FINANCE & PERSONNEL COMMITTEE
MEETING AGENDA
CITY HALL – 1104 MAPLE STREET
FEBRUARY 10, 2021 5:30 PM

Members: Patrick Reed (Chair), Barbara Bitetto, Charla Neuman. Cindi Hochstatter (Alternate)

Staff Liaison: Administrative Services Director Jeff Steffens, Chief Financial Officer Kassandra Raymond

City Hall remains closed during Governor Inslee's "Safe Start" order, a consequence of the Covid-19 pandemic. The public is invited to attend the meeting telephonically using the call-in instructions below, or join the meeting via the link below.

Join from a PC, Mac, iPad, iPhone or Android device:
Please click this URL to join. https://sumnerwa-gov.zoom.us/s/82716990593

Or join by phone:
Dial(for higher quality, dial a number based on your current location):
US: +1 253 215 8782 or +1 669 900 6833 or +1 346 248 7799 or +1 312 626 6799 or +1 929 205 6099 or +1 301 715 8592
Webinar ID: 827 1699 0593
International numbers available: https://sumnerwa-gov.zoom.us/u/kcEIY8fRJr

CALL TO ORDER

Roll Call: Patrick Reed (Chair), Barbara Bitetto, Charla Neuman. (Alternate Cindi Hochstatter).

COMMITTEE BUSINESS

1. Ordinance No. XXXX - Budget Amendment (Park Development)
2. Resolution No. XXXX - Interlocal Agreement with East Pierce Fire & Rescue
3. Policy Discussion - Debt Management
4. Motion to Approve Surplus

REPORTS

1. Monthly Sales Tax Report
2. Utility Billing - Covid 19 Impact
3. Munis Implementation Update
4. Recruitment & Negotiation Update

ADJOURNMENT

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 10, 2021
AGENDA BILL: 21-715

SUBJECT: Ordinance No. XXXX - Budget Amendment (Park Development) **CATEGORY:** Ordinance

BUDGET IMPACT:
Expenditure Required: $135,000 Within Budget Allocation: N/A

ATTACHMENTS:
1. Ordinance - BA 02162021
2. 2021 2022 BA 02162021 Parks

STAFF CONTACT: Derek Barry, Community Services Manager

SUMMARY BACKGROUND:
The property located at 4811 E Valley Hwy was recently purchased for a future park with funding assistance from Pierce County Conservation Futures. The next steps include asbestos and lead testing and abatement, demolishing the small building, clearing the site, vegetation removal, environmental work and hiring a consultant to complete a master plan.

The proposed Ordinance amends the adopted 2021/2022 biennial budget to transfer $135,000 from Fund 605 (Development Impact Fee Fund) to Fund 310 (Parks Capital Improvement Fund) and appropriate $135,000 for use in Fund 310 for park development.

COUNCIL COMMITTEE/STUDY SESSION:
MEETING/STUDY SESSION DATE: 2/10/2021
COMMITTEE RECOMMENDATION: No

STAFF RECOMMENDATIONS/MOTION:
Approve Ordinance No. xxxx amending the 2021/2022 Biennial Budget.

ORDINANCE NO. xxxx
CITY OF SUMNER, WASHINGTON

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SUMNER, WASHINGTON, AMENDING THE 2021-2022 BIENNIAL BUDGET AS ORIGINALLY ADOPTED IN ORDINANCE NO. 2758, APPROVED DECEMBER 7, 2020..

WHEREAS, The Sumner City Council approved Ordinance No. 2758 which adopted a biennial budget for fiscal years 2021-2022; and

WHEREAS, RCW 35A.34 provides procedures for adopting, managing, and amending a biennial budget; and

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

Section 1. **Amendment.** The biennial budget for the City of Sumner for the period January 1, 2021 through December 31, 2022 as contained in the adopted 2021-2022 Biennial Budget for total revenue/sources and expenditures/uses as approved by the City Council, is hereby amended by Total Revenue and Expenditures for each fund as shown on the attached Exhibit A.

Section 2. **Corrections by City Clerk or Code Reviser**. Upon approval of the city attorney, the city clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; ordinance, section, or subsection numbering; or references to other local, state, or federal laws, codes, rules, or regulations.

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

Section 4. **Effective Date.** This Ordinance shall become effective five (5) days from and after its passage, approval, and publication as provided by law.

Passed by the City Council and approved by the Mayor of the City of Sumner, Washington, at a regular meeting thereof this 16th day of February, 2021.

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Mayor William L. Pugh

ATTEST: **APPROVED AS TO FORM:**

__________________________ ________________________________
City Clerk Michelle Converse, CMC City Attorney Andrea Marquez

Funds	Beginning Fund Balance *Adopted*	Revenues *Adopted*	Revenues *02/16/21*	Expenditures *Adopted*	Expenditures *02/16/21*	Ending Fund Balance *Revised*
001 General	$ 5,978,542	$ 31,643,467	$ -	$ 31,919,065	-	$ 5,702,943.72
002 General Fund Reserves	980,824	-	-	-	-	980,824
003 Building Reserves	475,000	200,000	-	80,000	-	595,000
103 Complete Streets	241,851	-	-	200,000	-	41,851
105 Drug Enforcement	63,457	-	-	4,500	-	58,957
106 Hotel/Motel	273,747	215,000	-	106,245	-	382,502
200 Debt Service	2,570,000	527,200	-	520,000	-	2,577,200
221 LID Guarantee	694,969	-	-	-	-	694,969
302 Sidewalk	477,769	4,308,069	-	3,524,069	-	1,261,769
305 Real Estate Excise Tax	1,093,200	1,600,000	-	-	-	2,693,200
307 LID Capital Project Fund	9,545	-	-	-	-	9,545
310 Parks & Trails Capital Fund	544,740	1,237,500	135,000	1,237,500	135,000	679,740
320 Street Capital Fund	826,206	6,709,520	-	7,679,245	-	(143,519)
325 Facilities Capital Fund	183,773	26,200,000	-	15,700,000	-	10,683,773
401 Water	13,477,844	11,104,747	-	15,719,366	-	8,863,225
402 Wastewater	20,996,349	15,706,582	-	18,404,296	-	18,298,635
403 Utility Bond Reserves	1,729,536	-	-	-	-	1,729,536
408 Stormwater	14,788,274	14,201,134	-	18,573,507	-	10,415,901
410 Cemetery Operations	31,493	1,352,800	-	1,358,895	-	25,398
415 Cemetery Development	-	-	-	-	-	-
440 Animal Control	12,239	1,496,319	-	1,460,055	-	48,503
501 Unemployment Insurance	43,989	-	-	3,055	-	40,934
550 Fleet Management	6,261	1,251,664	-	1,251,660	-	6,265
551 Information Technology	273,009	2,385,042	-	2,385,040	-	273,011
555 Equipment Reserve	1,013,749	1,297,245	-	790,000	-	1,520,994
601 Cemetery Endowment	1,472,385	60,000	-	-	-	1,532,385
603 Alder Ave Remediation	25,649	-	-	-	-	25,649
605 Development Impact Fees	7,026,351	700,000	-	3,397,200	135,000	4,194,151
611 Firemen's Pension	11,832	160,000	-	160,000	-	11,832
Total All Funds	$ 75,322,583	$ 122,356,289	$ 135,000	$ 124,473,699	$ 270,000	$ 73,205,173

CITY OF SUMNER WASHINGTON

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 10, 2021
AGENDA BILL: 21-703

SUBJECT: Resolution No. XXXX - Interlocal Agreement with East Pierce Fire & Rescue

CATEGORY: Information Only

BUDGET IMPACT:

Expenditure Required: None

Within Budget Allocation: N/A

ATTACHMENTS:

1. Staff Memo
2. Adopted Fee Schedule

STAFF CONTACT: Doug Beagle, Development Services Director, Jason Wilson, City Administrator

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SUMMARY BACKGROUND:

In late 2019, East Pierce Fire and Rescue (EPFR) approached the City asking to amend our current Interlocal Agreement related to permit fees for fire review services. EPFR desired to adopt a new fee structure that would ensure alignment between all cities within the district and cover associated costs.

Tonight staff will review EPFR's request with the committee.

COUNCIL COMMITTEE/STUDY SESSION: **Community Development Committee**
MEETING/STUDY SESSION DATE:
COMMITTEE RECOMMENDATION: No

STAFF RECOMMENDATIONS/MOTION:

CITY OF
SUMNER
WASHINGTON

Memorandum

DATE: January 25, 2021
TO: Mayor and City Council
FROM: Jason Wilson, City Administrator
RE: East Pierce Fire 2021 ILA

In April of 2008 the residents of Sumner voted to annex into the East Pierce Fire and Rescue district. The City and the District entered into an interlocal agreement (ILA) in October of 2008 to resolve certain issues regarding the on-going post-annexation relationship between the two organizations. Most of the ILA focused on areas of responsibility and asset management/ownership. The initial term of the agreement was fifteen (15) years and it shall automatically renew annually unless terminated. The City Administrator and Fire Chief have the authority to enter into "additional agreements to fulfill the spirit and purpose of collaborative inter-governmental efficiency and sharing of resources."[1] Additionally either party may request to reopen the contract for renegotiation by giving the other party ninety (90) days written notice.

On December 9, 2019, the City was notified by EPFR Chief Backer that they desired to reopen the ILA and replace it in its entirety. The request was made to provide alignment of common agreement terms and conditions between all the cities that are located within the fire district. Additionally, the EPFR board of commissioners adopted a new fee schedule that they desired all cities to follow, with the goal of making the fire prevention division operate under a full cost recovery model (no subsidy from the district—paid for with user fees). The fire prevention division includes permit review, commercial inspections and fire investigations.

Under the current ILA Sumner collects the fire review fees on all building permits. The current review fee is 35% of the total building permit. From the 35%, Sumner retains 30% as an administrative fee.

Current ILA	
Plan Review Fee	$100.00
Fire Review Fees - 35% of Plan review Fees	$35.00
Payment to EPFR - 70% of Fire Review Fees	-$24.50
City Revenue - 30% of Fire Review Fees	$10.50

Under the current ILA the City collects $75.50 in revenue and pays EPFR $24.50 for Fire Review Services.

[1] ILA Section I(B).

EPFR is proposing adjusting the fire review fee to 40% of the total building permit. Further, Sumner would not be able to retain an administrative fee from the 40%. Any administrative fee would need to be passed on to the customer or absorbed by Sumner.

2021 Proposed ILA	
Plan Review Fee	$100.00
Fire Review Fees - 40% of Plan review Fees	$40.00
Payment to EPFR - 100% of Fire Review Fees	-$40.00
City Revenue - 0% of Fire Review Fees	$0.00

Under the proposed ILA the City collects $60 in revenue and pays EPFR $40 for Fire Review Services.

This is a significant change for some of the cities served by EPFR.

	Bonney Lake	Edgewood	Milton	Sumner	South Prairie
Permit Fees	0%	5%	40%	35%	0%
Admin Fee Retained	N/A	?	20%	30%	N/A

The financial impact of EPFR's request is $62,000 a year of lost revenue:

	Current	2019 RV		Proposed	2019 RV	Net Change
Fire Review Fee (% of building permit)	35%	$ 139,000		40%	$ 159,000	$ (20,000)
City Administrative Holdback	30%	$ 42,000		0%	$ -	$ (42,000)
East Pierce Fire Revenue		$ 97,000			$ 159,000	$ 62,000

There are three options for addressing EPFR's request:

- Option 1—Increase our fees: The City could adjust our fees to offset the loss of revenue. This could be accomplished by raising the building permit fee or adding an administrative charge to cover the loss of revenue.

- Option 2—Accept their proposed language:

- Option 3—Take over fire permit review ***(Recommended)***:

Staff recommends bringing fire permit review back to the City. Doing so would provide us greater oversight of the permitting process, keep our permit fees lower and be cost effective. Staff is in early discussions with the City of Bonney Lake to share fire permit review responsibilities. Partnering with Bonney Lake will provide the city additional staffing depth and be more cost effective.

Emergency Management:

The original ILA required EPFR to be the lead organization for emergency management response and planning. In 2013 the City informed EPFR that we would take that responsibility back. Any amended ILA should reflect that change.

Fire Investigations:

Fire investigations are currently covered under the fire prevention section of the ILA. The City and EPFR will need to discuss possible financial impacts of these services. These services may also be available through the Pierce County Fire Marshall's office.

Commercial inspections:

Many fire districts conduct annual or bi-annual commercial inspections relating to fire safety and fire response planning. EPFR has not had the staffing to conduct these inspections regularly. Conducting more regular inspections would have a positive impact on our insurance rating which would result in lower fire insurance premiums. The City and EPFR will need to discuss possible financial impacts.

Kenworth Fire Engine:

Consistent with the existing ILA the City would maintain ownership. The City is responsible for housing and maintaining it. EPFR has been storing the engine at the Sumner Station. They no longer have room and are proposing moving it to the Milton Station. The City will be planning for future storage as part of the Operations Facility. The City and EPFR will continue to coordinate use of the Engine for community events.[2]

Other Apparatus:

The original ILA listed several vehicles that were transferred to EPFR for their use. The ILA required EPFR to turn the vehicles back over to the City when they are no longer needed. The City would then have the sole discretion to surplus or dispose of the vehicles with no compensation to EPFR.[3]

All but two of the vehicles have already been surplused by EPFR after receiving approval from the City Council. The two remaining apparatus are the Simon Ladder Aerial Truck and the Pierce Dash Fire Engine. It is believed the original intent of this provision was for the city to maintain control over assets that it invested in incase the City decided to start a City fire department again. It is highly likely that it would not be economically feasible, nor advised, to reenter the fire service. The ladder truck and engine are reaching end of life and are being moved to training or backup fleet positions. They do have value (est. $50,000), but they will continue to depreciate each year.

Fire Station located at 800 Harrison St.

As part of the original ILA, the City deeded the fire station building over to EPFR for as long as it is being used to deliver fire and medical services to the City. The deed includes a revisionary

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[2] ILA Section II(B)

[3] ILA Section II(C)

clause providing that if the building is no longer used for those services, it reverts to the City. There are no proposed changes to this section.[4]

[4] ILA Section II(A)

EAST PIERCE FIRE AND RESCUE

Resolution No. 883

A RESOLUTION TO THE BOARD OF FIRE COMMISSIONERS FOR EAST PIERCE FIRE & RESCUE EXTABLISHING FEES AND CHARGES FOR CALENDAR YEAR 2019 and 2020.

WHEREAS, The Board of Fire Commissioners finds it in the best interest of the District and its citizens to provide a single, efficient, and convenient listing of all fees and charges billed by the District; and

WHEREAS, such a listing will better facilitate the updating and uniform review of all such fees and charges on a periodic basis; and

WHEREAS, previous Resolutions for fees and charges that require periodic review are hereafter amended;

NOW THEREFORE BE IT RESOLVED, by the Board of Commissioners of East Pierce Fire & Rescue that the following fees and charges are established:

ADOPTED at a regular meeting of the Board of Commissioners on August 20, 2019, the following Commissioners being present and voting:

Dale J. Mitchell
Chair Dale Mitchell

Commissioner Randy Kroum

Commissioner Kevin Garling

Commissioner Jon Napier

Commissioner Pat McElligott

Commissioner Mike Cathey

Edward M Egan
Commissioner Ed Egan

ATTEST:

Michelle Hollon
Michelle Hollon, District Secretary

Medical Transport Fees (supersedes resolution #774)

BLS Transport	$850.00
ALS1 Transport	$1050.00
ALS2 Transport	$1150.00
Mileage Rate	$22.00 per mile

Unit/Personnel Standby and Reimbursement (minimum of 4 hours, billed in 1 hours increments after 4 hours)

Fire Engine (requires 3 personnel minimum)	WA State Wage & Equipment Rate
Ladder Truck (requires 3 personnel minimum)	WA State Wage & Equipment Rate
Command Unit (requires 1 personnel minimum)	WA State Wage & Equipment Rate
Brush Engine (requires 2 personnel minimum)	WA State Wage & Equipment Rate
Tender (requires 2 personnel minimum)	WA State Wage & Equipment Rate
Medic Unit (requires 2 personnel minimum)	WA State Wage & Equipment Rate
Gator/UTV (requires 2 personnel minimum)	WA State Wage & Equipment Rate
Personnel	Billed at actual cost

Class Fees – individuals (supersedes resolution #639):

CPR Only (District resident)	$20.00 per student
CPR Only (Non-District resident)	$35.00 per student
CPR/First Aid (District resident)	$40.00 per student
CPR/First Aid (Non-District resident)	$70.00 per student
Hand Only CPR (not certificated)	No Charge – Based on instructor availability
Safe Sitter class	$40.00 per student

Class Fees - groups (supersedes resolution #639):

CPR or First Aid (Non-Profit)	$625.00
CPR or First Aid (For-Profit)	$800.00
CPR and First Aid (Non-Profit)	$1,000.00
CPR and First Aid (For-Profit)	$1,200.00

Products:

Bike Helmets	Managed by IAFF Local 3520

Medical Record Request Fees (WAC 246-08-400):

Clerical Fee	$26.00
*HITECH Clerical Fee	$15.00
First 30 pages	$1.17 per page
Additional pages	$0.88 per page

*HITECH Act, 42 U.S.C. § 17935 (e)(1) 45 C.F.R. § 164.524 (c)(4) (cost-based fee)

Record Request Fee (WAC 42.56.120):

First 10 pages	No charge
Additional pages	$0.15 per page

Fire Marshal Fees (except where superseded by direct contract):

Base hourly fee	$146.37
***Investigations**	2-hour base hourly fee minimum
Fire Marshal plan review and construction inspections Covers all scheduled project cost from permit application through final certificate of occupancy. Does not cover re-inspection and after hour inspections.	40% of the building permit fee At no time will the fee result in an amount of less than those defined for fire sprinkler, fire alarm, and fire suppression systems.
Other inspections, reviews, and fees (when no building permit is issued)	
*Fire alarm plan review & inspections – Multi-family, commercial, and industrial	5-hour base hourly fee minimum
*Fire alarm plan review & inspections – Residential	3-hour base hourly fee minimum
*Sprinkler system plan review & inspections	3-hour base hourly fee minimum
*Other fire suppression systems plan review & inspections	3-hour base hourly fee minimum
Site plan	3-hour base hourly fee
Developer agreement	3-hour base hourly fee
Pre-application/construction	3-hour base hourly fee
Subdivision	3-hour base hourly fee
Alteration/amendment of subdivision (5+ lots)	3-hour base hourly fee
Short plat	3-hour base hourly fee
Alteration/amendment of short plat (0-4 lots)	2-hour base hourly fee
Temporary use inspection (tents, booths, etc.)	2-hour base hourly fee
Vehicle gate inspection	2-hour base hourly fee
Commercial demolition	2-hour base hourly fee
Re-inspections fees	2-hour base hourly fee
*Inspections, reviews, and services not listed above	2-hour base hourly fee minimum

After hours inspections	2-hour base hourly fee minimum times 1.5. Each additional hour at 1.5 times base hourly fee.
Large burn pile inspections (paid directly to Fire District)	1-hour base hourly fee

*Converts to base hourly fee after minimum time is completed

Any city administrative charges for collection, routing, and tracking of plans will be collected in addition to those fees listed above.

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 10, 2021
AGENDA BILL: 21-718

SUBJECT: Policy Discussion - Debt Management

CATEGORY: Information Only

BUDGET IMPACT:

Expenditure Required: None

Within Budget Allocation: N/A

ATTACHMENTS:

1. Debt Management Policy 2021

STAFF CONTACT: Kassandra Raymond, Chief Financial Officer

SUMMARY BACKGROUND:

Currently, Resolution No. 1237 outlines the City's debt policies. The debt section in the Resolution is limited, and City staff recommends development of a comprehensive debt management policy.

COUNCIL COMMITTEE/STUDY SESSION:
MEETING/STUDY SESSION DATE:
COMMITTEE RECOMMENDATION: No

STAFF RECOMMENDATIONS/MOTION:

Review proposed debt policy for discussion.

CITY OF SUMNER DEBT MANAGEMENT POLICY	
Subject: Debt Management Policy	
	Page: 1 of x
Effective Date: February 15, 2021	**Approved:**

1.0 PURPOSE AND OBJECTIVE

This City of Sumner Debt Management Policy sets forth guidelines for the issuance and management of all financings of the City of Sumner, WA. Adherence to this policy is essential to ensure that the City maintains a sound debt position and protects the quality of the City's credit.

The objective of this policy is to provide a framework for prudent and cost-effective issuance of debt. This framework will provide guidance for:

- Types and use of debt;
- Issuing short and long-term Debt; and
- Roles and responsibilities for debt issuance and post-issuance management and reporting;

2.0 GOVERNING LAW

For the issuance and management of all debt, the City shall comply with the state constitution and with all other legal and regulatory requirements imposed by federal, state, and local laws, rules, and regulations.

2.1.0 State Law: Municipal debt is proscribed through federal, state, and local law and regulations.

The City of Sumner may contract indebtedness as provided by RCW Chapter 35A.

Indebtedness is subject to limitations provided for in RCW 35A and Article VIII of the Washington State Constitution.

Bonds evidencing such indebtedness shall be issued and sold in accordance with RCW 39.46.

Staff and the City Council will adhere to the standards of conduct as stipulated by the:

- City of Sumner Personnel Policies;
- Public Disclosure Act (RCW 42.17);
- Code of Ethics for Municipal Officers (RCW 42.23); and
- Ethics in Public Service Act (RCW 42.52).

2.2.0 Federal Laws, Rules, and Regulations: The City of Sumner shall issue and manage debt in accordance with federal rules and regulations, including the Internal Revenue Code of 1986, as amended, the Treasury Department regulations thereunder, and the Securities Acts of 1933 and 1934, and applicable Securities and Exchange Commission regulations thereunder.

2.3.0 Local Laws, Rules, and Regulations: The City of Sumner shall issue and manage debt in accordance with the Sumner Municipal Code, the City of Sumner Financial Management Policies, resolutions, rules, and regulations.

3.0 USE OF DEBT

The City of Sumner may issue debt solely for the purpose of financing or refinancing the cost of design, acquisition, and/or construction of long-lived capital assets, or to refund outstanding debt. When considering the issuance of debt, the City will consider the costs of needed improvements balanced against the benefit for both current and future citizens.

4.0 PERMITTED DEBT TYPES

The City of Sumner may issue debt using the debt instruments noted below:

4.1.0 Short-Term Obligations

a) Short-term borrowing will only be used to meet the immediate financing needs of a project for which long-term financing is secured but not yet received.

b) Short-term borrowing will typically not exceed a twenty-four month period;

c) The City may issue interfund loans when appropriate to meet short-term cash flow needs.

   1) Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of the funds will not impact the fund's current operations.

   2) All interfund loans will be subject to Council approval, will bear interest based on prevailing rates and have terms consistent with state guidelines for interfund loans.

4.2.0 Assessment / Local Improvement District (LID) Bonds: Assessment bonds will be considered in place of general obligation bonds, where possible, the assure the greatest degree of public equity. Local Improvement District (LID) Bonds represent debt that is repaid by the property owners show benefited from the capital improvement through annual assessments paid to the City. LIDs are formed by the City Council after a majority of property owners agree to the assessment. LID administration is set forth by RCW 35.43.

4.3.0 Unlimited Tax General Obligation Bonds (UTGO): Also known as "voted debt", UTGO debt is payable from excess tax levies and subject to 60% voter approval.

4.4.0 Limited Tax General Obligation Bonds (LTGO): Also known as "councilmanic" or "non-voted" debt, LTGO debt is backed by the full faith and credit of the City and is payable from General Fund revenues and taxes collected by the City;

LTGO bonds can be issued with approval from the City Council when:

a) A project requires funding not available from other sources;

b) Matching funds are available which may be lost if not applied for in a timely manner, or;

c) Emergency conditions exist (formally declared by the Mayor).

4.5.0 Revenue Bonds: Revenue bonds are used to finance construction or improvements to facilities of enterprise systems operated by the City and are generally payable from the enterprise. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City's statutory debt limit nor is voter approval required.

Revenue bonds can be issued with approval from the City Council when:

a) A project is listed in the most current rate model (if applicable);

b) A project requires funding not available from other sources;

c) Matching funds are available which may be lost if not applied for in a timely manner, or;

d) Emergency conditions exist (formally declared by the Mayor).

4.6.0 Leases: Lease purchase or financing contracts are payment obligations that represent principal and interest components which are general obligations of the City.

4.7.0 Other Loan Programs

4.7.1 Public Works Trust Fund Loans are loans from the Washington State Public Works Board, authorized by state statute RCW 43.155 to loan money to repair, replace, or create domestic water systems, sanitary sewer systems, storm sewer systems, roads, streets, solid waste and recycling facilities, and bridges.

4.7.2 The Local Option Capital Asset Lending (LOCAL) Program is a financing contract with the Washington Office of the State Treasurer under RCW 39.94. It is an expanded version of the state agency lease/purchase program that allows pooling funding needs into larger security offerings. This program allows local government agencies the ability to finance equipment needs through the State Treasurer's Office, subject to existing debt limitations and financial considerations.

4.7.3 Other state funded programs (Department of Ecology, Department of Commerce, e.g.)

4.8.0 Alternative Debt: No variable rate or derivative products shall be utilized.

5.0 LIMITATIONS OF DEBT

5.1.0 Legal Debt Limits: General obligation debt is constitutionally and statutorily limited (RCW 39.36.020):

a) The general obligation debt of the City of Sumner shall not exceed an aggregate total of 7.5% of the assessed valuation of the taxable property within the City. General obligations include:

1) General Obligation Bonds (voted and non-voted), including bond anticipation notes (BAN) which are to be paid off with proceeds of the bonds. Interest is included only if it has matured and is due and payable;

2) Executed conditional sales or installment sales contracts pledging the full faith and credit of the taxing district (RCW 39.30.010);

3) Accounts payable, final judgments payable, or combined obligations of the general or other tax supported funds;

4) Compensated absences (e.g. vacation and sick leave) to the extent that they are certain obligations of determined amount, or employee vested;

5) Other obligations of the general or other tax supported funds, except for loan agreements (statutory limit only) with agencies of the state of Washington or other USA dated on or after April 3, 1987 (RCW 39.36.060 and 39.69.020);

6) Obligations of internal service funds that provide services to the general or other tax supported funds;

7) Municipal leases (RCW 35.42.200).

b) The following individual percentages shall not be exceeded in any specific debt category:

1) General Debt: 2.5% of assessed valuation;

2) Non Voted Limited Tax General Obligation Bonds (LTGO): 1.5% of assessed valuation;

3) Voted Unlimited Tax General Obligation Bonds (UTGO): 1.0% of assessed valuation;

4) Utility Debt: 2.5% of assessed valuation;

5) Open Space & Park Facilities: 2.5% of assessed valuation.

c) Debt Limit Target:

1) Long-Term Debt: The City of Sumner shall not exceed 80% of the legal debt limits from above.

2) Short-Term Debt: The City of Sumner shall not exceed 10% of its total debt.

5.2.0 City Policy Limits: When considering the issuance of debt, the City will adhere to the guidelines below:

a) The City will establish and implement a comprehensive multi-year Capital Improvement Program (CIP);

1) The CIP may include the utility rate model, adopted biennial budget, Capital Facilities Plan, or other adopted plans.

2) Financial analysis of funding sources will be conducted for all proposed capital improvement projects;

3) Debt will be issued in accordance with the CIPs as necessary.

b) Long-term borrowing shall be limited to capital improvements or similar projects with an extended life when it is not practical to be financed from current revenues;

c) Non-capital furnishings, supplies, and personnel will not be financed from bond proceeds;

d) Interest, operating, and/or maintenance expenses will be capitalized only for enterprise activities and will be strictly limited to those expenses incurred prior to actual operation of the facility(ies);

e) The City will not use long-term debt to finance current operations;

f) Utility debt will be secured solely by the revenues of the utility(ies);

g) Assessment debt will be secured solely by the revenues of the Utility Local Improvement District (ULID) or Local Improvement District (LID) and will not be secured by a pledge of the City's general revenues unless authorized by a vote of the majority plus one (supermajority) of the City Council;

h) The City may, as determined by the City Council, consider using long-term debt toward public improvements, which have an identified public benefit to the City, associated with economic development to the extent that new revenues from the project, in excess of those identified by the City Council for other City purposes can be agreed upon to support the debt service.

5.3.0 Financial Limits

a) The City will plan and direct the use of debt so that debt service payments are a predictable and manageable part of the City's operating budget;

b) When issuing debt is recommended, the source of funds to cover debt service requirements must be identified;

6.0 DEBT STRUCTURE AND REPAYMENT

6.1.0 Term, Payback Period, and Average Maturity

a) Long-term debt will be structured in such a manner so that the term of the debt does not exceed the expected useful life of the asset or improvement being financed;

b) General Obligations bonds will be issued with maturities of thirty (30) years or less unless otherwise approved by City Council (RCW 39.46.110);

c) The maturity of assessment bonds shall not exceed statutory limitations (RCW 36.83.050).

6.2.0 Debt Service Structure: Unless otherwise justified and approved by City Council, debt service should be structured on a level repayment basis.

6.3.0 Advance Refunding or Current Refunding bonds: The City will use refunding bonds, where appropriate and allowable, when restructuring its current outstanding debt. A debt refinance is a refinance of debt typically done to take advantage of lower interest rates. Unless otherwise warranted, such a as a desire to remove or change a bond covenant, a debt refunding will not be pursued without a sufficient net present value benefit after expenses.

6.4.0 Maturity Structure: The City of Sumner's long-term debt may include serial and term bonds. Unless otherwise justified, term bonds should be sold with mandatory sinking funds.

6.5.0 Other structuring practices

a) Bond amortization schedules will be structured to minimize interest expense with the constraints of revenues available for debt service;

b) The bonds should include call features to maximize the City's ability to advance refund or retire the debt early. Call features should be balanced with market conditions to ensure that the total cost of financing is not adversely affected;

c) If appropriate, debt service reserve funds may be used for revenue bonds;

7.0 DEBT ISSUANCE PRACTICES

7.1.0 General Practices: When issuing debt, the City will adhere to the following practices:

- City Council approval is required prior to the issuance of debt.
- An analytical review shall be conducted prior to the issuance of debt including, but not limited to, monitoring of market opportunities and structuring and pricing of the proposed debt.
- The City will seek to maintain and, if possible, improve current bond ratings to minimize borrowing cost and preserve access to credit. The City will continually strive to maintain its bond rating by improving financial policies, budgets, forecasts, and the financial health of the City so its borrowing costs are minimized and its access to credit is preserved. The City will maintain good communication with bond rating agencies about its financial condition, coordinating meetings, and presentations in conjunction with a new issuance as necessary.
- Compliance with Statutes and Regulations: The Administrative Services Director, Chief Financial Officer, City Attorney, and bond counsel shall coordinate their activities and review all debt issuance to ensure that all securities are issued in compliance with legal and regulatory requirements by the State of Washington and the Federal Government's laws, rules, and regulations.

7.2.0 Sales Method and investment of proceeds

The Administrative Services Director or his/her designee shall determine the method of sale best suited for each issue of debt, with subsequent approval by the City Council;

- Competitive Bid Method
  - The City will generally issue debt through a competitive process. For any competitive sale of debt, the City will award the issue to the underwriter offering to buy the bonds at a price and interest rate(s) that provide the lowest True Interest Cost (TIC);
  - Bids may take the form of hand-delivered or electronically transmitted offers to purchase the bonds;
- Negotiated Bid Method
  - When deemed appropriate, the Chief Financial Officer will submit to the City Council a request to sell the debt issue on a negotiated basis.
  - If debt is sold on a negotiated basis, the negotiations of terms and conditions shall include, but not be limited to, prices, interest rates, underwriting or remarketing fees and commissions;
  - The City will provide for the sale of debt by negotiating the terms and conditions of sale when necessary to minimize the costs and risks of borrowing under the following conditions:
    - The bond issue is, or contains, a refinancing that is dependent on the market/interest rate timing;
    - At the time of issuance, the interest rate environment or relevant economic factors impacting the bond issue are volatile;
    - The nature of the debt is unique and requires particular skills from the underwriter(s) involved;
    - The debt issue is bound by a compressed timeline due to extenuating circumstances such that time is of the essence and a competitive process cannot be effectively accomplished;
  - No debt issue will be sold on a negotiated basis without an independent municipal advisor.
- Private Placement Method
  - When deemed appropriate to minimize the costs and risks of the City of Sumner's debt issue, the Chief Financial Officer will submit to the City Council a request to sell the debt issue through private placement;
  - If debt is sold via private placement, the negotiations of terms and conditions shall include, but not be limited to, prices, interest rates, placement or remarketing fees and commissions;

- Bond Insurance: For each issue, the City will evaluate the costs and benefits of bond insurance and other credit enhancements. Any credit enhancement purchase by the City shall be competitively procured.

8.0 DEBT MANAGEMENT PRACTICES

8.1.0 Investment of Bond Proceeds: The City shall comply with all applicable Federal, State, and contractual restrictions regarding the investment of bond proceeds, including City of Sumner policies.

8.2.0 Rating Agencies: The Chief Financial Officer shall manage relationships with the rating analyst(s) assigned to the City of Sumner's credit, using both informal and formal methods to disseminate information.

a) Communication with rating agencies shall include:
   a) Full disclosure on an annual basis of the financial condition of the City of Sumner;
   b) Timely disclosure of any financial events that may impact the City of Sumner's credit;
   c) Timely dissemination of the Annual Financial Report, following release of the audit report;
   d) Complete and timely distribution of any documents pertaining to the sale of bonds.
b) Credit Objective: The City of Sumner shall seek to maintain and improve its credit rating (Moodys S&P)

8.2.0 Continuing Disclosure: The City shall provide annual disclosure information to established national information repositories and maintain compliance with disclosure statements as required by state and national regulatory bodies.

Disclosure shall take the form of the annual financial statements prepared in accordance with Washington State Office of the State Auditor guidelines, unless information is required by a particular bond issue that is not necessarily contained within the financial statements.

The Chief Financial Officer shall be the Compliance Officer for disclosure requirements.

8.3.0 Arbitrage Rebate monitoring and filing: Arbitrage is the interest earned on the investment of the bond proceeds above the interest paid on the debt. The City will, unless otherwise justified, use bond proceeds within the established time frame pursuant to the bond ordinance, contract, or other documents in order to avoid arbitrage. If arbitrage occurs, the City will fully comply with all arbitrage rebate requirements of the federal tax code and Internal Revenue Service regulations, and will perform (internally or by contracted consultants) arbitrage rebate calculations for each issue subject to rebate. All necessary rebates will be filed and paid when due in order to preserve the tax-exempt status of the outstanding debt.

8.4.0 Accounting for the issuance of debt: The City of Sumner shall account for the issuance of debt as established by the Washington State Office of the State Auditor Budget, Account, and Reporting System (BARS) Manual for Cash Accounting.

Cost of issuance shall be reported as an expenditure rather than netted against proceeds.

8.5.0 Periodic Review: The City's debt policy shall be adopted by City Council. The policy shall be reviewed every four (4) years by the Council Finance and Personnel Committee. Modifications shall be submitted to and approved by City Council.

9.0 ROLES AND RESPONSIBILITIES

9.1.0 Legislative Authority: It is the responsibility of the City Council to:

a) Approve projects to be financed (as part of a capital plan);
b) Approve appointment of an independent municipal advisor and bond counsel;

c) Adopt an ordinance authorizing the issuance and sale of debt and determine whether the execution of a sale will be delegated to a designated representative (City Administrator, Administrative Services Director, or Chief Financial Officer) within the parameters for the delegation (RCW 39.46.040);

d) Approve and oversee the implementation of this Debt Policy;

e) Approve budgets sufficient to provide for the timely payment of principal and interest on all debt;

f) Approve Issuance and Post-Issuance Tax Compliance and Disclosure Policies;

g) Provide oversight for a bond sale, including appropriate review and approval of the disclosure documents (Preliminary and final Official Statements.

9.2.0 Staff Roles: The primary responsibility for debt management rests with the Administrative Services Director and Chief Financial Officer. The Chief Financial Officer shall:

a) Provide for the issuance of debt at the lowest possible cost and risk;

b) Determine the available debt capacity;

c) Provide for the issuance of debt at appropriate intervals and in reasonable amounts as required to fund approved capital expenditures;

d) Recommend to the City Council the manner of sale of debt;

e) Monitor opportunities to refund debt and recommend such refunding as appropriate and allowable by law;

f) Comply with all Internal Revenue Service (IRS), Securities and Exchange Commission (SEC), and Municipal Securities Rulemaking Board (MSRB) rules and regulations governing the issuance of debt;

g) Provide for the timely payment of principal and interest on all debt; ensure that the fiscal agent receives funds for payment of debt service on or before the payment date;

h) Provide for and participate in the preparation and review of offering documents;

i) Provide for an participate in the preparation and review of disclosure documents;

j) Comply with all terms, conditions, and disclosure required by the legal documents governing the debt issued;

k) Submit to the Finance and Personnel Committee and City Council all recommendation to issue debt;

l) Distribute to Electronic Municipal Market Access (EMMA) information regarding financial condition and affairs at such times and in the form required by law, regulation, and general practice, including Rule 15c2-12 regarding continuing disclosure;

m) Provide for the distribution of pertinent information to rating agencies;

n) Maintain a current database with all outstanding debt;

o) Apply and promote prudent fiscal practices.

9.3.0 Professional Services: The City of Sumner shall procure professional services as required to execute financing transactions and to advise on non-transaction related work. The City's Administrative Services Department shall be responsible for the solicitation and selection for professional services necessary to administer the City's debt program. Professional services may be provided by Municipal Advisors, Legal Counsel (Bond, Disclosure and Tax Counsel), underwriters, and other service providers such as rating agencies, trustees or escrow agents, verification agents, printers, arbitrage rebate calculation firms, bidding agents, and credit enhancement providers.

9.3.1 Selection Process: The selection of financial and legal professionals to assist the City of Sumner in carrying out financing programs must be consistent with procurement procedures that may be required by federal, state or local law, or by local policy.

The selection of financial and legal professionals to assist the Issuer in carrying out financing programs must be consistent with procurement procedures specified by the City of Sumner Purchasing and Contracting Manual.

Respondent's to procurement shall be required to disclose the following general information in their proposals, in addition to any specific questions relating to the professional's field:

a) Name of any persons or firms, including but not limited to, attorneys, lobbyists, and public relations firms that they engaged to promote their selection by the City of Sumner;

b) Names of any persons or firms form whom they received or may receive, directly or indirectly, any renumeration arising out of or relating in any way to their relationship with the City of Sumner, including but not limited to renumeration for promotion such persons or firms for selection by the City of Sumner;

c) The existing and nature of any agreements by and between themselves and any other professionals that relate to a particular City of Sumner financing or to the City of Sumner's financing programs in general.

9.3.2 Municipal Advisor: The Issuer will select a municipal advisor (or advisors) to assist in the issuance and administration of all debt. The firm(s) selected as municipal advisor will provide a full range of advisory services in connection with the Issuer's financing programs and must be a duly registered Municipal Advisor under applicable Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB) rules.

The municipal advisor will provide the City with objective advice and analysis on debt issuance. This includes, but is not limited to, monitoring of market opportunities, structuring and pricing of debt, and preparing official statements of disclosure.

A municipal advisor under contract with the City will not purchase or sell any City of Sumner debt;

The Finance Department shall monitor the services provided by the Municipal Advisor(s).

See Exhibit A for a full scope of services.

9.3.3 Bond Counsel: Bond Counsel renders an opinion on the validity of an offering of debt, the security for the offering, and whether and to what extent interest on the debt is exempt from federal income tax.

All debt issued by the Issuer shall be accompanied by a written opinion by legal counsel affirming that the Issuer is authorized to issue the proposed debt, that the Issuer has met all federal, state, and local legal requirements necessary for issuance and, where applicable, a determination of the proposed debt's federal income tax status. This approving opinion and other documents relating to the issuance of debt shall be prepared by a nationally recognized legal firm with extensive experience in public finance and tax issues, significant operations in Washington State and experience with Washington State law.

The firm selected as Bond Counsel may be engaged to provide the full range of legal services required in connection with a) the issuance and delivery of particular bond issues ("Bonds") and b) on-going legal services for the Issuer financing programs, including advising the Issuer on compliance with regulatory requirements.

The Chief Financial Officer shall submit to the City Council a recommendation for the appointment of Bond Counsel(s). The recommendation shall be accompanied by an evaluation of options and a justification for the recommended course of action.

The General Counsel shall monitor the services rendered by the Bond Counsel(s).

A Bond Counsel under contract with the Issuer will not simultaneously represent any other party involved in an Issuer's financing, unless an expressively written waiver of the conflict of interest is obtained from the Issuer.

See Exhibit A for a full scope of services.

9.3.4 Underwriter: If a negotiated sale is approved under Section IV below, the City Administrator (or designee) shall select an underwriter(s). The primary role of the underwriter in a negotiated sale is to market the debt to investors and purchase the debt from the Issuer.

The selection of underwriters shall be based upon a competitive evaluation of proposals submitted in response to a Request for Proposals. Prior to starting work on a particular financing, the underwriter shall provide a complete and detailed list of all proposed fees and expenses, including, but not limited to takedown, management fees, and itemized not-to-exceed underwriting expenses to be paid by the Issuer. The underwriting expense component must be discussed/reviewed by the City prior to the day of pricing and finalized and approved on or before the day of pricing.

The Chief Financial Officer, with assistance from the independent municipal advisor, if applicable, shall monitor the services rendered by the underwriter(s).

If an issue is sold by a competitive sale, the issue will be awarded to the qualified bidder offering the lowest true interest cost to the issuer.

See Exhibit A for a full scope of services.

9.3.4 Arbitrage Rebate Calculation Firm: The Chief Financial Officer, shall, when deemed necessary, procure the services of an arbitrage rebate calculation firm. The purpose of the arbitrage rebate calculation firm is to provide arbitrage rebate compliance services in accordance with the Code.

See Exhibit A for a full scope of services.

9.3.5 Fiscal Agent: A fiscal agent will be used to provide accurate and timely securities processing and timely payment to bondholders. In accordance with RCW 43.80, the City will utilize the fiscal agent appointed by the State of Washington.

See Exhibit A for a full scope of services.

EXHIBIT A

Municipal Advisor Scope of Services

The scope of services provided by the municipal advisor(s) may include, but are not limited to, the following transaction-specific and ongoing advisory services:

- Recommend specific covenants, financing structure, indentures, and terms, including call provisions in relation to current market conditions and complexity of financing;
- Prepare and review preliminary and final official statements, including the official notice of sale, for accuracy and adequacy of disclosure;
- Review contracts, as necessary, if any, including: a) bond purchase contracts, b) liquidity facility agreements, c) remarketing agreements, and d) investment and trust agreements, relating to financial issues affecting the financing;
- Review Ordinances concerning the authorization and award of the financing;
- Prepare and review advertisements of sales in published and electronic media;
- Assist the City of Sumner in developing and presenting information to rating agencies, investors and other municipal market participants, including credit enhancement providers;
- Attend meetings of the City of Sumner relating to financial issues affecting the financing;
- Provide assistance in determining whether the financing should be sold competitively or negotiated;
- For competitive sales, attend bid openings to assist the City of Sumner with verification of bids, ensuring compliance with financing terms and conditions, and to recommend acceptance or rejection of bids;
- For negotiated sales, provide advice during the sale process to assure that the proposed coupon interest rates and yields reflect current market conditions and comparable sales and that underwriting compensation is reasonable;
- Provide assistance with the preparation and evaluation of RFPs for financial services including underwriting, trustee services, credit enhancement, escrow verification, liquidity facility, and derivative products;
- Provide assistance with the closing and delivery of securities;
- Provide post sale analysis, including an issue summary and Final Report for the financing;
- Provide calendars for upcoming issues and distribution lists that specify the names and addresses for parties working on a particular transaction;
- Assist the City of Sumner with any other financing matters relating to issuance that may be identified during a transaction, including preparing and reviewing set-up with electronic bid providers, investment of proceeds and reserves, bidding out escrow and escrow verification services, and CUSIP subscriptions;
- Provide advice regarding the administration of the City of Sumner's program and recommendations for legislative and other operational modifications, as requested;
- Monitor the City of Sumner's outstanding obligations, and identify refunding opportunities;

- Assist in the review and analysis of state and federal legislation pertaining to the City of Sumner's financing programs;
- Evaluate proposals on new products and other financing ideas received from underwriters, or other municipal market participants;
- Assist the City of Sumner in special projects relating to debt issuance and debt management, as assigned;
- Provide other services as are requested by the City of Sumner. The following criteria, not listed in order of significance, will be used to evaluate proposals:
    - Compliance with RFP requirements;
    - Firm's qualifications and experience in providing required services;
    - Qualifications and relevant experience of personnel assigned;
    - References;
    - Cost of services;
    - These criteria, combined with information obtained from interviews, and other sources, if any, will be used to determine the successful financial advisor(s).
- A financial advisor will provide the City of Sumner with objective advice and analysis, maintain the confidentiality of the City of Sumner's financial plans, and be free from any conflict of interest as defined by:
    - Ethics in Public Service Act;
    - Chapter 42.52 RCW;
    - Any other appropriate federal statute or regulation governing financial advisors.
- A financial advisor under contract with the City of Sumner will not purchase or sell any City of Sumner debt until underwriting accounts are closed or debt is freed from underwriter pricing restrictions, whichever occurs first;
- The fees paid to financial advisors shall be on an hourly or retainer basis. Unless otherwise justified, no fees shall be contingent on the sale of bonds or dependent upon the amounts of bonds sold;
- The Chief Financial Officer shall submit to the City Council a recommendation for the appointment of Financial Advisor(s). The recommendation shall be accompanied by an evaluation of options and a justification for the recommended course of action;
- The Finance Director shall monitor the services rendered by the Financial Advisor(s).

<u>Bond Counsel Scope of Services</u>

All debt issued by the City of Sumner shall include a written opinion by legal counsel affirming that the City of Sumner is authorized to issue the proposed debt, that the City of Sumner has met all federal, state, and local legal requirements necessary for issuance and a determination of the proposed debt's federal income tax status. This approving opinion and other documents relating to the issuance of debt shall be prepared by a nationally recognized legal firm with extensive experience in public finance and tax issues.

Unless otherwise justified, the appointment will be made from among nationally recognized law firms with significant operations in Washington State. The firm selected as bond counsel will be expected to provide the full range of legal services required in connection with a) the successful issuance and delivery of the bond issues ("Bonds") and b) on-going legal services for the City of Sumner ("Issuer") financing programs. The scope of services may include, but not be limited to, the following:

1) Services for Issuance and Delivery of Bonds:

   a) Render Legal Opinion(s). The bond counsel will render the bond counsel opinion regarding the validity and binding effect of the bonds, the source of payment and security for the bonds, and the excludability of interest on the bonds from gross income for federal income tax purposes.

   b) Prepare and Review Documents. The bond counsel will prepare and review the documents necessary or appropriate to the authorization, issuance, sale, and delivery of the bonds, coordination of the authorization and execution of these documents -- including authorizing and awarding Ordinances.

   c) Review Legal Structure of the Bonds. The bond counsel will review all legal issues relating to the structure of the bonds.

   d) Prepare or Review Offering Document(s). The bond counsel will prepare/review those sections of the offering document(s) to be disseminated in connection with the sale of the bonds that relate to the bonds, financing documents, bond counsel opinion, tax exemption, and the continuing disclosure undertaking of the Issuer.

   e) Assist with Presentations. The bond counsel will assist, as necessary, the Issuer in presenting information to a) bond rating organizations, b) investors, and, where appropriate, c) other municipal market participants, including credit enhancement providers, relating to legal issues affecting the issuance of the bonds.

   f) Participate in Meetings. The bond counsel will participate in meetings, as requested, relating to legal issues affecting the issuance of the bonds, including, but not limited to a) City Council meetings, b) due diligence meetings, and c) sale of bonds.

   g) Review or Prepare Contracts. The bond counsel will review or prepare contracts, as necessary, if any, including: a) bond purchase contracts, b) liquidity facility agreements, c) remarketing agreements, and d) investment and trust agreements, relating to legal issues affecting the issuance of the bonds. The bond counsel will review, as necessary, other documents, relating to legal issues affecting the issuance of the bonds.

   h) Prepare Official Transcript. The Bond Counsel will prepare bound official transcripts of the proceedings of the financing, including all documentation relating to the authorization, offering, sale and delivery of the issue.

   i) Assist in Other Legal Matters. The Bond Counsel will assist the Issuer with other legal matters relating to issuance of the bonds that may be identified during a transaction, including investment of proceeds and reserves and compliance with federal arbitrage regulations.

2) Ongoing Legal Services (as needed)

   a) Tax Advice. The bond counsel will provide continuing advice regarding any actions necessary to ensure that interest will continue to be tax-exempt.

   b) Regulatory Efforts. The bond counsel will track and inform the Issuer of proposed efforts and rulings issued by federal regulatory agencies, including, but not limited to, IRS, SEC, and MSRB, that may impact the issuance of bonds

c) Continuing Disclosure. The bond counsel will advise the Issuer in planning for the continuing disclosure efforts and in preparing continuing disclosure documents.

d) Request for Proposals. The bond counsel will assist with the preparation and evaluation of RFPs for financial services, relating to legal issues affecting the issuance of bonds.

3) The City Attorney will submit to the City Council a recommendation for the appointment or when deemed appropriate a reappointment of Bond Counsel(s). The recommendation shall be accompanied by an evaluation of options and a justification for the recommended course of action.

4) The City Attorney shall monitor the services rendered by the Bond Counsel.

5) A Bond Counsel under contract with the City of Sumner will not simultaneously represent any other party involving a the City of Sumner's financing, unless written dual representation conflict waiver is expressively obtained from the City of Sumner.

Underwriter Qualifications

If the City determines to issue debt via negotiated sale, the Chief Financial Officer shall select an underwriter. The selection of underwriter(s) shall be based upon a competitive evaluation of proposals submitted in request to a Request for Proposals. Criteria used in the appointment of qualified underwriters shall include, but not be limited to:

- Demonstrated ability serving on financial transactions with similar complexity to the transaction being planned;
- Demonstrated ability to structure a debt issue efficiently and effectively;
- Demonstrated ability to sell debt to institutional and retail investors;
- Demonstrated ability to put capital at risk;
- Experience and reputation of assigned personal; and
- Fees and expenses.

Respondents shall present in their proposal a complete and detailed list of all proposed fees and expenses, including, but limited to, takedown, management fees, underwriting risk, and itemized not-to-exceed underwriting expenses to be paid by the issuer. The underwriting expense component must be finalized and approved by the Administrative Services Director seventy-two (72) hours prior to the day of pricing. The underwriting risk component will not be considered until after the order period closes.

The Chief Financial Officer, with assistance from the independent municipal advisor, shall monitor the services rendered by the underwriter.

Arbitrage Rebate Calculation Firm Qualifications and Scope of Services

The Chief Financial Officer shall, when deemed necessary or when required, procure the services of an arbitrage rebate calculation firm. The purpose of the arbitrage rebate calculation firm is to provide arbitrage rebate compliance services in accordance with the Internal Revenue Code of 1986, as amended (“Code”).

The selection of an arbitrage rebate calculation firm shall be based upon a competitive evaluation of proposals submitted in response to a Request for Proposals. The scope of services may include, but not be limited to, the following:

- Determine if the requirements of the spending exception applicable to a debt issue have been met;

- Prepare initial rebate calculations if the spending requirements are not met;
- Prepare annual computations to update the initial calculations as needed to determine the rebate amount as described in the Code;
- Prepare computations if proceeds remain following the temporary period as described in the Code to determine if any yield reduction payments are required;
- Consult with the Chief Financial Officer as requested concerning arbitrage regulations and related issues including control procedures and industry practices.

Criteria used in the appointment of qualified arbitrage rebate calculation firm shall include, but not be limited to:

- Firm's qualifications and experience in providing arbitrage rebate calculation services;
- Staff qualifications, tax expertise, and experience;
- Demonstrated ability to provide timely reports;
- Cost of services;
- Demonstrated ability to put capital at risk;
- Experience and reputation of assigned personal;
- Fees and expenses.

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 10, 2021
AGENDA BILL: 21-723

SUBJECT: Motion to Approve Surplus **CATEGORY:** Motion

BUDGET IMPACT:
Expenditure Required: None Within Budget Allocation: N/A

ATTACHMENTS:
STAFF CONTACT: Jeff Steffens, Administrative Services Director

SUMMARY BACKGROUND:
Under SMC 3.36,(1) the city administrator or their designee shall have authority to administratively deem property with an estimated value of equal to or less than $500.00 as surplus; (2) the city council finance and personnel committee shall have authority to deem property with an estimated value of greater than $500.00 and up to and including $50,000 as surplus; and (3) the city council shall have authority to deem property with an estimated value of greater than $50,000 as surplus, by passage of a resolution.

Surplus will be brought to Finance & Personnel Committee as needed.

COUNCIL COMMITTEE/STUDY SESSION:
MEETING/STUDY SESSION DATE:
COMMITTEE RECOMMENDATION: No

STAFF RECOMMENDATIONS/MOTION:
Motion to approve surplus recommendation(s).

CITY OF SUMNER WASHINGTON

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 10, 2021
AGENDA BILL: 21-719

SUBJECT: Monthly Sales Tax Report **CATEGORY:** Information Only

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BUDGET IMPACT:
Expenditure Required: None Within Budget Allocation: N/A

ATTACHMENTS:
STAFF CONTACT: Kassandra Raymond, Chief Financial Officer

SUMMARY BACKGROUND:
Informational review of monthly sales tax analysis. Disclosures will be limited by Department of Revenue considerations.

COUNCIL COMMITTEE/STUDY SESSION:
MEETING/STUDY SESSION DATE:
COMMITTEE RECOMMENDATION: No

STAFF RECOMMENDATIONS/MOTION:

CITY OF SUMNER WASHINGTON

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 10, 2021
AGENDA BILL: 21-720

SUBJECT: Utility Billing - Covid 19 Impact | **CATEGORY:** Information Only

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BUDGET IMPACT:
Expenditure Required: None | Within Budget Allocation: N/A

ATTACHMENTS:
STAFF CONTACT: Jeff Steffens, Administrative Services Director

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SUMMARY BACKGROUND:
The Covid-19 pandemic has impacted utility billing revenues and collections. Staff will provide an update of fiscal impacts to the utilities.

COUNCIL COMMITTEE/STUDY SESSION:
MEETING/STUDY SESSION DATE:
COMMITTEE RECOMMENDATION: No

STAFF RECOMMENDATIONS/MOTION:

CITY OF SUMNER WASHINGTON

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 10, 2021
AGENDA BILL: 21-721

SUBJECT: Munis Implementation Update **CATEGORY:** Information Only

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BUDGET IMPACT:
Expenditure Required: None Within Budget Allocation: N/A

ATTACHMENTS:
STAFF CONTACT: Kassandra Raymond, Chief Financial Officer

SUMMARY BACKGROUND:
Staff will provide a verbal update on the status of the Munis Utility Billing and HR/Payroll implementation projects.

COUNCIL COMMITTEE/STUDY SESSION:
MEETING/STUDY SESSION DATE:
COMMITTEE RECOMMENDATION: No

STAFF RECOMMENDATIONS/MOTION:
No action required.

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 10, 2021
AGENDA BILL: 21-722

SUBJECT: Recruitment & Negotiation Update **CATEGORY:** Information Only

BUDGET IMPACT:
Expenditure Required: None Within Budget Allocation: N/A

ATTACHMENTS:
STAFF CONTACT: Jeff Steffens, Administrative Services Director

SUMMARY BACKGROUND:
Staff will provide a verbal update on current and upcoming recruitment and negotiation activities.

COUNCIL COMMITTEE/STUDY SESSION: No action required.
MEETING/STUDY SESSION DATE:
COMMITTEE RECOMMENDATION: No

STAFF RECOMMENDATIONS/MOTION:
No action required.