, underwriter, and fiscal agent.

A refinancing is a practice of selling new bonds to replace or combine existing bonds. Typically this is done when interest rates have fallen below an existing issues' effective interest rate. The City considers it best practice to initiate a refinancing when the net present value savings are at least three percent (3%). The Finance Director shall periodically evaluate bond issues and recommend a refinancing for this reason, as well as for other reasons, such as when the timing of anticipated revenues changes, or when it is in the City's best interest to modify bond covenants. A refinancing and a new issue may be combined.

An advance refunding is a practice of placing funds into escrow, and entirely relinquishing control over such funds, for the future repayment of bonds. Typically this is done when the bond security[5] no longer qualifies as security, such as through

[3] The State of Washington facilitates bond issues where the debt needs of several small jurisdictions may be combined into one debt issue. Each jurisdiction holds a proportion of that debt issue through a Certificate of Participation or COP and makes the debt service payments to the State. It reduces issuance and interest costs to the COP holders, and minimizes subsequent disclosure requirements.
[4] The general fund may lend its creditworthiness to the utilities, for example, when utilities issue revenue bonds. It minimizes interest costs and debt coverage ratio requirements.
[5] Examples of bond securities are land, a building, or equipment that is typically acquired with the bond proceeds. For tax-exempt bonds, the underlying security has to be used for almost all public and very minor private purposes.

conversion[6], sale or impairment[7], or when the issuer desires to extinguish the debt. The Finance Director shall recommend an advance refunding when it is in the best interest of the City.

The preferred method of debt issuance is the competitive process because it generally helps obtain a low total interest cost. However, negotiated sales, direct placements, and other allowable methods of issuing debt are acceptable. Market conditions often determine the most appropriate and lowest cost of obtaining financing. ~~A negotiated debt placement is permissible in special cases, such as in a volatile interest rate environment, under extenuating time pressure, or for an issue requiring special underwriter skills.~~

The three utilities of water, sewer~~wastewater~~ and storm water are considered to be one water utility for debt purposes. The City will strive to set service fees for the utilities that are estimated to maintain a minimum revenue bond debt coverage ratio of 1.25.

The City must identify revenue for any new debt and should associate it with a specific community benefit, so that the residents of Tumwater know what they are paying for.

The City strives to have a General Obligation bond rating of A or better (based on the S&P credit rating tiers, see Exhibit A) and is committed to filing all required subsequent debt disclosures according to applicable debt covenants and Security and Exchange rules.

Unused debt proceeds are invested according to the City's investment policy and any resulting arbitrage rebates are to be filed as required.

The City may use inter-fund borrowing when the lending fund has cash available and both funds benefit. Such inter-fund borrowing shall be in writing, with loan terms that include principal, annual interest, and payment schedule, and be approved by Council. The interest rate charged for such borrowing should be no less than what the lending fund would earn if its accumulated cash was invested in accordance with the policies in Section 10.

[6] An example of a conversion is when an old City Hall is converted from public use to private use, such as commercial offices.
[7] An example of impairment could be a building damaged in a fire. Insurance proceeds could be used to either repair and rebuild or retire the associated debt early, because the building will not be recovered.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 12
AUDITING, ACCOUNTING AND FINANCIAL REPORTING

~~Section 21.2 of~~ Council Rules established a standing Budget and Finance Committee. Its stated purpose is to develop and review policy issues and make recommendations regarding budget amendments, financial contracts, social and health services funding, financing, and budget development not otherwise covered by other committees or the full Council. The Mayor and three Council members form the Budget and Finance Committee. The Budget and Finance Committee has also acted as oversight committee over the City's annual audit engagement, audit reports, and any necessary follow-up, and should continue to do so. It should also receive information about unusual developments~~,~~ and cases of fraud, waste and abuse.

The Finance Department is responsible for the establishment and accounting of all funds, and fund assets, liabilities, revenues, expenditures, and expenses using the double-entry accounting method. The funds are established according to Generally Accepted Accounting Principles (GAAP), the Budgeting, Accounting and Reporting System (BARS) manual, and are further described in the Tumwater Municipal Code chapter 3.36.

The Finance Department prepares GAAP-compliant annual financial statements including footnotes, known as~~. It does not prepare~~ an Annual Comprehensive Financial Report (ACFR). It does not prepare the Management Discussion and Analysis (MD&A) which requires certain additional budget comparative data and statistical information, the cost of which is deemed to outweigh the benefit at the time these policies are written. This may be reconsidered at any time.

The Tumwater accounting records should be designed to support financial reporting per GAAP and to support all required filings with the Washington State Auditor's Office (SAO). The Governmental Accounting, Auditing, and Financial Reporting (GAAFR, or 'Blue Book') of the Government Finance Officers' Association (GFOA) and the SAO Budgeting, Accounting and Reporting System (BARS) manual serve as guidance for Chart of Accounts structure, GAAP implementation, audit preparation, and best accounting practices.

The Finance Department is also responsible for issuing timely internal reports for the Mayor, Council, City Administrator, and Directors.

The Finance Director is the internal control officer of the City and should design and implement internal controls to prevent errors and omissions, and loss of assets, including through segregation of duties, physical security over cash, assignment of direct responsibilities for cash and bank record handling, secure access to bank accounts, purchase approval processes, periodic interim financial reviews, periodic reconciliations, and inventory taking.

The Finance Director has the responsibility to establish a fund and account structure as required by SAO, GAAP or other laws and regulations. At the same time, the decision to add funds or accounts should follow an emphasis on simplicity and accountability, whenever possible. Funds and accounts require annual maintenance and essentially exist forever. It is prudent to keep the number of funds and accounts to those that are required and financially significant, or are of particular interest to the Public, Council, commissions and committees, or management long-term.

SECTION 13
MANAGEMENT OF FEDERAL GRANTS

The City applies for federal grants where possible and advisable, to fund transportation, law enforcement, water/sewer/storm drainage utility infrastructure projects, to name a few. When the City receives federal grants it strives to administer those grants in conformance with 2 CFR 200: Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards, when it applies. Key elements for that compliance are:

- Written Internal Controls over the grant funds and ability to demonstrate that the policies are being followed (2 CFR 200.303);
- Written procedures to minimize the time lag between advance payments by the granting agency (draws) and related disbursements (2 FCR 200.305);
- Written procedures to avoid a conflict of interest (2 CFR 200.318);
- Written Procurement Policies (2 CFR 200.320); and,
- Oversight and assurance that only Allowable Costs are claimed and ability to demonstrate the oversight (2 CFR 200.403).

The City's internal controls over federal funds take the Internal Control Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as guidance and strive to be able to demonstrate that it follows Federal statutes, regulations, and the terms and conditions of the Federal awards through oversight or monitoring, that it takes prompt action when non-compliance is identified, and that it takes reasonable measures to safeguard private personal and otherwise sensitive and confidential information.

The City strives to obtain grant funds as a reimbursement of expenditures. This means that any grant eligible invoices and internal labor costs have been paid by the City from City funds, and are billed to the granting agency subsequently and in the same amount as previously paid. In the unlikely event, that funds are drawn in advance of the expenditures, such as in the case of inadequate working capital, the draw is made as reasonably close to the expenditure timing as is administratively possible.

The City's procurement policies, adopted by Council, require the absence of employee or agent conflict of interest during the selection, award and administration of contracts, and include actions to be taken in the case of a violation.

The department managing a project, which is funded by direct or indirect federal funds, is responsible for the ability to demonstrate that it follows procedures that assure that only allowable costs are claimed.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 14: EXHIBIT A
CREDIT RATING TIER CHART OF THREE MAJOR RATING AGENCIES

Moody's		S&P		Fitch		Rating description	
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term		
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime	Investment grade
Aa1		AA+		AA+		High grade	
Aa2		AA		AA			
Aa3		AA−		AA−			
A1		A+	A-1	A+	F1	Upper medium grade	
A2		A		A			
A3	P-2	A−	A-2	A−	F2		
Baa1		BBB+		BBB+			
Baa2	P-3	BBB	A-3	BBB	F3	Lower medium grade	
Baa3		BBB−		BBB−			
Ba1	Not prime	BB+	B	BB+	B	Non-investment grade speculative	Non-investment grade aka high-yield bonds aka junk bonds
Ba2		BB		BB			
Ba3		BB−		BB−			
B1		B+		B+		Highly speculative	
B2		B		B			
B3		B−		B−			
Caa1		CCC+	C	CCC	C	Substantial risks	
Caa2		CCC				Extremely speculative	
Caa3		CCC−				Default imminent with little prospect for recovery	
Ca		CC					
		C					
C		D	/	DDD	/	In default	
/				DD			
				D			

We are here

The City strives to have a General Obligation bond rating of A or better.

CITY OF TUMWATER
FINANCIAL POLICIES

SECTION 14: EXHIBIT B
WASHINGTON STATE INVESTMENT BOARD INVESTMENT POLICIES

Refer to WSIB website for details. https://www.sib.wa.gov/index.html

WSIB Policy page https://www.sib.wa.gov/policies.html

WSIB Policy updated 9/21/23 https://www.sib.wa.gov/docs/policies/2_05_500.pdf

TO: City Council

FROM: Brian Hurley, Fire Chief

DATE: September 15, 2026

SUBJECT: Alternative Response Team Grant Agreement with the Association of Washington Cities

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1) Recommended Action:

Authorized the Mayor to sign the Alternative Response Grant Agreement with the Association of Washington Cities.

The agreement was recommended for approval on the consent calendar at the September 2, 2026 Public Health and Safety Committee meeting.

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2) Background:

In 2024 the City of Tumwater entered into an interlocal agreement with the City of Olympia for a " FDCARES" or Fire Department Community Assistance, Referral, and Education Services program. The agreement provided for a half-time position to serve clients in Tumwater. In 2025 the city was awarded an Alternative Response Team Grant from the Association of Washington Cities to assist in funding this position full- time. This grant term is July 1, 2026 through June 30, 2027. This is the first renewal and the grant can be renewed one additional time.

---

3) Policy Support:

Build a Community Recognized for Quality, Compassion, and Humanity

- Develop innovative partnerships and strategies with community human and social services organizations to improve service delivery to people in need, including senior citizens, low- income residents, and others.

Provide and Sustain Quality Public Safety Services

- Develop innovative initiatives and programs to address growing service demands.
- Explore and implement partnerships to improve efficiency of service delivery.

---

4) Alternatives:

❑ Do not approve

---

5) Fiscal Notes:

Grant will reimburse up to $80,000 for July 1, 2026 – June 30, 2027.

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6) Attachments:

A. ARTG Agreement with the Association of Washington Cities

Association of Washington Cities Grant ("Grant") with

City of Tumwater
through

The Alternative Response Team Grant.
A program funded through the Washington State Operating Budget

For

Jurisdiction name	City of Tumwater
Program description	Supporting the operation of the TFD CARES Team program in collaboration with OFD CARES, providing emergency services and social support programs for the cities of Tumwater and Olympia.

Start date: July 1, 2026

End date: June 30, 2027

Grant Number: ART26-12

Association of Washington Cities (AWC)

Alternative Response Team Grant (ARTG)

Senate Bill 5167, Section 214.35(c)(i) went into effect on July 1, 2025. The purpose of this grant is to assist cities with the documented costs to create co-responder programs within different alternative diversion models including law enforcement assisted diversion programs, community assistance referral and education programs, and as part of mobile crisis teams. AWC has determined that entering into a Contract with the City of Tumwater will meet the goals of these funds.

<table>
<tr><td colspan="2">1. Grantee
City of Tumwater
555 Israel Road SW
Tumwater, WA 98501</td><td colspan="2">2. Grantee doing business as (optional)</td></tr>
<tr><td colspan="2">3. Grantee representative
Brian Hurley
Fire Chief
(360) 754-4170
bhurley@ci.tumwater.wa.us</td><td colspan="2">4. AWC representative
Kirsten Peterson
Project Coordinator
(360) 742-6629
kirstenp@awcnet.org
1076 Franklin Street SE
Olympia, WA
98501</td></tr>
<tr><td>5. Grant amount
$80,000</td><td>6. Start date
July 1, 2026</td><td>7. End date
June 30, 2027</td><td>8. Tax ID #
91-6001520</td></tr>
<tr><td colspan="4">9. Grant purpose
Establish an alternative response team program as described in Attachment A.</td></tr>
<tr><td colspan="4">AWC and the Grantee, as defined above, acknowledge and accept the terms of this Grant and attachments and have executed this Grant on the date below to start as of the date and year referenced above. The rights and obligations of both parties to this Grant are governed by this Grant and the following other documents incorporated by reference: Grantee General Terms and Conditions including Attachment “A” – Scope of Work; Attachment “B” – Budget & Budget Narrative; Attachment “C” – Grantee Data Collection; Attachment (D) – Grantee Agent(s).</td></tr>
<tr><td colspan="2">For grantee

____
Leatta Dahlhoff, Mayor

Date: ______________________________</td><td colspan="2">For Association of Washington Cities

____
Deanna Dawson, CEO

Date: ______________________________</td></tr>
</table>

Attest

____
Melody Valiant, City Clerk

Date: ______________________________

Approved as to Form

____
Karen Kirkpatrick, City Attorney

Date: ______________________________

Last revision 07/06/2026

1. GRANT MANAGEMENT

The Representative for each of the parties shall be responsible for and shall be the Grant contact person for all communications and billings regarding the performance of this Grant.

The Representative for AWC and their contact information are identified on the Face Sheet of this Grant.

The Representative for the Grantee and their contact information are identified on the Face Sheet of this Grant.

2. TERM

The initial term of the Contract shall be July 1, 2026, and continue through June 30, 2027, unless terminated sooner as provided herein. The term of the contract may be extended by an amendment signed by both parties.

3. PAYMENT

AWC shall pay to Grantee an amount not to exceed $80,000 for the performance of all things necessary for or incidental to the performance of work as set forth in the ARTG Application and described in Attachment A. Grantee's compensation for services rendered shall be based on the completion of duties as outlined in the ARTG application, in Attachment A, in accordance with the following sections.

4. BILLING PROCEDURES AND PAYMENT

AWC will reimburse Grantee upon acceptance of services provided and receipt of properly completed invoices, which shall be submitted to the Representative for AWC not more often than monthly. Grantee will use the invoice form provided by AWC to request reimbursement.

The invoices shall describe and document, to AWC's satisfaction, a description of the work performed, the progress of the project, and fees. The invoice shall include the **Grant Number ART26-12**. A receipt must accompany any single expenses in the amount of $50.00 or more in order to receive reimbursement.

If errors are found in the submitted invoice or supporting documents, AWC will notify the Grantee to make corrections in a timely manner, resubmit the invoice and/or supporting documentation as requested, and notify AWC.

Payment shall be considered timely if made by AWC within thirty (30) calendar days after receipt of properly completed invoices. Payment shall be sent to the address designated by the Grantee.

AWC may, in its sole discretion, terminate the Grant or withhold payments claimed by the Grantee for services rendered if the Grantee fails to satisfactorily comply with any term or condition of this Grant.

No payments in advance or in anticipation of services or supplies to be provided under this Grant shall be made by AWC.

<u>Duplication of billed costs</u>

The Grantee shall not bill AWC for services performed under this Grant, and AWC shall not pay the Grantee, if the Grantee is entitled to payment or has been or will be paid by any other source, including grants, for that service. This does not include fees charged for summer recreation programs.

<u>Disallowed costs</u>

The Grantee is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its Grantees.

<u>Final reimbursement and reporting deadline</u>

When the project is completed, the Grantee must submit a final report and supporting documents needed to close out the project no later than July 31, 2027.

AWC shall withhold 10 percent (10%) from each payment until the final reporting from the Grantee has been submitted, verified and accepted by AWC.

Upon expiration of the Contract, any claims for payment for costs due and payable under this Contract that are incurred prior to the expiration date must be submitted by the Grantee to AWC within thirty (30) calendar days after the Contract expiration date. AWC is under no obligation to pay any claims that are submitted 31 or more calendar days after the Contract expiration date (“Belated Claims”). AWC will pay Belated Claims at its sole discretion, and any such potential payment is contingent upon the availability of funds.

5. GRANTEE DATA COLLECTION/REPORTING REQUIREMENTS

Grantee will submit reports, in a form and format to be provided by AWC (See Attachment C). Data must be provided to AWC along with final billing invoices.

6. AGENT(S)

Agent(s) in this Contract refers to any third-party entity and its employees that the Grantee has subcontracted with to provide services funded through this Contract. The Grantee is responsible for ensuring that any agent complies with the provision herein.

Any of the Grantee’s agent(s) that will provide services under this Contract must be listed in Attachment D – Grantee Agent(s) and must provide proof of insurance per Section 7 of this Contract.

7. INSURANCE

a. **Workers’ compensation coverage.** The Grantee shall at all times comply with all applicable workers’ compensation, occupational disease, and occupational health and safety laws, statutes, and regulations to the fullest extent applicable. This requirement includes the purchase of industrial insurance coverage for the Grantee’s employees, as may now hereafter be required of an “employer” as defined in Title 51 RCW. Such workers’ compensation and occupational disease requirements shall include coverage for all employees of the Grantee, and for all employees of any subcontract retained by the Grantee, suffering bodily injury (including death) by accident or disease, which arises out of or in connection with the performance of this Grant. Satisfaction of these requirements shall include, but shall not be limited to:

   i. Full participation in any required governmental occupational injury and/or disease insurance program, to the extent participation in such a program is mandatory in any jurisdiction;

   ii. Purchase workers’ compensation and occupational disease insurance benefits to employees in full compliance with all applicable laws, statutes, and regulations, but only to the extent such coverage is not provided under mandatory governmental program in “i” above, and/or;

   iii. Maintenance of a legally permitted and governmentally approved program of self-insurance for workers’ compensation and occupational disease.

   Except to the extent prohibited by law, the program of the Grantee’s compliance with workers’ compensation and occupational disease laws, statutes, and regulations in i), ii), and iii) above shall provide for a full waiver of rights of subrogation against AWC, its directors, officers, and employees.

   If the Grantee, or any agent retained by the Grantee, fails to effect and maintain a program of compliance with applicable workers’ compensation and occupational disease laws, statutes, and regulations and AWC incurs fines or is required by law to provide benefits to such employees, or to obtain coverage for such employees, the Grantee will indemnify AWC for such fines, payment of benefits to Grantee or Grantee employees or their heirs or legal representatives, and/or the cost of effecting coverage on behalf of such employees. Any amount owed to AWC by the Grantee pursuant to the indemnity may be deducted from any payments owed by AWC to the Grantee for the performance of this Grant.

b. **Automobile insurance.** In the event that services delivered pursuant to this Grant involve the use of vehicles, owned or operated by the Grantee, automobile liability insurance shall be required. The minimum limit for automobile liability is:

   $1,000,000 per accident, using a Combined Single Limit for bodily injury and property damage.

c. **Business automobile insurance.** In the event that services performed under this Grant involve the use of vehicles or the transportation of clients, automobile liability insurance shall be required. If Grantee-owned personal vehicles are used, a Business Automobile policy covering a minimum Symbol 2 “owned autos only” must be secured. If the Grantee’s employees’ vehicles are used, the Grantee must also include under the Business Automobile policy Symbol 9, coverage for “non-owned autos.” The minimum limits for automobile liability is:

$1,000,000 per accident, using a Combined Single Limit for bodily injury and property damage.

d. **Public liability insurance (General liability).** The Grantee shall at all times during the term of this Grant, at its sole cost and expense, carry and maintain general public liability insurance, including contractual liability, against claims for bodily injury, personal injury, death, or property damage occurring or arising out of services provided under this Grant. This insurance shall cover such claims as may be caused by any act, omission, or negligence of the Grantee or its officers, agents, representatives, assigns or servants. The limits of liability insurance, which may be increased from time to time as deemed necessary by AWC, with the approval of the Grantee (which shall not be unreasonably withheld), shall not be less than as follows:

Each occurrence	$1,000,000
Products-completed operations limit	$2,000,000
Personal and advertising injury limit	$1,000,000
Fire damage limit (any one fire)	$ 50,000

e. **Local governments that participate in a self-insurance program.** Alternatively, Grantee may maintain a program of self-insurance or participate in a property/liability pool with adequate limits to comply with the Grant insurance requirements set forth above or as is customary to the contractor or Grantee’s business, operations/industry, and the performance of its respective obligations under this Grant.

f. **Additional insured.** The Association of Washington Cities shall be specifically named as an additional insured on all policies, including Public Liability and Business Automobile, except for liability insurance on privately-owned vehicles, and all policies shall be primary to any other valid and collectible insurance.

AWC may waive the requirement to be specially named as an additional insured on policies, including Public Liability and Business Automobile, provided that the Grantee provides: (1) a description of its self-insurance program, and (2) a certificate and/or letter of coverage that outlines coverage limits and deductibles. All self-insured risk management programs or self-insured/liability pools must comply with RCW 48.62, the requirements of the Office of Risk Management and Local Government Self Insurance Program, the Washington State Auditor’s reporting requirements and all related federal and state regulations. Grantees participating in a joint risk pool shall maintain sufficient documentation to support the aggregate claim liability information reported on the balance sheet. AWC, its agents, and employees need not be named as additional insured under a self-insured property/liability pool, if the pool is prohibited from naming third parties as additional insured.

g. **Proof of insurance.** Certificates and or evidence satisfactory to the AWC confirming the existence, terms and conditions of all insurance required above shall be delivered to AWC within five (5) days of the Grantee’s receipt of Authorization to Proceed.

h. General insurance requirements. Grantee shall, at all times during the term of the Grant and at its sole cost and expense, buy and maintain insurance of the types and amounts listed above. Failure to buy and maintain the required insurance may result in the termination of the Grant at AWC’s option. By requiring insurance herein, AWC does not represent that coverage and limits will be adequate to protect Grantee and such coverage and limits shall not limit Grantee’s liability under the indemnities and reimbursements granted to AWC in this Grant.

Grantee shall include all agents of the Grantee as insureds under all required insurance policies, or shall furnish proof of insurance and endorsements for each agent. Agent(s) must comply fully with all insurance requirements stated herein. Failure of agent(s) to comply with insurance requirements does not limit Grantee's liability or responsibility.

8. **ORDER OF PRECEDENCE**

In the event of an inconsistency in this Contract, the inconsistency shall be resolved by giving precedence in the following order:

- Applicable federal and state of Washington statutes and regulations
- Grant and Grantee General Terms and Conditions
- Attachment A – ARTG Application & Scope of Work
- Attachment B – Budget & Budget Narrative
- Attachment C – Grantee Reporting Requirements
- Attachment D – Grantee Agent(s)

GRANTEE GENERAL TERMS AND CONDITIONS

1. **Access to data.** In compliance with Chapter 39.26 RCW, the Grantee shall provide access to data generated under this Grant to AWC, and to the extent necessary to comply with RCW 39.26, the Joint Legislative Audit and Review Committee, and the State Auditor at no additional cost. This includes access to all information that supports the findings, conclusions, and recommendations of the Grantee's reports, including computer models and methodology for those models.

2. **Alterations and amendments.** This Grant may be amended only by mutual agreement of the parties in writing. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

3. **Americans with Disabilities Act (ADA) of 1990, Public Law 101-336, also referred to as the "ADA" 28 CFR Part 35.** In relation to this Grant, the Grantee must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

4. **Assignment.** Neither this Grant, nor any claim arising under this Grant, shall be transferred or assigned by the Grantee without prior written consent of AWC.

5. **Assurances.** AWC and the Grantee agree that all activity pursuant to this Grant will be in accordance with all applicable current federal, state and local laws, rules and regulations.

6. **Attorney's fees.** In the event of litigation or other action brought to enforce contract terms, each party agrees to bear its own attorney's fees and costs.

7. **Budget revisions.** Any monetary amount budgeted by the terms of this Grant for various activities and line item objects of expenditure, as outlined in Attachment B – Budget & Budget Narrative, may be revised without prior written approval of AWC, so long as the revision is no more than ten percent (10%) of the original line item amount and the increase in an amount is offset by a decrease in one or more other amounts equal to or greater than the increase. All other budget revisions exceeding ten percent (10%) shall only be made with the prior written approval of AWC. Grantee will use the funding change request form provided by AWC to request these budget revisions.

8. **Certification regarding wage violations.** The Grantee certifies that within three (3) years prior to the date of execution of this Grant, Grantee has not been determined by a final and binding citation and notice of assessment issued by the Washington Department of Labor and Industries or through a civil judgment entered by a court of limited or general jurisdiction to have willfully violated, as defined in RCW 49.48.082, any provision of RCW chapters 49.46, 49.48, or 49.52.

   The Grantee further certifies that it will remain in compliance with these requirements during the term of this Grant. Grantee will immediately notify AWC of any finding of a willful violation entered by the Washington Department of Labor and Industries or through a civil judgment entered by a court of limited or general jurisdiction entered during the term of this Grant.

9. **Change in status.** In the event of substantive change in the legal status, organizational structure, or fiscal reporting responsibility of the Grantee, Grantee agrees to notify AWC of the change. Grantee shall provide notice as soon as practicable, but no later than thirty (30) days after such a change takes effect.

10. **Rights in data/ownership.** Grantee agree that all data and work products (collectively "Work Product") produced pursuant to the Scope of Work of this Contract will be considered a work for hire under the U.S. Copyright Act, 17 U.S.C. §101 et seq, and will be owned by Washington State Health Care Authority ("HCA"). Grantee shall be granted a permanent royalty free license to use all Work Product produced under this Grant Agreement. Grantee is hereby commissioned to create the Work Product. Work Product

includes, but is not limited to, discoveries, formulae, ideas, improvements, inventions, methods, models, processes, techniques, findings, conclusions, recommendations, reports, designs, plans, diagrams, drawings, Software, databases, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions, to the extent provided by law. Ownership includes the right to copyright, patent, register and the ability to transfer these rights and all information used to formulate such Work Product.

If for any reason the Work Product would not be considered a work for hire under applicable law, Grantee assigns and transfers to HCA, the entire right, title and interest in and to all rights in the Work Product and any registrations and copyright applications relating thereto and any renewals and extensions thereof.
Grantee will execute all documents and perform such other proper acts as HCA may deem necessary to secure for HCA the rights pursuant to this section.

Grantee will not use or in any manner disseminate any Work Product to any third party, or represent in any way Grantee ownership of any Work Product, without the prior written permission of HCA. Grantee will take all reasonable steps necessary to ensure that its agents, employees, or Subcontractors will not copy or disclose, transmit or perform any Work Product or any portion thereof, in any form, to any third party.

Material that is delivered under this Agreement, but that does not originate therefrom (“Preexisting Material”), must be transferred to HCA with a nonexclusive, royalty-free, irrevocable license to publish, translate, reproduce, deliver, perform, display, and dispose of such Preexisting Material, and to authorize others to do so. Grantee agrees to obtain, at its own expense, express written consent of the copyright holder for the inclusion of Preexisting Material. HCA will have the right to modify or remove any restrictive markings placed upon the Preexisting Material by Grantee.

Grantee must identify all Preexisting Material when it is delivered under this Agreement and must advise HCA of any and all known or potential infringements of publicity, privacy or of intellectual property affecting any Preexisting Material at the time of delivery of such Preexisting Material. Grantee must provide HCA with prompt written notice of each notice or claim of copyright infringement or infringement of other intellectual property right worldwide received by Grantee with respect to any Preexisting Material delivered under this Agreement.

11. **Covenant against contingent fees.** The Grantee warrants that no person or selling agent has been employed or retained to solicit or secure this Grant upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established agent maintained by the Grantee for the purpose of securing business. AWC shall have the right, in the event of breach of this clause by the Grantee, to annul this Grant without liability or, in its discretion, to deduct from the contract price or consideration or recover by other means the full amount of such commission, percentage, brokerage or contingent fees.

12. **Disputes.** In the event that a dispute arises under this Grant, the parties will negotiate in good faith and use their best efforts to amicably resolve any dispute before resorting to litigation.

13. **Duplicate payment.** AWC shall not pay the Grantee, if the Grantee has charged or will charge the State of Washington or any other party under any other contract or agreement, for the same services or expenses.

14. **Entire agreement.** This Grant contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Grant shall be deemed to exist or to bind any of the parties hereto.

15. **Ethical conduct.** Neither the Grantee nor any employee or agent of the Grantee shall participate in the performance of any duty or service in whole or part under this Grant in violation of, or in a manner that violates any provision of the Ethics in Public Service law at Chapter 42.52 RCW, RCW 42.17A.550, RCW 42.17A.555, and 41.06.250 prohibiting the use of public resources for political purposes.

16. Governing law and venue. This Grant shall be construed and interpreted in accordance with the laws of the State of Washington and the venue of any action brought hereunder shall be in Superior Court for Thurston County.

17. Indemnification. To the fullest extent permitted by law, Grantee shall indemnify, defend and hold harmless AWC and all officials, agents, and employees of AWC, from and against all claims for injuries or death arising out of or resulting from the performance of this Grant except for injuries and damages caused by the sole negligence of AWC. “Claim” as used in this Grant, means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorney’s fees, attributable for bodily injury, sickness, disease, or death, or injury to or destruction of tangible property including loss of use resulting therefrom. Additionally, ”claims” shall include but not be limited to, assertions that the use or transfer of any software, book, document, report, film, tape or sound reproduction or material of any kind, delivered hereunder, constitutes an infringement of any copyright, patent, trademark, trade name, or otherwise results in an unfair trade practice or in unlawful restraint of competition. Grantee’s obligation to indemnify, defend and hold harmless includes any claim by Grantee’s agents, employees, representatives, or any subcontractor or its employees.

Grantee expressly agrees to indemnify, defend, and hold harmless AWC for any and all claims, costs, charges, penalties, demands, losses, liabilities, damages, judgments, or fines out of or incident to Grantee’s or its agent’s performance or failure to perform the Grant. Grantee’s obligation to indemnify, defend, or hold harmless AWC shall not be eliminated or reduced by any actual or alleged concurrent negligence by AWC, or their agents, employees, or officials.

Grantee waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless AWC, and their agents, employees, or officials.

18. Independent capacity of the grantee. The parties intend that an independent Grantee relationship will be created by this Grant. The Grantee and his/her employees or agents performing under this Grant are not employees or agents of AWC. The Grantee will not hold itself out as nor claim to be an officer or employee of AWC, nor will the Grantee make any claim or right, privilege, or benefit which would accrue to such employee under law. Conduct and control of the work will be solely with the Grantee.

19. Licensing and accreditation standards. The Grantee shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements/standards, necessary to the performance of this Grant.

20. Limitation of authority. Only AWC or AWC’s delegate by writing (delegation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Grant. Furthermore, any alteration, amendment, modification, or waiver or any clause or condition of this Grant is not effective or binding unless made in writing and signed by AWC.

21. Non-discrimination. The Grantee shall comply with all the federal and state non-discrimination laws, regulations and policies, which are otherwise applicable to AWC. Accordingly, no person shall, on the ground of sex, race, creed, religion, color, national origin, marital status, families with children, age, veteran or military status, sexual orientation, gender expression, gender identity, disability, or the use of a trained dog guide or service animal, be unlawfully excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any activity performed by the Grantee and its agents under this Grant. The Grantee shall notify AWC immediately of any allegations, claims, disputes, or challenges made against it under non-discrimination laws, regulations, or policies, or under the Americans with Disabilities Act. In the event of the Grantee’s noncompliance or refusal to comply with this nondiscrimination provision, this Grant may be rescinded, cancelled or terminated in whole or part, and the Grantee may be declared ineligible for further contracts with AWC.

22. **Overpayments**. Grantee shall refund to AWC the full amount of any overpayment under this Grant within thirty (30) calendar days of written notice. If Grantee fails to make a prompt refund, AWC may charge Grantee one percent (1%) per month on the amount due until paid in full.

23. **Public disclosure.** Grantee acknowledges that AWC is subject to the Washington State Public Records Act, Chapter 42.56 RCW, and AWC acknowledges that the Grantee is subject to the Washington State Public Records Act, Chapter 42.56 RCW, and that this Grant shall be a public record as defined in RCW 42.56. Any specific information that is claimed by either party to be confidential or proprietary must be clearly identified as such by that party. To the extent consistent with chapter 42.56 RCW, each party shall attempt reasonably to maintain the confidentiality of all such information marked confidential or proprietary. If a request is made to view such information, the party receiving the public records request will notify the other party of the request and the date that such records will be released to the requester unless the other party obtains a court order enjoining that disclosure. If such party fails to obtain the court order enjoining disclosure, the party receiving the records request will release the requested information on the date specified.

24. **Publicity.** The Grantee agrees to submit to AWC all advertising and publicity matters relating to this Grant which in the AWC's judgment, AWC's name can be implied or is specifically mentioned. The Grantee agrees not to publish or use such advertising and publicity matters without the prior written consent of AWC.

25. **Registration with Department of Revenue.** The Grantee shall complete registration with the Department of Revenue and be responsible for payment of all taxes due on payments made under this Grant.

26. **Records maintenance.** The Grantee shall maintain all books, records, documents, data and other evidence relating to this Grant and performance of the services described herein, including but not limited to accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Grant. Grantee shall retain such records for a period of six years following the date of final payment. At no additional cost, these records, including materials generated under the Grant, shall be subject at all reasonable times to inspection, review or audit by the AWC, personnel duly authorized by AWC, the Office of the State Auditor, and federal and state officials so authorized by law, regulation or agreement.

    If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

27. **Right of inspection.** The Grantee shall provide right of access to its facilities utilized under this Grant to AWC or any of its officers responsible for executing the terms of this Grant at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this Grant on behalf of AWC. All inspections and evaluations shall be performed in such a manner that will not unduly interfere with the Grantee's business or work hereunder.

28. **Severability.** The provisions of this Contract are intended to be severable. If any term or provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the Contract.

29. **Subcontracting.** Neither the Grantee nor any agent of the Grantee shall enter into subcontracts for any of the work contemplated under this Grant without obtaining prior written approval of AWC. Grantee is responsible to ensure that all terms, conditions, assurances and certifications set forth in this Grant are included in any and all Subcontracts. In no event shall the existence of the subcontract operate to release or reduce liability of the Grantee to the AWC for any breach in the performance of the Grantee's duties. This clause does not include contracts of employment between the Grantee and personnel assigned to work under this Grant.

If, at any time during the progress of the work, AWC determines in its sole judgment that any agent of the Grantee is incompetent, AWC shall notify the Grantee, and the Grantee shall take immediate steps to terminate the agent's involvement in the work. The rejection or approval by AWC of any agent or the termination of an agent shall not relieve the Grantee of any of its responsibilities under the Grant, nor be the basis for additional charges to AWC.

30. **Taxes.** All payments accrued on account of payroll taxes, unemployment contributions, any other taxes, insurance or other expenses for the Grantee or its staff shall be the sole responsibility of the Grantee.

31. **Technology security requirements**. Grantee must ensure that all data and devices used to carry out Program follow all applicable state and federal data privacy and protection requirements. Grantee must ensure that data is properly secured and protected using best practices for security and protection from outside intrusion from parties not associated with the Program.

32. **Termination for convenience.** Except as otherwise provided in this Grant, AWC may, by ten (10) days written notice, beginning on the second day after the mailing of such notice, terminate this Grant in whole or in part. The notice shall specify the date of termination and shall be conclusively deemed to have been delivered to and received by the Grantee as of midnight the second day of mailing in the absence of proof of actual delivery to and receipt by the Grantee. If this Grant is so terminated, AWC shall be liable only for payment required under the terms of the Grant for services rendered or goods delivered prior to the effective date of termination.

33. **Termination for default**. In the event AWC determines the Grantee has failed to comply with the conditions of this Grant in a timely manner, AWC has the right to suspend or terminate this Grant. AWC shall notify the Grantee in writing of the need to take corrective action. If corrective action is not taken within thirty (30) days, the Grant may be terminated. AWC reserves the right to suspend all or part of the Grant, withhold further payments, or prohibit the Grantee from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the Grantee or a decision by AWC to terminate the Contract. In the event of termination, the Grantee shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original Grant and the replacement or cover Grant and all administrative costs directly related to the replacement Grant, e.g., cost of the competitive bidding, mailing, advertising and staff time. The termination shall be deemed to be a "Termination for Convenience" if it is determined that the Grantee: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence. The rights and remedies of the AWC provided in this Grant are not exclusive and are in addition to any other rights and remedies provided by law.

34. **Termination due to funding limitations or contract renegotiation, suspension.** In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Grant and prior to normal completion of this Grant, with the notice specified below and without liability for damages:
    a. At AWC’s discretion, AWC may give written notice of intent to renegotiate the Grant under the revised funding conditions.
    b. At AWC’s discretion, AWC may give written notice to Grantee to suspend performance when AWC determines there is reasonable likelihood that the funding insufficiency may be resolved in a timeframe that would allow Grantee’s performance to be resumed.
        (1) During the period of suspension of performance, each party will inform the other of any conditions that may reasonably affect the potential for resumption of performance.
        (2) When AWC determines that the funding insufficiency is resolved, it will give the Grantee written notice to resume performance, and Grantee shall resume performance.
        (3) Upon the receipt of notice under b. (2), if Grantee is unable to resume performance of this Grant or if the Grantee’s proposed resumption date is not acceptable to AWC and an acceptable date cannot be negotiated, AWC may terminate the Grant by giving written notice to the Grantee. The parties agree that the Grant will be terminated retroactive to the date of the notice of suspension. AWC

shall be liable only for payment in accordance with the terms of this Grant for services rendered prior to the retroactive date of termination.

c. AWC may immediately terminate this Grant by providing written notice to the Grantee. The termination shall be effective on the date specified in the termination notice. AWC shall be liable only for payment in accordance with the terms of this Grant for services rendered prior to the effective date of termination. No penalty shall accrue to AWC in the event the termination option in this section is exercised.
d. For purposes of this section, “written notice” may include email.

35. Termination procedure. Upon termination of this Grant the AWC, in addition to other rights provided in this Grant, may require the Grantee to deliver to AWC any property specifically produced or acquired for the performance of such part of this Contract as has been terminated. The provisions of the “Treatment of Assets” clause shall apply in such property transfer.

AWC shall pay to the Grantee the agreed upon price, if separately stated, for completed work and services accepted by AWC and the amount agreed upon by the Grantee and AWC for (a) completed work and services for which no separate price is stated, (b) partially completed work and services, (c) other property or services which are accepted by AWC, and (d) the protection and preservation of the property, unless the termination is for default, in which case AWC shall determine the extent of the liability. Failure to agree with such determination shall be a dispute within the meaning of the “Disputes” clause for this Grant. The AWC may withhold from any amounts due to the Grantee such sum as AWC determines to be necessary to protect AWC against potential loss or liability.

The rights and remedies of AWC provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law under this Grant.

After receipt of a notice of termination, and except as otherwise directed by the AWC, the Grantee shall:

a. Stop work under this Grant on the date and to the extent specified, in the notice;
b. Place no further orders or subcontracts for materials, services or facilities except as may be necessary for completion of such portion of the work under the Grant that is not terminated;
c. Assign to AWC, in the manner, at the times, and to the extent directed by the AWC, all rights, title, and interest of the Grantee under the orders and subcontracts in which case AWC has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
d. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of AWC to the extent the AWC may require, which approval or ratification shall be final for all the purposes of this clause;
e. Transfer title to AWC and deliver, in the manner, at the times and to the extent as directed by AWC, any property which, if the Grant had been completed, would have been required to be furnished to AWC;
f. Complete performance of such part of the work not terminated by AWC; and
g. Take such action as may be necessary, or as AWC may direct, for the protection and preservation of the property related to this Grant which, in is in the possession of the Grantee and in which AWC has or may acquire an interest.

36. Waiver. A failure by either part to exercise its rights under this Grant shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this agreement. Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Grant unless stated to be such in writing and signed by personnel authorized to bind each of the parties.

Attachment A

ARTG Application & Scope of Work

PURPOSE

The purpose of this grant is to assist cities with the documented costs to create co-responder programs within different alternative diversion models including law enforcement assisted diversion programs, community assistance referral and education programs, and as part of mobile crisis teams.

CONTRACTOR RESPONSIBILITIES

GRANTEE is required to implement the Alternative Response Team Grant (ARTG) Program as described in their application for funding, with no unapproved substantive derivations. Requests for changes to this scope of work, or services laid out in the applicant's application can be made to Kirsten Peterson, Project Coordinator at kirstenp@awcnet.org.

This program shall include the following elements as central features of their program:

- Grant recipients must establish a co-responder team using an alternative diversion model including law enforcement assisted diversion program, community assistance referral and education program, or a mobile crisis team.

In the event that there is a change in the contract or program management staff paid for by this grant, it is expected that GRANTEE will notify AWC of the change to include the name and contact information for the new staff member.

If GRANTEE fails to perform to the standards set forth above, AWC remains able to remedy noncompliance as outlined in the grant document, including provisions for suspension, termination and/or recapture of funds already paid to the grantee.

SCOPE OF WORK

The City of Tumwater Fire Department has partnered with The Olympia Fire Department Community Assistance Referral and Education Services (OFD CARES) program to create the TFD CARES program. This is a service that focuses on bridging the gap between formal and informal healthcare systems, assessing social well-being, physical health, and chronic illness to mitigate ongoing concerns and frequent 911 usage. FD CARES supports the needs of the cities of Olympia and Tumwater by providing short-term case management services and tailored treatment planning that meets individual needs. Through compassionate and professional care, the CARES team is dedicated to elevating assistance and education services in a way that meets people where they are and guides them towards where they hope to be.

Goals of the program include:

- Support a healthier community and reduce reliance on the 911 system and local emergency departments for non-acute concerns, through advocacy, assistance, education, and mobile-integrated health care to the Cities of Tumwater and Olympia.
- Locate and engage populations that may not be aware of service availability in their communities such as senior housing, senior centers, income-based housing complexes, or family and friends of current enrolled clients.
- Mitigate injuries and reduce emergency room visits by offering tangible support related to safety risks within homes, facilities, and businesses
- Screen referrals from the Fire Department personnel, partners in the community, or self-referred individuals as a starting point for engagement and participation in the CARES program
- Remain connected with individuals until they can be connected to two or more community partners or service providers and complete a follow-up 30-days post CARES engagement to ensure no new needs have developed.

Attachment B

Budget & Budget Narrative

PROGRAM BUDGET

Category	Award amount
Staff	
Supplies & equipment	
Professional services	$80,000
Other	
Total award amount	$80,000

PROGRAM BUDGET NARRATIVE

Professional Services: Grant funds will be used to pay for the salary and benefit costs of a Program Specialist working on the Tumwater CARES team under the umbrella of the Olympia Fire Department CARES Program Manager. The Program Specialist will work directly with individuals to connect them with services, manage referrals, and provide follow-up with clients.

Attachment C

Grantee Reporting Requirements

FINAL REPORT
A final program report is due to AWC by July 31, 2027. Programs should make reasonable efforts to collect and report on the following information:

- Describe program participants including:
  - Number of individuals served
  - Gender (Male, Female, Nonbinary, etc.) of individuals served
  - Age of individuals served
  - Veteran status of individuals served
  - Substance abuse or mental health issues of individuals served
  - Reason for contact
  - Outcome of contact (No outcome, referral to services, involuntary transport, etc.)
  - Long-term outcome of individual receiving services (No outcome, permanent housing, shelter, etc.)
- Describe the type of program funded and the geographic area served.
- Explain how the program targeted vulnerable individuals.
- Explain how the program created greater access for vulnerable individuals to available programs and services.
- Discuss program successes and challenges.

QUARTERLY MEETINGS
AWC will coordinate with grant recipients to schedule check-ins about every three months of the performance period. The check-ins will either be in-person, phone, or video conference. The check-ins will provide an opportunity to grantees to share updates, ask questions, and resolve challenges. Check-ins can be scheduled more frequently as needed.

Attachment D

Grantee Agent(s)

List any Agent(s) that will provide program services in a program funded through the ARTG Program.

Name of Agent	Address
Olympia Fire Department	100 Eastside St, NE, Olympia, WA 98501

TO: City Council

FROM: Paul Simmons, City Administrator

DATE: September 15, 2026

SUBJECT: Cancellation of the October 6th Regular Council Meeting

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1) Recommended Action:

Pass a motion to approve the cancellation of the October 6th regular Council meeting.

---

2) Background:

The City Council's regular meeting scheduled for October 6th, 2026, is proposed for cancellation due to the Joint City Council and Tumwater School District meeting scheduled for October 8th, 2026. Canceling the October 6th meeting will help accommodate Councilmember schedules and provide sufficient time for preparation and participation in the joint meeting, where matters of mutual interest between the City and School District will be discussed.

---

3) Policy Support:

Council Rules:

2.1 Regular. Regular Meetings are recurring meetings held in accordance with a periodic schedule declared by statute or rule. A Regular Meeting may be canceled by a motion of the Council or by failure to produce a quorum.

---

4) Alternatives:

- ❑ Continue with the scheduled October 6th Council meeting.
- ❑ Some other course of action.

---

5) Fiscal Notes:

There is no fiscal impact associated with this request.

---

6) Attachments:

None.

TO: City Council

FROM: Brittaney McClanahan, Executive Assistant

DATE: September 15, 2026

SUBJECT: Advisory Board Appointment of Paul Strickland to the Historic Preservation Commission

---

1) Recommended Action:

Approve Mayor Dahlhoff's appointment of Paul Strickland to the Historic Preservation Commission.

---

2) Background:

The Historic Preservation Commission is authorized under TMC 2.62.040 to advise the City Council on matters of Tumwater history and historic preservation. The major responsibility of the Commission is to identify and actively encourage preservation of the City's historic resources by initiating and maintaining a register of historic places and reviewing proposed changes to register properties; to raise community awareness of the City's history and historic resources; and to serve as the City's primary resource in matters of history, historic planning, and preservation.

The Commission is responsible for submittal of nominations to the State and National Registers of Historic Places and serves as the local review board, making determination concerning the eligibility of historic properties for special valuation and verifying that the improvements are consistent with the Washington State Advisory Council's Standards for Rehabilitation and Maintenance.

Paul Strickland will fill a vacancy on the Historic Preservation Commission. Upon Council confirmation, Paul's term will expire October 31, 2027.

---

3) Policy Support:

Vision | Mission | Values

Partnership: We work in partnership with residents, businesses, community organizations and governments to address challenges and advance shared goals.

---

4) Alternatives:

- ❑ Approve the appointment
- ❑ Do not approve the appointment

---

5) Fiscal Notes:

There is no fiscal impact associated with this report.

---

6) <u>Attachments</u>:

A. Application and supplemental documents

Submission #	4857421
IP Address	2601:603:4900:a6c0:a570:3ac8:740e:81c7
Submission Recorded On	05/30/2026 8:27 a.m.
Time to Take Survey	1 day, 37 minutes, 22 seconds

Page 1

Advisory Board, Commission, and Committee Application

Complete the below application fields and use the upload feature to attach a letter of interest, resume, or any other documents showing your current qualifications and interests.

*** 1. Name**

Paul L. Strickland

*** 2. Address**

[redacted]
Tumwater Washington 98512
United States

*** 3. Phone**

[redacted]

*** 4. Email**

[redacted]

5. Select the option(s) you are interested in serving:

Historic Preservation Commission

*** 6. Use this field to upload a cover letter, resume, or any additional documents to share qualifications and interests:**

Strickland_Tumwater_HPC_Cover & Resume_Letter.2026.05.31.pdf

Paul L. Strickland
[redacted]
Tumwater, WA 98512
[redacted]

May 31, 2026

Tumwater Historic Preservation Commission
c/o City of Tumwater
555 Israel Road SW
Tumwater, WA 98501

Re: Application for Vacancy on the Tumwater Historic Preservation Commission Dear

Members of the Historic Preservation Commission and Mayor Leatta Dahlhoff:

I am writing to express my interest in serving on the Tumwater Historic Preservation Commission to fill the current vacancy. I have lived in Tumwater since 2022 and have a keen interest in working with the commissioners and city managers to preserve and enhance the historical significance of our City and educate our residents and visitors about that historical significance.

Having founded a non-profit organization I understand some of the dynamics of public policy and community outreach. What I am most comfortable with, and where my unique skillset could be best applied in serving the Commission, is in solving highly complex legal, regulatory, and business issues. My work as a court-appointed equity receiver captures all of these skills in one highly unique position.

Creativity and creative problem solving is what has defined my professional career. My broad domestic and international experience would be a resource to the City of Tumwater and I hope to share that with our community. Tumwater is my home. I take pride in being a 5th generation Washingtonian and want to play my part in our State's history. And that begins here in Tumwater.

I would welcome the opportunity to contribute my time and energy to the preservation of Tumwater's historic resources. Thank you for considering my application. I am generally available at most times during normal business hours, Monday - Friday, for an interview. I look forward to the possibility of serving the community in this capacity.

Respectfully,

Paul L. Strickland

Item 6h.

PAUL STRICKLAND

CORPORATE ADMINISTRATOR & RESTRUCTURING SPECIALIST

Court-Appointed Equity Receiver | Managing Member, Selkirk Global Holdings, LLC

PROFESSIONAL SUMMARY

Restructuring and corporate-governance executive with two decades of international business experience across finance, entertainment, private equity, agriculture, mining, manufacturing, and technology. Since 2013, has served on the boards of public and private companies in North America and Asia, specializing in creditor-debt elimination, asset recovery, SEC reporting compliance, and corporate clean-up of distressed and dormant public issuers. Fluent in Mandarin Chinese.

CURRENT ROLES

Managing Member & Officer – Selkirk Global Holdings, LLC — **2017 - Present**
Private holding company formed to restructure and govern small-cap public issuers across diverse sectors. Serves as officer and director of multiple portfolio companies.

Court-Appointed Equity Receiver – Global Tech Industries Group, Inc. (GTII) — **2024 - Present**
Leads investigation and asset-recovery efforts of the Receivership; recovered over $1.3mm in cash and 21mm shares of illicitly issued stock.

Director & Officer – Hallmark Venture Group, Inc. (HLLK) — **2020 - Present**
Led recovery of over $1.6mm in creditor assets; brought HLLK fully reporting with the SEC and completed a reverse split with FINRA.

Authorized Member – Hallmark Coral Acquisition, LLC — **2024 - Present**
Co-founding principal in a Florida LLC; closed the $11M acquisition of the Coral Way Medical Office building (3181 SW 22nd St, Miami, FL) in August 2024, managing the deal from LOI through PSA, due diligence, financing, and closing.

Sole Director & Officer – EVIO, Inc. (EVIO) — **2024 - Present**

Sole Director & Officer – iTOKK, Inc. (IKTO) — **2022 - Present**

Secretary & Director – VG Life Sciences, Inc. (VGLS) — **2017 - Present**
Led recovery of over $6mm in creditor assets and the successful two-year audit effort.

Secretary & Director – Jammin Java Corp (JAMN) — **2017 - Present**
Led recovery of over $1.4mm in creditor assets.

PRIOR PUBLIC-COMPANY ROLES

Supurva Healthcare Group, Inc. (SPRV) – Secretary & Director 2017–2020, then Secretary until 2024; led recovery of over $1.6mm in creditor assets and completed a reverse split. • **FONU2, Inc. (FONU)** – Sole Director & Officer, Mar 2021–2024; led recovery of over $3.4mm in creditor assets. • **Humble Energy, Inc. (HUML)** – Secretary & Director, 2020–2023. • **Paradigm Oil and Gas, Inc. (PDGO)** – Secretary & Director, 2020–2023; oversaw recovery of over $300,000 in creditor assets. • **High Performance Beverages Co. (TBEV)** – Secretary & Director, 2017–2023. • **Bayport International Holdings, Inc. (BAYP)** – Secretary, Jun 2020–May 2022.

SELECTED ACHIEVEMENTS

- Recovered over $1.6mm in creditor assets at HLLK; brought the issuer fully SEC-reporting and completed a FINRA reverse split.
- Recovered over $6mm in creditor assets at VGLS and led a successful two-year audit effort.
- Recovered over $3.4mm in creditor assets at FONU and over $1.4mm at JAMN.
- As GTII Equity Receiver, recovered over $1.3mm in cash and 21mm shares of illicitly issued stock.
- Assisted individuals and entities in the recovery of over $15mm of illiquid or difficult-to-trade securities.

COMMUNITY & CIVIC INVOLVEMENT

Founder – Razor Clam Society (501(c)(3)) — **2015 - Present**
Founded an Olympia, WA-based 501(c)(3) charitable organization dedicated to recreational razor clamming—advancing habitat conservation, representing the clamming community to local and state government, and connecting local economies to the broader clamming community.

EDUCATION & LANGUAGES

B.A., Foreign Language & International Affairs – University of Puget Sound, 1998. Minor in Asian Studies & Chinese Language. • **Capital High School** – Olympia, WA. • Fluent in Mandarin Chinese.

TO: City Council

FROM: Paul Simmons, City Administrator

DATE: September 15, 2026

SUBJECT: Resolution No. R2026-014, In Support of Timberland Regional Library Levy Lid Lift Proposition

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1) Recommended Action:

If Council should choose to adopt, please read the following and make a motion:

Adopt Resolution No. R2026-014, In Support of Timberland Regional Library Levy Lid Lift Proposition.

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2) Background:

The Timberland Regional Library District adopted Resolution No. 26-002 on July 22, 2026, regarding their Proposition No. 1 – Regular Property Tax Levy Lid Lift for Library Services, Operations and Maintenance. This proposition will appear on the November 3, 2026, General Election ballot. The Regular Property Tax Levy Lid Lift for Library Services, Operations and Maintenance is a multi-county property tax that helps the Timberland Regional Library pay for library services, operations, and maintenance.

If Council would like to proceed forward with a Resolution, one has been prepared.

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3) Policy Support:

2026-2032 Strategic Priorities & Goals:
Vibrant, Livable, and Inclusive Community - Build a community recognized for quality, compassion, and humanity.

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4) Alternatives:

- ❑ Authorize the Mayor to sign Resolution No. R2026-
- ❑ Do not authorize

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5) Fiscal Notes:

There are no costs to the city of this resolution. The Timberland Regional Library is asking community to consider a funding measure for 2027-2028. This is not a new tax. It will replace the existing levy.

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6) Attachments:

A. Resolution No. R2026-014, In Support of the Timberland Regional Library Levy Lid Lift
B. Timberland Regional Library Levy Brochure

RESOLUTION NO. R2026-014

A RESOLUTION of the City Council of the City of Tumwater, Washington, supporting the Timberland Regional Library District Levy Lid Lift Proposition on the November 3, 2026, general election ballot.

WHEREAS, voters within the Timberland Regional Library District (Library District) will be presented with a proposition authorizing a regular property tax levy lid lift to support library services, operations and maintenance; and

WHEREAS, the Library District provides essential library services to residents throughout the region, including library collections, digital resources, educational programming, technology access, meeting spaces, and services for children, teens, families, seniors, and underserved populations; and

WHEREAS, Tumwater residents benefit from access to Library District services through the Tumwater Timberland Library, which serves as a vital community resource and gathering place; and

WHEREAS, the Library District's primary funding source is the regular property tax levy; and

WHEREAS, Washington State law limits annual growth in regular property tax revenues to one percent unless voters approve additional taxing authority; and

WHEREAS, if the measure is approved, the library levy rate would be set to $0.35 per $1,000 of assessed property value; and

WHEREAS, the Board of Trustees of the Timberland Regional Library District adopted Resolution No. 26-002 on July 22, 2026, to submit to the qualified voters of Grays Harbor, Lewis, Mason, Pacific and Thurston counties, at a general election to be held on November 3, 2026, a proposition with the following ballot title:

Timberland Regional Library District
Proposition No. 1

Regular Property Tax Levy Lid Lift for Library Services,
Operations and Maintenance

The Timberland Regional Library District's Board of Trustees adopted Resolution No. 26-002 concerning a proposed increase of the District's regular levy rate.

If approved, this proposition would restore the District's regular property tax levy rate for library services, operations, and maintenance from $0.22 to $0.35 per $1,000 of assessed valuation for both 2027 and 2028, subject to applicable limitations. The resulting 2028 levy dollar amount would be used for the purpose of computing subsequent levy limitations under chapter 84.55 RCW.

Should this proposition be approved?

____ Yes

____ No

WHEREAS, the City Council of Tumwater believes that maintaining strong library services contributes positively to the quality of life enjoyed by Tumwater residents; and

WHEREAS, prior to taking action on this resolution, the City of Tumwater provided an opportunity for those supporting and opposing the measure to provide testimony at its September 15, 2026, City Council meeting; and

WHEREAS, the City Council finds that it is in the best interest of Tumwater residents and the City to express its collective position in support of the Timberland Regional Library District Proposition No. 1, Regular Property Tax Levy Lid Lift for Library Services, Operations and Maintenance.

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

Section 1. The City of Tumwater City Council supports the Timberland Regional Library District Proposition No. 1 Regular Property Tax Levy Lid Lift for Library Services, Operations and Maintenance which will be presented to voters on the November 3, 2026, General Election Ballot.

Section 2. **Ratification**. Any act consistent with the authority and prior to the effective date of this Resolution is hereby ratified and affirmed.

Section 3. **Severability**. The provisions of this Resolution are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this Resolution or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of the Resolution, or the validity of its application to other persons or circumstances.

<u>Section 4</u>. **<u>Effective Date</u>**. This Resolution shall become effective immediately upon adoption and signature as provided by law.

RESOLVED this 15th day of September 2026.

CITY OF TUMWATER

Leatta Dahlhoff, Mayor

ATTEST:

Melody Valiant, City Clerk

APPROVED AS TO FORM:

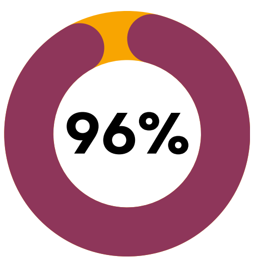
Karen Kirkpatrick, City Attorney

WHAT IS A LEVY?

A levy is a tax that's collected for a specific purpose. Many community services are funded through property tax levies, like schools, fire departments, parks – and your library system.

HOW MUCH OF TRL'S BUDGET DOES THE LIBRARY LEVY PROVIDE?

The library levy provides 96% of TRL's budget.



WHAT IS A LEVY "LID LIFT"?

A levy lid lift is a term used in local government finance that refers to a voter-approved increase in property tax limits. A levy "lid lift" is the tool voters use to temporarily increase a levy beyond the 1% limit.

BALLOTS MAILED
OCTOBER 16

ELECTION DAY
NOVEMBER 3

WHAT DO I DO WITH MY BALLOT?

Voters can drop their ballot in an official ballot drop box. Mailed ballots must postmarked by Election Day.

WHERE CAN I CHECK MY VOTER REGISTRATION OR REGISTER TO VOTE?

votewa.gov

WHERE CAN I FIND ADDITIONAL ELECTION INFORMATION?

sos.wa.gov/elections

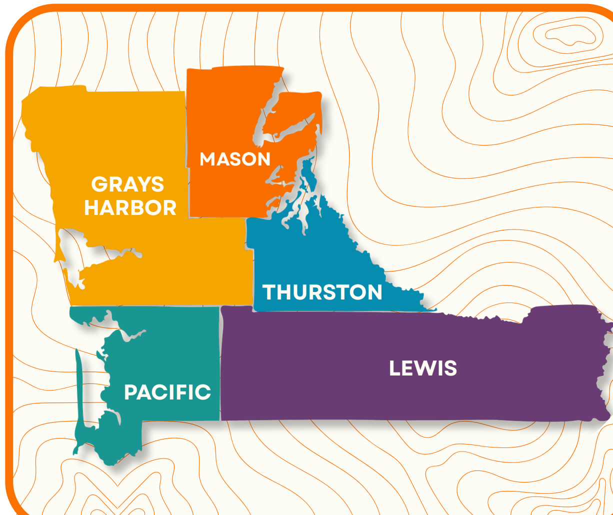
MORE QUESTIONS?

trl.org/contact-us

YOUR LIBRARY. YOUR FUTURE. YOUR CHOICE.

WHAT TO KNOW ABOUT THE LIBRARY LEVY VOTE

On November 3, voters will decide whether to approve a **levy lid lift** that would **help support library services for the communities we serve.**



Learn more about the levy and how it supports your community at: TRL.org

Timberland Regional LIBRARY

WHAT IS THE LIBRARY LEVY RATE TODAY?

$0.22 per $1,000 of assessed property value.

WHAT HAPPENS TO THE LIBRARY LEVY RATE IF THE MEASURE IS APPROVED?

If the measure is approved, the library levy rate would be increased to $0.35 per $1,000 of assessed property value.

The current levy rate is
$0.22
per $1,000 of property value

The levy rate would increase to
$0.35
per $1,000 of property value

HOW DO I FIND OUT HOW MUCH I PAY IN PROPERTY TAXES?

Your property tax information is available through your county assessor's office.

HOW MUCH WOULD MY PROPERTY TAXES INCREASE BY?

Grays Harbor County:
$2.83/mo*
or $34/yr
*based on 2025 median home value of $263,570

Lewis County:
$3.83/mo*
or $46/yr
*based on 2025 median home value of $357,400

Pacific County:
$2.58/mo*
or $31/yr
*based on 2025 median home value of $239,100

Mason County:
$3.58/mo*
or $43/yr
*based on 2025 median home value of $333,773

Thurston County:
$4.92/mo*
or $59/yr
*based on 2025 median home value of $457,400

If the levy lid lift is approved TRL will be able to:

- Provide more open, staffed hours and days at libraries throughout the district.
- Increase collections & reduce wait times.
- Continue providing public access to computers, wifi, and printing.
- Improve spaces for meeting, studying and connection - with input from local community.

If the levy lid lift is rejected TRL will need to:

- Significantly reduce open, staffed hours across the district.
- Reduce Anywhere Library Mobile Services.
- Have a smaller digital and physical collection with longer wait times.
- Rely on card access only unstaffed hours for branches that have Expanded Access.

TO: City Council

FROM: Troy Niemeyer, Finance Director

DATE: September 15, 2026

SUBJECT: Ordinance No. O2026-006 Delegation of Authority to Issue Bonds

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1) Recommended Action:

Adopt Ordinance No. O2026-006, Delegation of Authority to Issue Bonds.

This ordinance was recommended for adoption by the Budget and Finance Committee at its August 28, 2026 meeting.

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2) Background:

The City requires debt financing for certain projects in the near future. While individual projects will still require approval from Council, debt financing takes three to four months to arrange. This ordinance authorizes staff to work with bond counsel, a bond advisor, and bond underwriters to plan for the sale of General Obligation bonds to finance these projects.

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3) Policy Support:

2026-2032 Strategic Priorities & Goals: Tumwater Excellence: refine and sustain a great organization. Be good stewards of public funds by following sustainable financial strategies.

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4) Alternatives:

- ❑ Do not adopt the ordinance.
- ❑ Provide different direction to staff.

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5) Fiscal Notes:

The numbers in the ordinance are estimated, and are “not to exceed” amounts, meaning that staff cannot go over the dollar amounts and interest rates listed in the ordinance. The maximum amount of bonds will be $65 million or less, and the interest rate will not exceed 7%.

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6) Attachments:

A. Ordinance No. O2026-006 Delegation of Authority to Issue Bonds
B. Presentation

Attachment A

CITY OF TUMWATER, WASHINGTON

ORDINANCE NO. O2026-006

AN ORDINANCE OF THE CITY OF TUMWATER, WASHINGTON, AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF LIMITED TAX GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED SIXTY-FIVE MILLION DOLLARS ($65,000,000.00) TO FINANCE COSTS RELATED TO PURCHASING AND REMODELING A NEW CITY HALL BUILDING, REMODELING A FIRE STATION, PURCHASING LAND FOR THE HABITAT CONSERVATION PLAN, AND TO PAY THE COSTS OF ISSUANCE OF THE BONDS; DELEGATING AUTHORITY TO APPROVE THE METHOD OF SALE AND FINAL TERMS OF THE BONDS; AND APPROVING OTHER MATTERS RELATED THERETO.

WHEREAS, the City Council (the “Council”) of the City of Tumwater, Washington (the “City”) has deemed it is in the best interest of the City to undertake certain capital improvements, including the acquisition and renovation of a new City Hall building, the purchase of land for habitat conservation purposes, and the remodeling of Fire Station T-2 (the “Projects”); and

WHEREAS, the Council deems it in the best interest of the City to issue one or more series of limited tax general obligation bonds (as further described herein, the “Bonds”) for the purposes of paying and/or reimbursing the City for costs of the Projects and paying costs of issuing the Bonds; and

WHEREAS, the Council wishes to delegate authority to the City Administrator and the Finance Director (each, a “Designated Representative”), for a limited time, to approve any method of sale, the interest rates, maturity dates, tax status, redemption terms and principal maturities for each series of Bonds within the parameters set by this ordinance;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUMWATER, WASHINGTON, DOES ORDAIN AS FOLLOWS:

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

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Underwritten

Bonds (including persons holding Underwritten Bonds through nominees, depositories or other intermediaries).

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

Bond Purchase Contract means one or more contracts, if any, for the purchase of any series of Underwritten Bonds sold by negotiated sale to an Underwriter, executed by a Designated Representative pursuant to Section 10 of this ordinance.

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

Bond Registrar means (a) for any Underwritten Bonds, initially, the State fiscal agent, and (b) for any Direct Purchase Bonds, the State fiscal agent or the City's Finance Director.

Bonds mean the limited tax general obligation bonds authorized to be issued from time to time, in one or more series, pursuant to this ordinance.

Certificate of Award means one or more, if any, certificates awarding a series of Underwritten Bonds sold by competitive sale to the successful bidder, executed by a Designated Representative pursuant to Section 10 of this ordinance.

City means the City of Tumwater, Washington, a municipal corporation duly organized and existing under the laws of the State.

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

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

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

Closing means the date of issue and delivery of a series of Bonds to the applicable Underwriter or Direct Purchaser.

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

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

Debt Service Fund means one or more funds, and accounts held therein, created pursuant to this ordinance for the purpose of paying debt service on a series of Bonds.

Designated Representative means each of the Mayor, City Administrator and the Finance Director, or the designee of such officers. The signature of one Designated Representative shall be sufficient to bind the City.

Direct Purchase Bonds means any Bonds or Bond sold to a Direct Purchaser pursuant to Section 10 of this ordinance.

Direct Purchaser means any bank or other financial institution, or entity selected to purchase one or more Direct Purchase Bonds, or to accept delivery of one or more Direct Purchase Bonds to evidence the City's obligations under a Loan Agreement, pursuant to Section 10 of this ordinance.

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

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

Federal Tax Certificate means one or more certificates executed by a Designated Representative setting forth the requirements of the Code for maintaining the tax status of the applicable Tax-Exempt Bonds, and attachments thereto.

Finance Director means the Finance Director of the City, or the successor to the duties of such office.

Letter of Representations mean the Blanket Issuer Letter of Representations given by the City to DTC, as amended from time to time.

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

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

Official Statement means one or more disclosure document(s) prepared and delivered in connection with the sale of one or more series of Bonds.

Projects means purchasing, constructing, improving and equipping City facilities including the purchase and remodel of a new City Hall building, the purchase of land for habitat conservation purposes, and the remodel of Fire Station T-2.

Project Fund means the account created pursuant to Section 7 of this ordinance.

Record Date means the Bond Registrar's close of business on the 15th day of the month preceding any interest and/or principal payment or maturity 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 this ordinance.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds of a series are held in book-entry only form, DTC or its nominee shall be deemed to be the sole Registered Owner.

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

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

State means the State of Washington.

Taxable Bonds means any Bonds of a series determined to be issued on a taxable basis pursuant to this ordinance.

Tax-Exempt Bonds means any Bonds of a series determined to be issued on a tax-exempt basis under the Code pursuant to this ordinance.

Underwriter means any underwriter, in the case of a negotiated sale, or initial purchaser, in the case of a competitive sale, for a series of Underwritten Bonds, as selected by a Designated Representative pursuant to this ordinance.

Underwritten Bonds means one or more series of Bonds sold pursuant to a negotiated or a competitive sale by the City to an Underwriter pursuant to Section 10 of this ordinance.

<u>Section 2</u>. <u>Authorization and Description of Bonds</u>. For the purpose of paying and/or reimbursing the City for costs of the Projects and paying costs of issuance, the City hereby authorizes the issuance and sale of one or more series of limited tax general obligation bonds pursuant to the terms of this ordinance (the "Bonds"). The Bonds shall be issued from time to time in one or more series, and shall be designated as the "City of Tumwater, Washington, Limited Tax General Obligation Bonds, 2026" with any other such designation as set forth in the applicable Sale Document.

The aggregate principal amount of all Bonds authorized to be issued under the terms of this ordinance shall not exceed Sixty-Five Million Dollars ($65,000,000.00). The terms of each series of Bonds shall be subject to the terms of this ordinance, including the parameters set forth in Section 10 hereof.

The Bonds of each series shall be general obligations of the City, shall be dated as of the date of Closing for such series of Bonds; shall be fully registered as to both principal and interest and shall be sold as either Direct Purchase Bonds or Underwritten Bonds.

<u>Section 3</u>. <u>Registration, Exchange and Payments</u>.

(a) *Underwritten Bonds*.

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

(2) <u>Bond Registrar/Bond Register</u>. The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of a State fiscal agent. The City shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Underwritten Bonds of a series remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of

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

(3) Registered Ownership. The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Underwritten Bond of a series as the absolute owner thereof for all purposes (except as provided in this ordinance or in the Continuing Disclosure Certificate), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Underwritten Bond shall be made only as described in Section 3(g) hereof, but such Underwritten Bond may be transferred as herein provided. All such payments made as described in Section 3(a)(8) shall be valid and shall satisfy and discharge the liability of the City upon such Underwritten Bond to the extent of the amount or amounts so paid.

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

(5) Use of Depository.

(A) The Underwritten Bonds of a series shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond of a series maturing on each of the maturity dates for such Underwritten Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository appointed by the Finance Director pursuant to subsection (B) below or such substitute depository's successor; or (iii) to any person as provided in subsection (D) below.

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

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

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

(6) Registration of Transfer of Ownership or Exchange; Change in Denominations. The transfer of any Underwritten Bond may be registered and Underwritten Bonds may be exchanged, but no transfer of any such Underwritten Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Underwritten Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Underwritten Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Underwritten Bond (or Underwritten Bonds at the option of the new Registered Owner) of the same series, date, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Underwritten Bond, in exchange for such surrendered and canceled Underwritten Bond. Any Underwritten Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Underwritten Bonds of the same series, date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer of or to exchange any Underwritten Bond during the period from the Record Date to the redemption or payment date.

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

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

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

(b) *Direct Purchase Bonds*.

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

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

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

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

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

<u>Section 4</u>. <u>Redemption Prior to Maturity and Purchase of Bonds</u>.

(a) *Redemption of Bonds*. The Bonds of each series shall be subject to mandatory redemption to the extent, if any, as set forth in the applicable Sale Document and as approved by a Designated Representative pursuant to Section 10 of this ordinance. The Bonds of each series shall be subject to optional redemption and/or prepayment on the dates, at the prices and under the terms set forth in the applicable Sale Document approved by a Designated Representative pursuant to Section 10 of this ordinance.

(b) *Purchase of Bonds*. The City reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the Finance Director.

(c) *Selection of Bonds for Redemption*. If the Underwritten Bonds are held in book-entry only form, the selection of particular Underwritten Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Underwritten Bonds are no longer held by a depository, the selection of such Underwritten Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c) or as otherwise provided in the applicable Sale Document. If the City redeems at any one time fewer than all of the Taxable Bonds of a series having the same maturity date, the particular Taxable Bonds or portions of Taxable Bonds of such series and maturity to be redeemed shall be selected on a pro rata pass-through distribution of principal basis. In the event that only a portion of the principal sum of a Taxable Bond is redeemed, upon surrender of such Taxable Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Taxable Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized. If the City redeems at any one time fewer than all of the Tax-Exempt Bonds having the same maturity date within a series, the particular Tax-Exempt Bonds or portions of Tax-Exempt Bonds of such series and maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of $5,000. In the case of a Tax-Exempt Bond of a denomination greater than $5,000, the City and the Bond Registrar shall treat each Tax-Exempt Bond of such series as representing such number of separate Tax-Exempt Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of such Tax-Exempt Bonds of such series by $5,000. In the event that only a portion of the principal sum of a Tax-Exempt Bond is redeemed, upon surrender of such Tax-Exempt Bond at the principal office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Tax-Exempt Bond or Bonds of like maturity, series, and interest rate in any of the denominations herein authorized. To the extent the City optionally redeems or purchases for retirement any term bond, any remaining mandatory sinking fund payment or mandatory prior redemption requirements for such term bond shall be reduced on a pro rata basis.

(d) *Notice of Redemption or Prepayment.*

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

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

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

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Underwritten Bonds or portions of Underwritten Bonds which are to be redeemed on that date.

The City retains the right to rescind any redemption notice and the related optional redemption of Underwritten Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date.

Any notice of optional redemption that is so rescinded shall be of no effect, and the Underwritten Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

(2) Effect of Notice; Bonds Due. If an unconditional notice of redemption has been given and not rescinded, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived and the notice of such redemption has not been rescinded, the Underwritten Bonds or portions of Underwritten Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, unless the City defaults in the payment of the redemption price, such Underwritten Bonds or portions of Underwritten Bonds shall cease to bear interest. Upon surrender of such Underwritten Bonds for redemption in accordance with said notice, such Underwritten Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Underwritten Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

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

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

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

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

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

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

<u>Section 7</u>. <u>Application of Bond Proceeds</u>.

(a) *Project Fund.* The Finance Director is hereby authorized to create a fund or account (the "Project Fund"), and subaccounts therein as necessary, for the purposes set forth in this section. Proceeds of the Bonds, net of any Underwriter's discount and fees, shall be deposited in the Project Fund in the amounts specified in the closing memorandum prepared in connection with the issuance of the Bonds. Such proceeds shall be used to pay and/or reimburse the City for the costs of the Projects and, unless otherwise provided by the City, to pay costs of issuance of the Bonds.

The Finance Director shall invest money in the Project Fund and the subaccounts contained therein in such obligations as may now or hereafter be permitted by law to cities of the State and which will mature prior to the date on which such money shall be needed, but only to the extent that the same are acquired and disposed of at Fair Market Value. Any remaining Bond proceeds (including interest earnings thereon) may be used for other capital projects of the City or shall be transferred to the Debt Service Fund for the applicable series of Bonds.

To the extent the City makes capital expenditures for the Projects prior to the date the Bonds are issued, the City intends to reimburse all or a portion of those capital expenditures out of the proceeds of the Bonds as permitted by U.S. Treasury Regulation § 1.150-2(d).

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

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

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

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

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

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

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

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

(h) *Compliance with Federal Tax Certificate*. The City will comply with the provisions of the Federal Tax Certificate with respect to any series of Tax-Exempt Bonds, which are incorporated herein as if fully set forth herein. In the event of any conflict between this section and the Federal Tax Certificate, the provisions of the Federal Tax Certificate will prevail.

The covenants of this section will survive payment in full or defeasance of the Tax-Exempt Bonds.

Section 9. Debt Service Fund; Pledge of Funds; General Obligation. The City hereby authorizes the creation of one or more funds, and accounts held therein, to be used for the payment of debt service on each series of Bonds, designated as the "Limited Tax General Obligation Bond Debt Service Fund" or other such designation selected by the City (the "Debt Service Fund"). No later than the date each payment of principal of or interest on the Bonds becomes due, the City shall transmit sufficient funds, from the Debt Service Fund or from other legally available sources, to the Bond Registrar for the payment of such principal or interest. Money in the Debt Service Fund not needed to pay the interest or principal next coming due may be invested in legal investments for City funds, but only to the extent that the same are acquired and disposed of at Fair Market Value. Any interest or profit from the investment of such money shall be deposited in the Debt Service Fund.

The City hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid that each year it will include in its budget and levy an *ad valorem* tax upon all the property within the City subject to taxation in an amount that will be sufficient, together with other lawfully available funds, to pay the principal of and interest on the Bonds when due.

The City hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the tax levy permitted to cities without a vote of the people, and that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds when due.

Section 10. Sale of Bonds.

(a) *Bond Sale.* The Council has determined that it is in the best interest of the City to delegate to the Designated Representatives for a limited time the authority to authorize the Bonds to be issued in one or more series, to designate each series of Bonds as Tax-Exempt Bonds or Taxable Bonds, to determine the method of sale for each series of Bonds, and to approve the interest rates, maturity dates, redemption terms and principal maturities for each series of Bonds. The Designated Representatives are each hereby authorized to approve the issuance, from time to time, on a single date or on multiple dates to be determined to be in the best interest of the City, of one or more series of Bonds and to approve whether each series of Bonds shall be sold in a private placement to a Direct Purchaser or to an Underwriter through a competitive bond sale or a negotiated bond sale for each series of Bonds, as set forth below.

(b) *Direct Purchase.* If a Designated Representative determines that each series of Bonds are to be sold by private placement, the Designated Representative shall solicit proposals to purchase the Direct Purchase Bonds and shall select the Direct Purchaser that submits the proposal that is in the best interest of the City. Direct Purchase Bonds shall be sold to the Direct Purchaser pursuant to the terms of a Loan Agreement.

(c) *Negotiated Bond Sale.* If a Designated Representative determines that one or more series of Bonds are to be sold by negotiated public sale, a Designated Representative shall solicit bond underwriting proposals and shall select one or more Underwriters that a Designated Representative determines to be in the best interest of the City. Such Bonds shall be sold to the Underwriter(s) pursuant to the terms of a Bond Purchase Contract.

(d) *Competitive Sale.* If a Designated Representative determines that one or more series of Bonds are to be sold at a competitive public sale, a Designated Representative shall: (1) establish the date of the public sale; (2) establish the criteria by which the successful bidder will be determined; (3) request that a good faith deposit in an amount not less than one percent of the principal amount of the offering accompany each bid; (4) cause notice of the public sale to be given; and (5) provide for such other matters pertaining to the public sale as a Designated Representative deems necessary or desirable. Such Bonds shall be sold to the Underwriter pursuant to the terms of a Certificate of Award.

(e) *Sale Parameters.* Subject to the terms and conditions set forth in this Section 10, each Designated Representative is hereby authorized to approve the method of sale for each series of Bonds, designate such series as Tax-Exempt Bonds or Taxable Bonds, and determine the final interest rates, aggregate principal amount, principal maturities, and redemption terms for any series of Bonds in the manner provided hereafter so long as:

(1) the aggregate principal (face) amount of all Bonds issued pursuant to this ordinance does not exceed Sixty-Five Million Dollars $(65,000,000.00),

(2) the final maturity date for the Bonds issued under this ordinance is no later than December 31, 2057,

(3) the true interest cost for any Bonds of a series (in the aggregate) does not exceed Seven Percent (7.0%), and

(4) the aggregate purchase price for the Bonds of a series shall not be less than Ninety Five Percent(95%) or more than One Hundred Thirty-Five Percent (135%).

Subject to the terms and conditions set forth in this Section 10, each Designated Representative is hereby authorized to execute one or more Sale Documents on behalf of the City.

Following the execution of a Sale Document, a Designated Representative shall provide a report to the Council describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representatives by this Section 10 to execute any Sale Document shall expire one year (365 days) after the effective date of this ordinance. If a Sale Document for the Bonds has not been executed by such date, the authorization for the issuance of such Bonds shall be rescinded, and such Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by ordinance of the Council. The ordinance re-authorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a Sale Document or establishing terms and conditions for the authority delegated under this Section 10.

(f) *Delivery of Bonds; Documentation.* Upon the passage and approval of this ordinance, the proper officials of the City, including but not limited to the Designated Representatives, the City Attorney, the Mayor, and the City Clerk, are authorized and directed to undertake all actions necessary for the prompt execution and delivery of each series of Bonds to the Direct Purchaser or Underwriter, as applicable, and further to execute all closing certificates and documents required to effect the closing and delivery of each series of Bonds in accordance with the terms of the applicable Sale Document. Such documents may include, but are not limited to, documents related to a municipal bond insurance policy delivered by an insurer to insure the payment when due of the principal of and interest on all or a portion of the Bonds as provided therein, if such insurance is determined by a Designated Representative to be in the best interest of the City.

(g) *Preliminary and Final Official Statements.* The City Administrator and the Finance Director are each hereby authorized to approve and deem final the preliminary Official Statement(s) relating to a series of Bonds for the purposes of the Rule. The City Administrator and the Finance Director are further authorized to approve for purposes of the Rule, on behalf of the City, the final Official Statement(s) relating to the issuance and sale of a series of Bonds and the distribution of the final Official Statement pursuant thereto with such changes, if any, as may be deemed to be appropriate.

Section 11. Undertaking to Provide Ongoing Disclosure. The City covenants to execute and deliver at the time of Closing of a series of any Underwritten Bonds a Continuing Disclosure Certificate. Each Designated Representative is hereby authorized to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery and sale of any series of Underwritten Bonds with such terms and provisions as such officer shall deem appropriate and in the best interest of the City.

The City may agree to provide the Direct Purchaser certain financial or other information and agree to such additional covenants as determined to be necessary by the Designated Representative and as set forth in any Loan Agreement approved by the Designated Representative pursuant to Section 10.

Section 12. Lost, Stolen or Destroyed Bonds. In case any Bond or Bonds are lost, stolen or destroyed, the Bond Registrar may execute and deliver a new Bond or Bonds of like series, date, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City and the Bond Registrar in connection therewith and upon such Registered Owner's filing with the City (a) evidence satisfactory to the City that such Bond was actually lost, stolen or destroyed, (b) evidence of such Registered Owner's ownership of such Bond or Bonds, and (c) upon furnishing the City and the Bond Registrar with indemnity satisfactory to the City and the Bond Registrar.

Section 13. Severability; Ratification. If any provision of this ordinance is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 14. Corrections by Clerk. Upon approval of the City Attorney and Bond Counsel, the City Clerk is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

Section 15. **Effective Date of Ordinance.** This ordinance shall become effective thirty (30) days after passage, approval and publication as provided by law.

ADOPTED this 15th day of September, 2026.

CITY OF TUMWATER

____
Leatta Dahlhoff, Mayor

ATTEST:

____
Melody Valiant, City Clerk

APPROVED AS TO FORM:

____
Pacifica Law Group LLP, Bond Counsel

Published: ___________________________

Effective Date: ______________________

EXHIBIT A

FORM OF BOND

[DTC LANGUAGE]

UNITED STATES OF AMERICA

NO. ____ $__________

STATE OF WASHINGTON
CITY OF TUMWATER
LIMITED TAX GENERAL OBLIGATION BOND, 2026[__] [(TAX-EXEMPT/TAXABLE)]

INTEREST RATE: % MATURITY DATE:
CUSIP NO.:
REGISTERED OWNER: CEDE & Co.
PRINCIPAL AMOUNT: ________ NO/100 DOLLARS

The City of Tumwater, Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from __________, 2026, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on ________ 1, 2026, and semiannually thereafter on the first days of each succeeding __________ and __________. Both principal of and interest on this bond are payable in lawful money of the United States of America. [The fiscal agent of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the "Bond Registrar"). For so long as the bonds of this issue are held in fully immobilized form, payments of principal thereof and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC.]

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. O2026-006 duly passed by the City Council on ______________, 2026 (the "Bond Ordinance"). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of

Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is one of an authorized issue of bonds of like series, date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of $____________ and is issued pursuant to the Bond Ordinance to provide the funds necessary to purchase and remodel a new City Hall building, remodel Fire Station T-2, purchase land to support the Habitat Conservation Plan, and to pay costs of issuance of the Bonds.

The City hereby irrevocably covenants and agrees with the owner of this bond that it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to the City without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other legally available funds, to pay the principal of and interest on this bond as the same shall become due on and after such date. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist and to have happened, been done and performed precedent to and in the issuance of this bond exist and have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Tumwater, Washington, has caused this bond to be executed by the manual or facsimile signatures of the Mayor and the City Clerk and the seal of the City imprinted, impressed or otherwise reproduced hereon as of this _____ day of ___________, 2026.

CITY OF TUMWATER, WASHINGTON

By ___________________/s/_________________
___
Leatta Dahlhoff, Mayor

ATTEST:

_______________/s/_______________
Melody Valiant, City Clerk

[FOR UNDERWRITTEN BONDS]

The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is of the Limited Tax General Obligation Bonds, 2026 [(Taxable/Tax-Exempt)], of the City of Tumwater, Washington, dated _____________, 2026.

WASHINGTON STATE FISCAL AGENT, as Bond Registrar
By ___________________________

[FOR DIRECT PURCHASE BONDS]

REGISTRATION CERTIFICATE

This bond is registered in the name of the Registered Owner on the books of the City, in the office of the ___________ (the "Bond Registrar"), as to both principal and interest, as noted in the registration blank below. All payments of principal of and interest on this bond shall be made by the City as provided in the Bond Ordinance.

Date of Registration	Name and Address of Registered Owner	Signature of Bond Registrar
____________ __, 2026		____________________

PAYMENT SCHEDULE

Principal and interest on this bond shall be payable as set forth in the following schedule:

Date	Principal	Interest	Total Payment

Attachment A

CERTIFICATE

I, the undersigned, City Clerk of the City of Tumwater, Washington, DO HEREBY CERTIFY:

1. That the attached is a true and correct copy of Ordinance No. O2026-006 (the "Ordinance") of the City, duly passed at a regular meeting of the City Council (the "Council") of the City held on September 15, 2026.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of September, 2026.

____

City Clerk

Ordinance O2026-006 Delegation of Authority to Issue Bonds

City Council

Troy Niemeyer, Finance Director

September 15, 2026

Large Capital Projects & Purchases

Purchase building for a new City Hall

Fire Station T-2 Remodel

Two properties for our HCP

Why Issue Debt?

Affordability

Spread Costs Over Time

Maintain Essential Services

Manage Cash Flow

Why Bonds?

Low Interest Rates

Flexibility

Predictability

Ordinance O2026-006

Delegation of Authority to Issue Bonds

Allows staff to work with Bond Counsel, Municipal Advisor, Bond Underwriter to prepare

“Not to Exceed” parameters used

Council still needs to formally approve projects

Recommended Action

- Adopt Ordinance No. O2026-006, Delegation of Authority to Issue Bonds. This ordinance was recommended for adoption by the Budget and Finance Committee at its August 28, 2026 meeting.

TO: City Council

FROM: Sharon Lumbantobing, Deputy Community Development Director

DATE: September 15, 2026

SUBJECT: Interlocal Agreement with Cities of Lacey, Olympia and Thurston County for Franz Anderson Road Permanent Housing Project – Second Amendment

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1) Recommended Action:

Authorize the Mayor to sign the Interlocal Agreement with Cities of Lacey, Olympia and Thurston County for Franz Anderson Road Permanent Housing Project.

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2) Background:

The City of Tumwater is a party to an Interlocal Agreement (ILA) and a first amendment to the ILA with regional partners supporting the development of permanent supportive housing at 527 Franz Anderson Road SE in Olympia. The agreement establishes the participating jurisdictions' financial commitments and terms for the regional partnership. The City identified $275,000 in General Funds in the initial ILA in 2023 that it intends to transfer to the City of Olympia for the facilitation of the development of permanent supportive housing at the Franz Anderson Road property.

The Second Amendment provides additional certainty regarding the development, occupancy, affordability, and long-term use of the Franz Anderson Road property and establishes project milestones and protections for the participating jurisdictions. The amendment does not require Tumwater or the other participating jurisdictions to provide additional funding beyond what has already been committed.

The Second Amendment includes the following primary changes:

Revised unit mix. The original ILA and First Amendment required all 70 permanent supportive housing (PSH) units to serve households with incomes at or below 30 percent of Area Median Income (AMI). Earlier this year, LIHI requested that the project funders approve a revised unit mix to support the financing needed to fully fund the project. Under the Second Amendment, 35 units will serve households with incomes at or below 30 percent AMI and 35 units will serve households with incomes at or below 50 percent AMI.

Development and long-term affordability requirements. The property will be developed with at least 70 studio and one-bedroom PSH units, plus one additional one-bedroom unit for an on-site manager. At least 30 residential units will be accessible to persons with disabilities, and the property will continue to be used in perpetuity to provide affordable housing.

Occupancy priorities and operating support. Priority for available PSH units will be given to single adults and couples exiting the Franz Anderson tiny house village, single adults and couples exiting Maple Court, and single adults and couples whose last known address was within Thurston County. As of July 2026, the Housing Authority of Thurston County has dedicated project-based vouchers to the project. The vouchers will provide an operating subsidy for 18 units serving households experiencing homelessness.

Project milestones and withdrawal provisions. The project must receive full funding and close on financing by December 31, 2026, and construction must begin by May 2028. If these milestones are not met, a participating jurisdiction may withdraw from the agreement. A party may also withdraw from the agreement if LIHI is unable to construct the project after financial closing. Upon withdrawal, the City of Olympia is required to return the funds contributed by that party pursuant to the agreement.

Maple Court conversion. The Second Amendment identifies the conversion of Maple Court to Permanent Supportive Housing as a regional priority. Maple Court is an enhanced shelter located in Lacey and operated by the Low Income Housing Institute (LIHI). The shelter is supported by the state's Encampment Resolution Program and serves unhoused individuals transitioning from Thurston County encampment sites into housing.

LIHI intends to convert Maple Court from an enhanced shelter to PSH and has been working to secure capital funding for the conversion. The state awarded the project capital funding through the Apple Health and Homes program, which helps place Medicaid beneficiaries into permanent supportive housing and requires certain funded units to serve Medicaid beneficiaries. Lacey has requested that the state shift the project's capital funding from Apple Health and Homes to the Housing Trust Fund. This would provide LIHI with greater flexibility to serve eligible unhoused individuals regardless of Medicaid enrollment.

Property sale. The Second Amendment includes Exhibit A, the Revised and Amended Real Estate Purchase and Sale Agreement between the City of Olympia and LIHI. The agreement establishes the terms by which Olympia intends to sell, and LIHI intends to purchase the Franz Anderson Road property for $1 for development of the Franz Anderson Permanent Supportive Housing project.

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3) Policy Support:

Housing Element Goal H-2: Expand the supply of permanent, income-restricted affordable housing.

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4) Alternatives:

- ❑ None.

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5) Fiscal Notes:

$275,000 in City of Tumwater's general funds will be used to fund the project.

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6) Attachments:

A. Second Amendment to the Interlocal Agreement for Franz Anderson Road
B. Amended Real Estate Sale and Purchase Agreement for Franz Anderson Road

SECOND AMENDMENT AMENDING AND RESTATING INTERLOCAL AGREEMENT BETWEEN THE CITY OF OLYMPIA, CITY OF LACEY, CITY OF TUMWATER AND THURSTON COUNTY FOR POOLING AND TRANSFER OF FUNDS TO SUPPORT PERMANENT SUPPORTIVE HOUSING PROJECT AT FRANZ ANDERSON ROAD

THIS SECOND AMENDMENT TO THE INTERLOCAL AGREEMENT ("Agreement") amends and restates the December 26, 2023 Interlocal Agreement ("Original Agreement") and the January 6, 2025 First Amendment and restatement thereto, between the City of Olympia, a municipality organized under the laws of the State of Washington ("OLYMPIA"), the City of Lacey, a municipality organized under the laws of the State of Washington ("LACEY"), the City of Tumwater, a municipality organized under the laws of the State of Washington ("TUMWATER"), and Thurston County, a Washington municipal corporation, ("COUNTY"), jointly referred to herein as "the Parties," or singularly as a "Party."

RECITALS

WHEREAS, the Original Agreement involved the use of Coronavirus State and Local Fiscal Recovery Funds (SLFRF), established by the American Rescue Plan Act of 2021 (ARPA), this Agreement no longer utilizes those SLFRF/ARPA funds, and instead relies on funding provided by Thurston County and City of Tumwater, which removes requirements related to compliance with the SLFRF/ARPA; and

WHEREAS, RCW 39.34.010 permits local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities; and

WHEREAS, pursuant to RCW 39.34.080, each party is authorized to contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized by law to perform; provided, that such contract shall be authorized by the governing body of each party to the contract and shall set forth its purposes, powers, rights, objectives and responsibilities of the contracting parties; and

WHEREAS, unsheltered and unmanaged homelessness constitutes a public health emergency that requires the Parties to coordinate their resources and actions to work together to abate detrimental effects that threaten public health and safety; and

WHEREAS, the Parties do not have sufficient resources to address the ongoing impacts or needs of unsheltered homelessness without mutual cooperation; and

WHEREAS, the Regional Housing Council supports the development of a permanent supportive housing project at the Franz Anderson Road property; and

WHEREAS, the development of a permanent supportive housing project at Franz Anderson Road property is aligned with the Permanent Supportive Housing Strategic Framework adopted by the Regional Housing Council in 2021 with the intent of funding 200 new permanent supportive housing units in Thurston County by 2024; and

WHEREAS, the Franz Anderson Road project was included in a proposal awarded funding through the State Rights of Way Safety Initiative, an initiative of the Washington State Governor's Office; and

WHEREAS, in March 2021, the American Rescue Plan Act of 2021 (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to provide State, local, and Tribal Governments with the resources needed to respond to the pandemic and its economic effects; and

WHEREAS, pursuant to RCW 39.34.030, local governments may enter into agreements for the purpose of financing joint projects; and

WHEREAS, the COUNTY has identified $3,500,000 in local funds it intends to transfer to OLYMPIA for the facilitation of the development of permanent supportive housing at the Franz Anderson Road Property; and

WHEREAS, TUMWATER has identified $275,000 in General Funds it intends to transfer to OLYMPIA for the facilitation of the development of permanent supportive housing at the Franz Anderson Road Property; and

WHEREAS, LACEY has identified $3,000,000 in General Funds it intends to transfer to OLYMPIA for the facilitation of the development of permanent supportive housing at the Franz Anderson Road Property; and

WHEREAS, the funds will be pooled and managed by OLYMPIA; and

WHEREAS, the pooled funds will be disbursed by OLYMPIA on a cost reimbursement basis to Low Income Housing Institute (LIHI) to construct the permanent supportive housing at the Franz Anderson Road Property; and;

WHEREAS, LIHI has proposed a development timeline to complete the construction of permanent supportive housing at the Franz Anderson Road Property by May 2028.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Parties agree as follows:

1. Purpose/Objective/Funding

The purpose of this Agreement is to accommodate for the transfer of funding available for affordable housing capital projects and originating from LACEY, TUMWATER, and COUNTY to OLYMPIA so that the funding may be pooled; committed by contract to be applied toward the development of a permanent supportive housing project (hereinafter "the Project") proposed to occur at the Franz Anderson Road property (hereinafter "the Property"), as legally described in Exhibit "A" attached hereto; and managed by OLYMPIA in connection to the Project.

A. COUNTY has spent $825,547 in SLFRF funds towards acquisition of the real property located on Franz Anderson Road and has identified $3,500,000 in local document recording fee and sales tax funds it intends to transfer to OLYMPIA for the facilitation of the development of permanent supportive housing at the Franz Anderson Road Property for households with incomes below 50 percent of area median income.

B. LACEY has identified $3,000,000 in General Funds it intends to transfer to OLYMPIA for the facilitation of the development of permanent supportive housing at the Franz Anderson Road Property.

C. TUMWATER has identified $275,000 in General Funds it intends to transfer to OLYMPIA for the facilitation of the development of permanent supportive housing at the Franz Anderson Road Property.

D. OLYMPIA has spent $825,547 towards acquisition of the real property located on Franz Anderson Road.

E. In the event the Project does not receive full funding AND close on financing by December 31, 2026, AND be under construction by March 30, 2027, then any party to this Agreement may withdraw. Further, in the event LIHI is unable to construct the Franz Anderson Road project after financial closing occurs, any party to this Agreement may withdraw. Upon the withdrawal of any party, OLYMPIA shall return to such party all funds transferred by such party to OLYMPIA pursuant to this Agreement.

F. The Parties agree and confirm that this joint Project is only possible through the collaboration and contribution of each Party.

G. The Parties agree and confirm that the conversion of Maple Court to Permanent Supportive Housing is a regional priority project. The Parties hereby agree and confirm that they will work collectively to support funding requests for the conversion of Maple Court to

Permanent Supportive Housing at both the regional and state level. Additionally, the Parties hereby agree and confirm that they will work collectively to advocate for the conversion of Maple Court to Permanent Supportive Housing at both the regional and state level, including but not limited to supporting the funding transition from Apple Health and Home to the Housing Trust Fund.

2. Scope of Agreement/Work

The responsibilities of the Parties are as follows:

A. OLYMPIA shall communicate with LACEY, TUMWATER, and COUNTY to indicate when the Project has demonstrated full funding and is ready to start construction.

B. LACEY, TUMWATER, and COUNTY shall facilitate the transfer of funds intended for the development of the Project to OLYMPIA, at the time that LIHI can demonstrate the Project is fully funded and at the time of financial closing and construction is ready to commence. OLYMPIA will process draws by LIHI of funds only after execution of an agreement between OLYMPIA and LIHI that requires LIHI to submit an invoice package to OLYMPIA that includes the percentage of the project completed, what funding amount is being requested, what the funds cover regarding work performed, and approval of the funds requested and activities conducted as issued by the project architect. Prior to any payment to LIHI, OLYMPIA will visit the project site to confirm with photographic evidence the work performed. The agreement between OLYMPIA and LIHI shall require that invoice packages requesting funds shall be submitted by LIHI to all funders.

C. OLYMPIA shall perform the following:

- Coordinate with other State and private funders regarding financing of the Project;
- Approve funding draws submitted by LIHI for the Project;
- Prioritize LACEY, TUMWATER, and COUNTY funds to be drawn prior to other funds;
- Monitor the Project throughout the construction phase to ensure the Project is timely and in compliance with other requirements;
- Ensure that the property shall be used for the construction of Permanent Supportive Housing, to include:
  - At least seventy (70) studio and one-bedroom units; and
  - An additional one-bedroom unit for an on-site manager; and
  - At least thirty (30) units shall be accessible to disabled persons.
- Ensure that priority to available Permanent Supportive Housing units at Franz Anderson shall be given to:
  - Single adults and couples exiting Franz Anderson tiny house village; and
  - Single adults and couples exiting Maple Court; and
  - Single adults and couples whose last known address was within Thurston County
- Ensure that the property be used in perpetuity to provide affordable housing;

- Ensure that the residential units to be constructed upon the property shall be for households with Area Median Income (AMI) of fifty percent (50%) or less. Ensure that LIHI will seek project-based vouchers from the Housing Authority of Thurston County, when available;
- Ensure that LIHI produces quarterly activity reports that are distributed to the parties;
- Ensure that LIHI meets performance expectations and incorporates best practices for facility management and services achieving positive outcomes for the residents of the Franz-Anderson Permanent Supportive Housing Project;
- Ensure that LIHI will perform all covenants in the Revised and Amended Real Estate Purchase and Sale Agreement between OLYMPIA and LIHI (see, Exhibit A);
- Ensure that LIHI will utilize Sea Mar Community Health Centers, or an equivalent service provider, to provide behavioral health services for tenants in the multi-family housing units to be constructed upon the Property;
- Ensure that LIHI shall provide two case managers who will have offices on-site in the project to be constructed on the Property; and that LIHI will operate with a low-barrier model and will offer consistent and accessible supportive services to eligible tenants but will not require tenants to participate in services as a condition of receiving housing.
- Ensure that LIHI shall execute and record a Restrictive Covenant as required by the Revised and Amended Real Estate Purchase and Sale Agreement between OLYMPIA and LIHI, dictating that the Property shall be used for affordable housing in perpetuity;
- Execute any other agreements needed by LIHI to facilitate State, Federal, or private funding necessary to develop the Project;
- Provide periodic Project updates, as requested, to the Regional Housing Council; and
- Close out the Project upon completion of development and upon lease up of Project.

D. Each Party to this Agreement is responsible for paying the full cost of its respective staff members to support this project.

E. The Parties shall have the opportunity to jointly participate in any neighborhood outreach or communications to facilitate open communications between the Parties, residents and surrounding businesses, or property owners.

3. Method of Payment

LACEY, TUMWATER, and COUNTY shall provide their respective portions of funding for the Project to OLYMPIA via wire transfer. The parties agree that OLYMPIA shall provide an opportunity to LACEY, TUMWATER, and COUNTY to review all contracts and subawards prior to execution for a period of thirty (30) days before processing same for payment.

4. Indemnification & Insurance
LACEY, TUMWATER, and COUNTY agree to defend, indemnify and hold OLYMPIA, its officers, officials, employees, and volunteers harmless from any and all claims, injuries, damages, losses, or suits including reasonable attorney fees, arising out of or in connection with OLYMPIA's responsibilities under this Agreement, except to the extent such injuries and damages are caused by the negligence of OLYMPIA.

OLYMPIA agrees to defend, indemnify and hold LACEY, TUMWATER, and COUNTY, and their officers, officials, employees, and volunteers harmless from any and all claims, injuries, damages, losses, or suits including reasonable attorney fees, arising out of or in connection with LACEY's, TUMWATER's, and COUNTY's responsibilities under this Agreement, except to the extent such injuries and damages are caused by the negligence of LACEY, TUMWATER, and COUNTY.

5. Duration of Agreement
This Agreement shall be effective until terminated in the manner described under the termination section of this Agreement, or upon completion of construction and issuance of a final certificate of occupancy by OLYMPIA and payment of all obligations under this Agreement.

6. Termination of Agreement
This Agreement may be terminated upon ninety (90) days' written notice to the other Parties using the method of notice provided for in this Agreement in Section 12 below.

7. Entire Agreement
This Agreement sets forth all terms and conditions agreed upon by the Parties and supersedes any and all prior agreements, oral or otherwise, with respect to the subject matter and property addressed herein.

8. Recitals Incorporated
The recitals set forth above are hereby incorporated into this Agreement as though fully set forth herein.

9. Counterparts
This Agreement may be executed in a number of identical counterparts which, taken together, constitute collectively one Agreement; but in making proof of this Agreement, it is not necessary to produce or account for more than one such counterpart. Additionally, (i) the signature pages taken from separate individually executed counterparts of this Agreement may be combined to form multiple fully executed counterparts; and (ii) a facsimile signature or an electronically scanned signature, or an electronic or digital signature where permitted by law, shall be deemed to be an original signature for all purposes. All executed counterparts of this Agreement are originals, but all such counterparts, when taken together, constitute one and the same Agreement.

10. Posting or Recording
Prior to its entry into force, this Agreement shall be posted upon the websites of the Parties or other electronically retrievable public source or filed with the Thurston County Auditor's Office or as required by RCW 39.34.040.

11. Employment Relationship
Employees of all Parties shall remain at all times under the direction and control of their original agency and the performance of work for any other agency pursuant to this Agreement shall not change that relationship for any purpose. No Parties shall be deemed to have agreed to pay the other agency's employees any wages or benefits afforded to its own employees. Further, each Party's responsibilities to its own employees for workplace injuries shall remain unchanged by this Agreement.

12. Notice/Contract Representative
Any notice required under this Agreement shall be to the party at the address listed below and shall become effective three days following the date of deposit in the United States Postal Service.

CITY OF OLYMPIA
Attn: Jacinda Steltjes
Housing Manager
City of Olympia
PO Box 1967
Olympia, WA 98507-1967
jsteltje@ci.olympia.wa.us
360.753.8482

THURSTON COUNTY
Attn: Thomas Webster
Thurston County
412 Lilly Road
Olympia, WA 98506
Thomas.webster@co.thurston.wa.us
360.280.6265

CITY OF LACEY
Attn: Rick Walk
City of Lacey
420 College St. SE
Lacey, WA 98503
rwalk@ci.lacey.wa.us
360.438.2638

CITY OF TUMWATER
Attn: Paul Simmons
555 Israel Road SW
Tumwater, WA 98501
360.252.5499 ext. 2010

13. Records
Each party shall maintain its own public records and shall be solely responsible for responding to records requests received about the subject matter of this Agreement. Any public records request addressed to the Parties as if this interlocal created a separate legal entity, shall be deemed to be a request received by each party individually. Each party shall respond separately, unless agreed to otherwise in writing and properly documented. The parties agree to cooperate in responding to requests for public records received about the subject matter of this Agreement.

14. Jurisdiction and Venue
This Agreement shall be governed by the laws of the State of Washington as to interpretation and performance. The Parties hereby agree that venue for enforcement of this Agreement shall be in the Superior Court of Washington for Thurston County.

15. Effective Date
This Agreement shall take effect upon the final signature date affixed hereto.

16. Modification
This Agreement may only be changed, amended, or modified, if in writing, and executed by each of the Parties hereto.

SIGNATURES APPEAR ON NEXT PAGE

CITY OF OLYMPIA

Steven J. Burney, City Manager	Date

Approved as to form:

Mark Barber, City Attorney

THURSTON COUNTY

Leonard X. Hernandez, County Manager	Date

Approved as to form:

Chad McClellan, Deputy Prosecuting Attorney

CITY OF LACEY

Rick Walk, City Manager	Date

Approved as to form:

David Schneider, City Attorney

CITY OF TUMWATER

Leatta Dalhoff, Mayor	Date

Approved as to form:

Karen, Kirkpatrick, City Attorney

EXHIBIT A

REVISED AND AMENDED REAL ESTATE PURCHASE AND SALE AGREEMENT

This REVISED AND AMENDED REAL ESTATE PURCHASE AND SALE AGREEMENT ("Revised Agreement") is between the City of Olympia, a municipality organized under the laws of the State of Washington ("Seller"), and Low Income Housing Institute (LIHI), a Washington nonprofit corporation ("Buyer"), jointly referred to as "the Parties." This Agreement shall not be effective until the "Effective Date" (as defined in Paragraph 18.16 below).

RECITALS

Seller is the owner of certain real property ("Property") located in the **City of Olympia, Thurston County**, **Washington**, consisting of TPN Nos. 58900000300, 58900000301, 58900000400, 58900000500, and 58900000600 and located near Franz Anderson Road in Olympia, Thurston County, Washington, and more particularly described on **Exhibit "A"** (legal description) and shown on **Exhibit "B"** (sketch) attached hereto and by this reference incorporated herein.

Previously the Parties had entered into a Real Estate Purchase and Sale Agreement for the Property described above. The Parties now wish to revise and amend the terms and conditions of their prior Agreement as set forth herein.

Pursuant to the Washington State Constitution, Article VIII, § 7, Seller is permitted to make provision for the necessary support of the poor and infirm. The Seller intends, and the Parties agree, that the Property shall be used to construct permanent supportive housing and facilities in a multi-family rental project as the term "permanent supportive housing" is defined in RCW 36.70A.030(33)~~(19)~~, which is defined as subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors, and no other purpose except as expressly agreed by the Parties herein.

The Parties specifically agree that the Property shall in perpetuity be used to provide affordable housing as defined in RCW 36.70A.030~~(2)~~(5) and permanent supportive housing as defined in RCW 36.70A.030~~(19)~~(33). Buyer proposes, and Seller agrees, that the project to be constructed upon the Property will consist of approximately seventy (70) studio and one-bedroom housing units, with one additional one-bedroom unit for an on-site manager (the "Project"). Unit sizes will range from approximately 470 to 630 square feet. An estimated thirty (30) housing units will be accessible to disabled persons. ~~Approximately~~ No more than thirty-five (35) housing units will be ~~studio units~~ designated for households with Area Median Income (AMI) of ~~thirty~~ fifty percent (~~30~~50%) ~~or less by household size~~. The remaining ~~thirty-five (35)~~ units will be ~~one-bedroom housing units~~ designated for households with Area Median Income (AMI) at or below thirty percent (30%) by household size. At no time will tenants occupying

EXHIBIT A

these housing units pay an amount for rent and utilities that exceeds thirty percent (30%) of their income. Buyer agrees it will pursue project-based vouchers from the Housing Authority of Thurston County, as they become available, to meet affordability requirements.

It is further agreed by the Parties that Buyer shall ensure that priority to available units shall be given to:

- Single adults and couples exiting Franz Anderson tiny house village; and
- Single adults and couples exiting Maple Court; and
- Single adults and couples whose last known address was within Thurston County, Washington, and who are active in Thurston County's Coordinated Entry system; or
- Persons who are from Encampment Resolution Program (ERP) sites in Thurston County, Washington and are part of the ERP program. .

~~utilize Thurston County's coordinated entry system to place persons into housing units to be constructed upon the Property. Preference will be given by Buyer to single adults and couples exiting Seller's tiny house village associated with the State of Washington's Rights-of-Way Safety Initiative.~~ Further, it is proposed by Buyer, and agreed by Seller, that best efforts will be made to have Sea Mar Community Health Centers provide behavioral health services for tenants in the multi-family housing units to be constructed upon the Property, or an equivalent service provider, to provide behavioral health services for tenants in the multi-family housing units to be constructed upon the Property.. Further, Buyer shall provide two case managers who will have offices on-site in the Project. Buyer proposes, and Seller agrees, that the Project will operate with a low-barrier model and will offer consistent and accessible supportive services to eligible tenants but will not require tenants to participate in services as a condition of receiving housing.

Buyer anticipates utilizing regional funds, including ~~American Rescue Plan Act~~ $3,500,000 in local funds from Thurston County, $3,000,000 in General Funds from the City of Lacey, $275,000 in General Funds from the City of Tumwater, and $2,877,065 from Thurston Regional Housing Council ~~funds~~ in an amount of approximately $9.656~~6.7~~ million in the development of the Project. ~~Buyer shall use all reasonable due diligence to enter into an agreement to commit these regional funds no later than November 2024, and to fully draw these funds no later than December 2026 in connection with the housing project.~~ In the event the Project does not receive full funding and closes on financing by December 31, 2026, then any party to this Agreement may withdraw. The goal of the Parties is to have housing units upon the Property in service no later than ~~April 2026~~ June 2028.

Upon completion of construction, Buyer agrees to produce quarterly activity reports to Seller, meet performance expectations and incorporate best practices for facility management and services achieving positive outcomes for the residents of the Franz-Anderson Permanent Supportive Housing Project. Buyer agrees to provide periodic Project updates, as requested, to the Regional Housing Council.

The Parties agree and covenant that the use of the Property shall be subject to a restrictive covenant limiting the Property's use in perpetuity for affordable housing and permanent

EXHIBIT A

supportive housing as defined in RCW 36.70A.030~~(2)~~(5) and ~~(19)~~(33), as now or hereafter amended by law.

Buyer has determined that the Property is suitable for providing affordable housing and housing-related services and programs for persons experiencing homelessness, housing insecurity, or inability to secure affordable housing in Thurston County, Washington. Seller and Buyer agree that the Property is appropriate and suitable for redevelopment to provide new construction of affordable housing and facilities providing housing-related facilities and programs. Further, as additional consideration to Seller, Buyer agrees to comply with Olympia City Council Resolution No. M-2289, a copy of which is attached hereto and incorporated herein as **"Exhibit F"** to this Agreement, requiring new construction of housing units upon the Property to meet requirements for electrification, except where exemptions are necessary due to physical space limitations, availability of technology, or cost constraints as set forth in Section 2 of Resolution No. M-2289.

The signatories to this Agreement acknowledge they are authorized to execute associated documents, to correct legal descriptions, if necessary, and to correct scrivener's errors and other errors or omissions that are otherwise in substantial conformance with this Agreement.

The Parties now enter into this Agreement to memorialize the terms and conditions under which Seller will sell the Property to Buyer and Buyer will purchase the Property from Seller.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Property. Subject to the terms and conditions of this Agreement, Seller agrees to sell and convey to Buyer, and Buyer agrees to purchase from Seller, the following:

1.1 **Land.** The real property constituting the Property legally described on **Exhibit "A"** to this Agreement and generally shown on a sketch attached as **Exhibit "B"** to this Agreement "as is."

1.2 **Appurtenances.** All rights, privileges, and easements appurtenant to the Property owned by Seller, including without limitation any and all leases, subleases, easements, rights-of-way and other appurtenances, including any buildings, structures or fixtures, if any, used in connection with the beneficial use and enjoyment of the Property (the "Appurtenances").

The Property and Appurtenances described in Paragraph 1 above are collectively referred to in this Agreement as the "Property."

EXHIBIT A

2. **Escrow.** Within thirty (30) business days after the Effective Date of this Agreement as defined in Paragraph 18.16, the Parties shall confirm that an escrow account is opened for the transaction contemplated by this Agreement with Thurston County Title Company (in such capacity, "Escrow Company"). Jen Dempsey or another designee of Escrow Company will serve as escrow agent for Closing of this Agreement ("Escrow Agent"). The Parties shall deliver a fully executed copy of this Agreement to Escrow Agent.

3. **Purchase Price**. The purchase price to be paid by Buyer to Seller for the Property (the "Purchase Price") is **One Dollar and NO/100 Cents** ($1.00) U.S., together with other additional nonmonetary consideration consisting of a Restrictive Covenant to be recorded upon the Property, limiting the Property's use in perpetuity for affordable housing and permanent supportive housing as defined in RCW 36.70A.030~~(2),~~ (5), and ~~(19)~~ (33), as now or hereafter amended by law, and providing for electrification of all new construction upon the Property, except where exemptions are necessary due to physical space limitations, availability of technology, or cost constraints as set forth in Section 2 of Olympia City Council Resolution No. M-2289, a copy of which is attached hereto and incorporated herein as **"Exhibit F"** to this Agreement.

4. **Payment of Purchase Price**. On the Closing Date, Buyer shall deposit with Escrow Agent the amount of the Purchase Price, less any amounts to be credited against the Purchase Price, pursuant to this Agreement.

5. **Closing Date**. The Closing (the "Closing") of the purchase and sale of the Property under this Agreement shall be held at the offices of the Escrow Company, and shall occur on or before ~~February 29, 2024~~ December 31, 2026, unless otherwise agreed in writing by the Parties. Closing shall occur when the Deed to Buyer and the Restrictive Covenant (as hereinafter defined) are executed and recorded, and the Purchase Price is delivered to the Escrow Company for delivery to Seller.

6. **Title and Survey Matters**.

6.1 **Title Binder and Survey**. Buyer shall order a preliminary commitment for an ALTA owner's extended coverage title insurance policy provided by Thurston County Title Insurance Company ("Title Company") describing the Property, showing all matters of record pertaining to the Property and listing Buyer as the prospective named insured. Following the mutual execution of this Agreement, Buyer shall obtain from Title Company a written supplemental report to such preliminary commitment in a form acceptable to Buyer, updating the preliminary commitment to the execution date of the Agreement. Such preliminary commitment, supplemental reports and true, correct, and legible copies of all documents referred to in such preliminary commitment and supplemental reports as conditions or exceptions to title to the Property are collectively referred to herein as the "Title Binder." Buyer may order a survey of the Property (the "Survey").

6.2 **Title Review**. Within sixty (60) business days after Buyer's receipt of the updated Title Binder and Survey, Buyer shall review the Title Binder and any surveys of the Property, and shall notify Seller what exceptions to title, if any, affect the marketability or insurability of the title to the Property or which adversely affect the use of the Property (the

EXHIBIT A

"Title Review Period"). If no title matters appear in the updated Title Binder since the initial preliminary commitments, then the Parties shall proceed to Closing as set forth in this Agreement. If any title matters appear and Buyer objects to any of the same during the Title Review Period, then Seller shall have thirty (30) business days after receiving Buyer's objections to notify Buyer if Seller will remove any of the exceptions objected to prior to the Closing Date or if Seller elects not to remove such objected to exceptions. If Seller shall fail to remove any such exceptions objected to by Buyer from title prior to the Closing Date, and Buyer is unwilling to take title subject thereto, Buyer may elect to either terminate this Agreement, or take title despite the existence of such exception. If Buyer elects to terminate, neither Buyer nor Seller shall have any further liabilities, obligations or rights with regard to this Agreement which shall then become null and void and of no further force or effect.

6.3 **Title Policy**. At Closing, Seller and Buyer shall cause Title Company to issue a standard ALTA owner's policy ("Title Policy") to Buyer, at Buyer's cost. The Title Policy shall (a) be satisfactory to Buyer, (b) be issued in the amount of the total Purchase Price and (c) insure fee simple, indefeasible title to the Property in Buyer. The Title Policy shall contain endorsements as Buyer may require. Buyer's obligation to close this transaction shall be contingent on Buyer's approval, in its sole and absolute discretion of the Title Policy required under this Paragraph 6.

7. Conditions and/or Contingencies to Buyer's Obligations.

7.1 **Documents and Reports**. Within sixty (60) business days after the execution and delivery of this Agreement (the "Document Delivery Date"), Seller shall deliver to Buyer copies of the documents and reports listed on attached **Exhibit "C"** to this Agreement and in Seller's possession. Seller shall certify to Buyer, as of the Document Delivery Date, as to any documents listed on **Exhibit "C"** not in Seller's possession.

7.2 **Inspection of the Property**. Buyer shall have the right and permission from the date Seller signs this Agreement through the Closing Date (or earlier termination of this Agreement) to enter upon the Property or any part thereof at all reasonable times and from time to time for the purpose, at Buyer's cost and expense, of making all tests and/or studies of the Property that Buyer may wish to undertake, including, without limitation, soils tests (including borings), toxic and hazardous waste studies, surveys, structural studies and review of zoning, fire, safety and other compliance matters; provided, however, Buyer shall indemnify and hold harmless Seller from and against any mechanic's or other liens or claims that may be filed or asserted against the Property or Seller as a direct result of any actions taken by Buyer in connection with the Property, including but not limited to permitting Seller to review a written description of Buyer's proposed testing and work to ensure same is properly done and will not exacerbate any existing condition of contamination on the property. Buyer shall also provide Seller with a copy of all soil or environmental test results for the property upon Seller's request. Buyer shall reasonably restore the Property to its condition immediately prior to any invasive testing. The effect of the representations and warranties made by Seller in this Agreement shall not be diminished or deemed to be waived by any inspections, tests or investigations made by Buyer or its agents.

EXHIBIT A

7.3 **Appraisal of the Property**. Buyer shall have the right to obtain an appraisal. Buyer's appraiser may enter onto the property upon reasonable notice to Seller as is necessary to appraise the Property.

7.4 **Approval of Property/Feasibility Contingency**. Buyer's obligation to purchase the Property shall be subject to and contingent upon Buyer's approval, in its sole and absolute discretion, prior to the expiration of the Contingency Period, of all aspects of the Property, including, without limitation, the physical condition of the Property and documents delivered by Seller pursuant to Paragraph 7.1 above, or otherwise obtained by Buyer regarding the Property. Buyer's approval and obligation to purchase the Property under this paragraph shall be for the period set forth in Paragraph 7.5. Upon waiver by Buyer or expiration of the feasibility contingency, the Parties shall move on to Closing.

7.5 **Feasibility Contingency Period**. As used herein, the term "Contingency or Feasibility Period" shall mean the period from the Effective Date of this Agreement as defined in Paragraph 18.16 until the period ending on October 1, 2023.

7.6 **Buyer's Right to Terminate**. If in Buyer's sole and absolute discretion, Buyer is not satisfied with the condition of the Property, Buyer may terminate this Agreement by sending written notice to Seller and Escrow Agent (such notice referred to as a "Termination Notice") prior to the expiration of the Contingency/Feasibility Period. If Buyer gives its Termination Notice to Seller, this Agreement shall terminate and neither Buyer nor Seller shall have any further liability to the other under this Agreement.

7.7 **Additional Closing Conditions**. Buyer's obligation to purchase the Property shall also be subject to the following conditions that must be satisfied as of Closing.

(i) Prior to Closing, all Contracts or Leases (whether written or oral) with respect to the Property, if any, shall be terminated in writing by Seller. Seller shall provide Buyer, prior to Closing, with written termination agreements with respect to all Contracts or Leases, which are not assumed by Buyer;

(ii) All representations and warranties of Seller contained herein, to the best of Seller's knowledge, shall be true, accurate and complete at the time of the Closing as if made again at such time;

(iii) Seller shall have performed all obligations to be performed by it hereunder on or before Closing (or, if earlier, on or before the date set forth in this Agreement for such performance);

(iv) At Closing, title to the Property shall be in the condition required by Paragraph 6 of this Agreement and Escrow Agent shall deliver the Title Policy to Buyer; and

If the conditions set forth in this Paragraph 7 are not satisfied as of Closing and Buyer does not waive the same, Buyer may terminate this Agreement, and thereafter neither Buyer nor Seller shall have any further liability to the other under this Agreement.

EXHIBIT A

8. Seller's Representations and Warranties. Seller hereby makes the following representations and warranties, to the best of Seller's knowledge, which representations and warranties shall be deemed made by Seller to Buyer also as of the Closing Date:

8.1 **Title**. Seller is the sole owner of the Property, except for reservations of record. At Closing, Seller shall convey the entire fee simple estate and right, title and interest in and to the Property by statutory warranty deed to Buyer with a restrictive covenant limiting use of the Property to affordable housing as provided in the Recitals hereto, free and clear of unapproved encumbrances of record.

8.2 **Compliance with Law; Compliance with Property Restrictions**. The Property complies in all material respects (both as to condition and use) with all applicable statutes, ordinances, codes, rules and regulations of any governmental authority having jurisdiction over the Property related to zoning, building, subdivision, and engineering.

8.3 **Bankruptcy, etc**. No bankruptcy, insolvency, rearrangement or similar action involving Seller or the Property, whether voluntary or involuntary, is pending, threatened, by a third party, or contemplated by Seller.

8.4 **Taxes and Assessments**. Other than amounts disclosed by the Title Binder, no other property taxes have been or will be assessed against the Property for the current tax year, and there are no general or special assessments or charges that have been levied, assessed or imposed on or against the Property.

8.5 **Foreign Person**. Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7701(a) (30) of the Internal Revenue Code of 1986, as amended (the "Code") and shall deliver to Buyer prior to the Closing an affidavit evidencing such fact and such other documents as may be required under the Code.

8.6 **Mechanics' Liens**. No labor, material or services have been furnished in, on or about the Property or any part thereof as a result of which any mechanics', laborer's or materialmen's liens or claims might arise.

8.7 **Underground Storage Tanks**. Seller has knowledge of one underground storage tank, and a decommissioned well. Other than as previously stated, Seller has no knowledge of other (a) subterranean storage or underground storage tanks that exist on the Property, and (b) any previously existing underground storage tanks that have been removed or filled in compliance with applicable law. If there had been an underground storage tank on the site, to the best of Seller's knowledge, the tank was decommissioned in compliance with applicable law.

8.8 **Leases and Other Agreements**. Seller represents that there are no leases, occupancy agreements, service agreements, licenses, easements, or option agreements with regard to the Property, except those of record or disclosed pursuant to Paragraph 7.1.

EXHIBIT A

8.9 **Assumption of Liabilities**. Buyer, by virtue of the purchase of the Property, will not be required to satisfy any obligation of Seller arising prior to the Closing Date.

8.10 **Defaults**. Seller is not in default and there has occurred no uncured event, which, with notice, the passage of time or both would be a default, under any contract, agreement, lease, encumbrance, or instrument pertaining to the Property.

8.11 **Utilities**. The Property may or may not be served by water, storm and sanitary or septic sewer, electricity, and telephone supplied directly to the Property by facilities of public utilities. All such utilities are located within the boundaries of the Property or within lands dedicated to public use or within recorded easements for the same.

8.12 **Public Improvements**. Seller has no knowledge of any federal, state, county, municipal or other governmental plans to change the road system in the vicinity of the Property.

8.13 **Subdivision**. The conveyance of the Property will not constitute a violation of any subdivision ordinance. The improvements on the Property comply in all material respects with all applicable subdivision ordinances and statutes.

8.14 **Due Authority**. Seller and Buyer have all requisite power and authority to execute and deliver this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by Seller and Buyer and constitute their legal, valid and binding obligation enforceable against Seller and Buyer in accordance with its terms.

8.15 **No Omissions**. The copies of any documents furnished to Buyer in connection with this transaction are true and complete copies of the documents they purport to be and contain no untrue statement of material fact and do not omit to state any material facts necessary to make the statements contained therein not misleading.

9. Covenants of Seller. Seller covenants and agrees as follows:

9.1 **Perform Obligations**. From the date of this Agreement to the Closing Date, Seller will perform any monetary and non-monetary obligations they have regarding the Property.

9.2 **No Liens**. From the date of this Agreement to the Closing Date, Seller will not allow any lien to attach to the Property, nor will Seller grant, create, or voluntarily allow the creating of, or amend, extend, modify or change, any easement, right-of-way, encumbrance, restriction, covenant, lease, license, option or other right affecting the Property or any part thereof without Buyer's written consent first having been obtained.

9.3 **Provide Further Information**. From the date of this Agreement to the Closing Date, Seller will notify Buyer of each event of which Seller becomes aware affecting the Property or any part thereof immediately upon learning of the occurrence of such event.

EXHIBIT A

10. Covenants of Buyer. Buyer covenants and agrees as follows:

10.1 **Perform Obligations.** Buyer shall perform all obligations from the date of this Agreement, including all provisions herein that shall survive the Closing, including those relating to its obligations to provide affordable low-income housing units upon the Property.

10.2 **Application for Impact Fee Reduction**. Buyer may apply for impact fee reductions as permitted by OMC Section 15.04.060.C. for any form of low-income housing occupied by households whose income meets the definition of low-income housing in OMC 15.04.020.Y when adjusted for size is at or below eighty percent (80%) of the area median income as annually adjusted by the U.S. Department of Housing and Urban Development (HUD) from paying school impact fees, provided a covenant is approved by the Olympia School District No. 111 to assure continued use for low income housing and that the covenant is recorded against the title to the Property. As provided in OMC 15.04.060.F, upon application a partial exemption of not more than eighty percent (80%) of park, transportation and school impact fees, with no explicit requirement to pay the exempted portion of the fee from public funds, may be granted to a low-income housing development.

10.3 **Application for Land Use Approval.** Buyer covenants and agrees it shall promptly submit the Project to Seller for land use approval following written removal of the contingency/feasibility period set forth in Paragraphs 7.4 and 7.5 herein; however, Buyer further agrees to schedule with Seller’s planning staff a preapplication conference prior to submittal of Buyer’s land use application for the Property.

10.4 **Seller’s Option to Repurchase.** Buyer agrees that Seller shall have an option to repurchase the Property at the same price as the Property is sold to Buyer in this Agreement in the event Buyer fails to commence construction of the housing units contemplated in this Agreement within twenty-four (24) months of the Closing date. Seller agrees that Buyer will have an option to extend its period of construction for an additional year based upon an economic or financial circumstance beyond Buyer’s control upon a showing of its best efforts to move forward with the construction of affordable housing units contemplated in this Agreement. In the event the City (Seller) exercises its option to repurchase the Property, the City (Seller) shall pay any real estate excise tax due on repurchase. In no event shall any period of delay caused by the City permit approval process be counted against Buyer. Such approval process shall toll the deadlines in this paragraph.

11. Closing.

11.1 **Time and Place**. Provided that all the contingencies set forth in this Agreement have been previously fulfilled, the Closing shall take place at the place and time determined as set forth in Paragraph 5 of this Agreement.

11.2 **Documents to be Delivered by Seller**. For and in consideration of, and as a condition precedent to the payment to Seller of the Purchase Price, Seller shall obtain and deliver to Buyer at Closing the following documents (all of which shall be duly executed and acknowledged where required):

EXHIBIT A

(i) **Title Documents**. Such other documents, including, without limitation, lien waivers, indemnity bonds, indemnification agreements, and certificates of good standing as shall be required by Buyer, or by the Title Company as a condition to its insuring Buyer's good and marketable fee simple title to the Property.

(ii) **Authority**. Such evidence as the Title Company shall require as to authority of Seller to convey the Property to Buyer.

(iii) **Surveys and Drawings**. All surveys, site plans, and plans and specifications relating to the Property as are in the possession or control of Seller, if any.

(iv) **Assignment.** Seller and Buyer agree any assignment of Buyer's rights under this Agreement shall be subject to Seller's approval, which shall not be unreasonably withheld, conditioned or denied except as provided in this Agreement. Seller acknowledges and agrees that Buyer shall either assign this Agreement or transfer the Property after Closing to an entity that is affiliated with Buyer. Such transfer or assignment shall not require the consent of Seller.

(v) **Warranty Deed**. A statutory warranty deed ("Deed") conveying to Buyer a good, marketable and indefeasible title in fee simple absolute to the Property in the form set forth in **Exhibit "D"** attached hereto.

(vi) **Restrictive Covenant.** A covenant restricting use of the Property in perpetuity for the specific purposes as defined in RCW 36.70A.030~~(2)~~,(5), ~~and (19~~) and (33), and as otherwise agreed by the Parties, in the form set forth in **"Exhibit E"** attached hereto.

11.3 **Payment of Costs**. At Closing, Buyer shall pay all charges for title insurance for a standard ALTA owner's title policy insuring Buyer's title, the escrow fee, all recording fees, technology fees, and real property excise taxes, if any, and any other costs of Closing.

11.4 **Taxes**. Seller is exempt from payment of real property excise taxes for the Property pursuant to WAC 458-61A-205(2).

11.5 **Monetary Liens**. Seller shall pay or cause to be satisfied at or prior to Closing all monetary liens on or with respect to all or any portion of the Property, including, but not limited to, mortgages, deeds of trust, security agreements, assignments of leases, rents and/or easements, judgment liens, tax liens (other than those for taxes not yet due and payable) and financing statements, except where Seller is exempt by statute or administrative rule or regulation.

11.6 **Possession**. Possession of the Property shall be delivered to Buyer at Closing. The Property, including without limitation the improvements, if any, shall be delivered to Buyer in good order.

11.7 **Proration**. All amounts required to be prorated hereunder as of Closing, shall be calculated as if Buyer were in possession of the Property as of the date of Closing.

12. Environmental.

12.1 Notwithstanding anything to the contrary in this Agreement or otherwise, the Parties agree that Seller shall have no obligation to defend, indemnify, or hold Buyer harmless with respect to any loss, liability, claim, demand, damage, or expense of any kind, including attorneys' fees, costs, and expenses (collectively, "Loss") arising (a) out of the release or threatened release of Hazardous Substances on, under, above, or about the Property after Closing, or (b) out of the past release or threatened release of any Hazardous Substance on, under, above, or about the Property caused or contributed to by Buyer, or any employee, agent, tenant, or contractor of Buyer.

12.2 **Definitions**. The term "Hazardous Substance" includes without limitation (a) those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," "hazardous wastes," or "solid wastes" in any Environmental Law; (b) petroleum products and petroleum byproducts; (c) polychlorinated biphenyls; (d) chlorinated solvents; and (e) asbestos. The term "Environmental Law" includes any federal, state, municipal or local law, statute, ordinance, regulation, order or rule pertaining to health, industrial hygiene, environmental conditions, or hazardous substances.

13. Indemnification. Seller shall pay, protect, pay the defense costs of, indemnify and hold Buyer and their successors and assigns harmless from and against any and all loss, liability, claim, damage and expense suffered or incurred by reason of (a) the breach of any representation, warranty or agreement of Seller set forth in this Agreement, (b) the failure of Seller to perform any obligation required by this Agreement to be performed by Seller, (c) the ownership, maintenance, and/or operation of the Property by Seller prior to the Closing not in conformance with this Agreement, or (d) any injuries to persons or property from any cause occasioned in whole or in part by any acts or omissions of the Seller, its representatives, employees, contractors or suppliers that occurred before Closing; provided, however, that nothing in this Paragraph 12 applies to Losses arising out of the presence of Hazardous Substances on, under, above, or about the Property, including Hazardous Substances that migrate or migrated to or from the Property except as specifically provided in Paragraph 11 above.

14. Condemnation. In the event of any commenced, to be commenced or consummated proceedings in eminent domain or condemnation (collectively "Condemnation") respecting the Property or any portion thereof, Buyer may elect, by written notice to Seller, to terminate this Agreement and the escrow created pursuant hereto and be relieved of its obligation to purchase the Property. If Buyer terminates this Agreement, neither Buyer nor Seller shall have any further liability to the other hereunder. If Buyer fails to make such election prior to the Closing Date, this Agreement shall continue in effect, there shall be no reduction in the Purchase Price, and Seller shall, prior to the Closing Date, assign to Buyer, by an assignment agreement in form and substance satisfactory to Buyer, Seller's entire right, title and interest in and to any condemnation award or settlement made or to be made in connection with such Condemnation proceeding. Buyer shall have the right at all times to participate in all negotiations and dealings with the condemning authority and approve or disapprove any proposed settlement in respect to such matter. Seller shall forthwith notify Buyer in writing of any such Condemnation respecting the Property.

15. Casualty. If any fire, windstorm or casualty occurs and materially affects all or any portion of the Property on or after the date of this Agreement and prior to the Closing, Buyer may elect, by written notice to Seller, to terminate this Agreement and the escrow created pursuant hereto and be relieved of its obligation to purchase the Property. If Buyer terminates this Agreement, neither Buyer nor Seller has any further liability to the other hereunder. If Buyer fails to make such election prior to the Closing Date, this Agreement shall continue in effect. The Purchase Price shall not be reduced by the amount of loss or damage occasioned by such casualty not covered by insurance, and Seller shall, prior to the Closing Date, assign to Buyer, by an assignment agreement in form and substance satisfactory to Buyer, its entire right, title and interest in and to all insurance claims and proceeds to which Seller may be entitled in connection with such casualty. Buyer shall have the right at all times to participate in all negotiations and other dealings with the insurance carrier providing such coverage and to approve or disapprove any proposed settlement in respect to such matter. Seller shall forthwith notify Buyer in writing of any such casualty respecting the Property.

16. Notices. Unless applicable law requires a different method of giving notice, any and all notices, demands or other communications required or desired to be given hereunder by any party (collectively, "Notices") shall be in writing and shall be validly given or made to another party if delivered either personally or by FedEx, UPS, USPS or other overnight delivery service of recognized standing, or if deposited in the United States mail, certified, registered, or express mail with postage prepaid. If such Notice is personally delivered, it shall be conclusively deemed given at the time of such delivery. If such Notice is delivered by FedEx or other overnight delivery service of recognized standing, it shall be deemed given twenty-four (24) hours after the deposit thereof with such delivery service. If such Notice is mailed as provided herein, such shall be deemed given seven days (7) days after the deposit thereof in the United States mail. Each such Notice shall be deemed given only if properly addressed to the party to whom such notice is to be given as follows:

To Seller:

Steven J. Burney, City Manager
City of Olympia
601 4th Ave E
PO Box 1967
Olympia, WA 98507-1967
Email: jburney@ci.olympia.wa.us

With a copy to:

Mark Barber, City Attorney
City of Olympia
601 4th Ave E
PO Box 1967
Olympia, WA 98507-1967
Email: mbarber@ci.olympia.wa.us

EXHIBIT A

To Buyer: Low Income Housing Institute (LIHI)
Attn: Sharon Lee, Executive Director
~~Lynne Behar, Chief Financial Officer~~
1253 S Jackson Street, Suite A
Seattle, WA 98144
Email: sharonl@lihi.org
~~lynneb@lihi.org~~

Any party hereto may change its address for receiving notices as herein provided by a written notice given in the manner aforesaid to the other Party hereto.

17. Event of Default. In the event of a default under this Agreement by Seller (including a breach of any representation, warranty or covenant set forth herein), Buyer shall be entitled, in addition to all other remedies, to seek monetary damages and specific performance of Seller's obligations hereunder.

18. Miscellaneous.

18.1 **Applicable Law**. This Agreement shall in all respects, be governed by the laws of the State of Washington.

18.2 **Further Assurances**. Each of the Parties shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of its obligations hereunder to carry out the intent of the Parties hereto.

18.3 **Modification or Amendment, Waivers**. No amendment, change or modification of this Agreement shall be valid, unless in writing and signed by all of the Parties hereto. No waiver of any breach of any covenant or provision in this Agreement shall be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision in this Agreement. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

18.4 **Successors and Assigns**. All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the Parties hereto and their respective heirs, legal representatives, successors and assigns. Any assignment shall be subject to Seller's approval, which shall not be unreasonably withheld, conditioned or denied except by the terms of this Agreement. Buyer must notify and, if required, request approval by Seller of any such assignment prior to the Closing. Any such assignee shall for all purposes be regarded as Buyer under this Agreement.

18.5 **Entire Agreement and No Third Party Beneficiaries**. This Agreement constitutes the entire understanding and agreement of the Parties with respect to its subject matter and any and all prior agreements, understandings or representations with respect to its subject matter are hereby canceled in their entirety and are of no further force or effect. The

Parties do not intend to confer any benefit under this Agreement to any person, firm or corporation other than the Parties.

18.6 **Jurisdiction, Venue, and Attorneys' Fees**. Jurisdiction and venue shall be in the Superior Court of Thurston County for the State of Washington. Should either party bring suit to enforce this Agreement, the prevailing party in such lawsuit shall be entitled to an award of its reasonable attorneys' fees and costs incurred in connection with such lawsuit.

18.7 **Construction**. Captions are solely for the convenience of the Parties and are not a part of this Agreement. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties had prepared it. If the date on which Buyer or Seller are required to take any action under the terms of this Agreement is not a business day, the action shall be taken on the next succeeding business day.

18.8 **Partial Invalidity**. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby; and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

18.9 **Survival**. The recitals, covenants, agreements, obligations to indemnify, representations and warranties made in this Agreement shall survive the Closing unimpaired and shall not merge into the Deed and the recordation thereof and are fully enforceable by either Party.

18.10 **Finders' or Brokers' Fees**. Seller represents and warrants that it has not engaged the services of any broker or finder to which a commission or other fee is due in connection with any of the transactions contemplated by this Agreement. Seller agrees to indemnify, defend and hold harmless Buyer against any loss, liability, damage, cost, claim or expense, including interest, penalties and reasonable attorneys' fees that Buyer shall incur or suffer by reason of a breach by Seller of the representation and warranty set forth above.

18.11 **Time**. Time is of the essence of every provision of this Agreement.

18.12 **Risk of Loss.** All of Seller's personal property, of any kind or description whatsoever that is on the Property after Closing, shall be at Seller's sole risk of loss.

18.13 **Force Majeure**. Performance by Seller or Buyer of their obligations under this Agreement shall be extended by the period of delay caused by force majeure. Force majeure is war, natural catastrophe, strikes, walkouts or other labor industrial disturbance, order of any government, court or regulatory body having jurisdiction, shortages, blockade, embargo, riot, civil disorder, or any similar cause beyond the reasonable control of the party who is obligated to render performance (but excluding financial inability to perform, however caused).

EXHIBIT A

18.14 **Recitals.** The Recitals set forth above are incorporated by this reference into this Agreement and are made a part hereof and shall survive the Closing unimpaired and shall not merge into the Deed and the recordation thereof and are fully enforceable by either Party.

18.15 **Counterparts.** This Agreement may be executed in a number of identical counterparts which, taken together, shall constitute collectively one Agreement; but in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. Additionally, (i) the signature pages taken from separate individually executed counterparts of this Agreement may be combined to form multiple fully executed counterparts; and (ii) a facsimile signature or an electronically scanned or digital signature, where permitted by law, shall be deemed to be an original signature for all purposes. All executed counterparts of this Agreement shall be deemed to be originals, but all such counterparts, when taken together, shall constitute one and the same Agreement.

18.16 **Effective Date.** The term "date of this Agreement" or "date hereof" or "Effective Date," as used in this Agreement, shall mean the later of the following dates: (1) the date of Buyer's signature on this Agreement; or (2) the date of Seller's signature on this Agreement.

BUYER:

LOW INCOME HOUSING INSTITUTE (LIHI), a Washington nonprofit corporation

____
Sharon Lee, Executive Director
~~Lynne Behar, Chief Financial Officer~~

Date: ___________________________________

EXHIBIT A

SELLER:

CITY OF OLYMPIA, a Washington municipal corporation

____
Steven J. Burney, City Manager

Date: _________________________________

APPROVED AS TO FORM:

____
Mark Barber, City Attorney

Date:_________________________________

EXHIBIT A

EXHIBIT "A"
LEGAL DESCRIPTION

Lots 3, 4, 5, and 6 of Leach's Johnson Hill Tracts as recorded April 3, 1923, under Auditor's File No. 126186, in Volume 10 of Plats, Page 2, records of Thurston County, Washington.

TOGETHER WITH an easement for ingress and egress, over the North 12-feet of the South 77-feet of the East 200-feet of said Lot 3.

EXCEPTING therefrom those portions of said Lot 6 conveyed to the State of Washington for highway purposes by deeds recorded December 21, 1956 under Auditor's File No. 579323 and February 20, 1985 under Auditor's File No. 8502200047.

All situated in the Southeast Quarter of Section 18, Township 18 North, Range 1 West, W.M., Thurston County, Washington.

Subject to reservations, restrictions, and easements of record.

Item 8b.

EXHIBIT A

EXHIBIT "B"
GENERAL VICINITY SKETCH

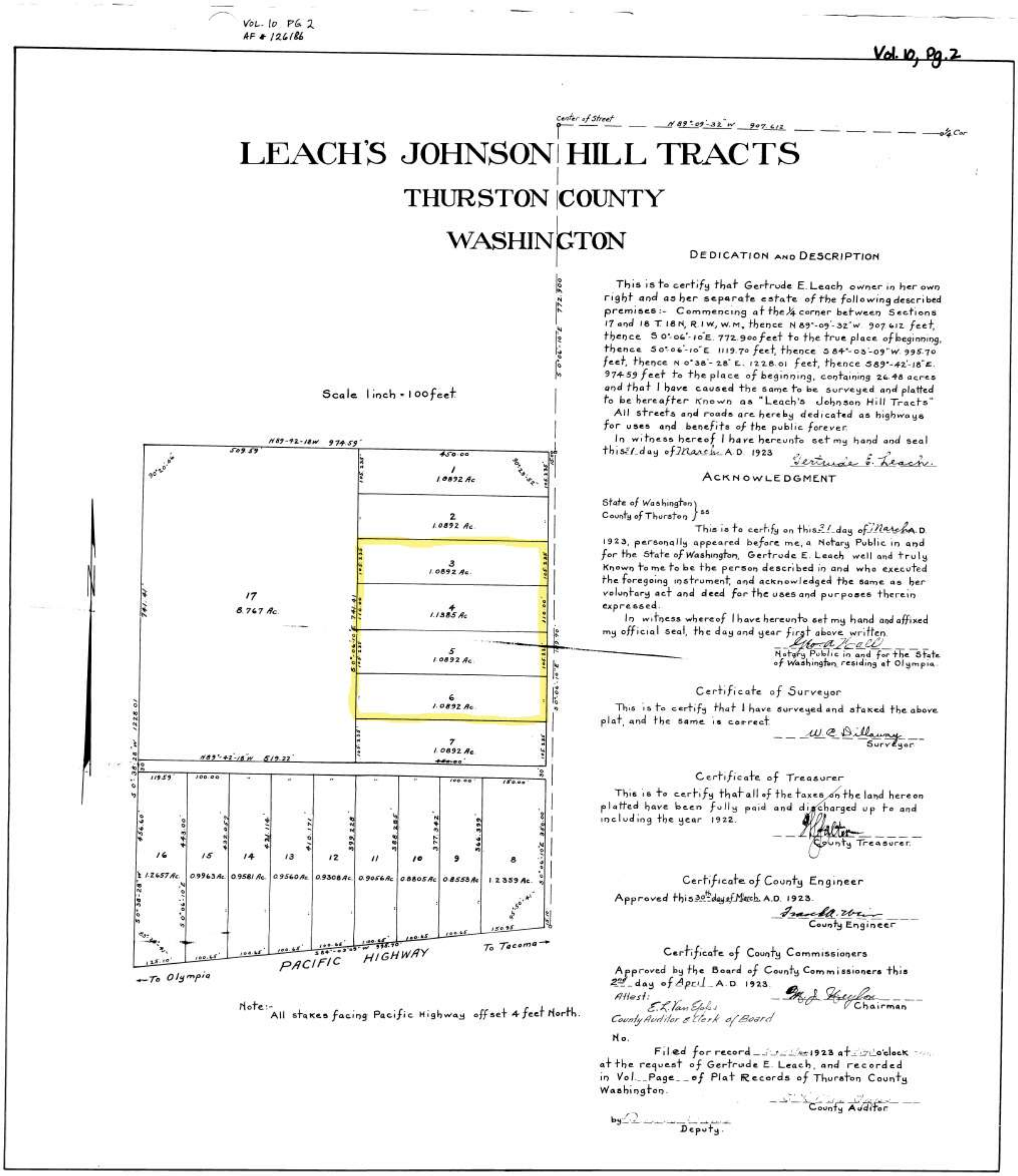

EXHIBIT "C"
DOCUMENTS AND REPORTS

1. Copies of all leases or other occupancy agreements relating to the Property, if any, with originals to be delivered at Closing.
2. Copies of all licenses, permits and approvals, if any, issued by governmental authorities for the use and occupancy of the Property or any facility located thereon.
3. Any other information about the Property reasonably requested by Buyer if in the possession or control of Seller.
4. Any service contracts or other similar agreements related to the Property.
5. Reports of environmental conditions related to the Property, if any.
6. Surveys, if any.
7. Soils reports, if any.

EXHIBIT A

EXHIBIT "D"
FORM OF STATUTORY WARRANTY DEED

Low Income Housing Institute (LIHI)
Attn: Sharon Lee, Executive Director ~~Lynne Behar, Chief Financial Officer~~
1253 S Jackson Street, Suite A
Seattle, WA 98144

Document Title:	**Statutory Warranty Deed**
Grantor:	**City of Olympia, a Washington municipal corporation**
Grantee:	**Low Income Housing Institute (LIHI), a Washington nonprofit corporation**
Abbreviated Legal Description:	**Lots 3, 4, 5, and Ptn. of Lot 6, Leach's Johnson Hill Tracts SE 18-18-1W**
Assessor's Tax Parcel Numbers:	**58900000300, 58900000301, 58900000400, 58900000500, and 58900000600**

The Grantor, **CITY OF OLYMPIA**, a Washington municipal corporation, for and in consideration of the sum of ONE and NO/100---($1.00) Dollar, and other good and valuable considerations, in hand paid, hereby conveys and warrants to the Grantee, **LOW INCOME HOUSING INSTITUTE (LIHI),** a Washington nonprofit corporation, the following described real property and all rights thereto, situated in the City of Olympia, County of Thurston, in the State of Washington, including all after acquired title:

> Lots 3, 4, 5, and 6 of Leach's Johnson Hill Tracts as recorded April 3, 1923, under Auditor's File No. 126186, in Volume 10 of Plats, Page 2, records of Thurston County, Washington.
>
> TOGETHER WITH an easement for ingress and egress, over the North 12-feet of the South 77-feet of the East 200-feet of said Lot 3.
>
> EXCEPTING therefrom those portions of said Lot 6 conveyed to the State of Washington for highway purposes by deeds recorded December 21, 1956 under Auditor's File No. 579323 and February 20, 1985 under Auditor's File No. 8502200047.
>
> All situated in the Southeast Quarter of Section 18, Township 18 North, Range 1 West, W.M., Thurston County, Washington.
>
> Subject to easements, restrictions, and reservations of record.

EXHIBIT A

DATED this ____ day of ______________________________, 202__.

GRANTOR, CITY OF OLYMPIA,
a Washington municipal corporation**:**

____
Steven J. Burney, City Manager,

Approved as to legal form:

____
Mark Barber, City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

On the _____ day of ____________________ 2026~~3~~, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Steven J. Burney**, to me known to be the City Manager of the City of Olympia, a municipal corporation, who executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned and on oath states that he is authorized to execute the said instrument.

WITNESS my hand and official seal the day and year first above written.

____
Signature
Print Name: ___________________________
NOTARY PUBLIC in and for the State of Washington
Residing at ____________________________
My appointment expires: ________________

EXHIBIT A

EXHIBIT "E"
FORM OF RESTRICTIVE COVENANT

After Recording Return to:

City of Olympia
Attn: Legal Department
P.O. Box 1967
Olympia, WA 98507-1967

Document Title:	**Restrictive Covenant**
Grantor:	**Low Income Housing Institute (LIHI), a Washington nonprofit corporation**
Grantee:	**City of Olympia, a Washington municipal corporation**
Abbreviated Legal Description:	**Lots 3, 4, 5, and Ptn. of Lot 6, Leach's Johnson Hill Tracts SE 18-18-1W**
Assessor's Tax Parcel Numbers:	**58900000300, 58900000301, 58900000400, 58900000500, and 58900000600**

RESTRICTIVE COVENANT

As additional consideration to the City of Olympia, a Washington municipal corporation ("Grantee"), for the purchase of its real property by Low Income Housing Institute (LIHI), a Washington nonprofit corporation ("Grantor"), Grantor and Grantee agree that the real property legally described as:

> Lots 3, 4, 5, and 6 of Leach's Johnson Hill Tracts as recorded April 3, 1923, under Auditor's File No. 126186, in Volume 10 of Plats, Page 2, records of Thurston County, Washington.
> TOGETHER WITH an easement for ingress and egress, over the North 12-feet of the South 77-feet of the East 200-feet of said Lot 3.
> EXCEPTING therefrom those portions of said Lot 6 conveyed to the State of Washington for highway purposes by deeds recorded December 21, 1956 under Auditor's File No. 579323 and February 20, 1985 under Auditor's File No. 8502200047.
> All situated in the Southeast Quarter of Section 18, Township 18 North, Range 1 West, W.M., Thurston County, Washington.
> Subject to easements, restrictions, and reservations of record.

shall be held, transferred, sold, conveyed, leased, used, assigned, and occupied in perpetuity subject to the following covenants and restrictions:

1. The above legally described real property shall be used in perpetuity to provide affordable housing <u>and permanent supportive housing</u> as defined in RCW 36.70A.030<u>(5)</u>~~(2)~~ and <u>(33)</u>~~(19)~~, as now or hereafter lawfully amended, and providing housing-related facilities and programs; and

EXHIBIT A

2. The residential units to be constructed upon the real property shall have approximately seventy (70) studio and one-bedroom housing units, and one additional one-bedroom unit for an on-site housing manager; and
3. An estimated thirty (30) residential housing units shall be accessible to disabled persons; and
4. No more than thirty-five housing units will be designated for households with Area Median Income (AMI) of fifty percent (50%). The remaining units will be designated for households with Area Median Income (AMI) at or below thirty percent (30%) by household size. The real property shall be used to construct permanent supportive housing and facilities in a multi-family rental project as the term "permanent supportive housing" is defined in RCW 36.70A.030(33)~~(19)~~, as now or hereafter lawfully amended, which means subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors, and no other purpose except as expressly agreed by the Parties herein; and
5. ~~The residential units to be constructed upon the property shall be for households with Area Median Income (AMI) of thirty percent (30%) or less.~~ At no time will tenants occupying these housing units pay an amount for rent and utilities that exceeds thirty percent (30%) of their income; provided, however, if a tenant is not receiving a project-based Section 8 voucher, such tenant may be charged the applicable restricted rent for such unit at 30% AMI; and
6. Grantor agrees it will seek project-based vouchers from the Housing Authority of Thurston County to meet affordability requirements; and

7. Grantor shall select persons for residential placement upon the real property by use of Thurston County's Coordinated Entry system to prioritize persons who are homeless or facing housing insecurity in Thurston County, Washington, and the Grantor shall ensure that priority to available units shall be given to:

- Single adults and couples exiting Franz Anderson tiny house village; and
- Single adults and couples exiting Maple Court; and
- Single adults and couples whose last known address was within Thurston County, Washington, and who are active in Thurston County's Coordinated Entry system; or
- Persons who are from Encampment Resolution Program (ERP) sites in Thurston County, Washington, and are part of the ERP program. .

8. Grantor shall provide for electrification of all new construction upon the Property, except where exemptions are necessary due to physical space limitations, availability of technology, or cost constraints as set forth in Section 2 of Olympia City Council Resolution No. M-2289.

EXHIBIT A

It is the express intent of the Grantor and Grantee that the provisions of the Restrictive Covenants stated herein shall be deemed to run with the land in perpetuity unless otherwise stated, and shall pass to and be binding upon Grantor's successors in title, including any subsequent purchaser, grantee, owner, assignee, trustee, trustor, or lessee of any portion of the real property and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, owner, assignee, trustee, trustor, or lessee of any portion of the real property and any other person or entity having any right, title or interest therein.

It is further agreed by Grantor and Grantee, that Grantee shall have the right to enforce the aforesaid Restrictive Covenants running with the land by either a request for equitable relief and specific performance or an action at law for damages, or by both such equitable relief and monetary damages, in the Superior Court of Thurston County for the State of Washington, as permitted by law. The prevailing party shall be entitled to recover its attorneys' fees and costs of litigation to enforce the covenants set forth herein.

GRANTOR: LOW INCOME HOUSING INSTITUTE (LIHI),
a Washington nonprofit corporation

____
Sharon Lee, Executive Director
~~Lynne Behar, Chief Financial Officer~~

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that **Sharon** Lee, Executive Director~~Lynne **Behar**, Chief Financial Officer~~ of the Low Income Housing Institute (LIHI), a Washington nonprofit corporation, appeared before me, and that said person acknowledged that she signed this instrument, and on oath stated that she is authorized to execute this instrument, and acknowledged it as her free and voluntary act for the uses and purposes mentioned in the instrument.

____
Signature
Print Name___________________________
NOTARY PUBLIC in and for the State of
____
Residing at ___________________________
My appointment expires: ________________

EXHIBIT A

ACCEPTED AND APPROVED :

GRANTEE : CITY OF OLYMPIA,
a Washington municipal corporation

____
Steven J. Burney, City Manager

Dated: ______________________________

Approved as to form:

____
Mark Barber, City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

On the _____ day of ____________________ 2026~~3~~, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Steven J. Burney**, to me known to be the City Manager of the City of Olympia, a municipal corporation, who executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned and on oath states that he is authorized to execute the said instrument.

WITNESS my hand and official seal the day and year first above written.

____
Signature
Print Name___________________________
NOTARY PUBLIC in and for the State of
____
Residing at ___________________________
My appointment expires: ________________

EXHIBIT A

EXHIBIT "F"

RESOLUTION NO. M-2289

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OLYMPIA, WASHINGTON, TO RESPOND TO THE CLIMATE EMERGENCY, DECLARING THE INTENT OF THE CITY TO ELECTRIFY CITY-OWNED FACILITIES AND OLYMPIA'S BUILT ENVIRONMENT

WHEREAS, climate change is an existential crisis posing one of the most serious threats to the existence of humanity and all species on the planet; a threat that intersects and compounds all other crises facing humanity and our earth; and

WHEREAS, the 11th United Nations Intergovernmental Panel on Climate Change ("IPCC") report from October 2018 states that we must cut greenhouse gas emissions in half by 2030 to limit devastating global warming and avoid a climate catastrophe; and

WHEREAS, in 2018, the City of Olympia adopted Resolution No. M-1976 adopting common targets to reduce communitywide greenhouse gas emissions 45 percent below 2015 levels by 2030, and then 85 percent below 2015 levels by 2050. In 2019 these goals were placed in the Comprehensive Plan via amendment; and

WHEREAS, in 2019, in collaboration with Olympia High School students, Olympia approved a Resolution Expressing a Commitment to Protect the Youth of this Community from the Risks of Climate Destruction (M-2045), which among other things committed the City to achieve net zero emissions by 2040; and

WHEREAS, in February 2021, the City passed a Resolution Declaring a Climate Emergency (M-2194). A declaration that challenges our regional partners and community members to "to help further the Thurston County Climate Mitigation Plan through partnership with local jurisdictions and other entities" and to "adopt a lens of climate change and climate equity" in planning, zoning, permitting, budgeting, expenditures, ordinances, and all other city efforts, policies, and practices to further climate action efforts and our accepted regional climate mitigation plan; and

WHEREAS, in February 2021, the City accepted the Thurston Climate Mitigation Plan (TCMP), committing the City to working with Thurston County, the cities of Lacey and Tumwater and the Thurston Regional Planning Council to substantially reduce regional greenhouse gas emissions; and

WHEREAS, a Greenhouse Gas Inventory Report for Calendar Years 2015 - 2019 found that Thurston County greenhouse gas emissions have increased 15% since 2015, and the built environment was responsible for 63% of all emissions in 2019; and

EXHIBIT A

WHEREAS, in Washington State, homes and buildings are the single fastest growing source of carbon pollution, up 50 percent since 1990, and now account for 27 percent of Washington's carbon emissions; and

WHEREAS, natural gas consumption represents the second largest source of greenhouse gas emissions from the built environment in Thurston County and the Thurston Climate Mitigation Plan identifies reducing natural gas use as a key strategy to achieve the most substantial reductions in local greenhouse gas emissions; and

WHEREAS, methane leaks during the production, processing, transmission, and distribution of natural gas can be substantial, releasing a potent greenhouse gas with 84 times the warming potential of carbon dioxide; and

WHEREAS, the United States and other leading economies recently agreed to the Global Methane Pledge to reduce Methane emissions 30 percent by 2030; and

WHEREAS, in 2019, Washington State passed the Clean Energy Transformation Act (CETA), which sets milestones for electric utilities to transition toward a 100% clean electricity. Under CETA, utilities must eliminate coal-fired electricity from their mix by 2025, become greenhouse-gas neutral by 2030 (using offsets, if necessary), and provide 100 percent renewable energy by 2045; and

WHEREAS, Olympia must take additional measures to decarbonize, transitioning from fossil fuel powered space-heating, water-heating, and cooking equipment to all-electric buildings powered by affordable, renewable electricity; and

WHEREAS, electrification will improve indoor air quality and overall health, by eliminating natural gas combustion inside homes that produces harmful indoor air pollution; and

WHEREAS, there are well-documented risks to respiratory health from gas stove pollution, and infants and children are particularly vulnerable to respiratory illnesses associated with gas stove pollution; and

WHEREAS, lower-income households are more likely to suffer from health impacts from outdoor and indoor air pollution, which are exacerbated when exposed to pollution from gas stoves; and

WHEREAS, electrification is widely recognized as a powerful strategy to address both climate change and poor air quality in the frontline communities most vulnerable to climate impacts; and

WHEREAS, every new building relying on fossil fuels for heating, cooling, and cooking will have a negative impact on the climate for decades to come and require additional investments to be retrofitted to electric systems as the climate emergency worsens; and

WHEREAS, in June of 2021, the Olympia City Council supported a referral to require the electrification of all new City-owned buildings and major renovations of existing City buildings; and

EXHIBIT A

WHEREAS, in June of 2021, the Olympia City Council supported a referral directing staff to develop a scope, schedule, and budget to conduct a regional cost assessment of requiring non-fossil fuel sourced heating and power in new commercial and residential development in the City; and

WHEREAS, the City has the opportunity to lead by example to make decisive, transformative, and sustainable changes in its municipal energy consumption, and can significantly lower the City's greenhouse gas emissions and overall carbon impact; and

WHEREAS, citywide building electrification is necessary to achieve Olympia's greenhouse gas reduction targets, and such actions will also improve public health and increase the quality of life throughout the City;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF OLYMPIA, that the City of Olympia recognizes the global and local benefits of accelerating the transition to all-electric buildings throughout the City; and be it

FURTHER RESOLVED as follows:

Section 1. The City Manager is directed to electrify all newly constructed City-owned buildings and major renovations of existing City buildings, except where exemptions are necessary due to physical space limitations, availability of technology, or cost constraints. Additional upfront costs of five percent (5%) or less shall not be considered a cost constraint. Exemptions must be approved by the City Council and exempt buildings should be built in a manner to support the easy transition to electric systems at any time during the life of the building. This policy will become effective January 12, 2022.

Section 2. The City Manager is directed to require the electrification of all new projects and major renovations of existing buildings receiving City funding of $50,000 or more, a donation of City property with an appraised value of $50,000 or more, or a sale of City-owned property where the difference between the appraised value and sale price is $50,000 or more, except where exemptions are necessary due to physical space limitations, availability of technology, or cost constraints. Council may consider the total cost of construction and operating costs in determining the issue of cost constraints. Exemptions must be approved by the City Council and exempt buildings should be built in a manner to support the easy transition to electric systems at any time during the life of the building. This policy will become effective following a work session to discuss citywide electrification on or before April 1, 2022.

Section 3. The City Manager is directed to inventory City-owned facilities that use fossil fuels and evaluate the feasibility of retrofitting existing buildings to become all-electric by 2030. The inventory and evaluation will make use of existing reports and data to prepare preliminary feasibility recommendations by January 1, 2024.

Section 4. The City of Olympia will encourage the Washington State Legislature and State Building Code Council, and other local entities, such as Thurston County, neighboring cities, school districts, and major institutions, to join in this step to address regional greenhouse

EXHIBIT A

emissions from our built environment, by adopting similar building electrification policies to invest in clean energy assets.

Section 5. The City Manager is directed to schedule a City Council work session no later than April 1, 2022, to discuss policy pathways and potential challenges to citywide electrification of all new buildings

PASSED BY THE OLYMPIA CITY COUNCIL this 18th day of January 2022.

CSelby

MAYOR

ATTEST:

Sean Krier

CITY CLERK

APPROVED AS TO FORM:

Mark Barber

CITY ATTORNEY

REVISED AND AMENDED REAL ESTATE PURCHASE AND SALE AGREEMENT

This REVISED AND AMENDED REAL ESTATE PURCHASE AND SALE AGREEMENT ("Revised Agreement") is between the City of Olympia, a municipality organized under the laws of the State of Washington ("Seller"), and Low Income Housing Institute (LIHI), a Washington nonprofit corporation ("Buyer"), jointly referred to as "the Parties." This Agreement shall not be effective until the "Effective Date" (as defined in Paragraph 18.16 below).

RECITALS

Seller is the owner of certain real property ("Property") located in the **City of Olympia, Thurston County**, **Washington**, consisting of TPN Nos. 58900000300, 58900000301, 58900000400, 58900000500, and 58900000600 and located near Franz Anderson Road in Olympia, Thurston County, Washington, and more particularly described on **Exhibit "A"** (legal description) and shown on **Exhibit "B"** (sketch) attached hereto and by this reference incorporated herein.

Previously the Parties had entered into a Real Estate Purchase and Sale Agreement for the Property described above. The Parties now wish to revise and amend the terms and conditions of their prior Agreement as set forth herein.

Pursuant to the Washington State Constitution, Article VIII, § 7, Seller is permitted to make provision for the necessary support of the poor and infirm. The Seller intends, and the Parties agree, that the Property shall be used to construct permanent supportive housing and facilities in a multi-family rental project as the term "permanent supportive housing" is defined in RCW 36.70A.030(33)~~(19)~~, which is defined as subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors, and no other purpose except as expressly agreed by the Parties herein.

The Parties specifically agree that the Property shall in perpetuity be used to provide affordable housing as defined in RCW 36.70A.030~~(2)~~(5) and permanent supportive housing as defined in RCW 36.70A.030~~(19)~~(33). Buyer proposes, and Seller agrees, that the project to be constructed upon the Property will consist of approximately seventy (70) studio and one-bedroom housing units, with one additional one-bedroom unit for an on-site manager (the "Project"). Unit sizes will range from approximately 470 to 630 square feet. An estimated thirty (30) housing units will be accessible to disabled persons. ~~Approximately~~ No more than thirty-five (35) housing units will be ~~studio units~~ designated for households with Area Median Income (AMI) of ~~thirty~~ fifty percent (~~30~~50%) ~~or less by household size~~. The remaining ~~thirty-five (35)~~ units will be ~~one-bedroom housing units~~ designated for households with Area Median Income (AMI) at or below thirty percent (30%) by household size. At no time will tenants occupying these housing units pay an amount for rent and utilities that exceeds thirty percent (30%) of their income. Buyer agrees it will pursue project-based vouchers from the Housing Authority of Thurston County, as they become available, to meet affordability requirements.

It is further agreed by the Parties that Buyer shall ensure that priority to available units shall be given to:

- Single adults and couples exiting Franz Anderson tiny house village; and
- Single adults and couples exiting Maple Court; and
- Single adults and couples whose last known address was within Thurston County, Washington, and who are active in Thurston County's Coordinated Entry system; or
- Persons who are from Encampment Resolution Program (ERP) sites in Thurston County, Washington and are part of the ERP program. .

~~utilize Thurston County's coordinated entry system to place persons into housing units to be constructed upon the Property. Preference will be given by Buyer to single adults and couples exiting Seller's tiny house village associated with the State of Washington's Rights-of-Way Safety Initiative.~~ Further, it is proposed by Buyer, and agreed by Seller, that best efforts will be made to have Sea Mar Community Health Centers provide behavioral health services for tenants in the multi-family housing units to be constructed upon the Property, or an equivalent service provider, to provide behavioral health services for tenants in the multi-family housing units to be constructed upon the Property.. Further, Buyer shall provide two case managers who will have offices on-site in the Project. Buyer proposes, and Seller agrees, that the Project will operate with a low-barrier model and will offer consistent and accessible supportive services to eligible tenants but will not require tenants to participate in services as a condition of receiving housing.

Buyer anticipates utilizing regional funds, including ~~American Rescue Plan Act~~ $3,500,000 in local funds from Thurston County, $3,000,000 in General Funds from the City of Lacey, $275,000 in General Funds from the City of Tumwater, and $2,877,065 from Thurston Regional Housing Council ~~funds~~ in an amount of approximately $9.656~~.7~~ million in the development of the Project. ~~Buyer shall use all reasonable due diligence to enter into an agreement to commit these regional funds no later than November 2024, and to fully draw these funds no later than December 2026 in connection with the housing project.~~ In the event the Project does not receive full funding and closes on financing by December 31, 2026, then any party to this Agreement may withdraw. The goal of the Parties is to have housing units upon the Property in service no later than ~~April 2026~~ June 2028.

Upon completion of construction, Buyer agrees to produce quarterly activity reports to Seller, meet performance expectations and incorporate best practices for facility management and services achieving positive outcomes for the residents of the Franz-Anderson Permanent Supportive Housing Project. Buyer agrees to provide periodic Project updates, as requested, to the Regional Housing Council.

The Parties agree and covenant that the use of the Property shall be subject to a restrictive covenant limiting the Property's use in perpetuity for affordable housing and permanent supportive housing as defined in RCW 36.70A.030~~(2)~~(5) and ~~(19)~~(33), as now or hereafter amended by law.

Buyer has determined that the Property is suitable for providing affordable housing and housing-related services and programs for persons experiencing homelessness, housing insecurity, or inability to secure affordable housing in Thurston County, Washington. Seller and Buyer agree that the Property is appropriate and suitable for redevelopment to provide new construction of affordable housing and facilities providing housing-related facilities and programs. Further, as additional consideration to Seller, Buyer agrees to comply with Olympia City Council Resolution No. M-2289, a copy of which is attached hereto and incorporated herein as **"Exhibit F"** to this Agreement, requiring new construction of housing units upon the Property to meet requirements for electrification, except where exemptions are necessary due to physical space limitations, availability of technology, or cost constraints as set forth in Section 2 of Resolution No. M-2289.

The signatories to this Agreement acknowledge they are authorized to execute associated documents, to correct legal descriptions, if necessary, and to correct scrivener's errors and other errors or omissions that are otherwise in substantial conformance with this Agreement.

The Parties now enter into this Agreement to memorialize the terms and conditions under which Seller will sell the Property to Buyer and Buyer will purchase the Property from Seller.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Property. Subject to the terms and conditions of this Agreement, Seller agrees to sell and convey to Buyer, and Buyer agrees to purchase from Seller, the following:

1.1 **Land.** The real property constituting the Property legally described on **Exhibit "A"** to this Agreement and generally shown on a sketch attached as **Exhibit "B"** to this Agreement "as is."

1.2 **Appurtenances.** All rights, privileges, and easements appurtenant to the Property owned by Seller, including without limitation any and all leases, subleases, easements, rights-of-way and other appurtenances, including any buildings, structures or fixtures, if any, used in connection with the beneficial use and enjoyment of the Property (the "Appurtenances").

The Property and Appurtenances described in Paragraph 1 above are collectively referred to in this Agreement as the "Property."

2. Escrow. Within thirty (30) business days after the Effective Date of this Agreement as defined in Paragraph 18.16, the Parties shall confirm that an escrow account is opened for the transaction contemplated by this Agreement with Thurston County Title Company (in such capacity, "Escrow Company"). Jen Dempsey or another designee of Escrow Company will serve as escrow agent for Closing of this Agreement ("Escrow Agent"). The Parties shall deliver a fully executed copy of this Agreement to Escrow Agent.

3. Purchase Price. The purchase price to be paid by Buyer to Seller for the Property (the "Purchase Price") is **One Dollar and NO/100 Cents** ($1.00) U.S., together with other additional nonmonetary consideration consisting of a Restrictive Covenant to be recorded upon the Property, limiting the Property's use in perpetuity for affordable housing and permanent supportive housing as defined in RCW 36.70A.030~~(2),~~ (5), and ~~(19)~~ (33), as now or hereafter amended by law, and providing for electrification of all new construction upon the Property, except where exemptions are necessary due to physical space limitations, availability of technology, or cost constraints as set forth in Section 2 of Olympia City Council Resolution No. M-2289, a copy of which is attached hereto and incorporated herein as **"Exhibit F"** to this Agreement.

4. Payment of Purchase Price. On the Closing Date, Buyer shall deposit with Escrow Agent the amount of the Purchase Price, less any amounts to be credited against the Purchase Price, pursuant to this Agreement.

5. Closing Date. The Closing (the "Closing") of the purchase and sale of the Property under this Agreement shall be held at the offices of the Escrow Company, and shall occur on or before ~~February 29, 2024~~ December 31, 2026, unless otherwise agreed in writing by the Parties. Closing shall occur when the Deed to Buyer and the Restrictive Covenant (as hereinafter defined) are executed and recorded, and the Purchase Price is delivered to the Escrow Company for delivery to Seller.

6. Title and Survey Matters.

6.1 **Title Binder and Survey**. Buyer shall order a preliminary commitment for an ALTA owner's extended coverage title insurance policy provided by Thurston County Title Insurance Company ("Title Company") describing the Property, showing all matters of record pertaining to the Property and listing Buyer as the prospective named insured. Following the mutual execution of this Agreement, Buyer shall obtain from Title Company a written supplemental report to such preliminary commitment in a form acceptable to Buyer, updating the preliminary commitment to the execution date of the Agreement. Such preliminary commitment, supplemental reports and true, correct, and legible copies of all documents referred to in such preliminary commitment and supplemental reports as conditions or exceptions to title to the Property are collectively referred to herein as the "Title Binder." Buyer may order a survey of the Property (the "Survey").

6.2 **Title Review**. Within sixty (60) business days after Buyer's receipt of the updated Title Binder and Survey, Buyer shall review the Title Binder and any surveys of the Property, and shall notify Seller what exceptions to title, if any, affect the marketability or insurability of the title to the Property or which adversely affect the use of the Property (the

"Title Review Period"). If no title matters appear in the updated Title Binder since the initial preliminary commitments, then the Parties shall proceed to Closing as set forth in this Agreement. If any title matters appear and Buyer objects to any of the same during the Title Review Period, then Seller shall have thirty (30) business days after receiving Buyer's objections to notify Buyer if Seller will remove any of the exceptions objected to prior to the Closing Date or if Seller elects not to remove such objected to exceptions. If Seller shall fail to remove any such exceptions objected to by Buyer from title prior to the Closing Date, and Buyer is unwilling to take title subject thereto, Buyer may elect to either terminate this Agreement, or take title despite the existence of such exception. If Buyer elects to terminate, neither Buyer nor Seller shall have any further liabilities, obligations or rights with regard to this Agreement which shall then become null and void and of no further force or effect.

6.3 **Title Policy**. At Closing, Seller and Buyer shall cause Title Company to issue a standard ALTA owner's policy ("Title Policy") to Buyer, at Buyer's cost. The Title Policy shall (a) be satisfactory to Buyer, (b) be issued in the amount of the total Purchase Price and (c) insure fee simple, indefeasible title to the Property in Buyer. The Title Policy shall contain endorsements as Buyer may require. Buyer's obligation to close this transaction shall be contingent on Buyer's approval, in its sole and absolute discretion of the Title Policy required under this Paragraph 6.

7. Conditions and/or Contingencies to Buyer's Obligations.

7.1 **Documents and Reports**. Within sixty (60) business days after the execution and delivery of this Agreement (the "Document Delivery Date"), Seller shall deliver to Buyer copies of the documents and reports listed on attached **Exhibit "C"** to this Agreement and in Seller's possession. Seller shall certify to Buyer, as of the Document Delivery Date, as to any documents listed on **Exhibit "C"** not in Seller's possession.

7.2 **Inspection of the Property**. Buyer shall have the right and permission from the date Seller signs this Agreement through the Closing Date (or earlier termination of this Agreement) to enter upon the Property or any part thereof at all reasonable times and from time to time for the purpose, at Buyer's cost and expense, of making all tests and/or studies of the Property that Buyer may wish to undertake, including, without limitation, soils tests (including borings), toxic and hazardous waste studies, surveys, structural studies and review of zoning, fire, safety and other compliance matters; provided, however, Buyer shall indemnify and hold harmless Seller from and against any mechanic's or other liens or claims that may be filed or asserted against the Property or Seller as a direct result of any actions taken by Buyer in connection with the Property, including but not limited to permitting Seller to review a written description of Buyer's proposed testing and work to ensure same is properly done and will not exacerbate any existing condition of contamination on the property. Buyer shall also provide Seller with a copy of all soil or environmental test results for the property upon Seller's request. Buyer shall reasonably restore the Property to its condition immediately prior to any invasive testing. The effect of the representations and warranties made by Seller in this Agreement shall not be diminished or deemed to be waived by any inspections, tests or investigations made by Buyer or its agents.

7.3 **Appraisal of the Property**. Buyer shall have the right to obtain an appraisal. Buyer's appraiser may enter onto the property upon reasonable notice to Seller as is necessary to appraise the Property.

7.4 **Approval of Property/Feasibility Contingency**. Buyer's obligation to purchase the Property shall be subject to and contingent upon Buyer's approval, in its sole and absolute discretion, prior to the expiration of the Contingency Period, of all aspects of the Property, including, without limitation, the physical condition of the Property and documents delivered by Seller pursuant to Paragraph 7.1 above, or otherwise obtained by Buyer regarding the Property. Buyer's approval and obligation to purchase the Property under this paragraph shall be for the period set forth in Paragraph 7.5. Upon waiver by Buyer or expiration of the feasibility contingency, the Parties shall move on to Closing.

7.5 **Feasibility Contingency Period**. As used herein, the term "Contingency or Feasibility Period" shall mean the period from the Effective Date of this Agreement as defined in Paragraph 18.16 until the period ending on October 1, 2023.

7.6 **Buyer's Right to Terminate**. If in Buyer's sole and absolute discretion, Buyer is not satisfied with the condition of the Property, Buyer may terminate this Agreement by sending written notice to Seller and Escrow Agent (such notice referred to as a "Termination Notice") prior to the expiration of the Contingency/Feasibility Period. If Buyer gives its Termination Notice to Seller, this Agreement shall terminate and neither Buyer nor Seller shall have any further liability to the other under this Agreement.

7.7 **Additional Closing Conditions**. Buyer's obligation to purchase the Property shall also be subject to the following conditions that must be satisfied as of Closing.

(i) Prior to Closing, all Contracts or Leases (whether written or oral) with respect to the Property, if any, shall be terminated in writing by Seller. Seller shall provide Buyer, prior to Closing, with written termination agreements with respect to all Contracts or Leases, which are not assumed by Buyer;

(ii) All representations and warranties of Seller contained herein, to the best of Seller's knowledge, shall be true, accurate and complete at the time of the Closing as if made again at such time;

(iii) Seller shall have performed all obligations to be performed by it hereunder on or before Closing (or, if earlier, on or before the date set forth in this Agreement for such performance);

(iv) At Closing, title to the Property shall be in the condition required by Paragraph 6 of this Agreement and Escrow Agent shall deliver the Title Policy to Buyer; and

If the conditions set forth in this Paragraph 7 are not satisfied as of Closing and Buyer does not waive the same, Buyer may terminate this Agreement, and thereafter neither Buyer nor Seller shall have any further liability to the other under this Agreement.

8. Seller's Representations and Warranties. Seller hereby makes the following representations and warranties, to the best of Seller's knowledge, which representations and warranties shall be deemed made by Seller to Buyer also as of the Closing Date:

8.1 **Title**. Seller is the sole owner of the Property, except for reservations of record. At Closing, Seller shall convey the entire fee simple estate and right, title and interest in and to the Property by statutory warranty deed to Buyer with a restrictive covenant limiting use of the Property to affordable housing as provided in the Recitals hereto, free and clear of unapproved encumbrances of record.

8.2 **Compliance with Law; Compliance with Property Restrictions**. The Property complies in all material respects (both as to condition and use) with all applicable statutes, ordinances, codes, rules and regulations of any governmental authority having jurisdiction over the Property related to zoning, building, subdivision, and engineering.

8.3 **Bankruptcy, etc**. No bankruptcy, insolvency, rearrangement or similar action involving Seller or the Property, whether voluntary or involuntary, is pending, threatened, by a third party, or contemplated by Seller.

8.4 **Taxes and Assessments**. Other than amounts disclosed by the Title Binder, no other property taxes have been or will be assessed against the Property for the current tax year, and there are no general or special assessments or charges that have been levied, assessed or imposed on or against the Property.

8.5 **Foreign Person**. Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7701(a) (30) of the Internal Revenue Code of 1986, as amended (the "Code") and shall deliver to Buyer prior to the Closing an affidavit evidencing such fact and such other documents as may be required under the Code.

8.6 **Mechanics' Liens**. No labor, material or services have been furnished in, on or about the Property or any part thereof as a result of which any mechanics', laborer's or materialmen's liens or claims might arise.

8.7 **Underground Storage Tanks**. Seller has knowledge of one underground storage tank, and a decommissioned well. Other than as previously stated, Seller has no knowledge of other (a) subterranean storage or underground storage tanks that exist on the Property, and (b) any previously existing underground storage tanks that have been removed or filled in compliance with applicable law. If there had been an underground storage tank on the site, to the best of Seller's knowledge, the tank was decommissioned in compliance with applicable law.

8.8 **Leases and Other Agreements**. Seller represents that there are no leases, occupancy agreements, service agreements, licenses, easements, or option agreements with regard to the Property, except those of record or disclosed pursuant to Paragraph 7.1.

8.9 **Assumption of Liabilities**. Buyer, by virtue of the purchase of the Property, will not be required to satisfy any obligation of Seller arising prior to the Closing Date.

8.10 **Defaults**. Seller is not in default and there has occurred no uncured event, which, with notice, the passage of time or both would be a default, under any contract, agreement, lease, encumbrance, or instrument pertaining to the Property.

8.11 **Utilities**. The Property may or may not be served by water, storm and sanitary or septic sewer, electricity, and telephone supplied directly to the Property by facilities of public utilities. All such utilities are located within the boundaries of the Property or within lands dedicated to public use or within recorded easements for the same.

8.12 **Public Improvements**. Seller has no knowledge of any federal, state, county, municipal or other governmental plans to change the road system in the vicinity of the Property.

8.13 **Subdivision**. The conveyance of the Property will not constitute a violation of any subdivision ordinance. The improvements on the Property comply in all material respects with all applicable subdivision ordinances and statutes.

8.14 **Due Authority**. Seller and Buyer have all requisite power and authority to execute and deliver this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by Seller and Buyer and constitute their legal, valid and binding obligation enforceable against Seller and Buyer in accordance with its terms.

8.15 **No Omissions**. The copies of any documents furnished to Buyer in connection with this transaction are true and complete copies of the documents they purport to be and contain no untrue statement of material fact and do not omit to state any material facts necessary to make the statements contained therein not misleading.

9. Covenants of Seller. Seller covenants and agrees as follows:

9.1 **Perform Obligations**. From the date of this Agreement to the Closing Date, Seller will perform any monetary and non-monetary obligations they have regarding the Property.

9.2 **No Liens**. From the date of this Agreement to the Closing Date, Seller will not allow any lien to attach to the Property, nor will Seller grant, create, or voluntarily allow the creating of, or amend, extend, modify or change, any easement, right-of-way, encumbrance, restriction, covenant, lease, license, option or other right affecting the Property or any part thereof without Buyer’s written consent first having been obtained.

9.3 **Provide Further Information**. From the date of this Agreement to the Closing Date, Seller will notify Buyer of each event of which Seller becomes aware affecting the Property or any part thereof immediately upon learning of the occurrence of such event.

10. Covenants of Buyer. Buyer covenants and agrees as follows:

10.1 **Perform Obligations.** Buyer shall perform all obligations from the date of this Agreement, including all provisions herein that shall survive the Closing, including those relating to its obligations to provide affordable low-income housing units upon the Property.

10.2 **Application for Impact Fee Reduction**. Buyer may apply for impact fee reductions as permitted by OMC Section 15.04.060.C. for any form of low-income housing occupied by households whose income meets the definition of low-income housing in OMC 15.04.020.Y when adjusted for size is at or below eighty percent (80%) of the area median income as annually adjusted by the U.S. Department of Housing and Urban Development (HUD) from paying school impact fees, provided a covenant is approved by the Olympia School District No. 111 to assure continued use for low income housing and that the covenant is recorded against the title to the Property. As provided in OMC 15.04.060.F, upon application a partial exemption of not more than eighty percent (80%) of park, transportation and school impact fees, with no explicit requirement to pay the exempted portion of the fee from public funds, may be granted to a low-income housing development.

10.3 **Application for Land Use Approval.** Buyer covenants and agrees it shall promptly submit the Project to Seller for land use approval following written removal of the contingency/feasibility period set forth in Paragraphs 7.4 and 7.5 herein; however, Buyer further agrees to schedule with Seller's planning staff a preapplication conference prior to submittal of Buyer's land use application for the Property.

10.4 **Seller's Option to Repurchase.** Buyer agrees that Seller shall have an option to repurchase the Property at the same price as the Property is sold to Buyer in this Agreement in the event Buyer fails to commence construction of the housing units contemplated in this Agreement within twenty-four (24) months of the Closing date. Seller agrees that Buyer will have an option to extend its period of construction for an additional year based upon an economic or financial circumstance beyond Buyer's control upon a showing of its best efforts to move forward with the construction of affordable housing units contemplated in this Agreement. In the event the City (Seller) exercises its option to repurchase the Property, the City (Seller) shall pay any real estate excise tax due on repurchase. In no event shall any period of delay caused by the City permit approval process be counted against Buyer. Such approval process shall toll the deadlines in this paragraph.

11. Closing.

11.1 **Time and Place**. Provided that all the contingencies set forth in this Agreement have been previously fulfilled, the Closing shall take place at the place and time determined as set forth in Paragraph 5 of this Agreement.

11.2 **Documents to be Delivered by Seller**. For and in consideration of, and as a condition precedent to the payment to Seller of the Purchase Price, Seller shall obtain and deliver to Buyer at Closing the following documents (all of which shall be duly executed and acknowledged where required):

(i) **Title Documents**. Such other documents, including, without limitation, lien waivers, indemnity bonds, indemnification agreements, and certificates of good standing as shall be required by Buyer, or by the Title Company as a condition to its insuring Buyer's good and marketable fee simple title to the Property.

(ii) **Authority**. Such evidence as the Title Company shall require as to authority of Seller to convey the Property to Buyer.

(iii) **Surveys and Drawings**. All surveys, site plans, and plans and specifications relating to the Property as are in the possession or control of Seller, if any.

(iv) **Assignment.** Seller and Buyer agree any assignment of Buyer's rights under this Agreement shall be subject to Seller's approval, which shall not be unreasonably withheld, conditioned or denied except as provided in this Agreement. Seller acknowledges and agrees that Buyer shall either assign this Agreement or transfer the Property after Closing to an entity that is affiliated with Buyer. Such transfer or assignment shall not require the consent of Seller.

(v) **Warranty Deed**. A statutory warranty deed ("Deed") conveying to Buyer a good, marketable and indefeasible title in fee simple absolute to the Property in the form set forth in **Exhibit "D"** attached hereto.

(vi) **Restrictive Covenant.** A covenant restricting use of the Property in perpetuity for the specific purposes as defined in RCW 36.70A.030~~(2),~~(5), ~~and (19~~) and (33), and as otherwise agreed by the Parties, in the form set forth in **"Exhibit E"** attached hereto.

11.3 **Payment of Costs**. At Closing, Buyer shall pay all charges for title insurance for a standard ALTA owner's title policy insuring Buyer's title, the escrow fee, all recording fees, technology fees, and real property excise taxes, if any, and any other costs of Closing.

11.4 **Taxes**. Seller is exempt from payment of real property excise taxes for the Property pursuant to WAC 458-61A-205(2).

11.5 **Monetary Liens**. Seller shall pay or cause to be satisfied at or prior to Closing all monetary liens on or with respect to all or any portion of the Property, including, but not limited to, mortgages, deeds of trust, security agreements, assignments of leases, rents and/or easements, judgment liens, tax liens (other than those for taxes not yet due and payable) and financing statements, except where Seller is exempt by statute or administrative rule or regulation.

11.6 **Possession**. Possession of the Property shall be delivered to Buyer at Closing. The Property, including without limitation the improvements, if any, shall be delivered to Buyer in good order.

11.7 **Proration**. All amounts required to be prorated hereunder as of Closing, shall be calculated as if Buyer were in possession of the Property as of the date of Closing.

12. Environmental.

12.1 Notwithstanding anything to the contrary in this Agreement or otherwise, the Parties agree that Seller shall have no obligation to defend, indemnify, or hold Buyer harmless with respect to any loss, liability, claim, demand, damage, or expense of any kind, including attorneys' fees, costs, and expenses (collectively, "Loss") arising (a) out of the release or threatened release of Hazardous Substances on, under, above, or about the Property after Closing, or (b) out of the past release or threatened release of any Hazardous Substance on, under, above, or about the Property caused or contributed to by Buyer, or any employee, agent, tenant, or contractor of Buyer.

12.2 **Definitions**. The term "Hazardous Substance" includes without limitation (a) those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," "hazardous wastes," or "solid wastes" in any Environmental Law; (b) petroleum products and petroleum byproducts; (c) polychlorinated biphenyls; (d) chlorinated solvents; and (e) asbestos. The term "Environmental Law" includes any federal, state, municipal or local law, statute, ordinance, regulation, order or rule pertaining to health, industrial hygiene, environmental conditions, or hazardous substances.

13. Indemnification. Seller shall pay, protect, pay the defense costs of, indemnify and hold Buyer and their successors and assigns harmless from and against any and all loss, liability, claim, damage and expense suffered or incurred by reason of (a) the breach of any representation, warranty or agreement of Seller set forth in this Agreement, (b) the failure of Seller to perform any obligation required by this Agreement to be performed by Seller, (c) the ownership, maintenance, and/or operation of the Property by Seller prior to the Closing not in conformance with this Agreement, or (d) any injuries to persons or property from any cause occasioned in whole or in part by any acts or omissions of the Seller, its representatives, employees, contractors or suppliers that occurred before Closing; provided, however, that nothing in this Paragraph 12 applies to Losses arising out of the presence of Hazardous Substances on, under, above, or about the Property, including Hazardous Substances that migrate or migrated to or from the Property except as specifically provided in Paragraph 11 above.

14. Condemnation. In the event of any commenced, to be commenced or consummated proceedings in eminent domain or condemnation (collectively "Condemnation") respecting the Property or any portion thereof, Buyer may elect, by written notice to Seller, to terminate this Agreement and the escrow created pursuant hereto and be relieved of its obligation to purchase the Property. If Buyer terminates this Agreement, neither Buyer nor Seller shall have any further liability to the other hereunder. If Buyer fails to make such election prior to the Closing Date, this Agreement shall continue in effect, there shall be no reduction in the Purchase Price, and Seller shall, prior to the Closing Date, assign to Buyer, by an assignment agreement in form and substance satisfactory to Buyer, Seller's entire right, title and interest in and to any condemnation award or settlement made or to be made in connection with such Condemnation proceeding. Buyer shall have the right at all times to participate in all negotiations and dealings with the condemning authority and approve or disapprove any proposed settlement in respect to such matter. Seller shall forthwith notify Buyer in writing of any such Condemnation respecting the Property.

15. Casualty. If any fire, windstorm or casualty occurs and materially affects all or any portion of the Property on or after the date of this Agreement and prior to the Closing, Buyer may elect, by written notice to Seller, to terminate this Agreement and the escrow created pursuant hereto and be relieved of its obligation to purchase the Property. If Buyer terminates this Agreement, neither Buyer nor Seller has any further liability to the other hereunder. If Buyer fails to make such election prior to the Closing Date, this Agreement shall continue in effect. The Purchase Price shall not be reduced by the amount of loss or damage occasioned by such casualty not covered by insurance, and Seller shall, prior to the Closing Date, assign to Buyer, by an assignment agreement in form and substance satisfactory to Buyer, its entire right, title and interest in and to all insurance claims and proceeds to which Seller may be entitled in connection with such casualty. Buyer shall have the right at all times to participate in all negotiations and other dealings with the insurance carrier providing such coverage and to approve or disapprove any proposed settlement in respect to such matter. Seller shall forthwith notify Buyer in writing of any such casualty respecting the Property.

16. Notices. Unless applicable law requires a different method of giving notice, any and all notices, demands or other communications required or desired to be given hereunder by any party (collectively, "Notices") shall be in writing and shall be validly given or made to another party if delivered either personally or by FedEx, UPS, USPS or other overnight delivery service of recognized standing, or if deposited in the United States mail, certified, registered, or express mail with postage prepaid. If such Notice is personally delivered, it shall be conclusively deemed given at the time of such delivery. If such Notice is delivered by FedEx or other overnight delivery service of recognized standing, it shall be deemed given twenty-four (24) hours after the deposit thereof with such delivery service. If such Notice is mailed as provided herein, such shall be deemed given seven days (7) days after the deposit thereof in the United States mail. Each such Notice shall be deemed given only if properly addressed to the party to whom such notice is to be given as follows:

To Seller:
Steven J. Burney, City Manager
City of Olympia
601 4th Ave E
PO Box 1967
Olympia, WA 98507-1967
Email: jburney@ci.olympia.wa.us

With a copy to:
Mark Barber, City Attorney
City of Olympia
601 4th Ave E
PO Box 1967
Olympia, WA 98507-1967
Email: mbarber@ci.olympia.wa.us

To Buyer: Low Income Housing Institute (LIHI)
Attn: Sharon Lee, Executive Director
~~Lynne Behar, Chief Financial Officer~~
1253 S Jackson Street, Suite A
Seattle, WA 98144
Email: sharonl@lihi.org
~~lynneb@lihi.org~~

Any party hereto may change its address for receiving notices as herein provided by a written notice given in the manner aforesaid to the other Party hereto.

17. Event of Default. In the event of a default under this Agreement by Seller (including a breach of any representation, warranty or covenant set forth herein), Buyer shall be entitled, in addition to all other remedies, to seek monetary damages and specific performance of Seller's obligations hereunder.

18. Miscellaneous.

18.1 **Applicable Law**. This Agreement shall in all respects, be governed by the laws of the State of Washington.

18.2 **Further Assurances**. Each of the Parties shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of its obligations hereunder to carry out the intent of the Parties hereto.

18.3 **Modification or Amendment, Waivers**. No amendment, change or modification of this Agreement shall be valid, unless in writing and signed by all of the Parties hereto. No waiver of any breach of any covenant or provision in this Agreement shall be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision in this Agreement. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

18.4 **Successors and Assigns**. All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the Parties hereto and their respective heirs, legal representatives, successors and assigns. Any assignment shall be subject to Seller's approval, which shall not be unreasonably withheld, conditioned or denied except by the terms of this Agreement. Buyer must notify and, if required, request approval by Seller of any such assignment prior to the Closing. Any such assignee shall for all purposes be regarded as Buyer under this Agreement.

18.5 **Entire Agreement and No Third Party Beneficiaries**. This Agreement constitutes the entire understanding and agreement of the Parties with respect to its subject matter and any and all prior agreements, understandings or representations with respect to its subject matter are hereby canceled in their entirety and are of no further force or effect. The

Parties do not intend to confer any benefit under this Agreement to any person, firm or corporation other than the Parties.

18.6 **Jurisdiction, Venue, and Attorneys' Fees**. Jurisdiction and venue shall be in the Superior Court of Thurston County for the State of Washington. Should either party bring suit to enforce this Agreement, the prevailing party in such lawsuit shall be entitled to an award of its reasonable attorneys' fees and costs incurred in connection with such lawsuit.

18.7 **Construction**. Captions are solely for the convenience of the Parties and are not a part of this Agreement. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties had prepared it. If the date on which Buyer or Seller are required to take any action under the terms of this Agreement is not a business day, the action shall be taken on the next succeeding business day.

18.8 **Partial Invalidity**. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby; and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

18.9 **Survival**. The recitals, covenants, agreements, obligations to indemnify, representations and warranties made in this Agreement shall survive the Closing unimpaired and shall not merge into the Deed and the recordation thereof and are fully enforceable by either Party.

18.10 **Finders' or Brokers' Fees**. Seller represents and warrants that it has not engaged the services of any broker or finder to which a commission or other fee is due in connection with any of the transactions contemplated by this Agreement. Seller agrees to indemnify, defend and hold harmless Buyer against any loss, liability, damage, cost, claim or expense, including interest, penalties and reasonable attorneys' fees that Buyer shall incur or suffer by reason of a breach by Seller of the representation and warranty set forth above.

18.11 **Time**. Time is of the essence of every provision of this Agreement.

18.12 **Risk of Loss.** All of Seller's personal property, of any kind or description whatsoever that is on the Property after Closing, shall be at Seller's sole risk of loss.

18.13 **Force Majeure**. Performance by Seller or Buyer of their obligations under this Agreement shall be extended by the period of delay caused by force majeure. Force majeure is war, natural catastrophe, strikes, walkouts or other labor industrial disturbance, order of any government, court or regulatory body having jurisdiction, shortages, blockade, embargo, riot, civil disorder, or any similar cause beyond the reasonable control of the party who is obligated to render performance (but excluding financial inability to perform, however caused).

18.14 **Recitals.** The Recitals set forth above are incorporated by this reference into this Agreement and are made a part hereof and shall survive the Closing unimpaired and shall not merge into the Deed and the recordation thereof and are fully enforceable by either Party.

18.15 **Counterparts.** This Agreement may be executed in a number of identical counterparts which, taken together, shall constitute collectively one Agreement; but in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. Additionally, (i) the signature pages taken from separate individually executed counterparts of this Agreement may be combined to form multiple fully executed counterparts; and (ii) a facsimile signature or an electronically scanned or digital signature, where permitted by law, shall be deemed to be an original signature for all purposes. All executed counterparts of this Agreement shall be deemed to be originals, but all such counterparts, when taken together, shall constitute one and the same Agreement.

18.16 **Effective Date.** The term “date of this Agreement” or “date hereof” or “Effective Date,” as used in this Agreement, shall mean the later of the following dates: (1) the date of Buyer’s signature on this Agreement; or (2) the date of Seller’s signature on this Agreement.

BUYER:

LOW INCOME HOUSING INSTITUTE (LIHI), a Washington nonprofit corporation

____
Sharon Lee, Executive Director
~~Lynne Behar, Chief Financial Officer~~

Date: __________________________________

SELLER:

CITY OF OLYMPIA, a Washington municipal corporation

____
Steven J. Burney, City Manager

Date: _______________________________

APPROVED AS TO FORM:

____
Mark Barber, City Attorney

Date:________________________________

EXHIBIT "A"
LEGAL DESCRIPTION

Lots 3, 4, 5, and 6 of Leach's Johnson Hill Tracts as recorded April 3, 1923, under Auditor's File No. 126186, in Volume 10 of Plats, Page 2, records of Thurston County, Washington.

TOGETHER WITH an easement for ingress and egress, over the North 12-feet of the South 77-feet of the East 200-feet of said Lot 3.

EXCEPTING therefrom those portions of said Lot 6 conveyed to the State of Washington for highway purposes by deeds recorded December 21, 1956 under Auditor's File No. 579323 and February 20, 1985 under Auditor's File No. 8502200047.

All situated in the Southeast Quarter of Section 18, Township 18 North, Range 1 West, W.M., Thurston County, Washington.

Subject to reservations, restrictions, and easements of record.

EXHIBIT "B"
GENERAL VICINITY SKETCH

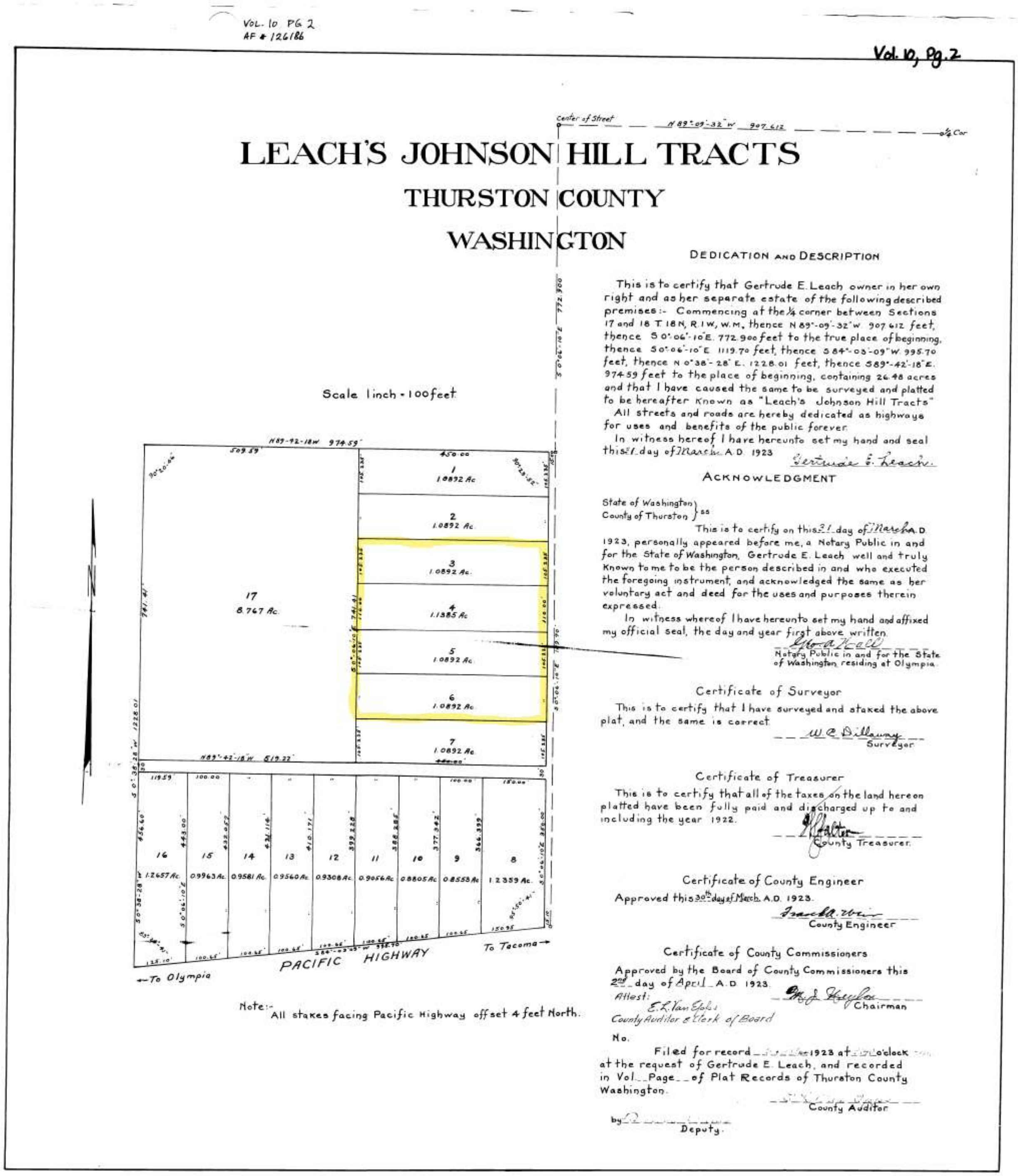

EXHIBIT "C"
DOCUMENTS AND REPORTS

1. Copies of all leases or other occupancy agreements relating to the Property, if any, with originals to be delivered at Closing.
2. Copies of all licenses, permits and approvals, if any, issued by governmental authorities for the use and occupancy of the Property or any facility located thereon.
3. Any other information about the Property reasonably requested by Buyer if in the possession or control of Seller.
4. Any service contracts or other similar agreements related to the Property.
5. Reports of environmental conditions related to the Property, if any.
6. Surveys, if any.
7. Soils reports, if any.

EXHIBIT "D"
FORM OF STATUTORY WARRANTY DEED

Low Income Housing Institute (LIHI)
Attn: Sharon Lee, Executive Director ~~Lynne Behar, Chief Financial Officer~~
1253 S Jackson Street, Suite A
Seattle, WA 98144

Document Title:	**Statutory Warranty Deed**
Grantor:	**City of Olympia, a Washington municipal corporation**
Grantee:	**Low Income Housing Institute (LIHI), a Washington nonprofit corporation**
Abbreviated Legal Description:	**Lots 3, 4, 5, and Ptn. of Lot 6, Leach's Johnson Hill Tracts SE 18-18-1W**
Assessor's Tax Parcel Numbers:	**58900000300, 58900000301, 58900000400, 58900000500, and 58900000600**

The Grantor, **CITY OF OLYMPIA**, a Washington municipal corporation, for and in consideration of the sum of ONE and NO/100---($1.00) Dollar, and other good and valuable considerations, in hand paid, hereby conveys and warrants to the Grantee, **LOW INCOME HOUSING INSTITUTE (LIHI),** a Washington nonprofit corporation, the following described real property and all rights thereto, situated in the City of Olympia, County of Thurston, in the State of Washington, including all after acquired title:

> Lots 3, 4, 5, and 6 of Leach's Johnson Hill Tracts as recorded April 3, 1923, under Auditor's File No. 126186, in Volume 10 of Plats, Page 2, records of Thurston County, Washington.
>
> TOGETHER WITH an easement for ingress and egress, over the North 12-feet of the South 77-feet of the East 200-feet of said Lot 3.
>
> EXCEPTING therefrom those portions of said Lot 6 conveyed to the State of Washington for highway purposes by deeds recorded December 21, 1956 under Auditor's File No. 579323 and February 20, 1985 under Auditor's File No. 8502200047.
>
> All situated in the Southeast Quarter of Section 18, Township 18 North, Range 1 West, W.M., Thurston County, Washington.
>
> Subject to easements, restrictions, and reservations of record.

DATED this ____ day of _____________________________, 202__.

GRANTOR, CITY OF OLYMPIA,
a Washington municipal corporation**:**

____
Steven J. Burney, City Manager,

Approved as to legal form:

____
Mark Barber, City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

On the _____ day of ____________________ 2026~~3~~, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Steven J. Burney**, to me known to be the City Manager of the City of Olympia, a municipal corporation, who executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned and on oath states that he is authorized to execute the said instrument.

WITNESS my hand and official seal the day and year first above written.

____
Signature
Print Name: _________________________
NOTARY PUBLIC in and for the State of Washington
Residing at __________________________
My appointment expires: _______________

EXHIBIT "E"
FORM OF RESTRICTIVE COVENANT

After Recording Return to:

City of Olympia
Attn: Legal Department
P.O. Box 1967
Olympia, WA 98507-1967

Document Title:	**Restrictive Covenant**
Grantor:	**Low Income Housing Institute (LIHI), a Washington nonprofit corporation**
Grantee:	**City of Olympia, a Washington municipal corporation**
Abbreviated Legal Description:	**Lots 3, 4, 5, and Ptn. of Lot 6, Leach's Johnson Hill Tracts SE 18-18-1W**
Assessor's Tax Parcel Numbers:	**58900000300, 58900000301, 58900000400, 58900000500, and 58900000600**

RESTRICTIVE COVENANT

As additional consideration to the City of Olympia, a Washington municipal corporation ("Grantee"), for the purchase of its real property by Low Income Housing Institute (LIHI), a Washington nonprofit corporation ("Grantor"), Grantor and Grantee agree that the real property legally described as:

> Lots 3, 4, 5, and 6 of Leach's Johnson Hill Tracts as recorded April 3, 1923, under Auditor's File No. 126186, in Volume 10 of Plats, Page 2, records of Thurston County, Washington.
> TOGETHER WITH an easement for ingress and egress, over the North 12-feet of the South 77-feet of the East 200-feet of said Lot 3.
> EXCEPTING therefrom those portions of said Lot 6 conveyed to the State of Washington for highway purposes by deeds recorded December 21, 1956 under Auditor's File No. 579323 and February 20, 1985 under Auditor's File No. 8502200047.
> All situated in the Southeast Quarter of Section 18, Township 18 North, Range 1 West, W.M., Thurston County, Washington.
> Subject to easements, restrictions, and reservations of record.

shall be held, transferred, sold, conveyed, leased, used, assigned, and occupied in perpetuity subject to the following covenants and restrictions:

1. The above legally described real property shall be used in perpetuity to provide affordable housing <u>and permanent supportive housing</u> as defined in RCW 36.70A.030<u>(5)</u>~~(2)~~ and <u>(33)</u>~~(19)~~, as now or hereafter lawfully amended, and providing housing-related facilities and programs; and

2. The residential units to be constructed upon the real property shall have approximately seventy (70) studio and one-bedroom housing units, and one additional one-bedroom unit for an on-site housing manager; and

3. An estimated thirty (30) residential housing units shall be accessible to disabled persons; and

4. No more than thirty-five housing units will be designated for households with Area Median Income (AMI) of fifty percent (50%). The remaining units will be designated for households with Area Median Income (AMI) at or below thirty percent (30%) by household size. The real property shall be used to construct permanent supportive housing and facilities in a multi-family rental project as the term “permanent supportive housing” is defined in RCW 36.70A.030(33)~~(19)~~, as now or hereafter lawfully amended, which means subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors, and no other purpose except as expressly agreed by the Parties herein; and

5. ~~The residential units to be constructed upon the property shall be for households with Area Median Income (AMI) of thirty percent (30%) or less.~~ At no time will tenants occupying these housing units pay an amount for rent and utilities that exceeds thirty percent (30%) of their income; provided, however, if a tenant is not receiving a project-based Section 8 voucher, such tenant may be charged the applicable restricted rent for such unit at 30% AMI; and

6. Grantor agrees it will seek project-based vouchers from the Housing Authority of Thurston County to meet affordability requirements; and

7. Grantor shall select persons for residential placement upon the real property by use of Thurston County’s Coordinated Entry system to prioritize persons who are homeless or facing housing insecurity in Thurston County, Washington, and the Grantor shall ensure that priority to available units shall be given to:

- Single adults and couples exiting Franz Anderson tiny house village; and
- Single adults and couples exiting Maple Court; and
- Single adults and couples whose last known address was within Thurston County, Washington, and who are active in Thurston County’s Coordinated Entry system; or
- Persons who are from Encampment Resolution Program (ERP) sites in Thurston County, Washington, and are part of the ERP program. .

8. Grantor shall provide for electrification of all new construction upon the Property, except where exemptions are necessary due to physical space limitations, availability of technology, or cost constraints as set forth in Section 2 of Olympia City Council Resolution No. M-2289.

It is the express intent of the Grantor and Grantee that the provisions of the Restrictive Covenants stated herein shall be deemed to run with the land in perpetuity unless otherwise stated, and shall pass to and be binding upon Grantor's successors in title, including any subsequent purchaser, grantee, owner, assignee, trustee, trustor, or lessee of any portion of the real property and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, owner, assignee, trustee, trustor, or lessee of any portion of the real property and any other person or entity having any right, title or interest therein.

It is further agreed by Grantor and Grantee, that Grantee shall have the right to enforce the aforesaid Restrictive Covenants running with the land by either a request for equitable relief and specific performance or an action at law for damages, or by both such equitable relief and monetary damages, in the Superior Court of Thurston County for the State of Washington, as permitted by law. The prevailing party shall be entitled to recover its attorneys' fees and costs of litigation to enforce the covenants set forth herein.

GRANTOR: LOW INCOME HOUSING INSTITUTE (LIHI),
a Washington nonprofit corporation

____
Sharon Lee, Executive Director
~~Lynne Behar, Chief Financial Officer~~

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that **Sharon** Lee, Executive Director~~Lynne **Behar**, Chief Financial Officer~~ of the Low Income Housing Institute (LIHI), a Washington nonprofit corporation, appeared before me, and that said person acknowledged that she signed this instrument, and on oath stated that she is authorized to execute this instrument, and acknowledged it as her free and voluntary act for the uses and purposes mentioned in the instrument.

____
Signature
Print Name__________________________
NOTARY PUBLIC in and for the State of
____
Residing at __________________________
My appointment expires: _______________

ACCEPTED AND APPROVED :

GRANTEE : CITY OF OLYMPIA,
a Washington municipal corporation

____
Steven J. Burney, City Manager

Dated: ______________________________

Approved as to form:

____
Mark Barber, City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

On the _____ day of ____________________ 2026~~3~~, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Steven J. Burney**, to me known to be the City Manager of the City of Olympia, a municipal corporation, who executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned and on oath states that he is authorized to execute the said instrument.

WITNESS my hand and official seal the day and year first above written.

____
Signature
Print Name__________________________
NOTARY PUBLIC in and for the State of
____
Residing at __________________________
My appointment expires: ________________

EXHIBIT "F"

RESOLUTION NO. M-2289

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OLYMPIA, WASHINGTON, TO RESPOND TO THE CLIMATE EMERGENCY, DECLARING THE INTENT OF THE CITY TO ELECTRIFY CITY-OWNED FACILITIES AND OLYMPIA'S BUILT ENVIRONMENT

WHEREAS, climate change is an existential crisis posing one of the most serious threats to the existence of humanity and all species on the planet; a threat that intersects and compounds all other crises facing humanity and our earth; and

WHEREAS, the 11th United Nations Intergovernmental Panel on Climate Change ("IPCC") report from October 2018 states that we must cut greenhouse gas emissions in half by 2030 to limit devastating global warming and avoid a climate catastrophe; and

WHEREAS, in 2018, the City of Olympia adopted Resolution No. M-1976 adopting common targets to reduce communitywide greenhouse gas emissions 45 percent below 2015 levels by 2030, and then 85 percent below 2015 levels by 2050. In 2019 these goals were placed in the Comprehensive Plan via amendment; and

WHEREAS, in 2019, in collaboration with Olympia High School students, Olympia approved a Resolution Expressing a Commitment to Protect the Youth of this Community from the Risks of Climate Destruction (M-2045), which among other things committed the City to achieve net zero emissions by 2040; and

WHEREAS, in February 2021, the City passed a Resolution Declaring a Climate Emergency (M-2194). A declaration that challenges our regional partners and community members to "to help further the Thurston County Climate Mitigation Plan through partnership with local jurisdictions and other entities" and to "adopt a lens of climate change and climate equity" in planning, zoning, permitting, budgeting, expenditures, ordinances, and all other city efforts, policies, and practices to further climate action efforts and our accepted regional climate mitigation plan; and

WHEREAS, in February 2021, the City accepted the Thurston Climate Mitigation Plan (TCMP), committing the City to working with Thurston County, the cities of Lacey and Tumwater and the Thurston Regional Planning Council to substantially reduce regional greenhouse gas emissions; and

WHEREAS, a Greenhouse Gas Inventory Report for Calendar Years 2015 - 2019 found that Thurston County greenhouse gas emissions have increased 15% since 2015, and the built environment was responsible for 63% of all emissions in 2019; and

WHEREAS, in Washington State, homes and buildings are the single fastest growing source of carbon pollution, up 50 percent since 1990, and now account for 27 percent of Washington's carbon emissions; and

WHEREAS, natural gas consumption represents the second largest source of greenhouse gas emissions from the built environment in Thurston County and the Thurston Climate Mitigation Plan identifies reducing natural gas use as a key strategy to achieve the most substantial reductions in local greenhouse gas emissions; and

WHEREAS, methane leaks during the production, processing, transmission, and distribution of natural gas can be substantial, releasing a potent greenhouse gas with 84 times the warming potential of carbon dioxide; and

WHEREAS, the United States and other leading economies recently agreed to the Global Methane Pledge to reduce Methane emissions 30 percent by 2030; and

WHEREAS, in 2019, Washington State passed the Clean Energy Transformation Act (CETA), which sets milestones for electric utilities to transition toward a 100% clean electricity. Under CETA, utilities must eliminate coal-fired electricity from their mix by 2025, become greenhouse-gas neutral by 2030 (using offsets, if necessary), and provide 100 percent renewable energy by 2045; and

WHEREAS, Olympia must take additional measures to decarbonize, transitioning from fossil fuel powered space-heating, water-heating, and cooking equipment to all-electric buildings powered by affordable, renewable electricity; and

WHEREAS, electrification will improve indoor air quality and overall health, by eliminating natural gas combustion inside homes that produces harmful indoor air pollution; and

WHEREAS, there are well-documented risks to respiratory health from gas stove pollution, and infants and children are particularly vulnerable to respiratory illnesses associated with gas stove pollution; and

WHEREAS, lower-income households are more likely to suffer from health impacts from outdoor and indoor air pollution, which are exacerbated when exposed to pollution from gas stoves; and

WHEREAS, electrification is widely recognized as a powerful strategy to address both climate change and poor air quality in the frontline communities most vulnerable to climate impacts; and

WHEREAS, every new building relying on fossil fuels for heating, cooling, and cooking will have a negative impact on the climate for decades to come and require additional investments to be retrofitted to electric systems as the climate emergency worsens; and

WHEREAS, in June of 2021, the Olympia City Council supported a referral to require the electrification of all new City-owned buildings and major renovations of existing City buildings; and

WHEREAS, in June of 2021, the Olympia City Council supported a referral directing staff to develop a scope, schedule, and budget to conduct a regional cost assessment of requiring non-fossil fuel sourced heating and power in new commercial and residential development in the City; and

WHEREAS, the City has the opportunity to lead by example to make decisive, transformative, and sustainable changes in its municipal energy consumption, and can significantly lower the City's greenhouse gas emissions and overall carbon impact; and

WHEREAS, citywide building electrification is necessary to achieve Olympia's greenhouse gas reduction targets, and such actions will also improve public health and increase the quality of life throughout the City;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF OLYMPIA, that the City of Olympia recognizes the global and local benefits of accelerating the transition to all-electric buildings throughout the City; and be it

FURTHER RESOLVED as follows:

Section 1. The City Manager is directed to electrify all newly constructed City-owned buildings and major renovations of existing City buildings, except where exemptions are necessary due to physical space limitations, availability of technology, or cost constraints. Additional upfront costs of five percent (5%) or less shall not be considered a cost constraint. Exemptions must be approved by the City Council and exempt buildings should be built in a manner to support the easy transition to electric systems at any time during the life of the building. This policy will become effective January 12, 2022.

Section 2. The City Manager is directed to require the electrification of all new projects and major renovations of existing buildings receiving City funding of $50,000 or more, a donation of City property with an appraised value of $50,000 or more, or a sale of City-owned property where the difference between the appraised value and sale price is $50,000 or more, except where exemptions are necessary due to physical space limitations, availability of technology, or cost constraints. Council may consider the total cost of construction and operating costs in determining the issue of cost constraints. Exemptions must be approved by the City Council and exempt buildings should be built in a manner to support the easy transition to electric systems at any time during the life of the building. This policy will become effective following a work session to discuss citywide electrification on or before April 1, 2022.

Section 3. The City Manager is directed to inventory City-owned facilities that use fossil fuels and evaluate the feasibility of retrofitting existing buildings to become all-electric by 2030. The inventory and evaluation will make use of existing reports and data to prepare preliminary feasibility recommendations by January 1, 2024.

Section 4. The City of Olympia will encourage the Washington State Legislature and State Building Code Council, and other local entities, such as Thurston County, neighboring cities, school districts, and major institutions, to join in this step to address regional greenhouse emissions from our built environment, by adopting similar building electrification policies to invest in clean energy assets.

Section 5. The City Manager is directed to schedule a City Council work session no later than April 1, 2022, to discuss policy pathways and potential challenges to citywide electrification of all new buildings

PASSED BY THE OLYMPIA CITY COUNCIL this 18th day of January 2022.

C Selby

MAYOR

ATTEST:

Sean Krier

CITY CLERK

APPROVED AS TO FORM:

Mark Barber

CITY ATTORNEY