

Next Ord: 1609-08

Next Res: 767-08

MISSION STATEMENT

The mission of the Sedro-Woolley City government is to provide selected services that are not traditionally offered by the private sector. This will be achieved through providing the highest quality services we can within the resources with which we're provided; involving residents in all aspects of planning and operations; serving as a clearinghouse for public information; and operating facilities which meet the legitimate, identified concerns of the residents of and visitors to our community.

We believe in being community-centered, consistently contributing to the quality of life in our area and as fully deserving of the public's trust through the consistent expression of positive values and acceptance of accountability for producing meaningful results.

CITY COUNCIL AGENDA

April 23, 2008

7:00 PM

Sedro-Woolley Municipal Building

Council Chambers

325 Metcalf Street

1. Call to Order
2. Pledge of Allegiance
3. Consent Calendar

NOTE: Agenda items on the Consent Calendar are considered routine in nature and may be adopted by the Council by a single motion, unless any Councilmember wishes an item to be removed. The Council on the regular agenda will consider any item so removed after the Consent Calendar.

- a. Minutes from Previous Meeting
 - b. Finance
 - Claim Vouchers #63156 to #63302 for \$352,208.73 (Voided Warrant #63158)
 - Payroll Warrants #42365 to #42466 for \$174,116.68
 - c. Request for Out of State Travel - Fire Department
 - d. Planning Commissioner Appointment - Mary McGoffin
 - e. Task Order V to the On-Call Professional Services Agreement with Reichardt & Ebe Engineering, Inc.
 - f. Subscriber Agreement Renewal - Public Safety Testing, Inc.
4. Public Comment (Please limit your comments to 3-5 minutes)

PUBLIC HEARINGS

5. Sewer Rate & Fee Ordinance (*continued from April 9, 2008*)

UNFINISHED BUSINESS

6. Refinancing of Sewer Revenue Bonds (*2nd reading*)
7. City Hall Update
8. Resolution - Solid Waste Interlocal
9. Council Retreat
(*reschedule from April 19, 2008*)

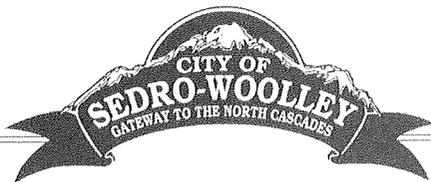
NEW BUSINESS

10. Ordinance - Terms of Office
(*modifying the term of office for council-at-large position to four years*)
11. Comprehensive Solid Waste Management Plan (*no action requested - 1st reading*)

COMMITTEE REPORTS AND REPORTS FROM OFFICERS

EXECUTIVE SESSION/YES

Save the Date of May 28th for City Hall dedication/open house



DATE: April 23, 2008

TO: Mayor Anderson and City Council

FROM: Patsy Nelson, Finance Director

SUBJECT: 1) CALL TO ORDER; 2) PLEDGE OF ALLEGIANCE; 3) CONSENT CALENDAR

1. CALL TO ORDER - The Mayor will call the April 23, 2008 Regular Meeting to Order. The Finance Director will note those in attendance and those absent.

____ Ward 1 Councilmember Ted Meamber

____ Ward 2 Councilmember Tony Splane

____ Ward 3 Councilmember Louie Requa

____ Ward 4 Councilmember Pat Colgan

____ Ward 5 Councilmember Hugh Galbraith

____ Ward 6 Councilmember Rick Lemley

____ At-Large Councilmember Dennis London

2. PLEDGE OF ALLEGIANCE - The Mayor will lead the City Council and citizens in the Pledge of Allegiance to the United States of America.
3. CONSENT CALENDAR - Mayor will ask for Council approval of Consent Calendar items.

CITY OF SEDRO-WOOLLEY

Regular Meeting of the City Council
April 9, 2008 – 7:00 P.M. – City Hall Council Chambers

The Meeting was called to order at 7:00 P.M.

A humorous recorded Council introduction was presented courtesy of Kirk Tollefson of KAPS Radio.

Pledge of Allegiance

ROLL CALL: Mayor Mike Anderson, Councilmembers: Ted Meamber, Tony Splane, Louis Requa, Pat Colgan, Hugh Galbraith, Rick Lemley and Dennis London. Staff: Finance Director Nelson, City Attorney/Supervisor Berg, Engineer Frieberger, Planner Moore, Police Chief Wood and Fire Chief Klinger.

Consent Calendar

- Minutes from Previous Meeting
- Finance
 - Claim Vouchers #63018 to #63155 for \$788,004.07
 - Payroll Warrants #42268 to #42364 for \$227,816.52 (Voided Warrants #42263 – 42267)
- Supplemental Agreement 6 to David Evans & Associates, Inc.
Local Agency Standard Consultant Agreement

Councilmember Meamber moved to approve the consent calendar. Seconded by Councilmember Colgan. Motion carried (7-0).

Swearing in of Firefighters Andrew Vander Veen & David De Vries

Mayor Anderson administered the Oath of Office to Firefighters Andrew VanderVeen and David DeVries.

Public Comment

Bill Fusselman – noted he was at the Council meeting to try to understand the workings of the Solid Waste Governance Board.

Mayor Anderson stated this item was on the agenda and they will cover Fusselman's questions during that time.

PUBLIC HEARINGS

Sewer Rate & Fee Ordinance (continued to April 23, 2008)

City Attorney/Supervisor Berg noted the final documents for the Sewer Rate & Fee Ordinance were not quite ready and recommended the public hearing be opened, testimony be taken, and the Public Hearing continued to the April 23, 2008 Council meeting.

Mayor Anderson opened the public hearing at 7:12 P.M.

Councilmember Colgan moved to continue the public hearing to the April 23, 2008 meeting. Councilmember Meamber seconded. Motion carried (7-0).

Reenactment of Interim Zoning Control Ordinance

City Attorney/Supervisor Berg reviewed background information on the proposed Reenactment of Interim Zoning Control Ordinance. He noted that currently there are two projects that will cure the need for the ordinance in the near future.

Mayor Anderson opened the public hearing at 7:14 P.M.

Councilmember London moved to close the public hearing at 7:15 P.M. on the reenactment of Interim Zoning control Ordinance. Seconded by Councilmember Lemley. Motion carried (7-0).

Councilmember Requa questioned the status of the Metcalf Line. Engineer Frieberger noted it is anticipated to go to bid in April with construction to start in June and completion in August. Frieberger explained the process of the trenchless construction.

Requa also questioned the status of the design for the Township Street project from Polte to McGarigle. Frieberger noted the design is approximately 30% complete with anticipation of going to bid this spring.

Councilmember London questioned the ability of lifting areas of the moratorium. The process for lifting of the moratorium was reviewed by City Attorney/Supervisor Berg.

Councilmember Colgan moved to approve Ordinance No. 1608-08 An Interim Ordinance of the City of Sedro-Woolley Amending and Extending a Moratorium on Subdivisions in Certain Areas Served by the Township Street and Metcalf Street Sewer Mains for a Period of Six Months and Requiring New Applications to be Accompanied by Confirmation From the Public Works Director That Line Capacity is Available. Councilmember London seconded. Motion carried (7-0).

UNFINISHED BUSINESS

City Hall Update

City Attorney/Supervisor Berg noted there was nothing new to report but the Council can expect a full report with final change orders and MPR's at the next meeting. Final completion is still on track.

Berg also gave a brief reported on the progress of the Police/Evidence Storage and Parks Buildings.

Sign Ordinance Revision

Planner Moore reviewed the requested sign ordinance revision to allow white backlit signs. Moore noted this is the second reading of the ordinance. He stated the both the Planning Department and the Planning Commission recommend denial of the proposed revision.

Council discussion ensued to include 2004 references to Darius Kinsey guidance and several other reference books, requirement of the Central Business District (CBD) and murals.

Councilmember London moved to accept the Planning Commission's recommendation for denial of the proposed sign ordinance amendment. Seconded by Councilmember Splane. Motion carried (7-0).

Solid Waste Interlocal Agreement

City Attorney/Supervisor Berg reviewed background information regarding the four concerns raised by the Council to include voting structure, inclusion of the Comprehensive Solid Waste Management Plan (CSWMP), additional language in 13.1.6 to tie the budget to the level of service and additional language in 13.7 to clarify the veto process. Berg then reviewed changes initiated by the County which included additional language in 2.6 to limit/define system costs, additional language in 9 to tie the system costs to a defined level of service and additional language in 13.1.2 to tie the site designation to the CSWMP.

Berg reviewed the proposed structure of the governance board to consist of representation from each City as well as the County.

Council discussion ensued to include veto power, Sedro-Woolley Council's challenge, cost, site clean up, arbitration, final draft, the necessity to get the agreement right, intentions of other parties and questioning the urgency of the document.

Unidentified Audience Member – questioned why there was not any County Commissioner representation at the meeting.

It was noted by Mayor Anderson that Commissioner's Dillon and Munks had been in attendance at previous meetings as well as other County staff regarding the proposal.

Councilmember Requa moved to table the topic to a workshop to study the plan and get more input from people. Seconded by Councilmember Galbraith.

Berg noted that the Council should identify the items to be discussed at a worksession. At the request of Council Berg reviewed what would happen should the agreement not be approved by Council. He noted that the agreement needs all entities to approve in order to become effective and spoke of intergovernmental relationships.

Further discussion ensued regarding the purpose of holding a worksession and compromises within the agreement.

Councilmember Galbraith called for the question to the motion on the floor. Mayor Anderson restated the motion. Motion denied 2-4-1 (Councilmembers Meamber, Colgan, Lemley and London opposed, Councilmember Splane abstained).

Councilmember Meamber moved to authorize the Mayor to sign the attached interlocal. Councilmember London seconded.

Councilmember London spoke of the need to act either for or against this agreement and move on to other items. He also noted the compromise of the agreement and the intent of the other municipalities. London noted the last thing he wants is people to think that the reason we are opposed to the agreement is because of the City's willingness to look at recycle.

Councilmember Requa spoke against the motion due to the fact of the present agreement in place, the unwillingness of the County and the future affect on the rate payers. Requa also noted the agreement has nothing to do with the current application for recycle in Sedro-Woolley.

Council discussion ensued regarding the decision making process under the current agreement and potential capabilities in 2013 when the agreement expires.

Councilmember Galbraith noted his opposition to the agreement because of the veto process within the agreement.

Councilmember Requa noted the current process to amend the Skagit county Solid Waste Plan.

Berg clarified there are amendments in process and under the current agreement the County Commissioners (two people) get to decide on those amendments without our input and that would become the our Solid Waste Plan for the City. Under the proposed agreement the County would no longer have the ability to adopt on its own the

Comprehensive Solid Waste Plan. The Solid Waste Governance Board would be the body that would make that final decision.

Councilmember Meamber called for the question.

At the request of Councilmember London, Attorney Berg clarified Council procedures which were passed by Resolution on the situations were Councilmembers may abstain from a vote.

Mayor Anderson restated the motion by Councilmember Meamber to authorize the Mayor to sign the attached interlocal. Councilmember London seconded. Motion carried 4-3 (Councilmembers Splane, Requa and Galbraith opposed).

NEW BUSINSS

Refinancing of Sewer Revenue Bonds

Finance Director Nelson reviewed background information on the Wastewater Treatment Plant bonds and noted we are at a point where it is allowable to refinance those bonds. She stated refinancing would result in an estimated savings of \$25-30,000 per year. She noted we have been working with Lindsey Sovde of Northwest Securities and Nancy Neraas of K/L Gates who were both involved in the original bonds and reviewed the process that has been taken to date to include information given to the Council Finance committee and a bond rating call with Standard & Poors. She noted it is anticipated the City's bond rating will remain the same. Nelson referred to a draft ordinance included in the packets for Council review and announced that Nancy Neraas will be attending the April 23, 2008 meeting to review the final ordinance and answer any Council questions.

COMMITTEE REPORTS AND REPORTS FROM OFFICERS

Police Chief Wood – announced an upcoming meeting to be held on Monday, April 14 at Mount Baker Middle School in Mount Vernon to begin discussing the new proposed jail. Wood encouraged Councilmembers to attend and addressed the need for a new facility. He also noted the graffiti abatement team is doing a good job.

Fire Chief Klinger – noted a staff memo regarding the EMS Delivery system in Skagit County. He stated the memo is for informational purposes only and more information will be forthcoming. He also noted the completion of the new fire truck.

Engineer Frieberger – updated Council on the SR20/F&S Grade Road intersection project. The agreements with the major owners has been obtained and the City is ready to proceed with the intersection design. He noted the supplemental agreement approved tonight will allow conceptual work for a larger intersection at Cook/Ferry/SR9. Frieberger also reviewed a meeting with the Brickyard Creek Sub Flood District who are proceeding with a couple of projects in the Sapp Road/Logan Park area. They have also agreed to participate with the update of the Sedro-Woolley Stormwater Management Plan

and reported at the next meeting he will have a task order for approval of an On-Call agreement with Reichhardt & Ebe for a capacity analysis and study on Fruitdale Road for a dry sewer line.

Discussion ensued regarding the plans for the Cook/Ferry/SR9 project, potential for grand funding and plans for Fruitdale.

City Attorney/Supervisor Berg – added that the County did award \$500,000 in Economic Development funds but they are interpreting the project quite literally. They may not wish to give is the funding if we don't build both round a bouts as proposed in the conceptual grant application. Berg noted the previously authorized agreement will not be signed until were comfortable we will get the funding and issues will be addressed with the County in trying to work out a solution.

Engineer Frieberger addressed some of the difficulties and possible solutions and noted more information will be forthcoming to Council in the near future.

Finance Director Nelson – noted the annual impact fee report in the back of the Council packet. She also noted the annual report from the School District on school impact fees. She also spoke of new audit requirements regarding Council involvement with the annual audits such as attendance at the entrance and exit interviews, reporting and possible Council contact during the audit. Nelson noted because of the building of the New City Hall we will be subject to the Federal Single Audit Act which will add about two weeks to the audit time.

Councilmember Splane – questioned the status of the abandoned trailers on Third Street.

Police Chief Wood noted there has been some action by the Code Enforcement Officer and he will check on the current status.

Councilmember Lemley – reported a pothole in the vicinity of Wicker Road.

Councilmember London – noted his observations of the abandoned trailers as well. He also addressed the appearance of abandoned cars parked behind the bowling alley near the hardware store with two vehicles not having current tabs.

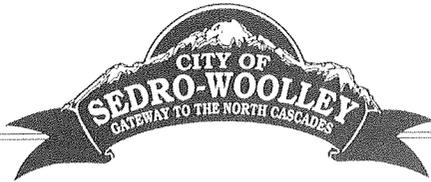
EXECUTIVE SESSION

The meeting was adjourned to Executive Session at 9:01 P.M. for the purpose of personnel, litigation and real estate for approximately 30 minutes with a possible decision.

The meeting was reconvened at 9:40 P.M.

Councilmember Meamber moved to adjourn. Seconded by Councilmember Lemley. Motion carried (7-0).

The meeting adjourned at 9:40 P.M.



DATE: April 23, 2008
TO: Mayor Anderson and City Council
FROM: Patsy Nelson, Finance Director
SUBJECT: FINANCE - VOUCHERS

Attached you will find the Claim Vouchers proposed for payment for the period ending April 23, 2008.

Motion to approve Claim Vouchers #63156 to #63302 in the amount of \$352,208.73. (Voided Warrant #63158)

Motion to approve Payroll Warrants #42365 to #42466 in the amount of \$174,116.68.

If you have any comments, questions or concerns, please contact me for information during the working day at 855-1661. This will allow me to look up the invoices that are stored in our office.

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
63156	SKAGIT COUNTY AUDITOR	MISC-FILING FEES/LIEN EXP	SWR	945.00
		MISC-FILING FEES/LIEN EXP	SAN	945.00
		WARRANT TOTAL		1,890.00
63157	SKAGIT COUNTY AUDITOR	ADVERTISING/LEGAL PUBLIC	PLN	45.00
		MISC-FILING FEES/LIEN EXP	SWR	84.00
		MISC-FILING FEES/LIEN EXP	SAN	84.00
		WARRANT TOTAL		213.00
63159	ACCUTEK IMAGING RESOURCE INC	OPERATING SUPPLIES	CS	92.88
		WARRANT TOTAL		92.88
63160	ABOVE ALL GUTTER SYSTEMS	REPAIR/MT-SENIOR CENTER	PK	162.00
		WARRANT TOTAL		162.00
63161	ALLELUJAH BUSINESS SYSTEMS	SUPPLIES	ENG	36.18
		SUPPLIES	ENG	36.18
		SUPPLIES	ENG	9.72
		REPAIRS/MT-RIVERFRONT	PK	6.74
		OPERATING SUPPLIES	SWR	50.22
		WARRANT TOTAL		139.04
63162	ALL-PHASE ELECTRIC	REPAIRS/MT-RIVERFRONT	PK	959.04
		REPAIRS/MAINTENANCE	ST	141.78
		CONSTRUCTION	CH	47.90
		MACHINERY/EQUIPMENT	SWR	142.26
		MACHINERY/EQUIPMENT	SWR	185.66
		WARRANT TOTAL		1,476.64
63163	ALLEN, DEBRA	OPERATING SUPPLIES	SWR	36.12
		WARRANT TOTAL		36.12
63164	ARAMARK UNIFORM SERVICES	LAUNDRY	CS	35.52
		MISC-LAUNDRY	CEM	21.20
		MISC-LAUNDRY	ST	24.81
		MISC-LAUNDRY	ST	21.22
		LAUNDRY	SWR	42.00
		LAUNDRY	SWR	24.09
		WARRANT TOTAL		168.84
63165	ASSOCIATION OF WA CITIES	RETIRED MEDICAL	PD	8,394.80
		WARRANT TOTAL		8,394.80
63166	ASSOC PETROLEUM PRODUCTS	AUTO FUEL	CS	79.33
		AUTO FUEL	CS	60.36
		REPAIR & MAINTENANCE	CS	335.01
		AUTO FUEL	PD	1,655.91
		AUTO FUEL/DIESEL	FD	623.81
		AUTO FUEL/DIESEL	PK	345.54
		REPAIR/MT-SMALL TOOLS EQUIP	PK	335.01
		AUTO FUEL/DIESEL	ST	159.64
		REPAIR/MAINTENANCE-EQUIP	ST	335.00

WARRANT	VENDOR NAME	DESCRIPTION	AMOUNT
		MAINTENANCE OF VEHICLES SWR	335.00
		AUTO FUEL/DIESEL SWR	411.29
		REPAIRS/MAINT-EQUIP SAN	1,340.02
		AUTO FUEL/DIESEL SAN	477.29
		WARRANT TOTAL	6,493.21
63167	AT&T MOBILITY	TELEPHONE PD	718.72
		WARRANT TOTAL	718.72
63168	BANK OF AMERICA	MISC-TUITION/REGISTRATION PLN	60.00
		OFF/OPER SUPPS & BOOKS INSP	12.94
		EQUIPMENT CH	343.44
		OPERATING SUPPLIES SWR	26.99
		WARRANT TOTAL	443.37
63169	BANK OF AMERICA	MEALS/TRAVEL EXE	8.09
		WARRANT TOTAL	8.09
63170	BANK OF AMERICA	OPERATING SUPPLIES SAN	128.74
		OPERATING SUPPLIES SWTR	179.92
		WARRANT TOTAL	308.66
63171	BANK OF AMERICA	EARLY LITERACY LIB	241.01
		WARRANT TOTAL	241.01
63172	BANK OF AMERICA	TRAVEL/MEALS FD	26.20
		WARRANT TOTAL	26.20
63173	BANK OF AMERICA	OPERATING SUPPLIES CS	86.11
		OPERATING SUPPLIES CS	55.72
		WARRANT TOTAL	141.83
63174	BAY CITY SUPPLY	OPERATING SUPPLIES CS	129.65
		OPERATING SUP - SENIOR CTR PK	83.36
		OPERATING SUP - SENIOR CTR PK	58.02
		OPERATING SUP - LIBRARY PK	40.15
		WARRANT TOTAL	311.18
63175	BERG VAULT COMPANY	LINERS CEM	1,530.00
		WARRANT TOTAL	1,530.00
63176	BIGGAR, ROB	PROFESSIONAL SERVICES SWR	924.00
		WARRANT TOTAL	924.00
63177	BIOCYCLE	MISC-DUES/SUBS & TUITN/REG SAN	74.00
		WARRANT TOTAL	74.00
63178	BOUWENS, JENNIFER A.	PROSECUTING ATTY JUD	2,500.00
		WARRANT TOTAL	2,500.00
63179	BROWN & COLE STORES	REPAIRS/MAINT-DORM FD	11.05
		WARRANT TOTAL	11.05

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
63180	BRIM TRACTOR COMPANY INC	MAINTENANCE OF VEHICLES	SWR	61.88
		WARRANT TOTAL		61.88
63181	CDW GOVERNMENT, INC.	OFFICE EQUIPMENT	FD	1,518.33
		WARRANT TOTAL		1,518.33
63182	CARLETTI ARCHITECTS P.S.	ARCHITECT & ENGINEERING	CH	3,072.07
		WARRANT TOTAL		3,072.07
63183	CASCADE NATURAL GAS CORP.	PUBLIC UTILITIES	CS	1,765.07
		UTILITIES-COMMUNITY CTR	PK	224.66
		UTILITIES-SENIOR CENTER	PK	547.83
		UTILITIES-HAMMER SQUARE	PK	95.58
		UTILITIES - SHOP	PK	355.81
		PUBLIC UTILITIES	ST	13.75
		PUBLIC UTILITIES	LIB	203.67
		PUBLIC UTILITIES	SWR	115.75
		PUBLIC UTILITIES	SAN	484.87
		WARRANT TOTAL		3,806.99
63184	CENTRAL WELDING SUPPLY	OPERATING SUPPLIES	SAN	17.60
		WARRANT TOTAL		17.60
63185	CHIEF SUPPLY CORPORATION	OPERATING SUPPLIES	SWR	124.00
		WARRANT TOTAL		124.00
63186	CLARK COUNTY	REPAIR & MAINT - AUTO	PD	1,375.40
		WARRANT TOTAL		1,375.40
63187	COLLINS OFFICE SUPPLY, INC	INDUSTRIAL INSURANCE	LGS	55.08
		SUPPLIES	FIN	95.42
		SUPPLIES/BOOKS	PLN	7.15
		SUPPLIES/BOOKS	PLN	10.12
		SUPPLIES/BOOKS	PLN	34.94
		SUPPLIES	ENG	7.15
		SUPPLIES	ENG	10.12
		SUPPLIES	ENG	34.94
		SUPPLIES	ENG	34.55
		OFFICE SUPPLIES	FD	83.88
		OFF/OPER SUPPS & BOOKS	INSP	7.16
		OFF/OPER SUPPS & BOOKS	INSP	10.13
		OFF/OPER SUPPS & BOOKS	INSP	34.94
		WARRANT TOTAL		425.58
63188	COLACURCIO BROTHERS, INC.	CONSTRUCTION	CH	61,656.89
		WARRANT TOTAL		61,656.89
63189	CONSOLIDATED SUPPLY CO.	REPAIRS/MT-PARKS SHOP	PK	211.07
		WARRANT TOTAL		211.07
63190	COUNTRYSIDE CHEVROLET	REPAIR & MAINT - AUTO	PD	40.42
		REPAIR & MAINT - AUTO	PD	124.95

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
		REPAIR & MAINT - AUTO	PD	78.46
		WARRANT TOTAL		243.83
63191	SKAGIT WEEKLY NEWS GROUP	SUPPLIES	EXE	95.04
		SUPPLIES	FIN	47.52
		MISC-PRINTING & BINDING	PLN	81.33
		MISC-PRINTING & BINDING	PLN	35.28
		SUPPLIES	ENG	108.44
		SUPPLIES	ENG	35.28
		PRINTING/PUBLICATIONS	PD	115.56
		OFF/OPER SUPPS & BOOKS	INSP	81.31
		OFF/OPER SUPPS & BOOKS	INSP	35.28
		WARRANT TOTAL		635.04
63192	CRAWFORD GARAGE DOORS INC	REPAIRS/MAINT-BUILDING	SAN	1,399.68
		WARRANT TOTAL		1,399.68
63193	CRYSTAL SPRINGS	OPERATING SUPPLIES	CS	32.05
		OPERATING SUP - PARKS SHOP	PK	26.06
		OPERATING SUPPLIES	CEM	10.08
		OPERATING SUPPLIES	ST	37.54
		OPERATING SUPPLIES	SWR	84.50
		WARRANT TOTAL		190.23
63194	DATA BASE RECORDS DESTRUCTION LLC	PROFESSIONAL SERVICES	JUD	76.00
		SUPPLIES	FIN	38.00
		OFFICE/OPERATING SUPPLIES	PD	76.00
		WARRANT TOTAL		190.00
63195	DAVID EVANS & ASSOC INC	ENGINEERING-SKAGIT LIGHT	AST	10,037.91
		WARRANT TOTAL		10,037.91
63196	DEPARTMENT OF LICENSING	FIRE TRUCK	FD	5,502.55
		WARRANT TOTAL		5,502.55
63197	DESTINATION WIRELESS	OPERATING SUPPLIES	SAN	172.78
		WARRANT TOTAL		172.78
63198	DIVERSINT	COMPUTER NETWORK	CS	2,242.86
		WARRANT TOTAL		2,242.86
63199	E & E LUMBER	SMALL TOOLS & MINOR EQUIP	PK	61.56
		SMALL TOOLS & MINOR EQUIP	PK	21.54
		REPAIR/MT-GOLF COURSE	PK	33.50
		REPAIR/MAINT-OFFICE EQUIP	PK	46.14
		REPAIR/MT-LIONS ROADSIDE PARK		7.72
		REPAIR/MT-HARRY OSBORNE	PK	15.03
		REPAIR/MAINT-STREETS	ST	36.50
		REPAIR/MAINT-STREETS	ST	38.53
		REPAIR/MAINT-STREETS	ST	63.72
		OPERATING SUPPLIES	ST	9.61
		OPERATING SUPPLIES	SWR	6.83

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
		OPERATING SUPPLIES	SWR	7.41
		OPERATING SUPPLIES	SWR	24.16
		OPERATING SUPPLIES	SWR	42.96
		OPERATING SUPPLIES	SWR	14.58
		OPERATING SUPPLIES	SWR	1.99
		OPERATING SUPPLIES	SWR	5.17
		OPERATING SUPPLIES	SAN	17.46
		WARRANT TOTAL		454.41
63200	EDGE ANALYTICAL, INC.	PROFESSIONAL SERVICES	SWR	187.00
		PROFESSIONAL SERVICES	SWR	200.00
		WARRANT TOTAL		387.00
63201	FIDALGO NETWORKING	TELEPHONE	SAN	50.00
		WARRANT TOTAL		50.00
63202	FLOYD, WINNIE	OFFICE/OPERATING SUPPLIES	PD	24.14
		WARRANT TOTAL		24.14
63203	GEOTEST SERVICES, INC.	REPAIRS/MT-PARKS SHOP	PK	162.50
		CONSTRUCTION - SR20 LINE	PWT	1,875.00
		WARRANT TOTAL		2,037.50
63204	GENERAL FIRE APPARATUS	FIRE TRUCK	FD	69,479.00
		WARRANT TOTAL		69,479.00
63205	GREAT AMERICA LEASING COR	EQUIPMENT LEASES	CS	269.89
		EQUIPMENT LEASES	CS	308.99
		WARRANT TOTAL		578.88
63206	GUARDIAN NW TITLE & ESCROW	PROFESSIONAL SERVICES	LGL	27.00-
		ENGINEERING-SKAGIT LIGHT	AST	324.00
		ENGINEERING-SKAGIT LIGHT	AST	324.00
		ENGINEERING-SKAGIT LIGHT	AST	324.00
		ENGINEERING-SKAGIT LIGHT	AST	324.00
		ENGINEERING-SKAGIT LIGHT	AST	324.00
		LAND ACQUISITION	SWR	47.00
		WARRANT TOTAL		1,640.00
63207	GUARDIAN SECURITY	PUBLIC UTILITIES	CS	26.50
		WARRANT TOTAL		26.50
63208	H.B. JAEGER CO. LLC	MAINTENANCE OF LINES	SWR	377.48
		MAINTENANCE OF LINES	SWR	100.33
		WARRANT TOTAL		477.81
63209	HOLLAND HEALTH SERV. INC.	RETIRED MEDICAL	PD	114.10
		WARRANT TOTAL		114.10
63210	HONEY BUCKET	OPERATING SUP - COMM CENTER	PK	72.70
		OPERATING SUP - CITY HALL	PK	93.76
		REPAIR/MT-BINGHAM PARK	PK	34.20

WARRANT	VENDOR NAME	DESCRIPTION	AMOUNT
		WARRANT TOTAL	200.66
63211	HUMANE SOCIETY OF SKAGIT	HUMANE SOCIETY PD	900.00
		WARRANT TOTAL	900.00
63212	IDEARC MEDIA CORP.	BOOKS, PERIOD, RECORDS LIB	43.15
		WARRANT TOTAL	43.15
63213	INGRAM LIBRARY SERVICES	EARLY LITERACY LIB	174.03
		EARLY LITERACY LIB	449.13
		BOOKS, PERIOD, RECORDS LIB	122.13
		BOOKS, PERIOD, RECORDS LIB	39.50
		BOOKS, PERIOD, RECORDS LIB	88.04
		BOOKS, PERIOD, RECORDS LIB	23.08
		BOOKS, PERIOD, RECORDS LIB	19.17
		BOOKS, PERIOD, RECORDS LIB	23.08
		BOOKS, PERIOD, RECORDS LIB	12.67
		BOOKS, PERIOD, RECORDS LIB	12.69
		BOOKS, PERIOD, RECORDS LIB	22.48
		BOOKS, PERIOD, RECORDS LIB	78.91
		BOOKS, PERIOD, RECORDS LIB	22.48
		BOOKS, PERIOD, RECORDS LIB	18.56
		WARRANT TOTAL	1,105.95
63214	ISOMEDIA.COM	TELEPHONE FIN	8.74
		TELEPHONE FIN	8.74
		TELEPHONE PLN	8.73
		TELEPHONE ENG	8.74
		TELEPHONE LIB	39.95
		WARRANT TOTAL	74.90
63215	KAMB, THOMAS R	ASSOCIATE'S FEES JUD	250.00
		WARRANT TOTAL	250.00
63216	KROESEN'S INC.	UNIFORMS FD	541.56
		UNIFORMS FD	1,670.31
		WARRANT TOTAL	2,211.87
63217	LAB SAFETY SUPPLY	MACHINERY & EQUIPMENT PD	226.29
		WARRANT TOTAL	226.29
63218	LABCORP	PROFESSIONAL SERVICES FD	106.00
		PROFESSIONAL SERVICES PK	318.00
		MISCELLANEOUS CEM	53.00
		WARRANT TOTAL	477.00
63219	LANGUAGE EXCH. INC. (THE)	LANGUAGE INTERPRETER JUD	330.00
		WARRANT TOTAL	330.00
63220	LAUNCHING SUCCESS LEARNING STORE	EARLY LITERACY LIB	158.44
		WARRANT TOTAL	158.44

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WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
63221	LOGGERS AND CONTRACTORS	REPAIR/MT-GOLF COURSE	PK	36.88
		WARRANT TOTAL		36.88
63222	LUDTKE PACIFIC TRUCKING	REPAIRS/MAINT-EQUIP	FD	2,786.82
		WARRANT TOTAL		2,786.82
63223	MSB ENTERPRISES INC.	OPERATING SUP - GOLF	PK	890.74
		WARRANT TOTAL		890.74
63224	MARK E. CHRIST, ARCHITECT	BINGHAM PARK BLDG	PK	1,397.50
		EVIDENCE/STORAGE BUILDING	CH	2,437.50
		WARRANT TOTAL		3,835.00
63225	MCCANN, WILLIAM R.	INDIGENT DEFEND CONTR	JUD	2,557.50
		WARRANT TOTAL		2,557.50
63226	LEXISNEXIS MATTHEW BENDER	CODE BOOK	LGS	1,086.87
		WARRANT TOTAL		1,086.87
63227	MCCLOUGHLIN & EARDLEY CORP	REPAIRS/MAINT-EQUIP	FD	58.00
		WARRANT TOTAL		58.00
63228	MELTON, NEWELL R.	TRAVEL	ST	16.23
		WARRANT TOTAL		16.23
63229	MARTIN MARIETTA MATERIALS	REPAIR/MAINT-STREETS	ST	926.97
		WARRANT TOTAL		926.97
63230	MOTOR TRUCKS, INC.	REPAIRS/MAINT-EQUIP	SAN	25.79
		REPAIRS/MAINT-EQUIP	SAN	2,813.39
		WARRANT TOTAL		2,839.18
63231	NATIONAL CHILDREN'S	TUITION/REGISTRATION	LIB	145.00
		TUITION/REGISTRATION	LIB	145.00
		WARRANT TOTAL		290.00
63232	NORTH CASCADE FORD	REPAIRS/MAINT-EQUIP	FD	113.52
		WARRANT TOTAL		113.52
63233	NORTHWEST HOT SPRING SPAS	OP SUPPLIES-CHEMICALS	SWR	530.67
		WARRANT TOTAL		530.67
63234	OASYS	OPERATING RENTALS/LEASES	FIN	823.22
		WARRANT TOTAL		823.22
63235	OFFICE DEPOT	SUPPLIES	LGS	14.11
		SUPPLIES	FIN	173.44
		SUPPLIES	FIN	10.19
		OPERATING SUPPLIES	CS	129.44
		OPERATING SUPPLIES	CS	30.89
		COMPUTER NETWORK	CS	697.56
		SUPPLIES/BOOKS	PLN	61.54

WARRANT	VENDOR NAME	DESCRIPTION	AMOUNT
		SUPPLIES/BOOKS	PLN 14.37
		SUPPLIES/BOOKS	PLN 27.06
		SUPPLIES	ENG 61.54
		SUPPLIES	ENG 14.37
		SUPPLIES	ENG 27.06
		OFFICE/OPERATING SUPPLIES	PD 571.31
		OFFICE/OPERATING SUPPLIES	PD 180.44
		OFFICE/OPERATING SUPPLIES	PD 236.65
		OFFICE SUPPLIES	FD 69.59
		OFF/OPER SUPPS & BOOKS	INSP 61.54
		OFF/OPER SUPPS & BOOKS	INSP 14.37
		OFF/OPER SUPPS & BOOKS	INSP 27.07
		WARRANT TOTAL	2,422.54
63236	OLIVER-HAMMER CLOTHES	SMALL TOOLS/MINOR EQUIP	CEM 140.38
		WARRANT TOTAL	140.38
63237	PAT RIMMER TIRE CTR, INC	REPAIR & MAINT - AUTO	PD 102.55
		REPAIR & MAINT - AUTO	PD 266.64
		OPERATING SUPPLIES	ST 99.09
		REPAIRS/MAINT-EQUIP	SAN 120.00
		REPAIRS/MAINT-EQUIP	SAN 128.21
		REPAIRS/MAINT-EQUIP	SAN 35.10
		WARRANT TOTAL	511.59
63238	PEACHTREE BUSINESS PRODUCTS	REPAIR & MAINTENANCE	CS 38.37
		REPAIR/MT-SMALL TOOLS EQUIP	PK 38.37
		REPAIR/MAINTENANCE-EQUIP	ST 38.37
		MAINTENANCE OF VEHICLES	SWR 38.37
		REPAIRS/MAINT-EQUIP	SAN 38.37
		WARRANT TOTAL	191.85
63239	PETROCARD	AUTO FUEL/DIESEL	PK 47.92
		AUTO FUEL/DIESEL	ST 309.31
		AUTO FUEL/DIESEL	SWR 78.42
		WARRANT TOTAL	435.65
63240	PETTY CASH-DEBRA PETERSON	SUPPLIES	LIB 45.63
		BOOKS, PERIOD, RECORDS	LIB 32.57
		WARRANT TOTAL	78.20
63241	PIERCE, DAVE	HEALTH CLUB	PD 195.00
		WARRANT TOTAL	195.00
63242	PITTMAN, HAROLD	RETIRED MEDICAL	PD 23.00
		WARRANT TOTAL	23.00
63243	PRINTWISE, INC.	SUPPLIES	JUD 612.36
		WARRANT TOTAL	612.36
63244	PUBLIC SAFETY TESTING	PROFESSIONAL SERVICES	PD 224.00
		WARRANT TOTAL	224.00

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
63245	PUGET SOUND ENERGY	PUBLIC UTILITIES	ST	6,858.52
		WARRANT TOTAL		6,858.52
63246	PURCHASE POWER	POSTAGE	JUD	331.83
		POSTAGE	FIN	319.76
		POSTAGE	LGL	1.76
		POSTAGE	PLN	233.95
		POSTAGE	ENG	20.53
		POSTAGE	PD	.42
		POSTAGE	INSP	14.67
		POSTAGE	CEM	8.98
		POSTAGE	SWR	141.55
		POSTAGE	SAN	141.55
		WARRANT TOTAL		1,215.00
63247	QUENTIN CONTROL SYS INC	OPERATING SUPPLIES	SWR	449.21
		WARRANT TOTAL		449.21
63248	QUIRING MONUMENTS, INC.	LINERS	CEM	75.00
		WARRANT TOTAL		75.00
63249	RABANCO	SOLID WASTE DISPOSAL	SAN	121.13
		WARRANT TOTAL		121.13
63250	REICHHARDT & EBE ENG, INC	PROFESSIONAL SERVICES	ENG	100.47
		CONSTRUCTION - SR20 LINE	PWT	16,832.25
		CONSTRUCTION-TOWNSHIP LINE	PWT	1,249.83
		ENGINEERING - METCALF LINE	PWT	7,905.03
		ENGINEERING-TOWNSHIP LINE	PWT	5,670.31
		ENGINEERING - MCGARIGLE	PWT	5,004.98
		PROF SVS-ENGINEERING	SWR	19.36
		PROF SVS-ENGINEERING	SWR	189.58
		PROF SVS-ENGINEERING	SWR	1,964.26
		PROF SVS-ENGINEERING	SWR	20.00
		PROF SVS-ENGINEERING	SWR	401.88
		WARRANT TOTAL		39,357.95
63251	RELIABLE (OFFICE SUPPLY)	OFFICE EQUIPMENT	JUD	219.40
		OFFICE/OPERATING SUPPLIES	PD	77.19
		OFFICE/OPERATING SUPPLIES	PD	75.59
		MACHINERY & EQUIPMENT	PD	653.37
		WARRANT TOTAL		871.17
63252	RINDAL, BOB	CLOTHING	SAN	75.58
		WARRANT TOTAL		75.58
63253	RIVERCITY SCREENPRINTING	REPAIRS/MAINT-EQUIP	FD	60.00
		WARRANT TOTAL		60.00
63254	ROHLINGER ENTERPRISES, INC.	MAINTENANCE CONTRACTS	SWR	16.83
		WARRANT TOTAL		16.83

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
63255	SCIENTIFIC SUPPLY	OPERATING SUPPLIES	SWR	300.65
		OPERATING SUPPLIES	SWR	72.38
		OPERATING SUPPLIES	SWR	54.79
		WARRANT TOTAL		427.82
63256	SEABURY, DEBRA L.	PROFESSIONAL SERVICES	FD	2,000.00
		WARRANT TOTAL		2,000.00
63257	SEATTLE PUMP AND EQUIP CO	MAINTENANCE OF LINES	SWR	421.29
		WARRANT TOTAL		421.29
63258	SEDGWICK CMS	INDUSTRIAL INSURANCE	LGS	1.72
		INDUSTRIAL INSURANCE	JUD	2.99
		INDUSTRIAL INSURANCE	EXE	5.57
		INDUSTRIAL INSURANCE	FIN	4.83
		INDUSTRIAL INSURANCE	LGL	1.15
		INDUSTRIAL INSURANCE	PLN	54.31
		INDUSTRIAL INSURANCE	ENG	46.27
		INDUSTRIAL INSURANCE	PD	352.89
		INDUSTRIAL INSURANCE	PD	14.48
		INDUSTRIAL INSURANCE	PD	9.77
		INDUSTRIAL INSURANCE	FD	81.04
		INDUSTRIAL INSURANCE	INSP	14.37
		INDUSTRIAL INSURANCE	PK	134.03
		INDUSTRIAL INSURANCE	CEM	40.23
		INDUSTRIAL INSURANCE	ST	97.71
		INDUSTRIAL INSURANCE	ST	.92
		INDUSTRIAL INSURANCE	LIB	19.54
		INDUSTRIAL INSURANCE	SWR	204.61
		INDUSTRIAL INSURANCE	SAN	107.02
		INDUSTRIAL INSURANCE	SWTR	50.86
INDUSTRIAL INSURANCE	ERR	16.09		
	WARRANT TOTAL			1,260.40
63259	SEDRO-WOOLLEY AUTO PARTS	REPAIR & MAINT - AUTO	PD	10.78
		REPAIRS/MAINT-EQUIP	FD	5.01
		REPAIRS/MAINT-EQUIP	FD	2.81
		OPERATING SUPPLIES	ST	37.26
		OPERATING SUPPLIES	ST	28.08
		OPERATING SUPPLIES	ST	27.96
		REPAIR/MAINTENANCE-EQUIP	ST	41.01
		OPERATING SUPPLIES	SWR	52.92
		SMALL TOOLS & MINOR EQUIP	SWR	161.99
		OPERATING SUPPLIES	SAN	64.03
	WARRANT TOTAL			431.85
63260	SEDRO-WOOLLEY LOCK & KEY	CONSTRUCTION	CH	454.14
		WARRANT TOTAL		454.14
63261	SK CO DEPT OF EMERG MGMT	DEPT OF EMERG MANAGEMENT	EMG	5,584.38
		WARRANT TOTAL		5,584.38

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
63262	SK. CO. COM ACTION AGENCY	SK. COMM ACTION PUBL HLTH	HLT	1,334.99
		WARRANT TOTAL		1,334.99
63263	SKAGIT CO. DISTRICT COURT	MUNICIPAL COURT PROB.	JUD	1,150.00
		WARRANT TOTAL		1,150.00
63264	SKAGIT CO. SENIOR SERVICE	SKAGIT SENIOR SERVICES	SEN	4,867.00
		WARRANT TOTAL		4,867.00
63265	SKAGIT CO. PUBLIC WORKS	SKAGIT CO SOLID WASTE	SWR	54.00
		WARRANT TOTAL		54.00
63266	SKAGIT COUNTY SHERIFF	PRISONERS	PD	11,980.01
		WARRANT TOTAL		11,980.01
63267	SKAGIT COUNTY TREASURER	TAXES & ASSESSMENTS	SAN	32.96
		WARRANT TOTAL		32.96
63268	SKAGIT FARMERS SUPPLY	OPERATING SUPPLIES-PROPANE	ST	19.17
		OPERATING SUPPLIES-PROPANE	ST	20.34
		MAINTENANCE OF LINES	SWR	45.30
		WARRANT TOTAL		84.81
63269	SKAGIT HYDRAULICS, INC.	REPAIRS/MAINT-EQUIP	SAN	25.42
		WARRANT TOTAL		25.42
63270	SK. VALLEY BARK & TOPSOIL, INC.	REPAIR/MT-HAMMER SQUARE	PK	61.99
		WARRANT TOTAL		61.99
63271	SKAGIT VALLEY PUBLISHING	LEGAL PUBLICATIONS	LGS	34.84
		LEGAL PUBLICATIONS	LGS	44.35
		ADVERTISING/LEGAL PUBLIC	PLN	79.19
		ADVERTISING/LEGAL PUBLIC	PLN	82.36
		ADVERTISING/LEGAL PUBLIC	PLN	190.05
		ADVERTISING/LEGAL PUBLIC	PLN	183.72
		ADVERTISING	HOT	425.00
		WARRANT TOTAL		1,039.51
63272	SK. VALLEY MED. CTR INC	PROF SERVICE-MEDICAL EXAMS	FD	290.00
		WARRANT TOTAL		290.00
63273	SOLID WASTE SYSTEMS, INC.	REPAIRS/MAINT-EQUIP	SAN	71.89
		WARRANT TOTAL		71.89
63274	SPARKLE SHOP LAUNDRIES	UNIFORM CLEANING	PD	7.94
		UNIFORM CLEANING	PD	343.66
		WARRANT TOTAL		351.60
63275	STILES & STILES	MUNICIPAL COURT JUDGE	JUD	2,728.00
		WARRANT TOTAL		2,728.00
63276	SUNRISE CAR WASH	REPAIR & MAINT - AUTO	PD	120.00

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
		WARRANT TOTAL		120.00
63277	SUNDOWNER KUSTOM KLEANING	REPAIR/MT-SENIOR CENTER	PK	598.80
		WARRANT TOTAL		598.80
63278	TAYLOR, PAUL	RETIRED MEDICAL	PD	29.48
		WARRANT TOTAL		29.48
63279	TIGERDIRECT.COM	COMPUTER NETWORK	CS	163.99
		COMPUTER NETWORK	CS	376.64
		WARRANT TOTAL		540.63
63280	TREATMENT EQUIPMENT CO.	MAINT OF GENERAL EQUIP	SWR	1,202.57
		WARRANT TOTAL		1,202.57
63281	TRI-BORO SERVICES	MAINT OF GENERAL EQUIP	SWR	2,756.90
		WARRANT TOTAL		2,756.90
63282	TRUE VALUE	OPERATING SUPPLIES	FD	20.50
		OPERATING SUPPLIES	FD	11.87
		OPERATING SUPPLIES	FD	3.96
		OPERATING SUP - RIVERFRONT	PK	14.03
		OPERATING SUP - PARKS SHOP	PK	55.24
		SMALL TOOLS & MINOR EQUIP	PK	14.03
		REPAIR/MT-SENIOR CENTER	PK	8.94
		REPAIR/MT-SENIOR CENTER	PK	11.59
		REPAIR/MT-GOLF COURSE	PK	4.31
		REPAIR/MT-HAMMER SQUARE	PK	23.74
		REPAIR/MT-HAMMER SQUARE	PK	3.55
		REPAIR/MT-HARRY OSBORNE	PK	21.57
		OFFICE SUPPLIES	CEM	27.50
		OPERATING SUPPLIES	SWR	19.83
		OPERATING SUPPLIES	SWR	52.36
		OPERATING SUPPLIES	SWR	14.03
		OPERATING SUPPLIES	SWR	15.71
		REPAIRS/MAINT-BUILDING	SAN	9.32
		WARRANT TOTAL		332.08
63283	U.S. GOVT PRINTING OFFICE	BOOKS, PERIOD, RECORDS	LIB	30.00
		WARRANT TOTAL		30.00
63284	UNITED LABORATORIES	OPERATING SUP - COMM CENTER	PK	162.71
		OPERATING SUP - CITY HALL	PK	475.05
		OTHER IMPROVEMENTS	PK	764.39
		WARRANT TOTAL		1,402.15
63285	UNIVAR USA INC	OP SUPPLIES-CHEMICALS	SWR	1,564.25
		OP SUPPLIES-CHEMICALS	SWR	658.80
		OP SUPPLIES-CHEMICALS	SWR	116.40
		WARRANT TOTAL		2,106.65
63286	USA BLUE BOOK	MAINTENANCE OF LINES	SWR	34.01

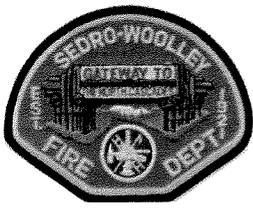
WARRANT	VENDOR NAME	DESCRIPTION	AMOUNT
		WARRANT TOTAL	34.01
63287	UTIL UNDERGROUND LOC CTR	OPERATING SUPPLIES SWR	56.40
		WARRANT TOTAL	56.40
63288	VALLEY AUTO SUPPLY	REPAIR & MAINTENANCE CS	101.12
		REPAIRS/MAINT-EQUIP FD	6.12
		REPAIR/MT-SMALL TOOLS EQUIP PK	101.12
		REPAIR/MAINTENANCE-EQUIP ST	101.12
		MAINTENANCE OF VEHICLES SWR	101.12
		MAINT OF GENERAL EQUIP SWR	24.60
		MAINT OF GENERAL EQUIP SWR	9.39
		REPAIRS/MAINT-EQUIP SAN	101.13
		SMALL TOOLS & MINOR EQUIP SAN	44.01
		WARRANT TOTAL	589.73
63289	VERIZON NORTHWEST	TELEPHONE JUD	198.96
		TELEPHONE JUD	29.73
		TELEPHONE FIN	497.40
		TELEPHONE FIN	127.78
		TELEPHONE PLN	99.48
		TELEPHONE PLN	28.46
		TELEPHONE ENG	99.49
		TELEPHONE ENG	28.46
		TELEPHONE PD	774.77
		TELEPHONE INSP	99.49
		TELEPHONE INSP	28.47
		TELEPHONE SWR	94.37
		WARRANT TOTAL	2,106.86
63290	VERIZON	CONSTRUCTION CH	15,168.59
		WARRANT TOTAL	15,168.59
63291	WA STATE DEPT OF L & I	INDUSTRIAL INSURANCE JUD	4.00
		INDUSTRIAL INSURANCE PD	60.06
		WARRANT TOTAL	64.06
63292	WA STATE DEPT OF REVENUE	SMALL TOOLS & MINOR EQUIP FD	51.44
		REPAIRS/MAINT-EQUIP FD	39.44
		OPERATING SUP - DRIVING RANGE	91.00
		SAFETY EQUIPMENT PK	9.31
		TAXES AND ASSESSMENTS PK	73.59
		TAXES AND ASSESSMENTS CEM	478.17
		SUPPLIES LIB	13.05
		TAXES AND ASSESSMENTS LIB	7.64
		BOOKS, PERIOD, RECORDS LIB	13.92
		TAXES AND ASSESSMENTS SWR	4,065.50
		OPERATING SUPPLIES SAN	42.32
		TAXES & ASSESSMENTS SAN	4,919.46
		WARRANT TOTAL	9,804.84
63293	WA STATE DEPT OF REVENUE	RENTS, LEASES, CONCESSIONS	32.74

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
		RENTS, LEASES		134.82
		RENTS, LEASES		57.78
		WARRANT TOTAL		225.34
63294	WA ST FIRE FIGHTERS ASSOC	MISC-DUES	FD	95.00
		WARRANT TOTAL		95.00
63295	WASHINGTON STATE PATROL	INTERGOV SVC-GUN PERMITS	PD	57.75
		PROFESSIONAL SERVICES	PK	60.00
		WARRANT TOTAL		117.75
63296	WA ST CRIMINAL JUSTICE	TUITION/REGISTRATION	PD	600.00
		WARRANT TOTAL		600.00
63297	WA ST DEPT OF GENERAL ADM	PROFESSIONAL SERVICES	PD	50.00
		PROFESSIONAL SERVICES	PD	50.00
		PROFESSIONAL SERVICES	FD	50.00
		PROFESSIONAL SERVICES	FD	50.00
		PROFESSIONAL SERVICES	PK	50.00
		PROFESSIONAL SERVICES	PK	50.00
		PROFESSIONAL SERVICES	SWR	50.00
		PROFESSIONAL SERVICES	SWR	50.00
		PROFESSIONAL SERVICES	SAN	50.00
		PROFESSIONAL SERVICES	SAN	50.00
		WARRANT TOTAL		500.00
63298	WASTE MANAGEMENT OF SKGT	RECYCLING FEE - HOUSEHOLD	SAN	7,651.46
		WARRANT TOTAL		7,651.46
63299	WEST PAYMENT CTR	WESTLAW SERVICES	LGL	87.65
		WARRANT TOTAL		87.65
63300	WOOD'S LOGGING SUPPLY INC	OPERATING SUPPLIES	ST	44.23
		WARRANT TOTAL		44.23
63301	WEBSTER, JUDY	SPACE/FACILITY RENT-RIVERFRONT		100.00
		WARRANT TOTAL		100.00
63302	GRANDVIEW HOMES, INC.	SEWER CONNECTION FEE		28.00
		WARRANT TOTAL		28.00
		RUN TOTAL		352,208.73

FUND	TITLE	AMOUNT
001	CURRENT EXPENSE FUND	152,046.30
101	PARK FUND	9,617.92
102	CEMETERY FUND	2,384.54
103	STREET FUND	9,548.39
104	ARTERIAL STREET FUND	11,657.91
105	LIBRARY FUND	2,244.52
108	STADIUM FUND	425.00
331	CITY HALL CONST FUND	83,180.53
332	PWTF SEWER CONSTRUCTION FUND	38,537.40
401	SEWER FUND	20,613.99
410	CUM RES-SEWER FACILITIES FUND	28.00
412	SOLID WASTE FUND	21,619.58
425	STORMWATER	288.56
501	EQUIPMENT REPLACEMENT FUND	16.09
TOTAL		352,208.73

DEPARTMENT	AMOUNT
001 000 000	32.74
001 000 011	1,236.97
001 000 012	10,990.77
001 000 013	108.70
001 000 014	2,155.04
001 000 015	63.56
001 000 018	7,057.95
001 000 019	1,337.04
001 000 020	719.49
001 000 021	30,758.12
001 000 022	85,357.81
001 000 024	441.74
001 000 025	5,584.38
001 000 055	4,867.00
001 000 062	1,334.99
FUND CURRENT EXPENSE FUND	152,046.30
101 000 000	100.00
101 000 076	9,517.92
FUND PARK FUND	9,617.92
102 000 036	2,384.54
FUND CEMETERY FUND	2,384.54
103 000 042	9,548.39
FUND STREET FUND	9,548.39
104 000 042	11,657.91
FUND ARTERIAL STREET FUND	11,657.91
105 000 072	2,244.52
FUND LIBRARY FUND	2,244.52
108 000 019	425.00
FUND STADIUM FUND	425.00
331 000 012	83,180.53
FUND CITY HALL CONST FUND	83,180.53
332 000 082	38,537.40
FUND PWTF SEWER CONSTRUCTION FUND	38,537.40
401 000 000	134.82
401 000 035	20,479.17
FUND SEWER FUND	20,613.99
410 000 000	28.00
FUND CUM RES-SEWER FACILITIES FUND	28.00
412 000 037	21,619.58
FUND SOLID WASTE FUND	21,619.58

VENDOR	VENDOR NAME	INVOICE NUMBER	REFERENCE	INVOICE DATE	DUE DATE	COMMENTS
		425 000 000	57.78			
		425 000 039	230.78			
	FUND STORMWATER		288.56			
		501 000 047	16.09			
	FUND EQUIPMENT REPLACEMENT FUND		16.09			
	TOTAL		352,208.73			



City of Sedro-Woolley Fire Department

Dean Klinger, Chief
325 Metcalf Street
Sedro-Woolley, WA 98284

(360) 855-2252 • Fax (360) 855-0196

CITY COUNCIL AGENDA REGULAR MEETING

APR 23 2008

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. _____

DATE: April 8, 2008
TO: Mike Anderson, Mayor and City Council
FROM: Dean Klinger, Chief
SUBJECT: **Request for Out of State Travel**

Situation:

In June of 2007 the City awarded the bid for the new Fire Department Vehicle to General Fire Apparatus. The vehicle is now ready for inspection and delivery. Per the bid spec's, General Fire Apparatus is required to pay for flying two Fire Department personnel along with the lodging and meals for the inspection trip. The Department is requesting authorization to travel out of state to South Dakota for the purpose of inspecting the new vehicle and delivering it to Sedro-Woolley.

Recommended Action:

I would like to recommend that the Mayor and City Council approve this request for out of State Travel for two Fire Department personnel.

- A permanent plate mounted in the cab that specifies the quantity and type of the following fluids used in the vehicle: engine oil, engine coolant, chassis transmission fluid, pump transmission lubrication fluid, pump primer fluid (if used) and drive axle lubrication fluid.
- A permanent plate mounted in the cab that specifies the seating capacity of the enclosed cab.
- Signs that state "Occupants Must be Seated and Belted When Apparatus is in Motion" will be provided and be visible for each seated position.
- An accident prevention sign will be located at the rear step area of the apparatus. The sign will warn all personnel that standing on the step while apparatus is in motion will be prohibited.
- "CAUTION" labels will be installed at all areas that may create potential injury to personnel.

DELIVERY/DEPARTMENT PICKUP

Department personnel will travel to the apparatus manufacturer to review the entire unit for compliance to the specifications and execution of work. Any alterations deemed necessary will be made at that time.

Department personnel will be trained in the complete operation of the unit as well as the required maintenance. Department personnel will then be responsible for transporting the apparatus to their location.

At the time of delivery, all related equipment will have its own information compiled together to allow quick access to service information.

* { All trips shall be included in the bidder's proposal and shall be based upon two (2) representatives of the purchaser traveling to the location of the manufacturer. All costs to be borne by the contractor, including but not limited to air travel, ground transportation, lodging, meals and all normal travel expenses.

PAYMENT TERMS

Review Invitation to Bid for payment terms and conditions.

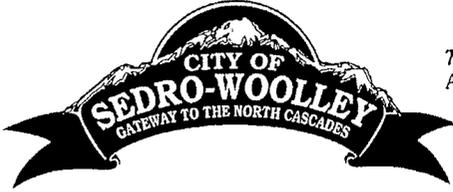
MANUFACTURER WARRANTY

Bidder will warranty the work on the vehicle to be free of defective material and workmanship under normal use and service.

It will be the bidder's obligation under this warranty to repair or replace any parts or workmanship, after examination has disclosed, to our satisfaction, that such workmanship or parts; provided that such workmanship or parts are inspected within one (1) year of the completion of the work.

**CITY COUNCIL AGENDA
REGULAR MEETING**

APR 23 2008



7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. _____

CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-9922
Fax (360) 855-9923

Mike Anderson
Mayor

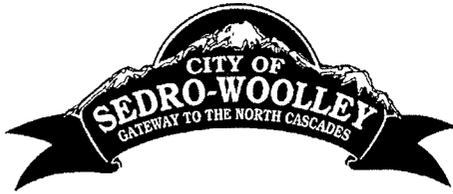
MEMO TO: City Council
RE: Planning Commissioner Appointment
DATE: April 23, 2008

AGENDA LOCATION: Consent calendar

ISSUE: Should the Council confirm the Mayor's appointment of Mary McGoffin to the Planning Commission?

BACKGROUND: The Planning Commission has a current vacancy resulting from Kevin Loy's recent resignation. SWMC 2.48 empowers the Mayor to appoint and the Council to confirm the appointment. A Commissioner's term is six years; Mary will be completing Loy's term.

RECOMMENDATION: Motion to confirm the Mayor's appointment of Mary McGoffin to an unexpired term on the Planning Commission.



**CITY COUNCIL AGENDA
REGULAR MEETING**

APR 23 2008

**7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. _____**

CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
720 Murdock Street
Sedro-Woolley, WA 98284
Phone (360) 855-0771
Fax (360) 855-0733

Mark A. Freiberger, PE
Director of Public Works/City Engineer

MEMO TO: City Council and Mayor Mike Anderson

FROM: Mark A. Freiberger, PE

RE: **Task Order V to the On-Call Professional Services Agreement
With Reichhardt & Ebe Engineering, Inc.**
Fruitdale Road, SR20 to McGarigle Sewer Project

DATE: April 15, 2008 (for Council review April 23, 2008)

ISSUE

Should Public Works Director Mark Freiberger execute the attached Task Order V for the On-Call Agreement for Professional Services with Reichhardt & Ebe Engineering, Inc. of Sedro-Woolley, WA for conceptual design phase services for the Fruitdale Road, SR20 to McGarigle Sewer Project?

BACKGROUND/DISCUSSION

The current On-Call Professional Services Agreement No. 7 dated May 23, 2007 provides for on-call engineering, surveying, geotechnical, plan review and inspection services as needed. Work under this Agreement is ordered by approved Task Orders.

The attached Task Order V consists of two phases. Phase 1 is for conceptual design of a sanitary sewer main in Fruitdale Road from SR20 north to McGarigle Road, and Phase 2 is for conceptual design of a sewer main and pump station to serve the area on Fruitdale Road south of SR20 to Railroad Avenue.

Phase 1. The area west of Fruitdale and east of Carter between SR20 and McGarigle (Sewer C-Basin) was annexed to the city relatively recently, and is underserved for sanitary sewer. Some properties in the vicinity of McGarigle are served by the sewer main that originates on Northern States and runs under McGarigle to SR9/Township. Properties near SR20 are partially served by a line north of SR20 that also drains to SR9. The properties adjacent to Fruitdale between McGarigle and SR20 both currently in the city limits west of Fruitdale and in the UGA east of Fruitdale are not currently served. The study will determine if the area can be partially or fully served either from the existing mains and identify the need for a crossing of SR20 at Fruitdale with a dry sewer main to be extended in the future south on Fruitdale to the Wicker Road vicinity.

Phase 2. The area between SR20 and Railroad Street and bounded approximately Fruitdale to the east and Claybrook to the west (Sewer D-Basin) is mostly unsewered, with portions within the existing city limits and the remainder within the UGA. The 2005 Sewer Comprehensive Plan identifies a possible lift station on Fruitdale in the vicinity of Wicker Road that would allow gravity service for most of this area. This project is

currently unfunded, but will become a priority in the near future as development pressure in this vicinity mounts. It is anticipated that the project would be funded from impact fees or developer contributions or both.

FINANCIAL

Here is the updated funding and estimated cost for the overall project.

FUNDING

Account 401 Prof Services Engr – 2005 Comp Plan update	\$ 75,000
Account 401 Other Impr – Fruitdale Dry Sewer Design	\$100,000
TOTAL AVAILABLE FUNDING	\$175,000

ESTIMATED COST

Reichhardt & Ebe On Call Task Order	\$ 40,817.02
TOTAL ESTIMATED DESIGN COST	\$ 40,817

REMAINING BUDGET

\$134,183

ANALYSIS

The 2008 Budget includes \$100,000 for design of the Fruitdale Dry Sewer Project. The work to be authorized by this agreement will provide the preliminary design (up to 30% level) for this project. Following confirmation of the best drainage for the Fruitdale sewer, full design will be authorized by a separate agreement. It is possible that the actual final design will be added to the existing agreement with Leonard, Boudinot & Skodje Inc. for the Fruitdale/McGarigle Road Project, as the sewer construction project will most likely be done as part of the road reconstruction project. The 2008 Budget also includes \$75,000 for preliminary design for 2005 Sewer Comp Plan projects, which would include such things as the Fruitdale/Wicker Road Pump Station preliminary design.

RECOMMENDATION

It is Staff's recommendation that Council authorize Public Works Director Mark Freiberger to execute the attached Task Order V to the On-Call Agreement for Professional Services with Reichhardt & Ebe Engineering, Inc. of Sedro-Woolley, WA for conceptual design of the Fruitdale Road, SR20 to McGarigle Sewer Project.

MOTION:

Move to authorize Public Works Director Mark Freiberger to execute the attached Task Order V to the On-Call Agreement for Professional Services with Reichhardt & Ebe Engineering, Inc. of Sedro-Woolley, WA for conceptual design of the Fruitdale Road, SR20 to McGarigle Sewer Project in the amount of \$40,817.02.

Respectfully submitted,

Mark A. Freiberger, PE
Director of Public Works/City Engineer

Reichhardt & Ebe Engineering, Inc.
Consulting Engineers

813 Metcalf Street
Sedro-Woolley, WA 98284

Phone 360-8551713
Fax 360-855-1164

April 4, 2008

City of Sedro-Woolley
720 Murdock Street
Sedro-Woolley, Washington, 98284

Attn: Mr. Mark Freiberger, City Engineer-Public Works Director

Re: On-call Consulting Engineering Services
Letter of Agreement, Fruitdale Rd. Dry Sewer/Pump Station Analysis

Dear Mr. Freiberger:

Thank you for the opportunity to provide the City of Sedro-Woolley this proposal for Engineering services for the above-mentioned project. Per our existing On-call Engineering Services Agreement dated May 23, 2007, the following is submitted for your approval:

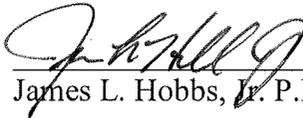
Exhibit A, Scope of Work
Exhibit B, Man Hour Estimate, \$40,817.02

If this proposal meets with your approval please sign and return one copy to us for our files.

Respectfully,

Reichhardt & Ebe Engineering, Inc.

City of Sedro-Woolley


James L. Hobbs, Jr. P.E. 4/4/08
Date

Mark Freiberger, City Engineer Date

EXHIBIT A - SCOPE OF WORK

REICHHARDT & EBE ENGINEERING, INC. CONSULTING ENGINEERS

813 Metcalf Street | Sedro-Woolley, WA 98284 | Telephone 360-855-1713 | Fax: 360-855-1164

March 13, 2008

City of Sedro-Woolley
Mr. Mark Freiberger, PE, City Engineer/Director of Public Works
720 Murdock Street
Sedro-Woolley, WA 98284

Subject: Preliminary proposal for engineering services for the Fruitdale Rd. Dry Sewer/Pump Station Analysis

Dear Mr. Freiberger,

Thank you for giving us the opportunity to provide a preliminary proposal for the engineering services for the Fruitdale Rd. Dry Sewer/Pump Station Analysis. We understand the project to include preliminary basin analysis, engineering design of approximately 11,000 linear feet of gravity sanitary sewer line, approximately 4,000 linear feet of sewer force main, preliminary pump sizing and pump station design. This system would serve the currently non-sewered area roughly delineated in the City of Sedro-Woolley's Wastewater Sub-basins & Locator Maps as the northeast portion of Basin D, all of Basin C and the northeast portion of Basin B.

Our proposal for engineering services on the above-mentioned project will include the following items:

1. Existing Conditions

This includes researching existing sanitary sewer facilities information provided by the City of Sedro-Woolley. Base maps will be developed using City provided aerial photography and Topographic maps. Site observations will be made to determine constructability throughout the project corridor and to verify base maps.

1a. Product Base Maps

2. Planning

This includes coordination with City staff and State staff to determine system design criteria.

3. Engineering

Twenty-percent horizontal and vertical alignment will be developed utilizing City Standards and information gathered during the planning phase. A preliminary developable land analysis will be conducted utilizing City provided land use planning information. Capacity analysis for the existing land-use and as well as projected land-use in 2025. Twenty-percent horizontal and vertical alignment of the project corridor will be mapped over City provided aerial photo. R&E will evaluate two pump station locations and make recommendations for final location based on analysis. Preliminary pump sizing will be performed based on 2025 build-out projection. Quantity take-off information estimates of probable cost will be developed for the twenty-percent design.

3a. Product

Design report summarizing basin analysis, existing and projected build-out density for year 2025 including projected flow quantity. Summary will be provided for pumping requirements. Pump sizing recommendations prepared. Summary of pump station location analysis and recommendation for placement will be provided. Report will include preliminary construction quantities and Engineer's Estimate of probable cost of construction.

4. Drafting

Drafting will include the development and checking of twenty-percent design plans required for project construction. Drafting will be done using Autodesk Land Desktop 2006.

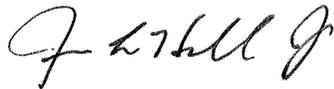
4a. Product

Twenty-percent design plan and profile sheet at 1"=40' horizontal scale and 1"=4' vertical scale

At this time, no environmental permitting has been identified with this scope of work. As planning progresses and funding options are explored, environmental permitting may be required as part of the project. In this event, we would explore modifying the scope to include addressing these concerns.

For Additional break down of these task items, a man-hour estimate has been attached for your review. If you have any questions or require additional information please contact me at (360)-354-3687. I look forward to hearing from you.

Respectfully,



James L. Hobbs, Jr. PE
Reichhardt & Ebe Engineering

City of Sedro Woolley
 Fruitdale Road
 (McGarigle Road to Wicker Road)

EXHIBIT B
MAN HOUR ESTIMATE

Reichardt & Ebe Engineering, Inc.
 813 Metcalf Street
 Sedro-Woolley, WA 98284

Date: March 10, 2008

Phone: (360) 855-1713
 Fax: (360) 855-1164

Item	Description	Prime Consultant						SubConsultant
		Project Engineer	Tech. 6	Tech. 2	Clerical 2	Mill Creek Management		
SCHEDULE A: DESIGN								
1.0	TOPOGRAPHIC SURVEY							
1.1	Research Existing Records	2	0	6		2		
1.2	Engineering Data Acquisition	16	12	12		0		
1.3	Data Reduction	2	0	0		0		
1.4	Base Maps	2	0	16		0		
1.5	Field Verify Base Maps	0	4	1		0		
	Sub-Total	22	16	35		2		
2.0	PLANNING							
2.1	Coordination w/City of Sedro Woolley	6	0	4		0		
	Sub-Total	6	0	4		0		
3.0	ENGINEERING ANALYSIS							
3.1	Research Existing sewer information	2	0	16		0		
3.2	Existing Basin Areas and Service Connection Approx.	2	0	24		0		
3.3	Proposed Basin Area Approximation	1	0	24		0		
3.4	Wastewater and Inflow and Infiltration Calculation	2	0	24		0		
3.5	King County Backwater Analysis for Proposed SS	2	0	16		0		
3.6	AutoCAD Pipeworks Analysis for Proposed SS	2	0	40		0		
3.7	Preliminary Pump analysis and sizing	2	0	4		0		
	Sub-Total	13	0	148		0		
4.0	ENGINEERING							
4.1	20-percent Horizontal Alignment	2	0	8		0		
4.2	20-percent Vertical Alignment	2	0	8		0		
4.3	20-percent Trenchless Option Analysis SR 20 Crossing	4	0	6		0		
4.4	Pump Station Location Analysis, Two Locations	6	0	10		0		
4.5	Service Reconnect	2	0	4		0		
4.6	Utility Conflicts	2	0	4		0		
4.7	Property Owner Access	2	0	6		1		
4.8	Utilities Coordination (Phone, Power, Gas, Cable, PUD	4	0	4		1		
4.9	20-percent Quantity Takeoffs	6	3	8		0		
	Sub-Total	32	3	60		2		\$1,700.00
5.0	DRAFT DESIGN							
5.1	20-percent Plan Sheets	8	0	32		0		
5.2	20-percent Profile	4	0	8		0		
5.3	20-percent Details	4	0	8		0		
5.4	QA/QC	4	24	1		6		
	Sub-Total	20	24	49		6		
6.0	PROJECT DOCUMENTS							
6.1	Analysis report	12	2	40		8		
6.2	20-percent Cost Estimates	8	4	8		2		
	Sub-Total	20	6	48		10		
	SUBTOTAL	113	49	344		20		\$1,700.00
	Billing Rates	\$100.47	\$77.83	\$66.51		\$41.04		
	TOTAL	\$11,353.11	\$3,813.67	\$22,879.44		\$820.80		\$1,700.00

Item	Description	Units	Unit Cost	Total
7.0	REIMBURSABLES			
7.1	Blueprinting	100	\$1.50	\$150.00
7.2	Copying	1000	\$0.10	\$100.00
	Sub-Total			\$250.00

GRAND TOTAL \$40,817.02

APR 23 2008



ORIGINAL

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. _____

SUBSCRIBER AGREEMENT

WHEREAS, Public Safety Testing, Inc. is a skilled provider of testing services to police, fire, and other public safety agencies, and

WHEREAS, the subscriber public agency, either directly or through a civil service commission, tests, evaluates, ranks and hires law enforcement and/or firefighters and/or other public safety positions in the performance of its public safety functions, and

WHEREAS, the subscribing public entity desires to join in a non-exclusive subscriber agreement, NOW, THEREFORE,

Public Safety Testing, Inc. (the "Contractor") and the City of Sedro-Woolley, a municipal corporation of the state of Washington (hereinafter "Subscriber"), do enter into this nonexclusive Subscriber Agreement under the terms and conditions set forth herein.

1. Description of Basic Services. This Agreement begins May 1, 2008. The Contractor will provide the following services to the Subscriber, on its request:

1.1 Advertise for, process applications for, and administer written and/or physical agility examinations for (check all that apply):

- Entry-level Police Officer
- Lateral Police Officer
- Firefighter personnel
 - Written Exam & CPAT
 - Written Exam only
- Firefighter/Paramedic personnel
 - Written Exam & CPAT
 - Written Exam only

1.2 Report to the Subscriber the scores of applicants, with all information necessary for the Subscriber to place passing applicants upon its eligibility list, and rank them relative to other candidates on appropriately constituted continuous testing eligibility lists. Contractor will report "raw" test scores – no preference points will be factored into applicant scores and it is the Subscriber's responsibility to factor veteran's preference points in accordance with applicable federal and state laws.

1.3 Appear in any administrative or civil service proceeding in order to testify to and provide any and all necessary information to document the validity of the testing process, to participate in the defense of any testing process and to otherwise provide any information necessary to the Subscriber to evaluate challenges to or appeals from the testing process. The Contractor shall appear without additional charge. The Subscriber shall pay the reasonable cost of travel and

appearance for any expert witness deemed necessary by the Subscriber to validate the testing process, including but not limited to, representatives of any company which holds the copyright to any testing material and whose testimony or appearance is deemed necessary to validate the process.

1.4 The Subscriber elects (check all that apply):

A one-year subscription at the following rates (check all that apply):

Police Officer testing @ \$900

Firefighter testing @ \$400

A three-year subscription at the following rates (check all that apply):

Police Officer testing @ \$800 annually

Firefighter testing @ \$340 annually

1.5 Payment. Subscriber shall pay an amount equal to twenty-five percent (25%) of the annual fee set forth above quarterly for services rendered in the previous quarter and for basic services including but not limited to, software relating to online application, advertising formats, previously advertised scheduling of test dates, model civil service rules, testing systems, as well as ongoing testing and recruitment, and any and all other work developed at the cost of the Contractor prior to or contemporaneous with the execution of this Agreement. Payment shall be made within 45 days of receipt of invoice.

2. Additional Services. At the request of the Subscriber, Contractor may provide the following types of services:

2.1 Submission to the Contractor of additional requests for applicant testing with respect to any given eligibility list or any other task under the provisions of this paragraph shall be at the sole discretion of the Subscriber. This is a non-exclusive agreement and the Subscriber may continue at its discretion to conduct entry level testing in addition to the services provided by the Contractor, and may, in addition, contract with any other entity for services during the initial one-year term of this Agreement. If the Subscriber elects to utilize the Contractor for a three-year subscription, he/she may terminate this Agreement in years two and three and contract for additional services in accordance with the provisions of paragraph 7 below.

2.2 In addition to the services provided under this Agreement, the Subscriber may, at its sole discretion, elect to purchase additional services from the Contractor. Such services shall be requested by and contracted for pursuant to separate written agreement.

3. Acknowledgements of Subscriber. The Subscriber understands and acknowledges, and specifically consents to the following stipulations and provisions:
 - 3.1 The written and physical agility scores of any applicant shall be valid for 15 months from the date of certification by the Contractor or 12 months from the date of placement upon the Subscriber's eligibility list, whichever first occurs, following the report of the Contractor, and rules compatible with continuous testing shall be adopted. The Subscriber shall review its applicable hiring processes, advertisements, personnel policies and civil service rules (as applicable) to ensure compliance with the provisions of this Agreement.
 - 3.2 An applicant may, in addition to the Subscriber's eligibility list, elect to have his/her score reported to and subject to placement on the eligibility list of any other Subscriber. Nothing in this Agreement shall be interpreted to prohibit the use of an applicants' score for consideration in or processing through any other subscriber's hiring and/or civil service eligibility process. The Subscriber agrees that if an applicant is hired by another agency through this service, the applicant's name shall be removed from Subscriber's eligibility list.
 - 3.3 The Subscriber specifically understands and acknowledges that the Contractor may charge a reasonable application fee from any and all applicants.
 - 3.4 The Subscriber may also conduct advertising as it deems necessary to support/enhance recruiting efforts. The Subscriber shall link PublicSafetyTesting.com on its agency's website, if it so maintains one.
 - 3.5 If the Subscriber elects for the Contractor to conduct physical ability testing for firefighter candidates, the Subscriber agrees to complete a Candidate Physical Ability Test (CPAT) validity transportability study and successfully apply to the International Association of Firefighters (IAFF) for a CPAT License. The Subscriber agrees to complete such prior to the administration of the CPAT for any of its candidates. If the Subscriber elects to have the Contractor conduct such transportability study, the one-time fee for such is \$750.
 - 3.6 Subscriber understands that firefighter physical ability testing is typically conducted twice per calendar year. Candidate's names/test scores will be forwarded to the Subscriber usually in June and December following the completion of the CPAT.
 - 3.7 Public Safety Testing views recruiting as a partnership with the Subscriber. The Subscriber agrees to actively participate in recruiting efforts for positions within the Subscriber agency.
 - 3.8 The Subscriber agrees to keep the Contractor up-to-date as to the agency's hiring status, minimum and special requirements, all information appearing on the agency's PST website profile and the names of any candidates hired through these services.

4. Testing Standard and Warranty of Fitness for Use. All testing services conducted under this Agreement shall be undertaken in accordance with the provisions of the Washington State Civil Service Statutes, Chapter 41.08 and 41.12 RCW, or the terms of other applicable statute as the Subscriber shall notify the Contractor that the Subscriber must meet. Tests shall also be conducted in accordance with the general standards established by the Subscriber; the Subscriber shall be responsible for notifying the Contractor of any unusual or special process or limitation. The test utilized, the proctoring of the test and any and all other services attendant to or necessary to provide a valid passing or failing score to the Subscriber shall be conducted in accordance with generally accepted practice in the human resources, Civil Service and Public Safety Testing community. The Subscriber may monitor the actions and operations of the Contractor at any time. The Contractor shall maintain complete written records of its procedures and the Subscriber may, on reasonable request, review such records during regular business hours. Any and all written materials, and the standards for physical fitness testing utilized, shall comply with all applicable copyrights and laws. The Contractor expressly agrees and warrants that all tests and written materials utilized have been acquired by the Contractor in accordance with the appropriate copyright agreements and laws and that it has a valid right to use and administer any written materials and tests in accordance with such agreements and laws.

5. Independent Contractor. The Contractor is an independent contractor. Any and all agents, employees or contractors of the Contractor, shall have such relation only with the Contractor. Nothing herein shall be interpreted to create an employment, agency or contractual relationship between the Subscriber and any employee, agent or sub-contractor of the Contractor.

6. Indemnity and Hold Harmless. The parties agree and hold harmless each other, their officers, agents and employees in accordance with the following provisions:
 - 6.1 The Contractor shall indemnify and hold harmless the Subscriber, its employees and agents from any and all costs, claims or liability arising from:
 - 6.1.1 Violation of any copyright agreement or statute relating to the use and administration of the tests or other written materials herein provided for;
 - 6.1.2 Any cost, claim or liability arising from or out of the claims of an employee, agent or sub-contractor to the end that the Contractor shall be an independent Contractor and the Subscriber shall be relieved of any and all claims arising from or relating to such employment relationships or contracts between the Contractor and third parties;
 - 6.1.3 The alleged negligent or tortious act of the Contractor in the provision of services under this Agreement.

6.2 The Subscriber shall indemnify and hold harmless the Contractor, its officers, agents and employees from any and all cost, claim or liability arising from or out of the alleged negligent or tortious act of the Subscriber in the provision of services hereunder.

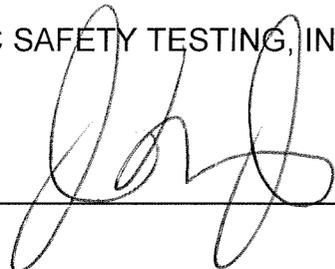
7. Termination. This Agreement terminates on the last day of April, 20 11. The Contractor and the Subscriber may withdraw from this Agreement at any time for any reason with 45 days written notice, provided, however, that the provisions of paragraphs 1.3, 4, 5 and 6 shall remain in full force and effect following the termination of this Agreement with respect to, and continuing for so long as any applicant tested by the Contractor remains on the eligibility list of the Subscriber. Provided further that in the event either party elects to terminate this agreement, prior to its expiration, any amounts paid by the Subscriber shall be pro-rated and reimbursed to the Subscriber, accordingly, within 60 days of termination of this Agreement.
8. Entire Agreement, Amendment. This is the entire Agreement between the parties. Any prior agreement, written or oral, shall be deemed merged with its provisions. This Agreement shall not be amended, except in writing, at the express written consent of the parties hereto.

This Agreement is dated this _____ day of _____, 20_____.

CITY OF SEDRO-WOOLLEY, WA

PUBLIC SAFETY TESTING, INC.

By: _____

By:  _____

Print: _____

Print: Jon F. Walters, Jr. _____

Its: _____

Its: President _____

Contact: _____

Jon Walters _____

Address: _____

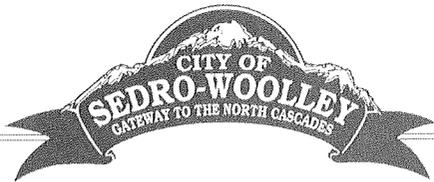
20818 – 44th Ave. W., Suite 160

City/State: _____

Lynnwood, WA 98036

Telephone: _____

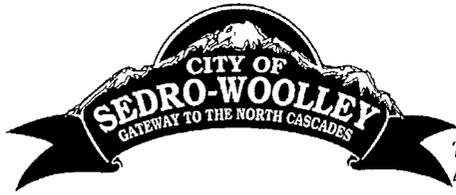
425.776.9615



SUBJECT: PUBLIC COMMENT

Name:
Address:
Narrative:

PUBLIC
HEARING(S)



**CITY COUNCIL AGENDA
REGULAR MEETING**

APR 23 2008

**7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 5**

CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-0771
Fax (360) 855-0733

Mark A. Freiberger, PE
Director of Public Works/City Engineer

MEMO TO: City Council and Mayor Mike Anderson
FROM: Mark A. Freiberger, PE
RE: **Sewer Utility Rates & Capital Facilities Charge**
DATE: April 10, 2008 (for Council review April 23, 2008)

ISSUE

Should Council approve an increase in the Sewer Base Rate per Alternate D3a by \$2.75/ERU/month from the current \$45.75/ERU/month to \$48.50/ERU/month?

Should Council approve an increase in the Sewer Connection Fee from \$7,266 per hookup to \$8,926 per hookup?

BACKGROUND/DISCUSSION

This memorandum is follow up to the council sessions on March 5, 2008 and on March 12, 2008 where sewer rates and connection fee increases to fund ongoing Critical Interceptor Sewer projects were discussed.

Following discussion at that meeting, council instructed staff to proceed with the enabling ordinance to increase the base single family sewer rate by \$2.75/ERU/month from \$45.75 to \$48.50/ERU/month, as recommended by Alternate D3a as presented at the March 12, 2008 council meeting. Council also instructed staff to prepare the enabling ordinance to increase the Sewer Connection Fee from the current \$7,266 per hookup to \$8,926 per hookup. The combined Ordinance for this purpose is attached.

To recap, Alternate D3a as described in the 3/12/08 staff memorandum to council includes the following assumptions:

1. The 2005 PWTF Pre-Con Loan, 2006 Construction Loan and 2008 Construction Loan close out at the contract amounts (i.e. core Critical Interceptor Sewer Projects are completed as planned).
2. The 2008 Construction Loan is approved and closed out at the estimated contract amounts (i.e. remaining Critical Interceptor Sewer Projects are completed as planned, plus Clarifier replacement).
3. New Facilities Reserve Fund 402 of \$75,000 per year from rate revenue (for Wastewater Treatment Facility Machinery & Equipment Replacement).
4. Rate funded Capital Outlay of \$490,000 in 2008 (per budget) and \$300,000 per year from 2009 on for collection system replacement projects.
5. Bond refunding results in average annual savings of \$25,000.
6. Capital Facilities Charge increased from \$7,266 to \$8,926.
7. Anticipated growth of least 50 connections per year is added to the system.
8. Connection Fee revenue programmed for PWTF debt of \$150,000 per year (assumes CFC is increased per #6 and minimum 50 connections per year per #7).

9. Transfer \$750,000 from the Sewer Reserve Fund Account 410 to the Sewer Facilities Fund Account 402 in 2008.
10. Transfer additional \$200,000 from the Sewer Reserve Fund Account 410 to Account 401 for budgeted "Other Improvements"; revises 2008 total for this line from \$375,000 to \$575,000.
11. Level out the 2008 and 2009 rate increases.
12. 2008 Rate increase to be effective June 1, 2008.

ANALYSIS

The recommended rate increase for 2008 based on the above assumptions \$2.75/ERU/Month. Projected rate increases for following years are \$2.75 in 2009, \$5.00 in 2010, and 1.00 in 2011, with increases for inflation as needed in subsequent years. This will result in the Sewer Cumulative Reserve Fund Account 410 Ending Fund Balance decreasing from \$2,310,000 in 2008 to \$1,732,000 in 2011. The Target Fund Balance for Account 410 is \$1,513,000 in 2011, which is based on one year's debt service plus \$300,000.

Additional points of emphasis are:

1. Rates to be reassessed annually to confirm actual debt levels and connection fee revenue.
2. Connection Fee revenue above the minimum 50 connection level may be used to fund annual construction projects, thereby further reducing rate impacts year by year.

RECOMMENDATION

It is Staff's recommendation that Council act to raise the base sewer rates in accordance with Alternative D3a, with the 2008 rate increase of \$2.75/ERU/Month, with subsequent year rate increase recommendations to be verified and adopted annually.

It is also staff's recommendation that Council act to raise the Capital Facilities Charge to \$8,926.

MOTION:

Adopt Ordinance _____ raising the base sewer rates \$2.75/ERU/Month to \$48.50/ERU/month, with subsequent year rate increase recommendations to be verified and adopted annually, and raising the Sewer Connection Fee from \$7,266 to \$8,926.

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE FEES AND CHARGES FOR CONNECTION TO AND USE OF THE CITY OF SEDRO-WOOLLEY SANITARY SEWER SYSTEM, AMENDING PORTIONS OF SEDRO-WOOLLEY MUNICIPAL CODE CHAPTER 13.16 AND CHAPTER 13.30, AND ADJUSTING THE LOW-INCOME SENIOR DISCOUNT

WHEREAS, the City Council of the City of Sedro-Woolley is updating its Sanitary Sewer Capital Facilities Plan, and

WHEREAS, the work identified by the City will cost about \$15,133,000.00, and

WHEREAS, the intended method of financing is to utilize PWTF monies to the extent possible, to achieve a lower cost of funds, and

WHEREAS, the City has hired consultants who have made recommendations concerning the allocation of the cost of construction between connection fees and charges and monthly user fees, and

WHEREAS, the City Council finds that adoption of the connection and user fees set forth in this ordinance will support the construction projects in the Sanitary Sewer Capital Facilities Plan if anticipated financing is realized, and

WHEREAS, the City Council finds that it is in the interests of the public health, safety and welfare to adopt the fee schedules set forth below, now therefore,

THE CITY COUNCIL OF THE CITY OF SEDRO-WOOLLEY DO HEREBY ORDAIN AS FOLLOWS:

Section 1: SWMC Section 13.16.035 is hereby amended to read as follows:

13.16.035 General facilities charge—Separate fund.

In addition to any permit fees and other charges required by city ordinance or regulation, and not in lieu thereof, at the time of building permit issuance, (or if no building permit, then at time of connection or commencement of use,) there shall be a general facilities charge, for connection to the city sewer system which shall be paid in the sum of ~~seven thousand two hundred sixty six dollars (\$7,266.00)~~ eight thousand nine hundred twenty six dollars (\$8,926.00) per equivalent residential unit (ERU), to be determined as set forth in this section.

A. "Equivalent residential unit (ERU)" is defined as a common measure for all types of users to put them on an equivalent basis with a single-family residential user. The ERU is determined by the anticipated water consumption from a connection. One ERU is equal to seven hundred fifty cubic feet of water consumption per month.

B. Single-Family Residential. Each single-family dwelling unit, including single family (one unit), duplexes (two units), triplexes (three units), condominium unit, and

each mobile or manufactured home (one unit) whether on an individual lot or in a mobile home park, is equal to one ERU per dwelling unit.

C. Multiple Residential. Each dwelling unit in a multiple residential structure consisting of four or more dwelling units is equal to one ERU per dwelling unit.

D. Nonresidential, Including Commercial and Industrial Users. The following provisions shall govern the assessment and collection of general facilities charges for nonresidential users, including commercial and industrial units:

1. For each nonresidential unit, there shall be a general facilities charge equal to the sum of:

a. For plumbing fixtures, ~~four hundred five dollars (\$405.00)~~ four hundred ninety eight dollars (\$498.00) per plumbing fixture unit as described in Table 1 set out at the end of this section, titled Equivalent Fixture Units, plus applicable state sales tax; and

b. For use other than plumbing fixtures, ~~four hundred five dollars (\$405.00)~~ four hundred ninety eight dollars (\$498.00) per three hundred eleven gallons of water consumption per month, as determined by the superintendent or his designee. In making this determination, the superintendent may rely upon industry standards, scientific and engineering data, sewage flow meter data, qualified professional opinions, and any other basis which is in his or her opinion appropriate. The superintendent may adjust this charge based upon evidence that the metered water usage does not accurately reflect the volume of discharge disposed of through the sewer system.

2. If the city enters into a written agreement with users allowing the discharge into the sanitary sewer system of materials set forth in Section 13.30.080(A)(1) through (4), the superintendent shall determine the general facilities charge for the user, in order that such property owners shall bear their equitable share of the cost of such system. In making this determination, the superintendent may rely upon industry standards, scientific and engineering data, sewage flow meter data, qualified professional opinions, and any other basis which is in his or her opinion appropriate. The superintendent may consider the quality of effluent, that the metered water usage does not accurately reflect the capacity of the capital facilities, including treatment plant capacity, utilized by the connection, and all other relevant information. Nothing in this section shall require the city to accept wastes or waters described in Section 13.30.080 (A)(1) through (4) from any user.

3. An additional general facilities charge shall be assessed and due as provided in this subsection for an existing connection if, in the determination of the superintendent:

a. The number of plumbing fixture units is increased; or

b. The user applies for a permit for improvements which will result in an increase in the average monthly water usage for reason other than an increase in the number of plumbing fixture units; or

c. The user, by agreement with the city, changes the quality of the discharge or wastewater discharged into the sewer system so as to cause the discharge into the sewer system of materials set forth in Section 13.30.080 (A)(1) through (4); or

d. The user converts an existing connection to a different use which increases the demand on the treatment plant or sewer system capacity utilized to transport or treat said discharge.

In making the determination that an additional general facilities charge is due, the superintendent may rely upon industry standards, scientific and engineering data, sewage

flow meter data, qualified professional opinions, and any other basis which is in his or her opinion appropriate.

E. In making a determination of the amount of the general facilities charge, an adjustment against the charge may be allowed by the superintendent for a level of previous use of sewer system capacity, as defined by the highest average twelve consecutive months of the preceding sixty months, unless a general facilities charge, or its equivalent was due for such use under this section which was not paid. Any adjustment shall be determined by the superintendent as set forth in this section, who may rely upon industry standards, scientific and engineering data, sewage flow meter data, qualified professional opinions, the billing for the previous sixty months, and any other basis which is in his or her opinion appropriate. No adjustment shall be allowed if the sewer bill has not been paid for the preceding sixty months, which shall constitute abandonment of the right to use the previous sewer capacity without paying the initial or additional general facilities charge. This adjustment shall apply only to the parcel or lot to which service was provided, and may not be assigned or transferred to other property.

F. All proceeds of the general facilities charge shall be placed in the sewer capital improvements fund for the following uses: construction of new sewer facilities, repair, replacement, and maintenance of existing sewer facilities, and debt service of the same.

TABLE 1
Equivalent Fixture Units

Kinds of Fixture	Units
Bathtubs	2
Bidets	2
Clothes washers, private	2
Clothes washers, commercial	6
Dental units or cuspidors	1
Drinking fountains	1
Floor drains	2
Interceptors for grease, oil, solids, etc.	3
Interceptors for sand, auto wash, etc.	6
Laundry tubs	2
Receptors (floor sinks), indirect waste receptors for refrigerators, coffee urns, water stations, etc.	1
Receptors, indirect waste receptors for commercial sinks, dishwashers, air-washers, etc.	3
Showers, single stalls	2
Showers, gang (per head)	1
Sinks, and/or dishwashers (residential) (2" min. waste)	2
Sinks, bar, commercial	2
Sinks, bar, private	1
Sinks, commercial or industrial, schools, etc., including dishwashers, wash up and wash fountains	3

Sinks, flushing rim, clinic	6
Sinks, service	3
Sinks, service (3" trap)	6
Urinals, pedestal, trap arm only	6
Urinals, stall, separate trap	2
Urinals, wall-mounted, blowout, integral trap 2" trap arm only	3
Urinals, wall-mounted, blowout, integral trap 3" trap arm only	6
Urinals, wall-mounted, washdown or siphon jet, integral trap, trap arm only	2
Urinals, wall-mounted, washdown, separate trap (2" min. waste)	2
Wash basins, in sets	2
Wash basins (lavatories) single	1
Water closet, private installation	4
Water closet, public installation	6

Section 2: SWMC Section 13.30.010 is hereby amended to read as follows:

13.30.010 Effective date.

Commencing on ~~May 1, 2005~~ June 1, 2008, the sewer service charges specified in this chapter shall take effect. For buildings which have a public sewer available after that date, a sewer service charge shall commence thirty days after such public sewer has been available and notice of such availability is given.

Section 3: SWMC Section 13.30.020 is hereby amended to read as follows:

13.30.020 Residential rates.

Unless exempt from connection to the sewer, there shall be charged to each single residential dwelling unit (including mobile or manufactured homes on individual lots or in a mobile home park), and to each unit of a residential duplex (two units) or triplex (three units) dwelling, to which sewer service is available a basic monthly sewer service charge as follows:

May 1, 2005 through December 31, 2006:	\$41.75
January 1, 2007 and thereafter:	\$45.75
June 1, 2008 and thereafter:	\$48.50

The City Council shall review and adjust these rates annually or as needed.

Section 4: SWMC Section 13.30.040 is hereby amended to read as follows:

13.30.040 Nonresidential schedule and other provisions.

Unless otherwise provided by written agreement, there shall be charged to each nonresidential unit (including commercial and industrial units) to which sewer service is available a monthly sewer service charge as follows:

A. A base rate per connection per month plus a volume rate (in cubic feet) for all volume of discharge over seven hundred fifty cubic feet per month. The base rate shall be equal to the single residential rate set forth in this chapter. The volume rate charge shall

be determined by the water consumption records provided by the Skagit County PUD No. 1 meter readings and records, or as otherwise determined as provided in this chapter.

B. The superintendent may adjust this charge based upon evidence that the metered water usage does not accurately reflect the volume of discharge disposed of through the sewer system. In making this adjustment, the superintendent may rely upon industry standards, scientific and engineering data, sewage flow meter data, qualified professional opinions, and any other basis which is in his or her opinion appropriate.

C. The superintendent may require the installation of any measuring devices to measure the flow of water or sewage at the owner's expense.

D. The volume rate charge shall be based upon the monthly (or average monthly) water volume for the most recently available water billing period preceding the sewer billing period.

E. The volume rate shall be as follows:

May 1, 2005 through December 31, 2006:	\$3.05	\$3.76
June 1, 2008 and thereafter	per 100	cubic feet
January 1, 1999-2007 through December 31, 1999 and thereafter:	2.70	\$3.55
	per 100	cubic feet
Beginning January 1, 2000 and thereafter:	2.88	per 100
		cubic feet

F. For purposes of this section, the term "unit" shall mean any lot, structure or sanitary sewer connection served by or associated with a water meter, or any other lot, structure or sanitary sewer connection which the superintendent shall deem a separate unit for billing purposes.

Section 5. SWMC 13.30. ___ A is amended as follows:

Senior Citizen Low Income Citizen Discount

A. Maximum charge.

The maximum charge for sanitary sewer service under SWMC Ch. 13.30 at a single family residence owned and occupied by an eligible head of household, as defined in subsection B of this section, shall be ~~\$37.75~~ \$39.75 per month, provided however, that no more than one sanitary sewer connection shall be made at such residential parcel without additional charge being made at the regular rate. This discount will not apply to rentals or units of multi-family structures that not owner-occupied.

Section 6. The effective date of this Section 1 of this ordinance shall be five days after passage and publication. The effective date of Sections 2 through 5 inclusive shall be June 1, 2008, more than 5 days after passage and publication.

Passed and approved this _____ day of _____, 2008.

Mayor

Attest:

City Clerk

Approved as to form:

City Attorney

**UNFINISHED
BUSINESS**

APR 23 2008

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 6

Memorandum

To: Mayor Anderson and City Council
From: Patsy Nelson *Patsy*
Date: 4/16/2008
Re: Refinancing of Sewer Revenue Bonds (*second reading*)

Issue: Should the City refund its current sewer revenue bonds?

Background: As interest rates have declined, staff have researched the feasibility of the City refinance the existing sewer revenue bonds on the Waste Water Treatment Plant. A refinancing is estimated to save the City ratepayers approximately \$25,000 - \$35,000 per year. As Seattle-Northwest Securities and K & L Preston Gates Ellis handled the original bonds we consulted with them.

The attached draft ordinance was prepared by Nancy Neraas of KL Gates in accordance with the information presented by and discussed with Lindsay Sovde of Seattle-Northwest Securities. Nancy will be present at the next Council meeting to answer any questions you may have on the ordinance. Justin Mon Wai of Seattle-Northwest Securities will also be present to answer any questions you may have on the POS, pricing, etc.

The attached ordinance is in draft format and will be presented in final format after pricing of the bonds, at the April 23, 2008 meeting. Also attached is the most current POS for your information.

Recommendation for April 23 Council Meeting: Staff recommends that the City Council pass Ordinance No ___ entitled: "An Ordinance of the City of Sedro-Woolley, Washington, authorizing the issuance of sewer revenue refunding bonds of the City in the principal amount of \$_____, for the purpose of refunding certain outstanding sewer revenue bonds of the City; fixing the terms and covenant of the bonds; and authorizing the sale of the bonds."

CITY OF SEDRO-WOOLLEY, WASHINGTON

SEWER REVENUE REFUNDING BONDS, 2008

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF SEDRO-WOOLLEY,
WASHINGTON, AUTHORIZING THE ISSUANCE OF
SEWER REVENUE REFUNDING BONDS OF THE CITY
IN THE PRINCIPAL AMOUNT OF \$[3,915,000], FOR THE
PURPOSE OF REFUNDING CERTAIN OUTSTANDING
SEWER REVENUE BONDS OF THE CITY; FIXING THE
TERMS AND COVENANTS OF THE BONDS; AND
AUTHORIZING THE SALE OF THE BONDS.

PASSED: APRIL 23, 2008

PREPARED BY:

K&L PRESTON GATES ELLIS LLP
Seattle, Washington

ORDINANCE NO. _____

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* This Table of Contents is provided for reference only and does not constitute a part of the Ordinance for which it is provided.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF SEDRO-WOOLLEY, WASHINGTON, AUTHORIZING THE ISSUANCE OF SEWER REVENUE REFUNDING BONDS OF THE CITY IN THE PRINCIPAL AMOUNT OF \$[3,915,000], FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE CITY; FIXING THE TERMS AND COVENANTS OF THE BONDS; AND AUTHORIZING THE SALE OF THE BONDS.

WHEREAS, the City Council of the City of Sedro-Woolley, Washington (the “City”) owns and operates a sewer collection and disposal system for the City (the “System”); and

WHEREAS, the City has issued its Sewer Revenue and Refunding Bonds, 1998 (the “1998 Bonds”), of which the principal amount of \$4,050,000 is currently outstanding; and

WHEREAS, Ordinance No. 1304-98 authorizing the 1998 Bonds (the “1998 Ordinance”) provides that the 1998 Bonds maturing on and after June 1, 2009 (the “Refunded Bonds”) may be refunded prior to their stated maturities at the option of the City on and after June 1, 2008 at a price of par; and

WHEREAS, Section 15 of the 1998 Ordinance provides that the City may issue additional bonds with a lien on the revenues of the System equal to the lien of the 1998 Bonds, upon compliance with specified conditions; and

WHEREAS, in order to refund the Refunded Bonds, it is hereby found necessary and advisable that the City issue its sewer revenue refunding bonds (the “Bonds”) with a lien on the revenues of the System equal to the 1998 Bonds; and

WHEREAS, the Council has received an offer from Seattle-Northwest Securities Corporation, to purchase the Bonds and finds that it is in the best interests of the City that such offer be accepted;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SEDRO-WOOLLEY, WASHINGTON, ORDAINS as follows:

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

“Acquired Obligations” means the obligations acquired pursuant to Section 17 hereof to refund the Refunded Bonds.

“Annual Debt Service” means the amount required to be paid in any calendar year for (1) interest on all Parity Bonds then outstanding (excluding interest paid from proceeds of such bonds); (2) principal of all Parity Bonds then outstanding; and (3) payments for the amortization of outstanding Parity Bonds that are Term Bonds.

“Assessment Income” means the principal of and interest on assessments levied in ULIDs and pledged to be paid into the Bond Fund. Assessment Income shall be allocated to the years in which it would be received if the unpaid balance of each assessment roll were paid in the remaining number of installments with interest on the declining balance at the times and at the rate provided in the ordinance confirming the assessment roll.

“Assessments” means all assessments levied in any ULID of the City created for the acquisition or construction of additions and improvements to and extensions of the System, including the Cook Road Utility Local Improvement District, if such assessments are pledged to be paid into the Bond Fund. “Assessments” include any installments of Assessments and any interest or penalties which may be due thereon.

“Bond Fund” means the City of Sedro-Woolley Sewer Revenue Bond Fund created by Section 8 of Ordinance No. 1304-98.

["Bond Insurance Policy" means the municipal bond insurance policy issued by the Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.]

"Bond Registrar" means the fiscal agency of the State of Washington in New York, New York, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

"Bonds" means the \$[3,915,000] principal amount of sewer revenue refunding bonds of the City issued pursuant to this ordinance.

"City" means the City of Sedro-Woolley, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington.

"Code" means Section 103 of the Internal Revenue Code of 1986 and applicable regulations thereunder.

"Commission" means the Securities and Exchange Commission.

"Cost of Maintenance and Operation" means all necessary operating expenses, current maintenance expenses, expenses of reasonable upkeep and repairs and insurance and administrative expenses, but excludes depreciation, payments for debt service or into reserve funds, costs of capital additions to or replacements of the System, municipal taxes or payments to the City in lieu of taxes.

"Council" means the general legislative authority of the City as the same shall be duly and regularly constituted from time to time.

"DTC" means The Depository Trust Company, New York, New York.

"Escrow Agent" means U.S. Bank National Association.

“Federal Tax Certificate” means the certificate executed by the Finance Director pertaining to the calculation of any Rebate Amount with respect to the Bonds.

“Future Parity Bonds” means any revenue bonds, notes or warrants which may be issued by the City in the future as Parity Bonds.

“Government Obligations” has the meaning given to such term in chapter 39.53 RCW, as the same may be amended from time to time.

[“Insurer” means _____.]

“Letter of Representation” means the agreement between the City and DTC.

“Maximum Annual Debt Service” means as of the date of calculation the maximum amount of Annual Debt Service required to be paid in any calendar year thereafter for the then outstanding Parity Bonds.

“MSRB” means the Municipal Securities Rulemaking Board or any successors to its functions.

“Net Revenue” means the Revenue of the System less the Cost of Maintenance and Operation.

“1998 Bonds” means the \$6,410,000 principal amount of Sewer Revenue and Refunding Bonds, 1998 issued pursuant to Ordinance No. 1304-98.

“1998 Ordinance” means Ordinance No. 1304-98 of the City passed on June 10, 1998 authorizing the issuance of the 1998 Bonds.

“NRMSIR” means a nationally-recognized municipal securities information repository.

“Parity Bonds” means the 1998 Bonds, the Bonds and any revenue bonds, notes, warrants or other obligations hereafter issued by the City which have a lien upon the Revenue of the

System for the payment of the principal thereof and interest thereon equal to the lien created upon the Revenue of the System for the payment of the principal of and interest on the Bonds.

“Permitted Investments” means any legal investments for funds of the City.

“Qualified Insurance” means any unconditional municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States or by a service corporation acting on behalf of one or more such insurance companies, which insurance company or service corporation, at the time of issuance of such policy or surety bond, is rated in one of the two highest rating categories by either Moody’s Investors Service or Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc.

“Qualified Letter of Credit” means any irrevocable letter of credit issued by a bank for the account of the City and for the benefit of the owners of the Parity Bonds, provided that such bank maintains an office, agency or branch in the United States, and provided further that, as of the time of issuance of such letter of credit, such bank is currently rated in one of the two highest rating categories by either Moody’s Investors Service or Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc.

“Rebate Amount” means the amount, if any, determined to be payable with respect to the Bonds by the City to the United States of America in accordance with Section 148(f) of the Code.

“Refunded Bonds” means the 1998 Bonds maturing on and after June 1, 2009 in the amount of \$3,735,000.

“Refunding Account” means the account authorized to be created in the Bond Fund to be drawn upon for the purpose of paying the principal of and interest on the Refunded Bonds until their date of redemption.

“Reserve Fund” means the Sewer Revenue Bond Reserve Fund created by Section 8 of Ordinance No. 1304-98.

“Revenue of the System” means all earnings, revenue and moneys, except Assessments, received by the City from or on account of the operation of the System, including general facility charges or hook-up fees, the income from the investment of money in the Revenue Fund and Bond Fund, or from any other investment thereof, except the income from investments irrevocably pledged to the payment of revenue bonds pursuant to a plan of retirement or refunding. “Revenue of the System” shall also include federal or state reimbursements of operating expenses to the extent such expenses are included as a Cost of Maintenance and Operation of the System.

“Revenue Fund” means the City of Sedro-Woolley Sewer Revenue Fund.

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

“SID” means the state information depository for the State of Washington (if one is created).

“System” means the sewer collection and disposal system as it now exists, any water, storm water drainage and/or any garbage and refuse collection and disposal system which may hereafter be combined with the sewer system in the manner permitted by law, together with any additions, extensions and improvements made thereto, for so long as any Parity Bonds remain outstanding.

“Term Bonds” means any Parity Bonds designated by the Council as “Term Bonds” pursuant to an ordinance which authorizes the issuance of Parity Bonds and provides for

mandatory payments into the Bond Fund and provides for mandatory redemption of such Term Bonds.

“ULID” means a utility local improvement district in which Assessments have been or will be levied for improvements financed in whole or in part from proceeds of any Parity Bonds.

Section 2. Purpose; Compliance with Parity Bonds. The Council hereby finds and determines that it is in the best interest of the City and the users of the System that the City issue the Bonds to refund the Refunded Bonds and to pay the costs incident to the issuance of the Bonds.

The Council hereby finds as required by Section 15 of the 1998 Ordinance as follows:

(a) The Bonds will be issued for the purpose of refunding Outstanding Parity Bonds of the System.

(b) At the time of the issuance of the Bonds there will be no deficiency in the Bond Fund or the Reserve Fund.

(c) Any Assessments pledged to the Refunded Bonds shall be paid into the Bond Fund.

(d) At the time of the issuance of the Bonds, the City will have on file a certificate from an independent engineer or certified public accountant showing that the Net Revenue received during any consecutive 12-month period for which financial statements are available within the 24 months, together with Assessment Income, shall be equal to at least the sum of (a) 125% of the amounts required in each year to be paid as Annual Debt Service on all Parity Bonds outstanding, including the Bonds, minus the amount of Assessments due in each year and not delinquent and (b) 100% of the amount of Assessments due in each year and not delinquent (the “Coverage Requirement”).

Section 3. Authorization of Bonds. In order to refund a portion of the 1998 Bonds, and pay cost of issuance, the City shall issue its “Sewer Revenue Refunding Bonds, 2008” in the principal amount of \$[3,915,000] (the “Bonds”). The Bonds shall be dated as of the date of their initial delivery, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 (provided that no Bond shall represent more than one maturity), shall be registered as to both principal and interest, shall bear interest from their date until the Bond bearing such interest has been paid or its payment duly provided for, payable December 1, 2008, and semiannually thereafter on the first days of each June and December. The Bonds shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and shall mature on June 1 of the following years and in the following amounts and shall bear interest at the following rates:

<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>
2009	\$	%
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		

Section 4. Registration, Exchange and Payments.

(a) *Registrar/Bond Register.* The City hereby adopts the system of registration approved by the Washington State Finance Committee, which utilizes the fiscal agency of the State of Washington in New York, New York, as registrar, authenticating agent, paying agent and transfer agent (collectively, the “Bond Registrar”). The Bond Registrar shall

keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Bonds (the “Bond Register”), which shall be open to inspection by the City. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver 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 on the Bonds.

(b) *Registered Ownership.* The City and the Bond Registrar may deem and treat the Registered Owner of each 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 other than proper notice of assignment. Payment of any such Bond shall be made only as described in Section 4(h) hereof, but such registration may be transferred as herein provided. All such payments made as described in Section 4(h) shall be valid and shall satisfy the liability of the City upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* The Bonds shall initially be held in fully-immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the City has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the “Letter of Representations”).

Neither the City nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds for the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice that 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), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by DTC as the Registered Owner. For so long as any Bonds are held in fully-immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes, and all references in this ordinance to the Registered Owners shall mean DTC or its nominee and shall not mean the owners of any beneficial interest in any Bonds.

(d) *Use of Depository.*

(i) The Bonds shall be registered initially in the name of CEDE & Co., as nominee of DTC, with a single Bond for each maturity in a denomination equal to the total principal amount of such maturity. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) 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; (B) to any substitute depository appointed by the City pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) below.

(ii) 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 City to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the City may 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.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the City, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or substitute depository, or its nominee, all as specified in such written request of the City.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the City determines that it is in the best interest of the beneficial owners of the Bonds that the Bonds be provided in certificated form, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The City shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds in certificated form, to issue Bonds in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds, together with a written request on behalf of the City to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are provided in such written request.

(e) *Transfer or Exchange of Registered Ownership; Change in Denominations.* The registered ownership of any Bond may be transferred or exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such 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 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Bond (or Bonds at the

option of the new Registered Owner) of the same 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 Bond, in exchange for such surrendered and canceled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to transfer or exchange any Bond during a period beginning at the opening of business on the 15th day of the month next preceding any interest payment date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the Bonds, after the mailing of notice of the call of such Bonds for redemption.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any 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 member of, or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners of the Bonds.

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

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For so long as all Bonds are in fully-immobilized form, payments of principal and interest 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 Bonds are no longer in fully-immobilized form, interest on

the 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 15th day of the month preceding the interest payment date, and principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar; provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

Section 5. No Optional Redemption; Open Market Purchase.

(a) *No Optional Redemption.* The Bonds are not subject to redemption prior to their stated maturities.

(b) *Open Market Purchases.* The City reserves the right to use at any time any available funds to purchase any of the Bonds for retirement at any price deemed reasonable by the City.

Section 6. Revenue Fund. There has heretofore been established in the office of the Treasurer of the City a special fund of the City now designated as the “Sewer Fund” (the “Revenue Fund”). The Revenue of the System shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the City and the Revenue of the System deposited therein shall be used only for the following purposes and in the following order of priority:

First, to pay the Cost of Maintenance and Operation of the System;

Second, to make all payments required to be made into the Bond Fund to pay the interest on any Parity Bonds;

Third, to make all payments required to be made into the Bond Fund to pay the principal of any Parity Bonds and to make all payments for sinking payments for Term Bonds;

Fourth, to make all payments required to be made into the Reserve Fund to secure the payment of any Parity Bonds;

Fifth, to make all payments required to be made into any other revenue obligation redemption fund and debt service account or reserve fund created to pay and secure the payment of the principal of and interest on any revenue obligations of the City having a lien upon the Revenue of the System and the money in the Revenue Fund junior to the lien thereon for the payment of the principal of and interest on Parity Bonds;

Sixth, to retire by redemption or purchase in the open market any outstanding obligations of the City or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the System, or any other lawful City purposes.

The City may create a Rate Stabilization Account in the Revenue Fund. The City may, at any time, deposit in and withdraw from the Rate Stabilization Account Revenue of the System.

Section 7. Bond Fund; Reserve Fund.

(a) *Bond Fund.* A special fund of the City to be known as the “City of Sedro-Woolley Sewer Revenue Bond Fund” (the “Bond Fund”) has been created in the office of the Treasurer of the City for the purpose of paying and securing the payment of Parity Bonds. As long as any of the Bonds remain outstanding, the City obligates itself to set aside and pay from the Revenue Fund into the Bond Fund those amounts necessary, together with Assessments and such other funds as are on hand and available, to pay the interest or principal, sinking fund installments and interest next coming due on the Bonds.

(b) *Reserve Fund.* A Sewer Revenue Bond Reserve Fund has been created for the purpose of securing the payment of the principal of and interest on Parity Bonds. The City covenants that upon the issuance of the Bonds it will have on deposit in the Reserve Fund a total amount which will be equal to the lesser of (i) 125% of average Annual Debt Service on the Bonds, (ii) 10% of the net proceeds of the Bonds, and (iii) Maximum Annual Debt Service (the “Reserve Fund Requirement”).

The City hereby further covenants and agrees that in the event it issues any Future Parity Bonds it will provide in the ordinance authorizing the issuance of the same that it will pay into the Reserve Fund out of Assessments and the Revenue of the System (or, at the option of the City, out of any other funds legally available for such purpose) not less than approximately equal additional annual future payments so that by five years from the date of such Future Parity Bonds there will have been paid into the Reserve Fund an amount which, with the money already on deposit therein, will be equal to the Reserve Fund Requirement, in any calendar year thereafter to pay the principal of and interest on all outstanding Parity Bonds.

The City further covenants and agrees that it will at all times maintain therein an amount at least equal to the Reserve Fund Requirement, as redetermined in each calendar year with respect to the bonds secured by the Reserve Fund. Whenever there is a sufficient amount in the Bond Fund and in the Reserve Fund to pay the principal of, premium if any, and interest on all outstanding Parity Bonds, the money in the Reserve Fund may be used to pay such principal, premium, if any, and interest. Money in the Reserve Fund may be withdrawn to redeem and retire, and to pay the interest due to the date of such redemption and premium, if any, on any outstanding Parity Bonds, as long as the money left remaining on deposit in the Reserve Fund is

equal to the Reserve Fund Requirement. Investments in the Reserve Fund shall be valued at their market price at least annually.

In the event there shall be a deficiency in the Bond Fund to meet maturing installments of either interest on or principal of and interest on the outstanding Parity Bonds payable out of such Account, such deficiency shall be made up from the Reserve Fund by the withdrawal of moneys therefrom. Any deficiency created in the Reserve Fund by reason of any such withdrawal shall then be made up out of Assessments and Revenue of the System after making necessary provision for the payments required to be made by paragraphs First, Second, and Third of Section 6 of this ordinance.

The City may obtain Qualified Insurance or a Qualified Letter of Credit to fund all or a portion of the Reserve Fund. Such Qualified Insurance or Qualified Letter of Credit shall not be cancellable on less than five years' notice. In the event of any cancellation, the Reserve Fund shall be funded in not more than 18 approximately equal consecutive monthly installments (once the 1998 Bonds are no longer outstanding, in not more than five annual payments).

Money in the Bond Fund and Reserve Fund not needed to pay the interest on or principal of and interest on any outstanding Parity Bonds next coming due or to maintain required reserves therefor may be used to redeem and retire Parity Bonds.

Money in the Bond Fund and Reserve Fund may be invested in Permitted Investments. Investments in the Bond Fund shall mature prior to the date on which such money shall be needed for required interest or principal payments. Investments in the Reserve Fund shall mature not later than the last maturity of any then outstanding Parity Bonds. All interest earned and income derived by virtue of such investments shall remain in the respective fund and be used to meet the required deposits into such fund.

Section 8. Defeasance. In the event that money and/or Government Obligations maturing or having guaranteed redemption prices at the option of the holder at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Bonds in accordance with their terms are irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall then cease to be entitled to any lien, benefit or security of this ordinance, except the right to receive the funds so set aside and pledged, and such Bonds shall no longer be deemed to be outstanding hereunder. Within 30 days of any defeasance of Bonds, the City shall provide notice of defeasance of Bonds to registered owners and to each NRMSIR and SID, if any, in accordance with Section 20.

[Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Insurer pursuant to the Bond Insurance Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the City to the registered owners shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered owners.]

Section 9. Adequacy of Revenues. The Council hereby declares, in fixing the amounts to be paid into the Bond Fund and the Reserve Fund out of money in the Revenue Fund and out of the Revenue of the System, that it has exercised due regard for Cost of Maintenance and Operation and charges necessary to pay the principal of and interest on the Bonds and the 1998 Bonds and has not obligated the City to set aside and pay into such funds a greater amount

of the Revenue of the System and Assessments than in its judgment will be available over and above such Cost of Maintenance and Operation.

Section 10. Pledge; Lien Position of Bondowners. The Net Revenue, Assessments, and money in the Bond Fund and Reserve Fund are hereby pledged to the repayment of the Parity Bonds. The amounts so pledged to be paid by this ordinance out of the Revenue of the System and Assessments into the Bond Fund and Reserve Fund are hereby declared to be a prior lien and charge upon such Revenue of the System superior to all other charges of any kind or nature except for the Cost of Maintenance and Operation of the System, except that amounts so pledged are equal in rank to the lien and charge thereon heretofore made to pay and secure the payment of the principal of and interest on any Future Parity Bonds.

Section 11. General Covenants. The City hereby covenants and agrees with the owners of each of the Bonds for as long as any of the same remain outstanding as follows:

(a) *Maintenance and Operation Standards.* The City shall at all times maintain, preserve and keep the properties of the System in good repair, working order and condition and will operate the properties of the System and the business in connection therewith in an efficient manner and at a reasonable cost.

(b) *Collection and Application of Assessments.* All Assessments (other than prepayments) in the Cook Road ULID heretofore created and in any ULID created to secure the payment of Future Parity Bonds shall be paid into the Bond Fund and may be used only to pay the principal of and interest on the Parity Bonds. However, nothing in this ordinance shall be construed to prohibit the City from issuing sewer revenue bonds junior in lien to the Parity Bonds and pledging as security for their payment assessments levied in any ULID which may have been

specifically created to pay part or all of the cost of improvements to the System for which those junior lien bonds are issued.

(c) *Establishment and Collection of Rates and Charges; Coverage.* The City shall maintain and collect rates and charges for the use of the services and facilities and all commodities sold, furnished or supplied by the System, which shall be fair and nondiscriminatory and shall adjust such rates and charges from time to time so that:

(i) the Revenue of the System derived therefrom, together with Assessments collected, will at all times be sufficient (A) to pay all costs of and charges and expenses in connection with the proper operation and maintenance of the System, (B) to pay the principal of and interest on the outstanding Parity Bonds, as and when the same shall become due and payable, (C) to make when due all payments which the City is obligated to make into the Reserve Fund and all other payments which the City is obligated to make pursuant to this ordinance and (D) to pay all taxes, assessments or other governmental charges lawfully imposed on the System or the Revenue therefrom or payments in lieu thereof and any and all other amounts which the City may now and hereafter become obligated to pay from the Revenue of the System by law or contract; and

(ii) the Net Revenue together with Assessment Income will at least equal the sum of (A) 125% of the amounts required in such calendar year to be paid as Annual Debt Service on the Parity Bonds minus the amount of Assessments due in such year and not delinquent and (B) 100% of the amount of Assessments due in such year and not delinquent. In determining whether the rate covenant has been met, the City shall subtract from Net Revenue deposits into the Rate Stabilization Account and add withdrawals from the Rate Stabilization Account in such year.

(d) *Sale or Disposition of System or Property.* The City will not sell or otherwise dispose of the System in its entirety unless simultaneously with such sale or other disposition, provision is made for the payment into the Bond Fund of cash or “government obligations” (as now or hereafter defined in RCW 39.53) sufficient to pay the principal of and interest on all then outstanding Parity Bonds, nor will it sell or otherwise dispose of any part of the useful operating properties of the System (in excess of 5% of the net utility plant of the System) unless provision is made for payment into the Bond Fund of the greatest of the following:

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

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

(iii) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the customers from the part of the System sold or disposed of bears to the total number of customers of the entire System immediately prior to such sale or disposition.

The proceeds of any such sale or disposition of a portion of the properties of the System (to the extent required above) shall be paid into the Reserve Fund.

Notwithstanding the preceding paragraphs of this Subsection 11(d), the City may sell or otherwise dispose of any of the works, plant, properties and facilities of the System or any real or personal property comprising a part of the same which shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or no longer necessary, material to or useful in such operation.

(e) *Insurance.* The City will keep the works, plants and facilities comprising the System insured, and will carry such other insurance with policies payable to the City, against risks, accidents or casualties, at least to the extent that insurance is usually carried by municipal corporations operating like properties or the City shall maintain a self-insurance program. In the event of any loss or damage, the City will promptly repair or replace the damaged portion of the insured property and apply the proceeds of any insurance policy for that purpose; or, in the event the City should determine not to repair or reconstruct such damaged portion of the properties of the System, the proceeds of such insurance shall be paid into the Reserve Fund to the extent that such transfer shall be necessary to make up any deficiency in the Reserve Fund and the balance, if any, shall at the option of the City, be used either for repairs, renewals, replacements or capital additions to the System or for the redemption of Parity Bonds.

(f) *No Free Service.* The City will not furnish or supply or permit the furnishing or supplying of any commodity, service or facility furnished by or in connection with the operation of the System, free of charge to any person, firm or corporation.

Section 12. Tax Covenants; Special Designation. The City shall comply with the provisions of this section unless, in the written opinion of Bond Counsel to the City, such compliance is not required in order to maintain the exemption of the interest on the Bonds from federal income taxation.

The City hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the City which may be deemed to be proceeds of such Bonds pursuant to Section 148 of the Code and the applicable regulations thereunder that will cause the Bonds to be “arbitrage bonds” within the meaning of said section and said regulations. The City will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bonds) and the applicable regulations thereunder throughout the term of the Bonds.

The City further covenants that it will not take any action or permit any action to be taken that would cause the Bonds to constitute “private activity bonds” under Section 141 of the Code.

The City will pay any Rebate Amount to the United States of America at the times and in the amounts necessary to meet the requirements of the Code to maintain the federal income tax exemption of the interest payments on the Bonds, in accordance with the Federal Tax Certificate.

The City Council hereby designates the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code relating to financial institutions. The City does not expect to issue more than \$10,000,000 of qualified obligations (including the Bonds) in 2008.

Section 13. Future Parity Bonds. The City hereby covenants with the owners of each of the Bonds for as long as any of the same remain outstanding as follows:

(a) The City reserves the right to issue Future Parity Bonds for the purpose of:

First, providing funds to acquire, construct, reconstruct, install or replace any equipment, facilities, additions, betterments or other capital improvements to the System for which it is authorized by law to issue revenue bonds, or

Second, refunding at or prior to their maturity any revenue bond anticipation notes, or outstanding revenue bonds or other obligations payable out of the Revenue

of the System, and to pledge that payments will be made out of the Revenue of the System and into the Bond Fund and the Reserve Fund therein to pay and secure the payment of the principal of and interest on such Future Parity Bonds on a parity with the payments required herein to be made out of such Revenue into such funds to pay and secure the payment of the principal of and interest on any Parity Bonds then outstanding, upon compliance with the following conditions:

(i) At the time of the issuance of any Future Parity Bonds there is no deficiency in the Bond Fund or the Reserve Fund.

(ii) If there are Assessments levied in any ULID in which additions and improvements to and extensions of the System will be constructed from the proceeds of such Future Parity Bonds, the ordinance authorizing such Future Parity Bonds requires that such Assessments shall be paid into the Bond Fund.

(iii) If there are Assessments pledged to be paid into a warrant or bond redemption fund for revenue bonds or warrants being refunded by Future Parity Bonds, the ordinance authorizing the Future Parity Bonds requires such Assessments shall be paid into the Bond Fund.

(iv) The principal of and interest on the Future Parity Bonds is payable out of the Bond Fund and the requirements for Reserve Fund payments in Section 7 of this ordinance are met.

(v) Prior to the delivery of any Parity Bonds the City shall have on file in the office of the Clerk a certificate of an independent engineer or certified public accountant showing that the Net Revenue determined and adjusted as hereafter provided for each calendar or fiscal year after the issuance of such Parity Bonds (the "Adjusted Net Revenue") together with Assessment Income shall be equal to at least the sum of (A) 125% of the amounts required in

each year to be paid as Annual Debt Service on all Parity Bonds outstanding plus the Parity Bonds proposed to be issued minus the amount of Assessments due in each year and not delinquent and (B) 100% of the amount of Assessments due in each year and not delinquent (the “Coverage Requirement”).

The Adjusted Net Revenue shall be the Net Revenue (excluding amounts in the Rate Stabilization Account) for a period of any 12 consecutive months out of the 24 months immediately preceding the date of delivery of such proposed Future Parity Bonds as adjusted by such engineer or accountant to take into consideration changes in Net Revenue estimated to occur under the following conditions for each year after such delivery for so long as any Parity Bonds, including the Future Parity Bonds proposed to be issued, shall be outstanding:

(1) the additional Net Revenue which would have been received if any change in rates and charges adopted prior to the date of such certificate and subsequent to the beginning of such 24 month period, had been in force during the full 24 month period;

(2) the additional Net Revenue which would have been received if any facility of the System which became fully operational after the beginning of such 24 month period had been so operating for the entire period;

(3) the additional Net Revenue estimated by such engineer or accountant to be received as a result of any additions, betterments and improvements to and extensions of any facilities of the System which (a) are under construction at the time of such certificate or (b) will be constructed from the proceeds of the Future Parity Bonds to be issued;

(4) the additional Net Revenue which would have been received if any customers added to the System during such 24 month period were customers for the entire period.

Such engineer or accountant may rely upon, and his certificate shall have attached thereto, financial statements of the System, certified by the City Treasurer showing income and expenses for the period upon which the same is based.

The certificate of such engineer or accountant shall be conclusive and the only evidence required to show compliance with the provisions and requirements of this Subsection (a)(v).

In lieu of such certificate of an engineer or accountant, prior to the issuance of Future Parity Bonds, the City may have on file a certificate of an appropriate financial officer of the City stating that the Coverage Requirement will be met based on the Net Revenues for a period of any 12 consecutive months out of the 24 months preceding the delivery of such bonds for any future year on all outstanding Parity Bonds and the Future Parity Bonds to be issued.

Notwithstanding the foregoing requirement, if Future Parity Bonds are to be issued for the purpose of refunding at or prior to their maturity any part or all of the then outstanding Parity Bonds and the issuance of such refunding Future Parity Bonds results in a debt service savings and does not require an increase of more than \$5,000 in any fiscal or calendar year for principal and interest on such refunding Future Parity Bonds, the condition stated in Subsection (a)(v) of this section need not be met.

(b) Nothing herein contained shall prevent the City from issuing revenue bonds or other obligations which are a charge upon the Revenue of the System junior or inferior to the payments required by this ordinance to be made out of such Revenue into the Bond Fund and Reserve Fund to pay and secure the payment of any outstanding Parity Bonds.

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

Section 14. Lost or Destroyed Bonds. In case any of the Bonds shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new bond or bonds of like amount, date, tenor and effect to the registered owner or nominee thereof upon payment to the City for the expenses and charges in connection therewith and upon his or her filing with the Bond Registrar evidence satisfactory to said Bond Registrar that such Bond or Bonds were actually lost, stolen or destroyed and of his ownership thereof, and upon furnishing the City with indemnity satisfactory to them both.

Section 15. Form of the Bonds. The Bonds shall be in substantially the following form:

[STATEMENT OF INSURANCE]

No. _____ \$ _____

UNITED STATES OF AMERICA

STATE OF WASHINGTON

CITY OF SEDRO-WOOLLEY

SEWER REVENUE REFUNDING BOND, 2008

INTEREST RATE: _____ MATURITY DATE: _____ CUSIP NO: _____

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Sedro-Woolley, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "City"), for value received, hereby 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 _____, 2008, 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 December 1, 2008, and semiannually thereafter on the first days of each June and December and with full obligation on the part of the City to pay interest at the same rate from and after the maturity date until this bond with interest is paid in full, or funds are available in the "City of Sedro-Woolley Sewer Revenue Bond Fund" created by Ordinance No. _____ of the City (the "Bond Fund") for payment in full.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid by mailing a check or draft (on the date such interest is due) to the Registered Owner or assigns at the address shown on the Bond Register as of the 15th day of the month preceding the interest payment date. Principal shall be paid to the Registered Owner or assign upon presentation and surrender of this bond at the office of the fiscal agency of the State of Washington in New York, New York.

Principal and interest are payable solely out of the Bond Fund. Reference is made to Ordinance No. _____ of the City (the "Bond Ordinance") for definitions of capitalized terms used herein.

This bond is one of a total issue of \$[3,915,000] aggregate principal of bonds of like date, tenor and effect, except as to denomination, interest rate, maturity and redemption provisions, all payable from the Bond Fund and all issued by the City under and pursuant to the laws of the State of Washington and the Bond Ordinance for the purpose of refunding certain outstanding sewer revenue and refunding bonds as described in the Bond Ordinance.

The Bonds are not subject to redemption prior to their stated maturities.

The City hereby covenants and agrees with the owner of this bond that it will keep and perform all the covenants and meet all the obligations of the City as set forth herein and as in the Bond Ordinance, and reference is hereby made to the Bond Ordinance for a complete statement of such covenants.

The City does hereby pledge and bind itself to set aside from the Revenue Fund out of the Revenue of the System and pay into the Bond Fund and the Reserve Fund the various amounts required by the Bond Ordinance to be paid into and maintained in such funds, all within the times provided by said ordinance, and the amounts so pledged constitute a lien and charge upon the Revenue of the System superior to all other charges of any kind or nature whatsoever except the Cost of Maintenance and Operation of the System and except that said amounts are equal in rank to the lien and charge upon such Revenue of the amounts required to pay and secure the payment of any Future Parity Bonds which may be hereafter issued in accordance with the provisions of the Bond Ordinance.

Reference to the Bond Ordinance and any and all modifications and amendments thereof is made for a complete description of the nature and extent of the security for the bonds of this issue, the funds or revenues pledged, and the terms and conditions upon which such bonds are issued.

This bond is transferable only on the records maintained by the Bond Registrar for that purpose by surrender of this certificate to the Bond Registrar duly assigned and executed as indicated hereon. This bond is interchangeable for bonds of any denomination authorized by the Bond Ordinance of an equal aggregate principal amount and of the same interest rate and maturity. Portions of the principal amount of this bond in increments of \$5,000 may also be redeemed as set forth above, and if less than all of the principal amount hereof is to be redeemed, upon the surrender of this bond at the principal office of the Bond Registrar, there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed principal balance hereof a bond or bonds, at the option of the owner, of like maturity and interest rate in any of the denominations authorized by the Bond Ordinance. The Bond Registrar is not obligated to transfer or exchange this bond during the fifteen days preceding any interest payment date or the date on which notice of redemption of such bond is to be given nor after such notice has been given.

The City may deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of and interest on this bond and for any and all purposes whatsoever.

The City has designated the bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

It is hereby certified and declared that the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and ordinances of the City, and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed as required by law.

This bond shall not become valid or obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the certificate of authentication set forth hereon has been manually signed by the Bond Registrar.

IN WITNESS WHEREOF, the City has caused this bond to be signed by the manual or facsimile signature of the Mayor and to be attested by the manual or facsimile signature of the City Clerk and its corporate seal to be impressed or a facsimile thereof imprinted hereon this ____ day of _____, 2008.

CITY OF SEDRO-WOOLLEY,
WASHINGTON

By _____
Mayor

ATTEST:

City Clerk

Date of Authentication: _____

CERTIFICATE OF AUTHENTICATION

This bond is one of the fully registered Sewer Revenue Refunding Bonds, 2008 of the City of Sedro-Woolley, Washington, described in the within-mentioned Bond Ordinance.

WASHINGTON STATE FISCAL AGENCY

By _____
Authorized Signer

Section 16. Execution and Authentication of Bonds. The Bonds shall be signed on behalf of the City with the manual or facsimile signature of the Mayor, shall be attested by the manual or facsimile signature of the City Clerk and shall have the corporate seal of the City impressed or a facsimile thereof imprinted thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited and 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 hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be such officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be

as binding upon the City as though those who signed the same had continued to be such officers of the City. Any bond may also be signed and attested on behalf of the City by such persons as at the actual date of execution of such Bond shall be the proper officers of the City although at the original date of such Bond any such person shall not have been such officer of the City.

Section 17. Refunding Account. There is hereby authorized and established a special account of the City to be maintained with the Escrow Agent to be known as the “City of Sedro-Woolley Sewer Revenue Bond Refunding Account” (the “Refunding Account”), which account shall be drawn upon for the sole purpose of paying the principal of and interest on the Refunded Bonds and of paying costs related to refunding the Refunded Bonds. Money in the Refunding Account shall be used immediately upon receipt thereof to defease the Refunded Bonds, by providing for the payment of the principal of and interest on the Refunded Bonds as set forth below. The City shall defease such bonds and discharge such obligations by the use of money in the Refunding Account to purchase certain “Government Obligations,” as such obligations are defined in Chapter 39.53 RCW as now or hereafter amended (which obligations so purchased, are herein called “Acquired Obligations”), bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of:

- (a) the interest on the Refunded Bonds to and including June 6, 2008; and
- (b) the redemption price (100% of the principal amount) of the Refunded Bonds due on June 6, 2008.

Such Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

In order to carry out the advance refunding and defeasance of the Refunded Bonds, the Treasurer is hereby authorized to appoint a bank as escrow agent to perform the duties described herein (the "Escrow Agent"). Any beginning cash balance and the Acquired Obligations shall be irrevocably deposited with the Escrow Agent in an amount sufficient to defease and redeem the Refunded Bonds in accordance with Section 17 and Section 18 of this ordinance. Any amounts described in subparagraphs (a) and (b) of this section that are not provided for in full by such beginning cash balance and the purchase and deposit of the Acquired Obligations described in this section shall be provided for by the irrevocable deposit of the necessary amount out of the proceeds of sale of the Bonds or any other money of the City legally available therefor with the Escrow Agent. The proceeds of the Bonds remaining in the Refunding Account after acquisition of the Acquired Obligations and provision for the necessary beginning cash balance shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations and the costs of issuing the Bonds. The City may, from time to time, transfer, or cause to be transferred, from the Refunding Account any money not thereafter required for the purposes set forth in subparagraphs (a) and (b) above. The City reserves the right to substitute other securities for the Acquired Obligations in the event it may do so pursuant to Section 148 of the Code and applicable regulations thereunder, upon compliance with the conditions set forth in the Escrow Agreement.

Section 18. Redemption of Refunded Bonds. The City hereby irrevocably sets aside sufficient funds through the purchase of Acquired Obligations and an initial cash deposit to make the payments specified in subparagraphs (a) and (b) of Section 17 above. The City hereby irrevocably calls for redemption on June 6, 2008, the Refunded Bonds in accordance with the provisions of the 1998 Ordinance. Said defeasance and call for redemption of the Refunded

Bonds shall be irrevocable after the final establishment of the Refunding Account and delivery of the Acquired Obligations and the requisite cash deposit, if any, to the Escrow Agent, except as provided herein relating to the substitution of securities.

The Escrow Agent is hereby authorized and directed to give notice of the redemption of the Refunded Bonds in accordance with the applicable provisions of the 1998 Ordinance. The Treasurer is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of publication of such notice shall be an expense of the City.

The Escrow Agent is hereby authorized and directed to pay to the Treasurer, sums sufficient to pay, when due, the payments specified in subparagraphs (a) through (b) of Section 17 above. All such sums shall be paid from the money and Acquired Obligations deposited with the Escrow Agent pursuant to Section 17 of this ordinance, and the income therefrom and proceeds thereof. All such sums so paid shall be credited to the Refunding Account. All money and Acquired Obligations deposited with the Escrow Agent and any income therefrom shall be held, invested and applied in accordance with the provisions of this ordinance and with the laws of the State of Washington for the benefit of the City and owners of the Refunded Bonds.

The City will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent shall be paid when due. The proper officers and agents of the City are directed to obtain from the Escrow Agent an agreement setting forth the duties, obligations and responsibilities of the Escrow Agent in connection with the redemption and retirement of the Refunded Bonds as provided herein and making provision for payment of the fees, compensation and expenses of the Escrow Agent as may be satisfactory to it.

Such agreement shall be in substantially the form on file with the City. The Treasurer is authorized to execute and deliver such agreement on behalf of the City.

Section 19. Sale of Bonds; Official Statement. The Council finds that the purchase contract dated the date of this ordinance that has been distributed to the Council by Seattle-Northwest Securities Corporation (the “Underwriter”) is reasonable and that it is in the best interest of the City that the Bonds shall be sold upon the conditions set forth in the purchase contract. The City accepts the purchase contract and authorizes the Mayor, Treasurer or other appropriate officer of the City to execute the purchase contract and deliver it to the Underwriter. The Bonds shall be issued and delivered to the Underwriter upon payment of the purchase price specified in the purchase contract.

The City approves the preliminary official statement presented to the Council and authorizes the Underwriter’s distribution of the preliminary official statement in connection with the offering of the Bonds. Pursuant to the Rule, the City deems the preliminary official statement as final as of its date except for the omission of information dependent upon the pricing of the Bonds and the completion of the purchase contract. The City agrees to cooperate with the Underwriter to deliver or cause to be delivered, within seven business days from the date of the sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of a final official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule and the rules of the MSRB. The City authorizes the Underwriter to use the official statement, substantially in the form of the preliminary official statement, in connection with the sale of the Bonds. The Mayor and the Treasurer and other appropriate officers of the City are hereby authorized to review and approve on behalf of the City

the final Official Statement relative to the Bonds with such additions and changes as may be deemed necessary or advisable to them.

Section 20. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the City's written undertaking for the benefit of the owners of the Bonds as required by Section (b)(5) of the Rule. The City is an obligated person with respect to less than \$10,000,000, of municipal securities, including the Bonds.

(b) *Financial Statements/Operating Data.* The City agrees to provide or cause to be provided to each person upon request or to the SID, if any, a copy of its latest publicly available annual financial statements prepared in accordance with the Budget Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute).

(c) *Material Events.* The City agrees to provide or cause to be provided, in a timely manner, to the SID, if any, and to each NRMSIR or to the MSRB and to the Insurer notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

- (vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) Modifications to the rights of Bondholders;
- (viii) Optional redemption of Bonds prior to their maturity;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds; and
- (xi) Rating changes.

Solely for purposes of disclosure, and not intending to modify this undertaking, the City advises that no property secures repayment of the Bonds.

(d) *Notification Upon Failure to Provide Financial Data.* The City agrees to provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB and to the SID, if any, notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) *Termination/Modification.* The City's obligations to provide annual financial statements and notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. This section, or any provision hereof, shall be null and void if the City (i) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (ii) notifies each then existing NRMSIR and the SID, if any, of such opinion and the cancellation of this section.

Notwithstanding any other provision of this ordinance, the City may amend this section, and any provision of this section may be waived, with an approving opinion of nationally recognized bond counsel in accordance with the Rule.

(f) *Bond Owner's Remedies Under This Section.* A Bond owner's or Beneficial Owner's right to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the City's obligations hereunder, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds under this ordinance. For purposes of this section, Beneficial Owner means any person who has the power directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 21. Authorization to City Officials. The proper City officials are hereby authorized to enter into such agreements, to execute such instruments, to print bonds, to approve an official statement, to provide certifications, and to take all actions they deem reasonable, necessary and proper to carry out the Project, refund the Refunded Bonds and issue the Bonds in conformance with the provisions of this ordinance.

Section 22. Additional or Supplemental Ordinances.

(a) The Council from time to time and at any time may pass an ordinance or ordinances supplemental hereto, which ordinance or ordinances thereafter shall become a part of this ordinance, for any one or more or all of the following purposes:

(i) To add to the covenants and agreements of the City contained in this ordinance other covenants and agreements thereafter to be observed which shall not adversely affect the interests of the owners of any Parity Bonds or to surrender any right or power reserved to or conferred upon the City.

(ii) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this ordinance or any ordinance authorizing Parity Bonds in regard to matters or questions arising under such ordinances as the Council may deem necessary or desirable and not inconsistent with such ordinances and which shall not adversely affect the interest of the owners of the Parity Bonds. Any such supplemental ordinance of the City may be passed without the consent of the owners of any Parity Bonds at any time outstanding, notwithstanding any of the provisions of Subsection B of this section.

(b) With the consent of the Insurer and owners of not less than 65% in aggregate principal amount of the Parity Bonds at the time outstanding, the Council of the City may pass an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance or of any supplemental ordinance; provided, however, that no such supplemental ordinance shall:

(i) Extend the fixed maturity of any Parity Bonds, or reduce the rate of interest thereon, or extend the times of payment of interest thereon from their due dates, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the owner of each bond so affected; or

(ii) Reduce the aforesaid percentage of Bondowners required to approve any such supplemental ordinance, without the consent of the owners of all of the Parity Bonds then outstanding.

It shall not be necessary for the consent of Bondowners under this Subsection B to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

(c) Upon the passage of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City under this ordinance and of all owners of Parity Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental ordinance shall be deemed to be part of the terms and conditions of this ordinance for any and all purposes.

[Section 23. Bond Insurance.

(a) *Acceptance of Insurance.* In accordance with the offer of Seattle-Northwest Securities Corporation to purchase the Bonds, the Council hereby approves the commitment of the Insurer to provide a bond insurance policy guaranteeing the payment when due of principal of and interest on the Bonds (the “Bond Insurance Policy”). The Council further authorizes and directs all proper officers, agents, attorneys and employees of the City to cooperate with the Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the City as shall be necessary or advisable in providing for the Bond Insurance Policy.

(b) *Payments Under the Bond Insurance Policy.* TO COME]

Section 24. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this ordinance and shall in no way affect the validity of other provisions of this ordinance or of any Parity Bonds.

Section 25. Effective Date. This ordinance shall be effective five days from and after its passage and publication as provided by law.

PASSED by the Council of the City of Sedro-Woolley at a regular meeting held this 23rd day of April, 2008.

By _____
Mayor

ATTEST:

City Clerk

CERTIFICATE

I, the undersigned, Clerk of the City of Sedro-Woolley, Washington, (the "City") and keeper of the records of the City Council (herein called the "Council"), DO HEREBY CERTIFY:

1. That the attached ordinance is a true and correct copy of Ordinance No. _____ of the Council (herein called the "Ordinance"), duly passed at a regular meeting thereof held on the 23rd day of April, 2008.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a 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 duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of April, 2008.

City Clerk

\$3,915,000*

City of Sedro-Woolley, Washington

Sewer Revenue Refunding Bonds, 2008

DATED: Date of Delivery

DUE: December 1, as shown below

STANDARD & POOR'S RATING—Applied for.

BANK QUALIFIED—The City has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Code. See “Tax Matters.”

BOOK-ENTRY ONLY—The Bonds will be issued as fully registered bonds in denominations of \$5,000, or integral multiples thereof, and will be registered in the name of Cede & Co., as bond owner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their interest in the Bonds purchased.

PRINCIPAL AND INTEREST PAYMENTS—Interest on the Bonds will be payable on December 1, 2008 and semiannually thereafter on June 1 and December 1 of each year to their maturity or earlier redemption of the Bonds. Principal of and interest on the Bonds will be payable by the fiscal agency of the State of Washington, currently The Bank of New York, New York, New York, as further described herein. For so long as the Bonds remain in a “book-entry only” transfer system, the fiscal agent will make such payments only to DTC, which in turn will remit such principal and interest to its Participants for subsequent disbursement to Beneficial Owners of the Bonds as further described herein in Appendix C.

MATURITY SCHEDULE—

Due June 1	Amounts*	Interest Rates	Yields	CUSIP	Due June 1	Amounts*	Interest Rates	Yields	CUSIP
2009	\$ 350,000	%	%		2014	\$ 380,000	%	%	
2010	370,000				2015	395,000			
2011	385,000				2016	415,000			
2012	385,000				2017	425,000			
2013	370,000				2018	440,000			

NO OPTIONAL REDEMPTION—The Bonds are not subject to redemption prior to their stated maturities.

SECURITY—The principal of and interest on the Bonds are payable solely from and secured by the Net Revenue of the City's sewer collection and disposal system (the “System”). The Bonds are issued on a parity of lien with the City's outstanding Sewer Revenue and Refunding Bonds, 1998 (the “1998 Bonds”) and the City has reserved the right to issue Future Parity Bonds. For so long as the Bonds are outstanding, no bonds may be issued subsequent to the issuance of the Bonds with a lien and charge on the Net Revenue of the System superior to the lien and charge of the Bonds. The Bonds are special obligations of the City payable only from amounts on deposit in the Bond Fund and the Reserve Fund. The Bonds are not general obligations of the City, the State of Washington (the “State”), or any other municipal corporation or political subdivision thereof, and neither the full faith and credit nor the taxing power of the City or the State of Washington are pledged to the payment of the Bonds. See “Security for the Bonds.”

TAX EXEMPTION—*In the opinion of K&L Preston Gates Ellis LLP (“Bond Counsel”), assuming compliance with certain covenants of the City, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law. Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations. See “Tax Matters” herein for a discussion of the opinion of Bond Counsel.*

DELIVERY—The Bonds are offered for sale to the original purchaser subject to the final approving legal opinion of Bond Counsel. It is expected that the Bonds will be available for delivery to the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer on or about May 7, 2007.

* Preliminary, subject to change.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



This is a Preliminary Official Statement, subject to correction and change. The City has authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Bonds, the City will complete and deliver an Official Statement substantially in this form.

City of Sedro-Woolley, Washington

325 Metcalf Street
Sedro-Woolley, Washington 98284
Phone: (360) 855-1661
Fax: (360) 855-0707
www.ci.sedro-woolley.wa.us*

Mayor and City Council

Mike Anderson	Mayor
Dennis London	Council At Large
Pat Colgan	Councilmember
Hugh Galbraith	Councilmember
Rick Lemley	Councilmember
Ted Meamber	Councilmember
Louis Requa	Councilmember
Tony Splane	Councilmember

City Officials

Eron Berg	City Supervisor/City Attorney
Patsy Nelson	Finance Director
Mark Freiberger	Public Works Director/City Engineer
Debra Allen	Wastewater Treatment Plant Foreman

Bond Counsel

K&L Preston Gates Ellis LLP
Seattle, Washington

Bond Registrar

The Bank of New York
New York, New York

* The City's website is not part of this Official Statement, and investors should not rely on information presented in the City's website in determining whether to purchase the Bonds. This inactive textual reference to the City's website is not a hyperlink and does not incorporate the City's website by reference.

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction in which or to a person to whom it is unlawful to make such an offer. No dealer, salesperson or other person has been authorized by the City the Financial Advisor, or the Underwriter to give any information or to make any representations, other than those contained herein, in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon. The City makes no representation regarding the accuracy or completeness of the information provided in Appendix C—Book Entry Transfer System, which has been furnished by DTC. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of the provisions. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the City since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The City will "deem final", for the sole purpose of the Underwriter's compliance with Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(1), this Preliminary Official Statement as of its date, except for the omission of information as to offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, maturity dates, options of redemption, delivery dates, and other terms of the Bonds dependent on such matters.

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The CUSIP numbers are included on the front cover of this Official Statement for convenience of the holders and potential holders of the Bonds. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds.

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OFFICIAL STATEMENT

City of Sedro-Woolley, Washington

\$3,915,000*

Sewer Revenue Refunding Bonds, 2008

The City of Sedro-Woolley, Washington (the "City"), a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington (the "State") furnishes this Official Statement in connection with the offering of \$3,915,000* aggregate principal amount of Sewer Revenue Refunding Bonds, 2008 (the "Bonds"). This Official Statement provides information concerning the City, the Bonds and the City's sewer collection and disposal system (the "System"). The Bonds are issued on a parity of lien with the City's outstanding \$315,000 Sewer Revenue and Refunding Bonds, 1998 (the "1998 Bonds"). The City has reserved the right in the Bond Ordinance (as defined herein) to issue additional bonds on a parity of lien with the 1998 Bonds and the Bonds, subject to certain conditions described herein (the "Future Parity Bonds"). In addition, the City has approximately \$5.4 million in subordinate lien debt drawn and outstanding, but does have the ability to draw up to \$7.7 million (see "Indebtedness of the System – Subordinate Lien Debt" herein).

Certain capitalized words and phrases used in this Official Statement have the meanings as defined in the Bond Ordinance attached hereto in Appendix A.

Description of the Bonds

Authorization for Issuance

The Bonds are issued pursuant to Ordinance No. ____ adopted by the City Council (the "Council") on _____, 2007 (the "Bond Ordinance") and under and in accordance with the laws and provisions of the State, including chapters 35.92, 39.46 and 39.53 Revised Code of Washington ("RCW").

Principal Amount, Date, Interest Rates and Maturities

The Bonds will be issued in the aggregate principal amount of \$3,915,000* and will be dated and bear interest from the date of initial delivery to the Underwriter. The Bonds will mature on the dates and in the principal amounts and will bear interest (payable semiannually on June 1 and December 1, first interest payable December 1, 2008) at the respective rates as set forth on the cover of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Bond Registrar and Registration Features

The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co. as Bond Owner and as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers ("Beneficial Owners") will not receive certificates representing their interest in the Bonds.

Principal of and interest on the Bonds will be payable by the State fiscal agent, currently The Bank of New York (the "Bond Registrar"). So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the Bond Registrar to DTC, which, in turn, is obligated to remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Bonds, as further described herein in Appendix C.

* Preliminary, subject to change.

Book-Entry Bonds

DTC will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity of the Bonds, as set forth on the cover of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix C attached hereto for additional information.

Procedure in the Event of Revisions of Book-Entry Transfer System. If DTC resigns as the securities depository and the City is unable to retain a qualified successor to DTC, or the City has determined that it is in the best interest of the City not to continue the book-entry system of transfer or that interests of the Beneficial Owners of the Bonds might be adversely affected if the book-entry system of transfer is continued, the City will execute, authenticate and deliver at no cost to the Beneficial Owners of the Bonds or their nominees, Bonds in fully registered form, in the denomination of \$5,000 or any integral multiple thereof within a maturity. In the event the Bonds are transferred by the City to fully registered form, the payments of principal and interest on the Bonds will be made by the Bond Registrar. Principal of the Bonds will be payable upon due presentment and surrender thereof at the office designated by the Bond Registrar. Under the State's current fiscal agency agreement, the Bonds also may be presented for payment in the State of Washington at any office of Wells Fargo Bank, National Association. Interest on the Bonds will be payable by check or draft mailed to the owners of the Bonds at the address appearing on the Bond Register on the 15th day of the month preceding an interest payment date, and the Bonds will be transferable as provided in the Bond Ordinance.

No Optional Redemption

The Bonds are not subject to optional redemption prior to their stated maturity dates.

Purchase

The City reserves the right in the Bond Ordinance to use at any time any available funds to purchase any of the Bonds for retirement at any price deemed reasonable by the City.

Purpose and Use of Proceeds

Purpose

A portion of the proceeds of the Bonds will be used to (i) refund the City's outstanding 1998 Bonds to obtain the benefit of savings in annual and total debt service requirements and (ii) pay costs of issuance of the Bonds.

Plan of Refunding

If interest rates are favorable, the proceeds from the sale of the Bonds will be used to refund \$3,735,000 of the City's 1998 Bonds maturing on June 1 in years 2009 through 2014 and in 2018 (the "Refunded Bonds"). The proceeds of the Bonds allocated to the refunding of the Refunded Bonds will be escrowed to the call date for the Refunded Bonds (June 6, 2008) at which time they will be called at a price of par plus accrued interest.

From a portion of the proceeds of the Bonds, the City will purchase certain direct non-callable United States government obligations, including obligations of the State and Local Government Series ("Government Obligations"). These Government Obligations will be deposited in the custody of U.S. Bank National Association (the "Escrow Agent"). The maturing principal of the Government Obligations, interest earned thereon, and necessary cash balance, if any, will provide payment of:

- (a) Interest on the Refunded Bonds when due up to and including June 6, 2008; and
- (b) On June 6, 2008, the redemption price (par) of the Refunded Bonds.

The Government Obligations, interest earned thereon, and necessary cash balance, if any, will irrevocably be pledged to and held in trust for the benefit of the owners of the Refunded Bonds by the Refunding Trustee, pursuant to an escrow deposit agreement to be executed by the City and the Escrow Agent.

Information on the Refunded Bonds is as follows:

<u>Refunded Maturities*</u>	<u>Amount Refunded*</u>	<u>Redemption Date</u>	<u>Price</u>
2009-2014, 2018	\$ 3,735,000	06/06/08	100%

* Preliminary, subject to change.

Refunded Bonds

<u>Maturity Years (April 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>	<u>CUSIP Numbers</u>
2009	\$ 320,000	4.50%	815696AW9
2010	335,000	4.55	815696AX7
2011	355,000	4.60	815696AY5
2012	360,000	4.70	815696AZ2
2013	350,000	4.75	815696BA6
2014	365,000	4.80	815696BB4
2018*	1,650,000	4.95	815696BF5

* Term Bond.

Verification of Mathematical Calculations

Seattle-Northwest Securities Corporation, Seattle, Washington, will certify the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the government obligations, to be placed together with other escrowed moneys in the escrow account to pay when due, pursuant to stated maturity or call for redemption, as the case may be, the principal of, premium, if any, and interest on the Refunded Bonds.

Estimated Sources and Uses of Funds

The proceeds from the Bonds are estimated to be applied as follows:

Sources of Funds

Par Amount of Bonds ⁽¹⁾	\$ 3,915,000
Net Premium/(Discount)	_____
Total Sources of Funds	\$ _____

Use of Funds

Escrow Requirements	\$ _____
Issuance Costs ⁽²⁾	_____
Additional Proceeds	_____
Total Use of Funds	\$ _____

(1) Preliminary, subject to change.

(2) Includes Bond Counsel fees, rating fee, [bond insurance premium,] underwriter's discount, and other costs associated with the issuance of the Bonds.

Security for the Bonds

The Bonds are payable from the Revenue of the System subject only to the payment of the Costs of Maintenance and Operation. The Bonds constitute a lien and charge on the Net Revenue prior and superior to any other charges whatsoever except that the lien and charge on such revenue for the Bonds will be on a parity with the lien and charge thereon for the 1998 Bonds. The City has reserved the right in

the Bond Ordinance to issue Future Parity Bonds on a parity of lien with the Parity Bonds. The Bonds, the 1998 Bonds and any Future Parity Bonds are defined herein as the "Parity Bonds."

The Parity Bonds are a special limited obligation of the City payable only from amounts on deposit in the City of Sedro-Woolley Sewer Revenue Bond Fund (the "Bond Fund") and the Sewer Revenue Bond Reserve Fund (the "Reserve Fund"). See "Funds and Accounts" below. The Bond Fund will at all times be completely segregated and set apart from all other funds and accounts of the City for the security and the payment of the principal of and interest on the Parity Bonds, as they become due. The Bonds are not an obligation of the State or any political subdivision thereof other than the City, and neither the full faith and credit nor the taxing power of the City or the State are pledged to the payment of the Bonds.

Funds and Accounts

Bond Fund. As long as any of the Bonds remain outstanding, the City has obligated itself to set aside and pay from the Revenue Fund into the Bond Fund those amounts necessary, together with Assessments and such other funds as are on hand and available, to pay the interest or principal, sinking fund installments and interest next coming due on the Bonds.

Reserve Fund. The Reserve Fund has been created for the purpose of securing the payment of the principal of and interest on the Parity Bonds. The City has covenanted that upon the issuance of the Bonds it will have on deposit in the Reserve Fund a total amount which will be equal to the lesser of (i) 125 percent of average Annual Debt Service on the Bonds, (ii) 10 percent of the net proceeds of such series of the Bonds, and (iii) Maximum Annual Debt Service (the "Reserve Fund Requirement").

The City has further covenanted and agreed that in the event it issues any Future Parity Bonds it will provide in the ordinance authorizing the issuance of the same that it will pay into the Reserve Fund out of Assessments and the Revenue of the System (or, at the option of the City, out of any other funds legally available for such purpose) not less than approximately equal additional annual future payments so that by five years from the date of such Future Parity Bonds there will have been paid into the Reserve Fund an amount which, with the money already on deposit therein, will be equal to the Reserve Fund Requirement, in any calendar year thereafter to pay the principal of and interest on all outstanding Parity Bonds.

The City has further covenanted and agreed that it will at all times maintain therein an amount at least equal to the Reserve Fund Requirement, as redetermined in each calendar year with respect to the bonds secured by the Reserve Fund. Whenever there is a sufficient amount in the Bond Fund and in the Reserve Fund to pay the principal of, premium if any, and interest on all outstanding Parity Bonds, the money in the Reserve Fund may be used to pay such principal, premium, if any, and interest. Money in the Reserve Fund may be withdrawn to redeem and retire, and to pay the interest due to the date of such redemption and premium, if any, on any outstanding Parity Bonds, as long as the money left remaining on deposit in the Reserve Fund is equal to the Reserve Fund Requirement. Investments in the Reserve Fund will be valued at their market price at least annually.

In the event there is a deficiency in the Bond Fund to meet maturing installments of either interest on or principal of and interest on the outstanding Parity Bonds payable out of such Account, such deficiency will be made up from the Reserve Fund by the withdrawal of moneys therefrom. Any deficiency created in the Reserve Fund by reason of any such withdrawal will then be made up out of Assessments and Revenue of the System after making necessary provision for the payments required to be made by the Bond Ordinance.

The City may obtain Qualified Insurance or a Qualified Letter of Credit to fund all or a portion of the Reserve Fund. Such Qualified Insurance or Qualified Letter of Credit will not be cancellable on less than five years' notice. In the event of any cancellation, the Reserve Fund will be funded in not more than 18 approximately equal consecutive monthly installments.

Money in the Bond Fund and Reserve Fund not needed to pay the interest on or principal of and interest on any outstanding Parity Bonds next coming due or to maintain required reserves therefor may be used to redeem and retire Parity Bonds.

Money in the Bond Fund and Reserve Fund may be invested in Permitted Investments. Investments in the Bond Fund will mature prior to the date on which such money will be needed for required interest or principal payments. Investments in the Reserve Fund will mature not later than the last maturity of any then outstanding Parity Bonds. All interest earned and income derived by virtue of such investments will remain in the respective fund and be used to meet the required deposits into such fund.

Upon issuance of the Bonds the Reserve Fund Requirement will be \$_____. The balance in the Reserve Fund as of March 1, 2008 was \$519,239.

Flow of Funds

The City will deposit the Revenue of the System into the City of Sedro-Woolley Sewer Revenue Fund (the "Revenue Fund"). The Revenue of the System deposited in such fund will be used only for the following purposes and in the following order of priority:

First, to pay the Cost of Maintenance and Operation of the System;

Second, to make all payments required to be made into the Bond Fund to pay the interest on any Parity Bonds;

Third, to make all payments required to be made into the Bond Fund to pay the principal of any Parity Bonds and to make all payments for sinking payments for Term Bonds;

Fourth, to make all payments required to be made into the Reserve Fund to secure the payment of any Parity Bonds;

Fifth, to make all payments required to be made into any other revenue obligation redemption fund and debt service account or reserve fund created to pay and secure the payment of the principal of and interest on any revenue obligations of the City having a lien upon the Revenue of the System and the money in the Revenue Fund junior to the lien thereon for the payment of the principal of and interest on Parity Bonds; and

Sixth, to retire by redemption or purchase in the open market any outstanding sewer obligations of the City or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the System, or any other lawful City purposes.

The City may create a Rate Stabilization Account in the Revenue Fund. The City may, at any time, deposit in and withdraw from the Rate Stabilization Account Revenue of the System.

Rate Covenant

The City has covenanted that it will maintain and collect rates and charges for the use of the services and facilities and all commodities sold, furnished or supplied by the System, which will be fair and nondiscriminatory and will adjust such rates and charges from time to time so that:

- (i) the Revenue of the System derived therefrom, together with Assessments collected, will at all times be sufficient (a) to pay all costs of and charges and expenses in connection with the proper operation and maintenance of the System, (b) to pay the principal of and interest on the outstanding Parity Bonds, as and when the same becomes due and payable, (c) to make when due all payments which the City is obligated to make into the Reserve Fund and all other payments which the City is obligated to make pursuant to the Bond Ordinance and (d) to pay all taxes, assessments or other governmental charges lawfully imposed on the System or the Revenue

therefrom or payments in lieu thereof and any and all other amounts which the City may now and hereafter become obligated to pay from the Revenue of the System by law or contract; and

- (ii) the Net Revenue together with Assessment Income will at least equal to the sum of (a) 125 percent of the amounts required in such calendar year to be paid as Annual Debt Service on the Parity Bonds minus the amount of Assessments due in such year and not delinquent, and (b) 100 percent of the amount of Assessments due in such year and not delinquent (the "Coverage Requirement.") In determining whether the rate covenant has been met, the City will subtract from Net Revenue deposits into the Rate Stabilization Account and add withdrawals from the Rate Stabilization Account in such year.

Additional Covenants

So long as any Parity Bonds are outstanding, the City has covenanted and agreed as follows:

Maintenance and Operation Standards. It will at all times maintain, preserve and keep the System in good repair, working order and condition and will operate the properties of the System and the business in connection therewith in an efficient manner and at a reasonable cost.

Collection and Application of Assessments. All Assessments (other than prepayments) in the Cook Road Utility Local Improvement District ("ULID") and in any ULID created to secure the payment of Future Parity Bonds will be paid into the Bond Fund and may be used only to pay the principal of and interest on the Parity Bonds. However, nothing in the Bond Ordinance will be construed to prohibit the City from issuing sewer revenue bonds junior in lien to the Parity Bonds and pledging as security for their payment assessments levied in any ULID which may have been specifically created to pay part or all of the cost of improvements to the System for which those junior lien bonds are issued.

Sale or Disposition of System or Property. It will not sell or otherwise dispose of the System in its entirety unless simultaneously with such sale or other disposition, provision is made for the payment into the Bond Fund of cash or "government obligations" (as defined in RCW 39.53) sufficient to pay the principal of and interest on all then outstanding Parity Bonds, nor will it sell or otherwise dispose of any part of the useful operating properties of the System (in excess of five percent of the net utility plant of the System) unless provision is made of the payment into the Bond Fund of the greatest of the following:

- (i) an amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (defined as the total amount of the Parity Bonds less the amount of cash and investments in the Bond Fund) that the Net Revenue from the portion of the System sold or disposed of for the preceding year bears to the total Net Revenue of the System for such period;
- (ii) an amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the depreciated cost value of the facilities sold or disposed of bears to the depreciated cost value of the entire System immediately prior to such sale or disposition; or
- (iii) an amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the customers from the part of the System sold or disposed of bears to the total number of customers of the entire System immediately prior to such sale or disposition.

The proceeds of any such sale or disposition of a portion of the properties of the System (to the extent required above) will be paid into the Reserve Fund.

Notwithstanding the preceding paragraphs, the City may sell or otherwise dispose of any of the works, plant, properties and facilities of the System or any real or personal property comprising a part of the same which have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or no longer necessary, material to or useful in such operation.

Insurance. It will keep the works, plants and facilities comprising the System insured, and will carry such other insurance with policies payable to the City, against risks, accidents or casualties, at least to the

extent that insurance is usually carried by municipal corporations operating like properties or the City will maintain a self-insurance program. In the event of any loss or damage, the City will promptly repair or replace the damaged portion of the insured property and apply the proceeds of any insurance policy for that purpose; or, in the event the City should determine not to repair or reconstruct such damaged portion of the properties of the System, the proceeds of such insurance will be paid into the Reserve Fund to the extent that such transfer will be necessary to make up any deficiency in the Reserve Fund and the balance, if any, will at the option of the City, be used either for repairs, renewals, replacements or capital additions to the System or for the redemption of Parity Bonds.

No Free Service. It will not furnish or supply or permit the furnishing or supplying of any commodity, service or facility furnished by or in connection with the operation of the System, free of charge to any person, firm or corporation.

Future Parity Bonds

The City reserves the right to issue Future Parity Bonds for the purposes of financing improvements to the System or to refund any Parity Bonds or other obligations of the System, so long as: (i) at the time of the issuance of any Future Parity Bonds there is no deficiency in the Bond Fund or the Reserve Fund; (ii) if there are Assessments levied in any ULID in which additions and improvements to and extensions of the System will be constructed from the proceeds of such Future Parity Bonds, the ordinance authorizing such Future Parity Bonds requires that such Assessments be paid into the Bond Fund; (iii) if there are Assessments pledged to be paid into a warrant or bond redemption fund for revenue bonds or warrants being refunded by Future Parity Bonds, the ordinance authorizing such Future Parity Bonds requires such Assessments to be paid into the Bond Fund; (iv) the principal of and interest on any Future Parity Bonds will be payable out of the Bond Fund and the requirements for Reserve Fund payments are met; (v) prior to the delivery of any Future Parity Bonds, the City has on file in the office of the Clerk a certificate of an independent engineer or certified public accountant showing that the Net Revenue determined and adjusted as provided in the Ordinance for each calendar or fiscal year after the issuance of such Parity Bonds (the "Adjusted Net Revenue") together with Assessment Income will be equal to at least the sum of the Coverage Requirement.

The Adjusted Net Revenue will be the Net Revenue for a period of any 12 consecutive months out of the 24 months immediately preceding the date of delivery of such proposed Future Parity Bonds as adjusted by such engineer or accountant to take into consideration changes in Net Revenue estimated to occur under the following conditions for each year after such delivery for so long as any Parity Bonds, including the Future Parity Bonds proposed to be issued, will be outstanding: (i) the additional Net Revenue which would have been received if any change in rates and charges adopted prior to the date of such certificate and subsequent to the beginning of such 24-month period, had been in force during the full 24-month period; (ii) the additional Net Revenue which would have been received if any facility of the System which became fully operational after the beginning of such 24-month period had been so operating for the entire period; (iii) the additional Net Revenue estimated by such engineer or accountant to be received as a result of any additions, betterments and improvements to and extensions of any facilities of the System which are (a) under construction at the time of such certificate or (b) will be constructed from the proceeds of the Future Parity Bonds to be issued; and (iv) the additional Net Revenue which would have been received if any customers added to the System during such 24-month period were customers for the entire period.

Such engineer or accountant may rely upon financial statements of the System, certified by the City Treasurer showing income and expenses for the period. The certificate of such engineer or accountant will be conclusive and the only evidence required to show compliance with the provisions and requirements as provided in the Ordinance.

In lieu of such certificate of an engineer or accountant, prior to the issuance of Future Parity Bonds, the City may have on file a certificate of an appropriate financial officer of the City stating that the Coverage Requirement will be met based on the Net Revenues for a period of any 12 consecutive months out of the 24 months preceding the delivery of such bonds for any future year on all outstanding Parity Bonds and the Future Parity Bonds to be issued.

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

Junior Lien Obligations

The City has reserved the right to issue revenue bonds or other obligations which would be a charge upon the Revenue Fund junior or inferior to that of any Parity Bonds. As of March 1, 2008, the City had approximately \$5,401,987 in outstanding subordinate lien debt. See "Indebtedness of the System – Subordinate Lien Debt."

Defeasance of the Bonds

In the event that money and/or "Government Obligations," as defined in the Bond Ordinance, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire the Bonds or any of them in accordance with their terms are set aside in a special account to effect such redemption or retirement and such money and the principal of and interest on such obligations are set aside irrevocably and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on the Bonds so provided for and such Bonds will cease to be entitled to any lien, benefit or security of the Bond Ordinance except the right to receive the funds so set aside and pledged, and such Bonds will be deemed not to be outstanding.

Rating

As noted on the cover page of this Official Statement, the City will apply for a rating for the Bonds from Standard & Poor's Ratings Services. When and if obtained, the rating will reflect only the views of the rating agency and an explanation of the significance of the rating may be obtained from the rating agency. There is no assurance that the rating, once obtained, will be retained for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating will be likely to have an adverse effect on the market price of the Bonds.

Indebtedness of the System

The City may issue revenue bonds "...if it deems it advisable to purchase, lease, condemn, or otherwise acquire, construct, develop, improve, extend or operate any land, building, facility, or utility and adopts an ordinance which has been ratified by the voters of the city or town in those instances where it is required to be ratified by the voters...such city or town may issue revenue bonds against the special fund or funds created solely from revenues..." pursuant to chapter 35.41 RCW (the Municipal Revenue Bond Act).

Outstanding Long-Term Borrowings

The outstanding long term debt of the System is composed of the following bond issues:

<u>Parity Bonds</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding at 05/07/08</u>
1998 Bonds	06/01/98	06/01/08 ⁽¹⁾	\$ 6,410,000	\$ 315,000
The Bonds	05/07/08	06/01/18	<u>3,915,000 ⁽²⁾</u>	<u>3,915,000 ⁽²⁾</u>
Total Parity Bonds Outstanding			<u>\$ 10,325,000</u>	<u>\$ 4,230,000</u>

(1) The Date of Maturity reflects the redemption of the Refunded Bonds. The June 1, 2008 principal payment remains after this refunding.

(2) Preliminary, subject to change.

Subordinate Lien Debt

The following describes the System's subordinate lien debt that are a charge upon the Net Revenue of the System, outstanding as of March 1, 2008:

<u>Subordinate Lien Debt</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Maximum Draw Amount</u>	<u>Outstanding at 03/01/08</u>
Public Works Trust Fund loan	05/13/05	07/01/10	\$ 706,500	\$ 501,987
Public Works Trust Fund loan	07/06/06	07/01/26	<u>7,000,000</u>	<u>4,900,000</u>
Total Subordinate Lien Debt Outstanding			<u>\$ 7,706,500 ⁽¹⁾</u>	<u>\$ 5,401,987 ⁽¹⁾</u>

(1) The City currently has drawn, and has outstanding, \$5,401,987 in Public Works trust Fund loans, but has the ability to draw up to \$7,706,500.

Sewer Revenue Bonds – Parity Bond Debt Service Requirements (1)

Cal. Years	<u>1998 Bonds (2)</u>		<u>The Bonds (3)</u>		Total Debt Service (3)
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2008	\$ 315,000	\$ 6,930	\$ 0	\$ 75,494	\$ 397,424
2009	0	0	360,000	128,815	488,815
2010	0	0	370,000	119,225	489,225
2011	0	0	385,000	108,270	493,270
2012	0	0	385,000	96,239	481,239
2013	0	0	370,000	83,693	453,693
2014	0	0	380,000	70,563	450,563
2015	0	0	395,000	56,316	451,316
2016	0	0	410,000	41,120	451,120
2017	0	0	420,000	25,245	445,245
2018	0	0	440,000	8,580	448,580
Totals	<u>\$ 315,000</u>	<u>\$ 6,930</u>	<u>\$ 3,915,000</u>	<u>\$ 813,559</u>	<u>\$ 5,050,489</u>

(1) Totals may not foot due to rounding; excludes subordinate lien debt.

(2) Excludes the Refunded Bonds.

(3) Preliminary, subject to change; assumed interest rates range from 2.45% to 3.90%.

Debt Payment Record

The City has promptly met all debt service payments on outstanding obligations. No refunding bonds have been issued to avoid an impending default.

Future Financings

Other than the Bonds, the City has no authorized but unissued bonds outstanding. The City has been awarded a loan through the Public Works Trust Fund of \$5,156,950 with a 20-year term. The purpose of the loan will be to replace a wastewater treatment plant as well as to complete a critical sewer interceptor project. The City has not executed the loan but does expect to draw from the loan in mid-2008. The loan will be subordinate to the Parity Bonds.

Authorized Investments

Chapter 35.39 RCW limits the investment by cities and towns of its inactive funds or other funds in excess of current needs to the following authorized investments: United States bonds; United States certificates of indebtedness; bonds or warrants of the State and any local government in the State; its own bonds or warrants of a local improvement district which are within the protection of the local improvement guaranty fund law; and any other investment authorized by law for any other taxing district or the State Treasurer. Under chapter 43.84 RCW, the State Treasurer may invest in non-negotiable certificates of deposit in designated qualified public depositories; in obligations of the US government, its agencies and wholly owned corporations; in bankers' acceptances; in commercial paper; in the obligations of the federal home loan bank, federal national mortgage association and other government corporations subject to statutory provisions and may enter into repurchase agreements. Utility revenue bonds and warrants of any city and bonds or warrants of a local improvement district are also eligible investments (RCW 35.39.030).

Money available for investment may be invested on an individual fund basis or may, unless otherwise restricted by law, be commingled within one common investment portfolio. All income derived from such investment may be either apportioned to and used by the various participating funds or for the benefit of the general government in accordance with city ordinances or resolutions. Funds derived from the sale of bonds or other instruments of indebtedness will be invested or used in such manner as the authorizing ordinances, resolutions or bond covenants may lawfully prescribe.

Local Government Investment Pool

The State Treasurer's Office administers the Washington State Local Government Investment Pool (the "LGIP"), a fund that invests money on behalf of more than 350 cities, counties and special taxing districts. In its management of LGIP, the State Treasurer is required to adhere, at all times, to the principles appropriate for the prudent investment of public funds. These are, in priority order, (i) the safety of principal; (ii) the assurance of sufficient liquidity to meet cash flow demands; and (iii) to attain the highest possible yield within the constraints of the first two goals. Historically, the LGIP has had sufficient liquidity to meet all cash flow demands.

The LGIP, authorized by chapter 43.250 RCW, is a voluntary pool which provides its participants the opportunity to benefit from the economies of scale inherent in pooling. It is also intended to offer participants increased safety of principal and the ability to achieve a higher investment yield than would otherwise be available to them. The pool is restricted to investments with maturities of one year or less, and the average life typically is less than 90 days. Investments permitted under the pool's guidelines include U.S. government and agency securities, bankers' acceptances, high quality commercial paper, repurchase and reverse repurchase agreements, motor vehicle fund warrants, and certificates of deposit issued by qualified Washington State depositories.

As of December 31, 2007, the City's investments at market value totaled \$11,900,580, all of which was invested in the LGIP.

Authorized Investments for Bond Proceeds

In addition to the eligible investments discussed above, bond proceeds may also be invested in mutual funds with portfolios consisting of U.S. government and guaranteed agency securities with average maturities of less than four years; municipal securities rated in one of the four highest categories; and money market funds consisting of the same, so long as municipal securities held in the fund(s) are in one of the two highest rating categories of a nationally recognized rating agency. Bond proceeds may also be invested in shares of money market funds with portfolios of securities otherwise authorized by law for investment by local governments (RCW 39.59.030).

The System

Description

The City's wastewater treatment plant is a conventional secondary plant using an oxidation ditch, clarifier and ultra-violet disinfection for treatment of wastewater before discharge to the Skagit River. Solids are treated in an aerobic digester. Dewatered biosolids are hauled by spreader truck or a covered semi-trailer to agricultural sites for land application. The existing plant is meeting current Department of Ecology ("DOE") compliance requirements.

The System currently maintains seven pump stations and the existing wastewater collection system contains gravity collectors/interceptors ranging in size from six inches to 36 inches. The System consists of predominately concrete pipe, with some vitrified clay pipe remaining from the original system in the older part of the City, and some polyvinyl chloride ("PVC") pipe used in newer developments. Due to the relatively flat topography of the City, gravity collectors and interceptors have been constructed at minimal slopes to prevent excessive depths of pipe. An inventory of sewer main sizes for the existing System is shown in the following table:

Existing Gravity Sewer Inventory Summary

<u>Pipe Diameter</u>	<u>Footage</u>
6"	11,000
8"	126,000
10"	26,200
12"	13,200
15"	9,400
18"	2,700
20"	100
24"	5,500
30"	800
36"	280
Force Main	<u>6,600</u>
	<u>201,780</u>

Source: City of Sedro-Woolley.

Historic wastewater treatment plant capacity and demand are described below:

Historic Wastewater Treatment Plant Usage			
	<u>Average Daily Usage (MGD)</u>	<u>Peak Day Usage (MGD)</u>	<u>Peak Daily Capacity</u>
2007	0.798	2.887	3.53
2006	0.772	1.680	3.53
2005	0.774	1.842	3.53
2004	0.884	2.701	3.53
2003	0.759	1.889	3.53

Source: City of Sedro-Woolley.

State of the System

The wastewater treatment plant is currently using 39 percent of the capacity based on flow loadings, 37 percent on biochemical oxygen demand (“BOD”) loadings and 30 percent based on total suspended solid (“TSS”) loadings. The plant meets all permit requirements and has been awarded the Department of Ecology Outstanding Performance Award eight times.

The 2005 Comprehensive Sewer System Plan was developed to upsize pipe capacity as well as renovate existing sewer mains throughout the City. Two projects are currently under way: (i) the SR-20 phase 2 project will replace an existing 8-inch concrete sewer pipe with approximately 3,434 linear feet of 8-inch PVC gravity sanitary sewer, approximately 1,548 linear feet of 6-inch force main and will add two pump stations with emergency generators; and (ii) the McGarigle CIPP project was just awarded for renovating approximately 8,200 linear feet of existing 12-inch and 15-inch gravity sewer line with cured in place pipe (CIPP). This process rehabilitates deteriorated pipeline by the installation of a resin-impregnated tube which is cured using a heat source under hydrostatic pressure within the tube.

Other projects under design are (i) the Township sewer project which includes upsizing existing pipe and adding parallel sewer lines for capacity on Township Street; (ii) the Metcalf Sewer project, phase 2 which includes replacing approximately 3,000 linear feet of old clay pipe using trenchless technologies; and (iii) the 2008 CIPP Project which will rehabilitate approximately 3,000 linear feet of existing main line pipe around town.

Projects that will be designed later in 2008 include (i) the replacement or repair of the existing Clarifier number one and (ii) a design for a dry sewer line on Fruitdale Road that needs to be installed before a 2009 Road Improvement Project.

System Customers

The City provides sewer service to 4,034 accounts, 94 percent of which are residential. Customer data and usage by class for the last five years is presented below.

	Number of System Customers				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Single Family	3,157	3,093	2,888	2,839	2,741
Multi-Family	622	619	621	45	68
Commercial	255	243	243	242	235
Total	4,034	3,955	3,752	3,126	3,044

Source: City of Sedro-Woolley.

System Billing

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Single Family	\$ 1,718,697	\$ 1,533,045	\$ 1,440,264	\$ 1,301,020	\$ 1,281,967
Multi-Family	346,922	315,611	316,613	175,500	175,500
Commercial	<u>377,870</u>	<u>336,623</u>	<u>317,066</u>	<u>385,443</u>	<u>446,020</u>
Total	\$ 2,443,489	\$ 2,185,279	\$ 2,073,943	\$ 1,861,963	\$ 1,903,487

Source: City of Sedro-Woolley.

The following table shows the City's major sewer customers by annual revenue.

Major 2007 System Customers

<u>Customer</u>	<u>Total Amount Billed</u>	<u>Percent of Total System Billing</u>
North Cascades Gateway Center*	\$ 126,641	5.18%
Sedro-Woolley School District	34,173	1.40
Life Care Center	30,074	1.23
United General Hospital	<u>28,406</u>	<u>1.16</u>
Total	<u>\$ 219,294</u>	<u>8.97%</u>

* A campus providing facilities for training and treatment programs.

Source: City of Sedro-Woolley.

System Rates and Charges

The City expects to pass an ordinance in April 2008 to increase wastewater utility rates and connection charges by six percent effective June 1, 2008. Residential users (single and multi-family) pay a flat base rate. Commercial users pay a base rate of \$45.75 for the first 750 cubic feet ("cf") and pay a volume rate per 100 cf over the first 750 cf used per month. The table below shows historic wastewater rates and charges:

Historical System Rates and Charges

<u>Year</u>	<u>Monthly Sewer Rate</u>		<u>Connection Fee</u>	
	<u>Residential</u>	<u>Non-residential</u>	<u>Residential</u>	<u>Non-residential</u>
2008	\$ 45.75	\$ 3.55/100 cf	\$ 7,266	\$ 405/equivalent fixture unit
2007	45.75	3.55/100 cf	7,266	405/equivalent fixture unit
2006	41.75	3.20/100 cf	7,266	405/equivalent fixture unit
2005	41.75	3.20/100 cf	7,266	405/equivalent fixture unit
2004	37.75	2.88/100 cf	5,300	184/equivalent fixture unit

Source: City of Sedro-Woolley.

Rate Comparison of Neighboring Sewer Systems. Shown below are comparative sewer rate charges of other sewer utilities near the City:

**2008 Single Family Monthly Sewer Base Rate Comparison
(based on 1,000 cf)**

<u>Sewer System</u>	<u>Monthly Rate</u>
City of Anacortes	\$49.57
City of Arlington	48.10
City of Sedro-Woolley	45.75*
City of Ferndale	41.00
City of Mount Vernon	39.30
City of Burlington	39.55

* Prior to rate increase effective May 1, 2008.
Source: Websites of individual municipalities.

System Capital Improvement Plan

The City's capital improvement plan is focused on replacing the wastewater treatment plant as well as completing the Critical Sewer Interceptor Project. The City's anticipated projects for the period 2008 and 2009 are listed below:

<u>Project</u>	<u>Cost</u>	<u>Year</u>	<u>Funding Source</u>
SR-20, Phase 2 project	\$ 2,809,000	2008	PWTF *
Metcalf Sewer project, phase 2	308,000	2008	PWTF
Township Sewer project	3,512,000	2008	PWTF
McGarigle CIPP project	849,000	2008	PWTF
Secondary Clarifier Design	125,000	2008	PWTF
Secondary Clarifier Construction	1,175,000	2008	PWTF
2008 CIPP Project	200,000	2009	Capital Fund
Fruitdale Dry Sewer	<u>1,100,000</u>	2009	Capital Fund
Total	<u>\$ 10,078,000</u>		

* Public Works Trust Fund loans.
Source: City of Sedro-Woolley.

Delinquent Accounts

After notice of delinquency of a sewer bill has been provided and the bill remains unpaid for a period of 60 days, the Finance Director is directed to enforce a lien upon the property. Such lien is superior to all other liens or encumbrances, except those for general taxes and special assessments. Continued delinquency results in the account being turned over to a local collection agency for further action.

Endangered Species Act

In planning future projects, the City evaluates the construction and operation of the facilities to determine if there will be any impact on endangered species through the use of site evaluations, special environmental studies, and preparation of State Environmental Policy Act ("SEPA") checklists or environmental impact statements, as appropriate. Alternatives are developed to minimize or avoid impacts on endangered species. Where federal permits or funding are involved, the City also complies with the Endangered Species Act's "consultation" requirement, which serves to evaluate and address any potential effect on endangered species. Best management practices are employed during routine operation and maintenance activities to minimize impacts on the environment.

**Sewer Fund
Historical Operating Results – Debt Service Coverage
(Years Ending December 31)**

	Unaudited	Audited			
	2007	2006	2005	2004	2003
Operating Revenues					
Charges for services	\$ 2,482,471	\$ 2,220,887	\$ 2,039,513	\$ 1,884,947	\$ 1,824,363
Other operating revenue	22,074	42,874	599,462	61,500	4,929
Total Operating Revenues	2,504,545	2,263,761	2,638,975	1,946,447	1,829,292
Operating Expenses					
Operations and maintenance	1,238,998	1,124,393	980,326	951,266	824,055
Administrative and general	125,000	124,000	111,000	111,000	110,950
Miscellaneous	408,016	37,961	0	0	19,044
Total Operating Expenses	1,772,014	1,286,354	1,091,326	1,062,266	954,049
Net Income from Operations	732,531	977,407	1,547,649	884,181	875,243
Non-Operating Revenues					
Interest revenues	307,867	251,703	133,144	52,884	65,306
Loan receipts from other funds	281,837	0	0	0	0
Total Non-Operating Income	589,704	251,703	133,144	52,884	65,306
Net Income	1,322,235	1,229,110	1,680,793	937,065	940,549
Adjustments to Revenues					
Connection/system development charges	778,208	1,263,921	898,112	283,570	333,630
Assessment income	26,111	14,509	69,288	32,351	32,358
Total Adjustments to Revenues	804,319	1,278,430	967,400	315,921	365,988
Available for Parity Bond Debt Service	2,126,554	2,507,540	2,648,193	1,252,986	1,306,537
Parity Bond Debt Service (1998 Bonds)	504,283	507,335	504,628	506,315	507,578
Available for Other Purposes	\$ 1,622,271	\$ 2,000,205	\$ 2,143,565	\$ 746,671	\$ 798,959
Parity Bond Debt Service Coverage	4.22	4.94	5.25	2.47	2.57

Source: City of Sedro-Woolley.

The City

The City was incorporated in 1898, and operates under State laws applicable to a non-charter code city with a mayor-council form of government. The City is served by a part-time mayor and seven part-time council members, six elected to four-year terms and one at-large member elected to a two-year term. These positions are non-partisan. The council meetings are open to the public and agendas are made available to the local newspaper. The current Mayor and Council members are:

<u>Member</u>	<u>Position</u>	<u>Term Expires</u>
Mike Anderson	Mayor	December 31, 2011
Dennis London	Council At Large	December 31, 2009
Pat Colgan	Councilmember	December 31, 2011
Hugh Galbraith	Councilmember	December 31, 2011
Rick Lemley	Councilmember	December 31, 2009
Ted Meamber	Councilmember	December 31, 2011
Louis Requa	Councilmember	December 31, 2009
Tony Splane	Councilmember	December 31, 2009

Key Administrative Staff

Eron Berg, City Supervisor/City Attorney. Mr. Berg has been providing leadership to municipal governments for over 12 years. Mr. Berg received his Juris Doctor degree from the University of Washington School of Law in 1999. Mr. Berg has been the City Attorney for two years and has served in the newly created position of City Supervisor for one year.

Patsy Nelson, Finance Director. Ms. Nelson has been in the field of accounting for 30 years with 20 of those years as a Certified Public Accountant. Ms. Nelson received her BA in Accounting from Western Washington University and has experience in public, private and non-profit accounting. Ms. Nelson has been the Clerk/Treasurer for the City for four years.

Mark A, Freiburger, Public Works Director/City Engineer. Mr. Freiburger has been in the field of public works and engineering for over 28 years. Mr. Freiburger received degrees in Civil Engineering and Land Surveying from Purdue University in 1977 and has experience in industry and municipal government. Mr. Freiburger has been with the City since 2007 after serving 10 years at the City of Colville.

Debra Allen, Waste Water Treatment Plant/Sewer Department Foreman. Ms. Allen has over 26 years of experience with the City in its Sewer Department and was awarded the Washington State Operator Group 3 Plant License in 1996. Ms. Allen has been instrumental in the City's receipt of numerous "Outstanding Wastewater Treatment Plant" awards from the DOE, recognizing the City's plant as one of the top 10 percent in the State.

Labor Relations

The City currently employs 59 full and 10 part-time employees. The fire and police departments both operate under the Sedro-Woolley Public Safety Guild (the "Guild") which represents two bargaining units: the Support Employees with four members and the Commissioned Employees and Firefighters with 14 members. Both bargaining unit's contracts expire on December 31, 2009. All other City employees, who are covered by a union, are members of the American Federation of County, State and Municipal Employees. There are 29 members and the contract expires on December 31, 2008. The remaining employees of the City are exempt employees and do not belong to any union.

The City enters into written bargaining agreements with its represented employees. Agreements contain provisions on such matters as salaries, vacation, sick leave, medical and dental insurance, working conditions, and grievance procedures. The City strives to complete agreements with all groups in a timely manner, consistent with all applicable state law and promote labor relation policies mutually beneficial to management and employees. The City has never had a strike among its employees.

Pension System

Public Employees' Retirement System ("PERS"). Substantially all of the City's full-time and qualifying part-time employees, other than those covered under union plans, participate in PERS. This is a statewide local government retirement system administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer defined benefit public employee retirement plans. The PERS system includes three plans.

Participants who joined the system by September 30, 1977, are PERS Plan I members. Those joining thereafter are enrolled in PERS Plan II. A third plan, entitled PERS Plan III, provides members with a defined benefit plan similar to PERS Plan II and the opportunity to invest their retirement contributions in a defined contribution plan.

PERS Plan I members are eligible for retirement at any age after 30 years of service, at age 60 with five years of service, or at age 55 with 25 years of service. The annual pension is two percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation earned during any 24 eligible consecutive compensation months.

PERS Plan II members may retire at age 65 with five years of service or at 55 with 20 years of service. The annual pension is two percent of the average final compensation per year of service. PERS Plan II retirements prior to 65 are actuarially reduced. On July 1 of each year following the first full year of retirement service, the benefit will be adjusted by the percentage change in the Consumer Price Index ("CPI") of Seattle, capped at three percent annually.

PERS Plan III is structured as a dual benefit program that will provide members with the following benefits:

- A defined benefit allowance similar to PERS Plan II calculated as one percent of the average final compensation per year of service (versus a two percent formula) and funded entirely by employer contributions.
- A defined contribution account consisting of member contributions plus the full investment return on those contributions.

Each biennium, the State Pension Funding Council adopts PERS Plan I employer contribution rates and PERS Plan II employer and employee contribution rates. Employee contribution rates for PERS Plan I are established by statute at six percent and do not vary from year to year. The employer and employee contribution rates for PERS Plan II are set by the director of the Department of Retirement Systems, based on recommendations by the Office of the State Actuary, to continue to fully fund PERS Plan II. Unlike PERS Plan II, which has a single contribution rate (which is currently 2.25 percent), with PERS Plan III, the employee chooses how much to contribute from one to six contribution rate options. Once an option has been selected, the contribution rate choice is irrevocable unless the employee changes employers.

All employers are required to contribute at the level established by State law. The methods used to determine the contribution requirements are established under State statute in accordance with chapters 41.40 and 41.26 RCW.

For the year ending December 31, 2007, the City's contribution of \$168,348, or five percent of covered payrolls, represents its full liability under the system, except that future rates may be adjusted to meet the system needs.

Adopted PERS Employer Contribution Rates

	Effective <u>7/1/06</u>	Effective <u>1/1/07</u>	Effective <u>7/1/07</u>	Effective <u>7/1/08</u>
Normal Rate	3.50%	3.50%	4.15%	4.83%
PERS I Unfunded Liability	0.01	1.78	1.69	2.57
Gain Sharing	0.00	0.00	0.62	0.62
DRS Admin. Expense Rate	<u>0.18</u>	<u>0.18</u>	<u>0.18</u>	<u>0.18</u>
Total PERS Employer Rate	<u>3.69%</u>	<u>5.46%</u>	<u>6.64%</u>	<u>8.20%</u>

Accounting Policies

Accounting records for the City are maintained in accordance with methods prescribed by the State Auditor under the authority of Washington State law, chapter 43.09 RCW. The City uses the revenue and expenditure classifications contained in the *Budgeting, Accounting, Reporting Systems* ("BARS") manual prescribed by the State Auditor.

In governmental and fiduciary funds, revenues are recognized only when received in cash, rather than when measurable and available, and expenditures are recognized when paid. Purchases of fixed assets are expensed during the year acquired but no general fixed assets account group is established. This prescribed accounting system also permits the City to account for certain enterprise funds on the cash basis of accounting rather than on the full accrual basis, which is a departure from generally accepted accounting principles. For such funds, this results in no capitalization of fixed assets and no allocation of depreciation expense. Inventory is expensed when purchased rather than consumed, and long-term debt is not accounted for in the enterprise fund.

Budgetary Policies

The City budgets its funds in accordance with chapter 35A.33 RCW. The Clerk/Treasurer may authorize transfers or revisions within funds, but only the City Council, via ordinance, has the authority to increase or decrease a given fund's budget. Biennial budgets are adopted at the fund level. Any unexpended appropriations lapse at the end of the biennium. Debt service for general obligations is budgeted within the General Fund or Capital Improvement Fund.

Risk Management

The City is a member of the Cities Insurance Association of Washington (the "CIAW"). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988 when 34 cities in the State joined together by signing an Interlocal Government Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Currently, the CIAW has 95 member cities and 161 associate members.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for public officials liability is on a "claims made basis." All other coverages are on an "occurrence basis." The pool provides the following forms of group-purchased insurance coverage for its members: property, liability, vehicle liability, other mobile equipment, boiler and machinery, bonds of various types, excess liability, and public official liability.

The pool acquires liability insurance from unrelated underwriters which are subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability

among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool, however, purchases a Stop Loss Policy in the amount of \$5,500,000 to eliminate any risk to members and funds the Stop Loss in the budget.

Property insurance is subject to a per-occurrence deductible of \$10,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$9,000. Boiler and machinery insurance is subject to a per-occurrence deductible of \$2,500. Members are responsible for the deductible amount of each claim.

Each new member now pays the pool an admittance fee. This amount covers the member's share of unrestricted reserves. Members contract to remain in the pool for a minimum of one year, and must give notice before August 31 before terminating participation of the following September 1. The Interlocal Governmental Agreement is renewed automatically each year. Even after termination, a member is still responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period the member was a signatory to the Interlocal Governmental Agreement.

The pool is fully funded by its member participants. Claims are filed by members with Canfield & Associates, Inc., which has been contracted to perform administration, claims adjustment and administration and loss prevention for the pool. Fees paid to the third party administrator under this arrangement for the year ended August 31, 2006 and 2007 were \$1,153,031 and \$1,242,382 respectively.

Auditing of City Finances

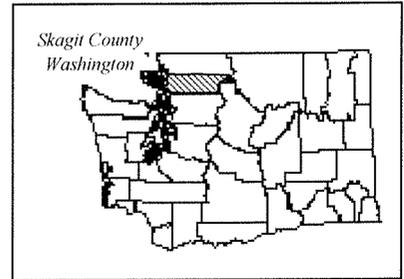
Accounting systems and budgetary controls are prescribed by the Office of the State Auditor in accordance with RCW 43.09.200 and RCW 43.09.230. State statutes require audits for cities the size of Sedro-Woolley to be conducted by the Office of the State Auditor. The City complies with the systems and controls prescribed by the Office of the State Auditor and establishes procedures and records which reasonably assure safeguarding of assets and the reliability of financial reporting.

The State Auditor is required to examine the affairs of cities at least once every two years. The City is audited annually. The examination must include, among other things, the financial condition and resources of the City, whether the laws and constitution of the State are being complied with, and the methods and accuracy of the accounts and reports of the City. Reports of the auditor's examinations are required to be filed in the office of the State Auditor and in the finance department of the City.

The audited financial statements of the City for the year ended December 31, 2006, attached as Appendix D, are incorporated by reference to this Official Statement.

Demographic Information

The City is located in northwestern Skagit County (the “County”) on State Highway 20 which serves as the primary east-west highway in northern Washington.



The City is the third largest city in the County and is known as the gateway to the North Cascade Mountains and the Upper Skagit Valley. The City is the headquarters for the North Cascades National Park and Mount Baker Ranger District. The North Cascades National Park attracts approximately 400,000 visitors annually, and offers excellent fishing, hunting, camping, hiking, swimming and white water rafting opportunities.

Population

The following table shows the historical population for the County and the City:

	Population	
	Skagit	City of
	County	Sedro-Woolley
2007	115,300	9,945
2006	113,100	9,755
2005	110,900	9,800
2004	108,800	9,380
2003	106,700	9,080

Source: Washington State Office of Financial Management

Skagit County

The economy of the County is based primarily on agriculture and related food processing, oil refining, forest products, outdoor recreation/tourism, and an expanding trade sector. The County is also experiencing growth and diversification within its manufacturing sector, with a variety of new industries being established locally. A significant expansion of retail trade activity has resulted from the recent construction of new retail malls. Contributing to the growth in trade is the County’s close proximity to Canada, about 40 miles to the north.

Employment. Major employers located within the County include the following:

**Skagit County
Major Employers**

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees*</u>
Skagit Valley Hospital	Hospital	1,041
Skagit County	Government	998
Mount Vernon School District	Education	820
Skagit Valley College	Education	867
Draper Valley Farms, Inc.	Chicken Farm	606
Sedro-Woolley School District	Education	601
Burlington-Edison School District	Education	500
Skagit River Casino & Resort	Entertainment	500
Island Hospital	Hospital	510
Janicki Industries	Industrial Tools	480
Regence BlueShield	Medical Insurance	434
Shell Puget Sound Refinery	Oil Refinery	420
United General Hospital	Hospital	373
Tesoro Northwest	Oil Refinery	361
Anacortes School District	Education	353
Wal-Mart	Retail	320
Brown & Cole	Grocery	301
Skagit Gardens	Wholesale Nursery	265
City of Mount Vernon	Government	255
Skagit Valley Medical Center	Hospital	255
Snelson Companies, Inc.	Industrial/Utility Contractor	250

*Number of Employees includes full time, part time, seasonal, on call, and student.

Source: *Economic Development Association of Skagit County.*

Taxable Retail Sales. Taxable retail sales reflect only those sales subject to retail sales tax. Historic taxable retail sales for the City and the County is shown below:

**Skagit County
Taxable Retail Sales**

<u>Year</u>	<u>City of Sedro-Woolley</u>	<u>Skagit County</u>
2007*	\$ 111,887,793	\$ 1,881,444,320
2006	151,911,445	2,444,571,268
2005	128,538,887	2,192,208,356
2004	118,310,496	2,028,517,170
2003	111,324,701	1,418,321,562
2002	110,494,589	1,783,817,696

* Through third quarter 2007.

Source: *Washington State Department of Revenue.*

Income. Historic personal income and per capita income levels for the County and the State are shown below:

**Skagit County and State of Washington
Total Personal and Per Capita Income**

Year	Skagit County		State of Washington	
	Total Personal Income (in thousands)	Per Capita Income	Total Personal Income (in thousands)	Per Capita Income
2006 ⁽¹⁾	N/A	N/A	\$239,347,900	\$37,423
2005	\$3,593,899	\$31,754	223,232,089	35,479
2004	3,332,697	29,900	216,921,198	34,596
2003	3,208,662	29,400	202,924,123	33,105
2002	3,135,695	29,372	197,451,578	32,528
2001	3,086,736	29,354	193,498,304	32,274

(1) Preliminary Estimate.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, January 2008.

Building Permits. Residential building permits are an indicator of growth within a region. The number and valuation of new single-family and multi-family residential building permits in the County are listed below:

**Skagit County⁽¹⁾
Residential Building Permits**

Year	New Single Family Units		New Multi Family Units		Total Construction Cost
	Units	Construction Cost	Units	Construction Cost	
2007 ⁽²⁾	636	\$ 121,789,678	2	\$ 217,140	\$ 122,006,818
2006	718	142,372,429	85	8,941,891	151,314,320
2005	725	147,689,802	54	5,895,939	153,675,741
2004	598	107,948,333	51	6,259,034	114,207,367
2003	551	97,800,390	181	9,000,233	106,800,623

(1) Includes Mount Vernon, Anacortes, and Unincorporated Skagit County only.

(2) Through November 2007.

Source: U.S. Bureau of the Census, January 2008.

Employment within the County is described in the following table:

**Skagit County
Resident Civilian Labor Force and Employment and
Nonagricultural Wage & Salary Workers**

	<u>Annual Average</u>				
	<u>2007⁽¹⁾</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Civilian Labor Force	57,820	56,530	56,500	55,390	53,850
Total Employment	55,020	53,580	53,140	51,550	49,460
Total Unemployment	2,800	2,950	3,360	3,840	4,390
Percent of Labor Force	4.8	5.2	5.9	6.9	8.2
NAICS INDUSTRY	<u>2007⁽¹⁾</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Total Nonfarm	47,100	46,500	45,300	43,500	42,700
Total Private	36,700	36,100	35,000	33,300	32,800
Goods Producing	9,900	9,700	9,100	8,500	8,600
Natural Resources, Mining, and Construction	4,400	4,300	3,900	3,500	3,400
Manufacturing	5,400	5,300	5,200	5,000	5,200
Services Providing	37,200	36,800	36,200	35,100	34,100
Private Services Providing	26,800	26,400	25,900	24,800	24,200
Trade, Transportation, Warehousing, & Utilities	10,100	10,000	9,700	9,200	8,900
Retail Trade	7,600	7,700	7,400	7,000	6,800
Leisure and Hospitality	4,900	4,800	4,700	4,600	4,400
Government	10,400	10,400	10,300	10,200	9,900
Federal Government	400	400	400	400	400
State Government	1,500	1,500	1,600	1,500	1,500
Local Government	8,500	8,400	8,300	8,300	8,000
Workers in Labor/Management Disputes	0	0	0	0	0

(1) Data through December 2007.

Source: Washington State Employment Security Department, January 2008.

Initiative and Referendum

State Initiatives

Under the State Constitution, the voters of the State have the ability to initiate legislation and require the Legislature to refer legislation to the voters through the powers of initiative and referendum, respectively. The initiative power in Washington may not be used to amend the State Constitution. Initiatives and referenda are submitted to the voters upon receipt of a petition signed by at least eight percent (initiative) and four percent (referenda) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election. Any law approved in this manner by a majority of the voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the Legislature. After two years, the law is subject to amendment or repeal by the Legislature in the same manner as other laws.

Current and Future Initiative Legislation. Tax and fee initiative measures have been and may be filed from time to time. It cannot be predicted whether any such initiatives might gain sufficient signatures to qualify for submission to the Legislature and/or the voters or, if submitted, whether they ultimately would be approved.

Tax Matters

In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Federal income tax law contains a number of requirements that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the Bonds and the facilities financed or refinanced with proceeds of the Bonds and certain other matters. The City has covenanted to comply with all applicable requirements.

Bond Counsel's opinion is subject to the condition that the City comply with the above-referenced covenants and, in addition, will rely on representations by the City and its advisors with respect to matters solely within the knowledge of the City and its advisors, respectively, which Bond Counsel has not independently verified. If the City fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing taxability occurs.

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations such as the Bonds, are in many cases required to be reported to the Internal Revenue Service (the "IRS"). Additionally, backup withholding may apply to any such payments made after March 31, 2007 to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Bond Counsel's opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Bond Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the City's compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Bonds. Owners of the Bonds are advised that, if the IRS does audit the Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the City as the taxpayer, and the owners of the Bonds may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

The City has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Code.

Limited Continuing Disclosure Undertaking

The City has agreed in the Ordinance to provide certain information in accordance with Section (b)(5) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time. The City is an obligated person with respect to less than \$10,000,000 of municipal securities, including the Bonds.

Financial Statements/Operating Data. The City agrees to provide or cause to be provided to each person upon request or to the State information depository (“SID”), if any, a copy of its latest publicly available annual financial statements prepared in accordance with the Budget Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute). Such annual statements shall be available upon request to the office of the City Finance Director.

Material Events. The City agrees to provide or cause to be provided, in a timely manner, to the SID, if any, and to each NRMSIR or to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to the rights of Bond owners;
- (8) Bond calls (optional, contingent or uncheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-238560);
- (9) Defeasances;
- (10) Release, substitution or sale of property, securing repayment of the Bonds; and
- (11) Rating changes.

Solely for purposes of disclosure, and not intending to modify this undertaking, the City advises that no credit enhancements, debt service reserves or property secure payment of the Bonds.

Termination/Modification. The City’s obligations to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Any provision of this section shall be null and void if the City (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds, and (2) notifies each NRMSIR and the SID, if any, of such opinion and the cancellation of this section. The City may amend this section with an approving opinion of nationally recognized bond counsel in accordance with the Rule.

The right of any bondowner or beneficial owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the City’s obligations under this section, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. For purposes of this section, “beneficial owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Prior Continuing Disclosure Undertakings of the City. The City entered into undertakings under the Rule with respect to its obligations issued after July 3, 1995 and is in compliance with its obligations thereunder.

Legal and Underwriting

Approval of Counsel

Legal matters incident to the authorization, issuance and sale of the Bonds by the City are subject to the approving legal opinion of Bond Counsel. A form of the opinion of Bond Counsel is attached hereto in Appendix B. Bond Counsel will be compensated only upon the issuance and sale of the Bonds. Bond Counsel will not offer an opinion on the Official Statement.

Litigation

There is no litigation pending or threatened questioning the validity of the Bonds nor the power and authority of the City to issue the Bonds. There is no litigation pending or threatened which would materially affect the finances of the City or affect the City's ability to meet debt service requirements on the Bonds.

Underwriting

The Bonds are being purchased by Seattle-Northwest Securities Corporation, the Underwriter. The purchase contract provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a price of ____ percent of the par value of the Bonds, plus accrued interest. The Bonds will be reoffered at an average price of ____ percent of the par value of the Bonds. After the initial public offering, the public offering prices may be varied from time to time.

Concluding Statement

So far as any statement herein includes matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The information contained herein should not be construed as representing all conditions affecting the City or the Bonds. Additional information may be obtained from the City. The statements relating to the Bond Ordinance are in summarized form, and in all respects are subject to and qualified in their entirety by express reference to the provisions of such document in its complete form.

The agreements of the City are set forth in such documents, and the information assembled herein is not to be construed as a contract with Owners of the Bonds.

Appendix A

Bond Ordinance

Appendix B

Opinion of Bond Counsel

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Appendix C

Book-Entry Transfer System

**SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING
BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect

only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

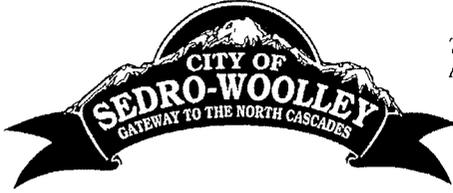
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

2006 Audited Financial Statements

CITY COUNCIL AGENDA
REGULAR MEETING

APR 23 2008



7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 7

CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
720 Murdock Street
Sedro-Woolley, WA 98284
Phone (360) 855-1661
Fax (360) 855-0707

Eron M. Berg
City Supervisor/City Attorney

MEMO TO: City Council
FROM: Eron Berg
RE: City Hall Update
DATE: April 23, 2008

PROJECT STATUS: Final completion is scheduled for April 18th. At the time of this writing, it is clear that a couple of issues will straggle on beyond final completion: specifically, the seal coating of the alley and some casework is not complete.

ISSUES: None at this time.

PENDING ISSUES:

1. Generators. Status unchanged.

MODIFICATION PROPOSAL REQUESTS:

Preliminarily Approved Under Resolution/Pending Approval by Change Order:

12-27-2007	17R	Flagpole/lights/steps on Metcalf	\$ 2,165.14
11-15-2007	20R	Addition of built-in desk/casework for offices	\$12,364.23
12-27-2007	22	Addition of cash drawers for clerks counters	\$ 1,585.50
11-15-2007	23RR	Power pole relocation site work/electrical	\$19,284.84
		(also approved by Council on November 14, 2007)	
12-27-2007	27R	Metal siding at courtyard	\$ 4,875.44
		(also approved by Council on November 14, 2007)	
12-27-2007	31	Added audio boxes at Bailiff area is approved.	\$ 1,409.94
1-10-2008	32	Added curbing on south side landscape areas is in process.	\$ 6,213.36
12-27-2007	34R	Electric roll up door @ police reception.	\$ 2,034.29

12-27-2007	35	A/V switch/controller in courtroom is approved.	\$ 2,452.12
2-7-2008	37	Light switch/outlet relocations/ plug mold rm#117,123,136 per owner is in process.	\$ 1,076.94
2-7-2008	38	Fill issues for PSE relocate at room #139 is in process.	\$ 3,363.41
1-24-2008	40	Additional building signage	\$ 745.40
1-2008	41	A/V changes	no cost
2-21-2008	42	Bailiff Box modifications	\$ 651.95
2-21-2008	43	Additional tile in lobby	\$ 1,207.42
2-21-2008	44	Delays resulting from MPR 23RR (31 days)	no cost
3-10-2008	45	Additional light fixtures + GFCI	\$ 372.70
3-10-2008	46	Door closer on elevator room	\$ 200.24
3-10-2008	47	Add ladder in elevator pit	\$ 508.94
3-10-2008	49	Add conduit & wiring for HVAC units	\$ 3,156.45
3-10-2008	50	Labor for oil & water separator lift	\$ 266.79
4-8-2008	51	Lock modifications in courtroom	\$ 312.01
3-10-2008	52	ADA handrail in alley	\$ 3,013.82
3-10-2008	53	Additional trim in room 112A	\$ 509.54
3-26-2008	56	Additional keypad (alarm)	\$ 468.31
4-8-2008	57	Additional wheelstops	\$ 180.39
4-8-2008	58	Additional labor for exist. police cabinets	\$ 630.15
4-8-2008	59	Additional receptacles	\$ 523.56
4-8-2008	60	Additional wiring for HVAC in elevator/server	\$ 841.01
4-8-2008	64	Picture frame in Council Chambers	\$ 355.12
4-8-2008	65	Additional landscaping (Klinger wall)	\$ 739.05

4-8-2008	68	Delay costs in asphalt	\$ 1,286.42
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Under Council action on June 13, 2007:

6-13-2007	n/a	Addition to Carletti contract	up to \$30,000.00
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Under Council action on August 8, 2007 (CHANGE ORDER 1):

5-29-2007	1R	Cascade Gas delays	\$ 9,270.37
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5-29-2007	2	Costs related to electrical conflict under the elevator	\$ 1,660.19
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5-29-2007	3	Re-routing conduit as a result of site conditions	\$ 615.79
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6-28-2007	4	Additional work required following response to RFI 8 (AR's 8 & 12): additional beam	\$ 1,104.69
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7-25-2007	5R	Authorization to revise floor plan to redesign building, planning and engineering (also approved by Council on May 23, 2007)	\$18,968.51
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7-25-2007	6R	Addition of operable windows	\$10,597.78
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8-23-2007	9	Electrical revision following MPR 5R (also approved by Council on May 23, 2007)	\$ 2,532.34
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Under Council action on September 27, 2007 (CHANGE ORDER 2):

8-23-2007	7	Electric door strikes	\$ 1,494.77
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8-23-2007	8	Electric keypad entrance	\$ 841.01
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9-12-2007	10	Re-roofing existing structure (also approved by Council on September 12, 2007)	\$18,761.85
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9-19-2007	11R	Addition of wires/boxes to Room 202	\$ 3,789.06
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8-23-2007	12	Deletion of guard rail on staircase	(\$1173.74)
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8-8-2007	13	Modification of tile trim	\$ 371.31
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Under Council action on November 14, 2007 (CHANGE ORDER 3):

9-19-2007	14	Wiring for three flat panel monitors (EOC)	\$ 1,203.00
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10-2-2007	15R	Munro/Murdock drain line	\$ 5,057.19
11-1-2007	16RR	Prep. work for two decorative lights in sidewalk on Metcalf	\$ 3,703.69
9-26-2007	21	Added cost for City engineer's plan revisions (04-07) (also approved by Council on September 26, 2007)	\$ 6,643.13
10-18-2007	24	Additional telecom cabling in finance office	\$ 460.40
11-1-2007	25R	Conduit and switching gear for future generator	\$ 4,579.76
11-1-2007	26	Relocation of existing bullet proof glass to court clerk	\$ 233.14

Pending consideration of the City & pricing from Contractor:

n/a	39	Door hardware/keying changes	no charge
3-10-2008	48	Additional concrete for sidewalk and alley	voided
3-10-2008	54	Add dry contacts in elevator	pending
3-24-2008	55	Additional ducts in hall/bathrooms	pending
3-24-2008	61	Add for electric door strike	denied
3-24-2008	62	Add for P-Lam in exist. fire/police hall	pending
3-24-2008	63	Door release as per Wood	voided
3-24-2008	67	Downspout revisions	denied

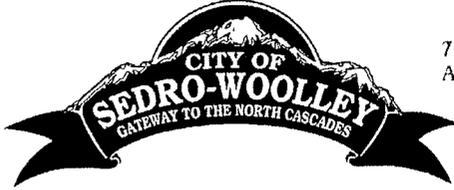
REQUEST FOR ACTION:

None at this time.

FUTURE: Save the date of May 28th for our dedication/open house. We are looking at hosting an open house between 4:00 P.M. and 7:00 P.M. with the Council meeting at 7:00 P.M.

**CITY COUNCIL AGENDA
REGULAR MEETING**

APR 23 2008



7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 8

CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-9922
Fax (360) 855-9923

Eron M. Berg
City Supervisor/City Attorney

MEMO TO: City Council
FROM: Eron Berg
RE: Solid Waste Interlocal
DATE: April 23, 2008

ISSUE: Should the Council adopt the attached resolution?

BACKGROUND: The Council authorized the Mayor to sign the interlocal agreement by 4-3 vote at the last meeting. Because this is such a significant decision, I thought it would be a good idea to memorialize that action in the form of a resolution. Also, the City needs to identify its representative to the SWSGB.

RECOMMENDATION: Motion to adopt the attached resolution.

RESOLUTION NO.

**A RESOLUTION OF THE CITY OF SEDRO-WOOLLEY AUTHORIZING THE
MAYOR TO SIGN AN INTERLOCAL AGREEMENT ADDRESSING SOLID
WASTE GOVERNANCE AND THE ADOPTION AND AMENDMENT OF THE
COMPREHENSIVE SOLID WASTE MANAGEMENT PLAN**

WHEREAS, the City is a party to an interlocal agreement between Skagit County and the other cities and towns in Skagit County dated May 17, 2004 that addresses the countywide solid waste system which is recorded under Skagit County Auditor's File No. 200405200103 (2004 Interlocal); and

WHEREAS, the 2004 Interlocal established the process by which the City's comprehensive solid waste management plan (CSWMP) was to be adopted and amended pursuant to RCW 70.95; and

WHEREAS, the City has been subject to and has governed in accordance with the 2004 Interlocal from the date of its recording to the present; and

WHEREAS, pursuant to the 2004 Interlocal and in accordance with Chapter 70.95 RCW, the City's CSWMP is the same as Skagit County's CSWMP and the current CSWMP was adopted by Skagit County in 2004 as contemplated in the 2004 Interlocal; and

WHEREAS, the parties to the 2004 Interlocal have been negotiating a replacement interlocal agreement that will address solid waste governance in more detail and change the process under which the CSWMP is adopted and amended to include the cities and towns; and

WHEREAS, the City Council has met to discuss the proposed interlocal agreement on multiple occasions and voted 4-3 on April 9, 2008 to authorize the mayor to sign the draft; and

WHEREAS, the foregoing recitals are also findings of the City Council and a material part of this resolution;

**NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF
THE CITY OF SEDRO-WOOLLEY AS FOLLOWS:**

The City Council does hereby authorize the Mayor to sign the attached interlocal agreement between Skagit County, Sedro-Woolley and the other cities and towns in Skagit County addressing solid waste governance and the adoption and modification of the Comprehensive Solid Waste Management Plan. The City's representative to the new

Solid Waste System Governing Board created under the new interlocal agreement is the Mayor of Sedro-Woolley or his designee.

PASSED by majority vote of the members of the Sedro-Woolley City Council
this 23rd day of April, 2008

Mike Anderson, Mayor

Attest:

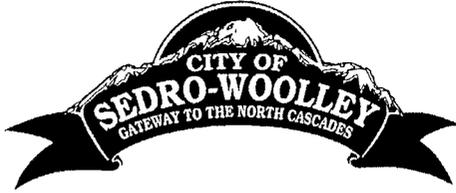
Patsy Nelson, Clerk/Treasurer

Approved as to form:

Eron Berg, City Attorney

**CITY COUNCIL AGENDA
REGULAR MEETING**

APR 23 2008



7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 9

CITY OF SEDRO-WOOLLEY

Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-9922
Fax (360) 855-9923

Eron M. Berg
City Supervisor/City Attorney

MEMO TO: City Council
FROM: Eron Berg
RE: Council Retreat
DATE: April 23, 2008

Last fall the Council scheduled a retreat for April 19, 2008. While this date made it to the main Council calendar, I did not put it on my calendar. For that reason, the meeting was not set up for last weekend. I apologize for dropping the ball.

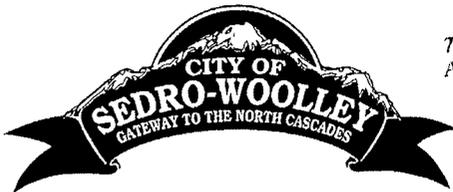
The Council retreat is very important to the City's planning for 2009 goals and objectives.

This item is on your agenda tonight to identify a new date. Would you please bring your calendars to the meeting?

NEW
BUSINESS

**CITY COUNCIL AGENDA
REGULAR MEETING**

APR 23 2008



7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 10

CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-9922
Fax (360) 855-9923

Eron M. Berg
City Supervisor/City Attorney

MEMO TO: City Council
FROM: Eron Berg
RE: Terms of office
DATE: April 23, 2008

ISSUE: Should the Council adopt the attached ordinance changing the term of office of the council-at-large position to four years?

BACKGROUND: RCW 35A.12.040 requires that councilmembers in a code city serve four-year terms. Since the City is now a code city, SWMC 1.12.090 needs to be amended to reflect this new term of office.

RECOMMENDATION: Motion to adopt the attached ordinance amending SWMC 1.12.090 modifying the term of office for the council-at-large position.

ORDINANCE NO.

**AN ORDINANCE AMENDING SWMC 1.12.090 TO INCREASE
THE TERM OF OFFICE FOR THE COUNCIL-AT-LARGE POSITION**

WHEREAS, SWMC 1.12.090 has included a two year term for the Councilman-at-large position since 1958; and

WHEREAS, the City Council adopted the optional municipal code (RCW 35A) in 2007, and;

WHEREAS, RCW 35A.12.040 requires that the mayor and councilmembers be elected to four year-terms of office; and

WHEREAS, the City Council now desires amend the code to conform to state law; Now, Therefore;

**THE CITY COUNCIL OF THE CITY OF SEDRO-WOOLLEY DO
ORDAIN AS FOLLOWS:**

Section 1. Sedro-Woolley Municipal Code section 1.12.090, is amended to read as follows:

1.12.090 Councilmembers—Terms of office.

The terms of councilmembers shall be four years each.

Section 2. This ordinance shall take effect five (5) days from and after its passage, approval, and publication as provided by law.

PASSED by majority vote of the members of the Sedro-Woolley City Council this 23rd day of April, 2008, and signed in authentication of its passage this 24th day of April, 2008.

Mike Anderson, Mayor

Attest:

Patsy Nelson, Clerk/Treasurer

Approved as to form:

Eron Berg, City Attorney

Published:

West's RCWA 35A.12.040

C

West's Revised Code of Washington Annotated Currentness

Title 35A. Optional Municipal Code (Refs & Annos)

Chapter 35A.12. Mayor-Council Plan of Government (Refs & Annos)

→ 35A.12.040. Elections--Terms of elective officers--Numbering of council positions

Officers shall be elected at biennial municipal elections to be conducted as provided in chapter 35A.29 RCW. The mayor and the councilmembers shall be elected for four-year terms of office and until their successors are elected and qualified and assume office in accordance with *RCW 29.04.170. At any first election upon reorganization, councilmembers shall be elected as provided in RCW 35A.02.050. Thereafter the requisite number of councilmembers shall be elected biennially as the terms of their predecessors expire and shall serve for terms of four years. The positions to be filled on the city council shall be designated by consecutive numbers and shall be dealt with as separate offices for all election purposes. Election to positions on the council shall be by majority vote from the city at large, unless provision is made by charter or ordinance for election by wards. The mayor and councilmembers shall qualify by taking an oath or affirmation of office and as may be provided by law, charter, or ordinance.

CREDIT(S)

[1994 c 223 § 31; 1979 ex.s. c 18 § 21; 1970 ex.s. c 52 § 3; 1967 ex.s. c 119 § 35A.12.040.]

HISTORICAL AND STATUTORY NOTES

***Reviser's note:** RCW 29.04.170 was recodified as RCW 29A.20.040 pursuant to 2003 c 111 § 2401, effective July 1, 2004.

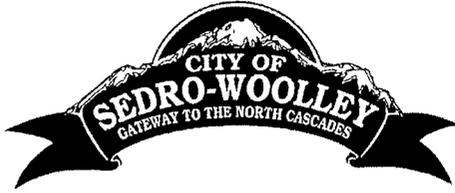
Severability--1979 ex.s. c 18: See note following RCW 35A.01.070.

Laws 1970, Ex.Sess., ch. 52, § 3, rewrote the section, which previously read:

"Officers shall be elected at biennial municipal elections to be conducted as provided in chapter 35A.29. The mayor and the councilmen shall be elected for four year terms and until their successors are elected and qualified; except that at the first election the three councilmen in cities having seven councilmen, and the two councilmen in cities having five councilmen, who received the lesser number of votes at such election shall be elected for two year terms and the remaining councilmen shall be elected for four year terms. Thereafter the requisite number of councilmen shall be elected biennially as the terms of their predecessors expire and shall serve for terms of four years. After the first election, the positions to be filled on the city council shall be designated by consecutive numbers and shall be dealt with as separate offices for all election purposes, as provided in section 35A.29.105. Election to positions on the council shall be by majority vote from the city at large, unless provision is made by charter or ordinance for election by wards. The city council shall be the judge of the qualifications of its members and determine contested elections of city officers, subject to review by certiorari as provided by law. The mayor and councilmen shall qualify by taking an oath or affirmation of office and as may be provided by law, charter, or ordinance."

**CITY COUNCIL AGENDA
REGULAR MEETING**

APR 23 2008



CITY OF SEDRO-WOOLLEY

7:00 P.M. COUNCIL CHAMBERS Sedro-Woolley Municipal Building
AGENDA NO. 11
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-9922
Fax (360) 855-9923

Eron M. Berg
City Supervisor/City Attorney

MEMO TO: City Council
FROM: Eron Berg
RE: Comprehensive Solid Waste Management Plan
DATE: April 23, 2008

ISSUE: Does the Council have any directions for the Mayor on the draft CSWMP?

BACKGROUND: The County is proposing that the CSWMP be amended as attached – it will be presented to the SWSGB on its first meeting which is scheduled for April 30, 2008. No action will be requested at that time.

This item will be on your agenda for May 14th to provide the Mayor with direction in advance of the second SWSGB meeting which has not yet been scheduled.

RECOMMENDATION: No action requested – 1st reading only.