City of Kenmore

City of Kenmore - 18120 68th Avenue NE - P.O. Box 82607, Kenmore, WA 98028
Phone: 425-398-8900 - Fax: 425-481-3236 - E-mail: cityhall@kenmorewa.gov

City of Kenmore
REVISED **City Council Regular Meeting Agenda**
7:00 p.m., Monday, October 28, 2013
Kenmore City Hall, Council Chambers
18120 68th Ave. NE, Kenmore, WA 98028

If you have any questions or to confirm agenda items prior to the meeting, or if you require special accommodations, please call the City Clerk at 425-398-8900. You may also stop by City Hall at 18120 68th Avenue NE, Kenmore. City Council agendas are also available on our website at www.kenmorewa.gov.

I. CALL MEETING TO ORDER

II. ROLL CALL

III. FLAG SALUTE

IV. AGENDA APPROVAL

V. PRESENTATIONS

A. Distinguished Budget Presentation Award from the Government Finance Officers' Association (GFOA) - Rob Karlinsey, City Manager

B. Washington Finance Officers' Association (WFOA) Professional Finance Officer Awards to Joanne Gregory, Finance & Administration Director, and Brian Randall, Accountant - Rob Karlinsey, City Manager

VI. PROCLAMATION

A. Proclamation Honoring Dennis DePape - October 28, 2013

VII. CITIZEN COMMENTS

This is an opportunity to express your views on issues that are important to you and to the community. Please limit your comments to three (3) minutes.

VIII. CONSENT AGENDA

A. Adopt Minutes for the September 23, 2013 City Council Regular Meeting

B. Approve Check Nos. 28658 - 28842 in the Amount of $515,042.49 and Electronically Transferred Payroll Funds Totaling $64,599.35 for the Period Ending

VIII. CONSENT AGENDA

October 11, 2013

IX. BUSINESS AGENDA

A. Kenmore Village Residential Project Update - Kelly Price, President, MainStreet Property Group, LLC

B. Adopt Resolution No. 13-226, Approving Amendment No. 2 to Purchase & Sale Agreement, Contract No. 13-C1170, with MainStreet Property Group, LLC - Rob Karlinsey, City Manager

C. Approve Resolution No. 13-224 Adopting Association of Washington Cities (AWC) Employee Benefit Trust Interlocal Agreement for Health Care Program (Contract No. 13-C1211)

X. STAFF REPORT

XI. COUNCILMEMBER REPORTS & COMMENTS

XII. COUNCILMEMBER INITIATIVES

XIII. ADJOURNMENT

Upcoming Meetings:

Monday, November 4, 2013	City Council Special Executive Session Meeting	6:30 p.m.
Monday, November 5, 2013	Planning Commission Regular Meeting	7:00 p.m.
Monday, November 11, 2013	CITY HALL CLOSED FOR VETERANS' DAY	
Tuesday, November 12, 2013	City Council Special & Regular Meeting	6:30 p.m.

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Kenmore

Washington

For the Biennium Beginning

January 1, 2013

Executive Director

VA. Distinguished Budget Presentation Award from the Government Finance Officers' Association (GFOA) - Rob Karlinsey, City

The Government Finance Officers Association
of the United States and Canada

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

to

Joanne M Gregory
Director of Finance& Administration
City of Kenmore

The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards.

Executive Director

Date **August 05, 2013**

VA. Distinguished Budget Presentation Award from the Government
Finance Officers' Association (GFOA) - Rob Karlinsey, City

Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 *fax:* 312.977.4806

August 5, 2013

Ms. Joanne Gregory
Director of Finance & Administration
City of Kenmore
18120 68th Avenue
P.O. Box 82607
Kenmore, WA 98028

Dear Gregory:

A Panel of independent reviewers has completed its examination of your budget document. We are pleased to inform you that the panel has voted to award your budget document the Distinguished Budget Presentation Award for the current fiscal period. This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant achievement by your organization.

The Distinguished Budget Presentation Award is valid for two years. To continue your participation in the program, it will be necessary to submit your next biennial budget document to GFOA within 90 days of the proposed budget's submission to the legislature or within 90 days of the budget's final adoption. Enclosed is an application form to facilitate a timely submission. This form should be submitted with four copies of your budget accompanied by the appropriate fee.

Each program participant is provided with confidential comments and suggestions for possible improvements to the budget document. Your comments are enclosed. We urge you to carefully consider the suggestions offered by our reviewers as you prepare your next budget.

When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget presentation is also presented to the individual or department designated as being primarily responsible for its having achieved the award. Enclosed is a Certificate of Recognition for Budget Preparation for:

Joanne M Gregory, Director of Finance& Administration

Your award plaque will be mailed separately and should arrive within eight to ten weeks. Enclosed is a camera-ready reproduction of the award for inclusion in your next budget. If you reproduce the camera-ready in your next budget, it should be accompanied by a statement indicating continued compliance with program criteria.

The following standardized text should be used:

> The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **City of Kenmore, Washington** for its biennial budget for the biennium beginning **January 1, 2013**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.
>
> This award is valid for a period of two years only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

A press release is enclosed.

The Government Finance Officers Association encourages you to make arrangements for a formal presentation of the award. If you would like the award presented by a member of your state or provincial finance officers association, we can provide the name of a contact person for that group.

We appreciate your participation in this program and we sincerely hope that your example will encourage others in their efforts to achieve and maintain excellence in governmental budgeting. The most current list of award recipients (with hyperlinks) can be found on GFOA's website at www.gfoa.org. If we can be of further assistance, please contact the Technical Services Center.

Sincerely,

Stephen J. Gauthier

Stephen J. Gauthier, Director
Technical Services Center

Enclosure

Washington Finance Officers Association

RECEIVED
AUG 12 2013
CITY OF KENMORE

July 13, 2012

Rob Karlinsey, City Manager
City of Kenmore
P O Box 82607
Kenmore, WA 98028

Dear Mr. Karlinsey:

The Washington Finance Officers Association and I would like to inform you that ***Joanne Gregory*** has earned the "Professional Finance Officer Award" for the State of Washington from the Washington Finance Officers Association. This annual award requires ongoing educational and professional excellence on the part of each individual and is not automatically awarded.

Joanne is committed to achieving educational and professional excellence as acknowledged in the receipt of this award for 11 years.

The Association would like to thank you for your continued support and encourage you to recognize this accomplishment in some manner.

Sincerely,

Dawn Masko

Dawn Masko, PFO Chairperson
City Administrator
City of DuPont
1700 Civic Drive
DuPont, WA 98327
(253) 912-5215
DMasko@ci.dupont.wa.us

VB. Washington Finance Officers' Association (WFOA) Professional
Finance Officer Awards to Joanne Gregory, Finance & Administration

Washington Finance Officers Association

RECEIVED
AUG 07 2013
CITY OF KENMORE

July 16, 2013

Joanne Gregory, Finance Director
City of Kenmore
P O Box 82607
Kenmore, WA 98028

Dear Ms. Gregory:

The Washington Finance Officers Association and I would like to inform you that ***Brian Randall*** has earned the "Professional Finance Officer Award" for the State of Washington from the Washington Finance Officers Association. This annual award requires ongoing educational and professional excellence on the part of each individual and is not automatically awarded.

Brian is committed to achieving educational and professional excellence as acknowledged in the receipt of this award for 5 years.

The Association would like to thank you for your continued support and encourage you to recognize this accomplishment in some manner.

Sincerely,

Dawn Masko

Dawn Masko, PFO Chairperson
City Administrator
City of DuPont
1700 Civic Drive
DuPont, WA 98327
(253) 912-5215
DMasko@ci.dupont.wa.us

VB. Washington Finance Officers' Association (WFOA) Professional
Finance Officer Awards to Joanne Gregory, Finance & Administration

City of Kenmore
Proclamation

WHEREAS, Dennis DePape served as a member of the City's first Planning Commission from 1999 to 2000, providing valuable insight into development of the City's first adopted Comprehensive Plan; and

WHEREAS, Dennis DePape served as the Chair of the downtown subcommittee of the Planning Commission from 2001 through 2002, providing visionary leadership to bring forward adoption of the 2003 Downtown Plan; and

WHEREAS, Dennis DePape served as a member of the Downtown Task Force from 2005 through 2010, serving as Chair from 2009 through 2010, providing leadership and guidance for implementation of the Downtown Plan; and

WHEREAS, Dennis DePape served as a member of the A Regional Coalition for Housing (ARCH), Citizen Advisory Board, providing sound advice on affordable housing projects serving families and individuals on the eastside;

WHEREAS, Dennis DePape's service and leadership as a volunteer demonstrates devotion to community service; and

WHEREAS, Dennis DePape is a respected architect and member of the community, who promotes positive public involvement, collaboration and relationships; and

WHEREAS, Dennis DePape is dedicated to furthering planning and development efforts that ensure Kenmore continues to be a community known for its quality of life and high aspirations,

NOW, THEREFORE, BE IT RESOLVED that the Kenmore City Council does hereby honor Dennis DePape for his legacy of outstanding service to the community.

BE IT FURTHER RESOLVED that the Kenmore City Council joins the citizens of this community in appreciation and celebration of Dennis DePape.

IN WITNESS WHEREOF, signed this 28th day of October, 2013.

Signed: ______________________________
David Baker, Mayor

Attested: ______________________________
Patty Safrin, City Clerk

City of Kenmore, Washington
City Council Regular Meeting
Minutes
September 23, 2013

CALL TO ORDER – Deputy Mayor Hensel called the meeting to order at 7:00 p.m.

Councilmembers present: Deputy Mayor Bob Hensel, and Councilmembers Brent Smith, Laurie Sperry, Allan Van Ness, Milton Curtis, and Glenn Rogers

Councilmembers excused: Mayor David Baker

Staff present: Nancy Ousley, Assistant City Manager; Joanne Gregory, Finance & Administration Director; Kris Overleese, Engineering & Environmental Services Director; Debbie Bent, Director of Community Development; Marc Connelly, Parks Projects Manager; Ryan Miller, Graduate Student Intern; Dawn Reitan, City Attorney; and Patty Safrin, City Clerk

FLAG SALUTE

Deputy Mayor Hensel led the flag salute.

AGENDA APPROVAL

Councilmember Rogers moved to approve the agenda as submitted. Councilmember Curtis seconded the motion. The motion passed unanimously.

PROCLAMATION

National Domestic Violence Awareness Month – October 2103

Deputy Mayor Hensel read the proclamation into the record.

CITIZEN COMMENTS

Dave Crawford, 7534 NE 175th Street, Kenmore, was present to state his concerns regarding the number of staff at the City and the expense of permits.

David Mason, 20305 60th Avenue NE, Kenmore, was present to state his concerns regarding synchronization of the new traffic light at 61st Avenue NE and NE 181st Street.

John Hendrickson, 5919 NE 202nd Lane, Kenmore, was present to state his concerns regarding the City budget. He submitted a handout to Council.

CONSENT AGENDA

It was Council consensus to approve the consent agenda as submitted, including Approve Minutes of the September 16, 2013 City Council Regular Meeting Study Session; Approve Check Nos. 28405 - 28488 in the amount of $356,292.67and Electronically Transferred

<u>Payroll Funds Totaling $68,131.86 and Payroll Check No. 210527 in the Amount of $67.77 for the Period Ending August 30, 2013; Approve Check Nos. 28489 - 28556 in the amount of $275,347.58 and Electronically Transferred Payroll Funds Totaling $66,578.31 and Payroll Check No. 210573 in the Amount of $338.97 for the Period Ending September 13, 2013; Receive and File July 2013 Financial Report; Authorize City Manager to Execute Northshore Summit Park Improvements Construction Contract No. 13-C1212 for an Amount not to Exceed $452,000; Adopt Resolution No. 13-225 Approving Amendment No. 1 to BBC-RPI Kenmore, LLC Purchase & Sale Agreement; Cancel Monday, October 14, 2013 City Council Regular Meeting and Add October 14, 2013 City Council Special Meeting at State Senate Transportation Listening Tour in Seattle, WA.</u>

BUSINESS AGENDA

Adopt Ordinance No. 13-0364 Amending the Kenmore Municipal Code (KMC) to Reduce Speed Limits on Bothell Way NE (SR 522) and 80th Avenue NE (north of SR 522) – Kris Overleese, Engineering & Environmental Services Director, was present to give a brief staff report regarding the proposed speed limit ordinance. She was also available to answer any questions.

She noted that the City asked the Washington Department of Transportation (WSDOT) to make the speed limit changes on SR 522. As a result of the analysis of their engineers, who collected speed and volume data, WSDOT approached the cities of Kenmore and Lake Forest Park to say that if both Councils approve a drop of the speed limit to 40 miles per hour, they would send it through the State process and make it happen. City Engineer Overleese stated that she has no concerns about their data or methods; therefore, she is recommending adoption of the ordinance. She noted that Lake Forest Park has already approved an ordinance to make the change. WSDOT anticipates that the change could be made by late October or early November.

She stated that she had contacted the school district, Metro and Sound Transit to see if there were any objections, and there were not. The City is planning to notify citizens in advance by various methods.

Regarding 80th Avenue NE north of SR 522, she noted that several people had contacted her about the speed limit being too high. It is currently 40 miles per hour, and the City has no other arterials with speeds that high. The engineering staff collected speed and volume data, and Overleese recommends dropping the speed to 35 mph based on her analysis. She noted that speed on that street is controlled by the City.

<u>Councilmember Curtis moved to Adopt Ordinance No. 13-0364 Amending the Kenmore Municipal Code (KMC) to Reduce Speed Limits on Bothell Way NE (SR 522) and 80th Avenue NE (north of SR 522). Councilmember Van Ness seconded the motion. The motion passed unanimously</u>.

Draft Bicycle Strategy Presentation & Discussion – Kris Overleese, Engineering & Environmental Services Director, and Ryan Miller, Graduate Student Intern, UW Urban Planning Program, were present to give a PowerPoint presentation. They were also available to answer any questions.

Ryan Miller gave a brief overview of the bicycle strategy creation process. He stated that a bicycle strategy group met in 2012 and discussed what is good about cycling in Kenmore and what needs to be done to further it. He discussed next steps for the City, including creating a place where people want to ride their bikes, safety improvements, and publicity. He presented some specific short-term and long-term projects that the City can do. Short-term projects included wayfinding and awareness signs, creating a cycling map of the City, promoting cycling events, and restriping Juanita Drive with bicycle lanes whenever resurfacing projects are done. Long-term projects included revising road standards, intersection improvements, and encouraging businesses to front the Burke-Gilman Trail.

He stated that this document is meant to be used as a strategy document for the City, rather than adopted as a policy document, especially since policy is addressed in the Comprehensive Plan.

STAFF REPORT

Assistant City Manager Ousley announced the upcoming reception for the new show of the City Hall art gallery. She also reminded Council about the October 14th special Council meeting at the State Senate transportation forum in Seattle.

CITY COUNCILMEMBER REPORTS & COMMENTS

Councilmember Rogers reported on a recent Coffee with Council. He noted that the City website says that Kenmore Camera will be open in September, which does not look likely. He requested information about the fire district as a possible Council topic for discussion.

Councilmember Van Ness reported on a recent Economic Development Council presentation regarding the proposed Innovation Partnership Zone with Bastyr University.

Councilmember Curtis stated that he is continuing to try to drum up business for the commercial zone in Kenmore Village. He noted that the Evergreen Primary Care group had their yearly retreat at City Hall last week and liked it very much.

Councilmember Sperry thanked Councilmember Van Ness for attending the Kenmore Library Board meeting in her place.

Deputy Mayor Hensel mentioned that Mayor Baker is in Washington, DC, thanking the KABOOM! group for the grant we received for development of Northshore Summit Park.

ADJOURNMENT

There being no further business, Deputy Mayor Hensel adjourned the meeting at 8:25 p.m.

____

David Baker, Mayor

ATTEST:

____

Patty Safrin, City Clerk

DRAFT

City of Kenmore
Voucher Certification and Approval

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the following claims, paid by checks 28658-28842 which total $515,042.49 and electronically transferred payroll funds totalling $64,599.35 are just, due and unpaid obligations against the City of Kenmore/King County/Washington, and that I am authorized to authenticate and certify to said claims.

10/18/13

City Manager Date

10/18/13

Finance Director Date

Check #	Vendor Name	Description	Check Amount
28658	AMERICAN PUBLIC WORKS ASSOCIATION	Conference Registration - Kris Overleese	400.00
28659	BAKER, DAVID	Mileage/Travel Reimbursement	230.06
28660	NATIONWIDE FINANCIAL 401a	Social Security Replacement Plan	9,617.01
28661	NATIONWIDE RETIREMENT SOLUTIONS 457	Deferred Comp Payroll Deduction	200.00
28662	ICMA RETIREMENT TRUST 457 - 304745	Deferred Comp Payroll Deduction	2,594.83
28663	DRS 457	Deferred Comp Payroll Deduction	1,783.33
28664	CITY OF KENMORE FS	Flexible Spending Medical Plans	253.08
28665	BANK OF AMERICA 941	Payroll Taxes	14,374.68
28666	DEPARTMENT OF RETIREMENT SYSTEMS	WA State Retirement	12,353.60
28667	STATE OF FLORIDA DISBURSEMENT UNIT	Payroll Deduction	275.00
28668	UNITED STATES POSTMASTER	Kenmore Newsletter Postage	1,476.19
28669-28784	VOIDED - Error -Reprocessed A/P Batch	Cks did not match control #'s in the system	-
28785	BAKER, DAVID	9/25-9/29 Expense Reimbursement	118.81
28786	BENT, DEBORAH A	Parking Reimbursement	26.00
28787	BULGER SAFE & LOCK, INC.	Padlock Keys for Parks	54.20
28788	COASTWIDE LABORATORIES	Parks/ City Hall/ Incubator Bldg. Supplies	1,083.66
28789	REPUBLIC SERVICES	Sept. Rhod. Park & City Hall Solid Waste	842.68
28790	FERGUSON ENTERPRISES INC #1539	Drainage Materials for 6105 NE 152nd	304.48
28791	FRUHLING SAND & TOPSOIL	Asphalt Bin Clean Out	50.00
28792	HOME DEPOT CREDIT SERVICES	Log Boom Park Signs	45.42
28793	INSLEE, BEST, DOEZIE & RYDER, P.S.	August Legal Services	14,407.13
28794	KING COUNTY ANIMAL SVCS	Pet Licenses #353971-353979 & Renewals	395.00
28795	KING COUNTY FINANCE	Dumped Material Disposal	58.74
28796	KING COUNTY SHERIFF	Police Svc - 4th of July & Summer Concerts	3,014.43
28797	KING COUNTY SHERIFF	School Dist. Overtime June - Aug	7,164.55
28798	KING COUNTY SHERIFF	Septemer Police Services Contract	253,518.67
28799	LIGHTHOUSE CONSULTING INC	Sept. IT Services & Backup/ Site Protector	2,507.06
28800	NORTHSHORE UTILITY DIST	7/31-9/30 Water/ Sewer/ Irrigation Chgs	6,985.02
28801	NORTHSHORE UTILITY DIST	Hydrant Rental Sept. 2013	50.00
28802	NORTHSHORE UTILITY DIST	Sept. Vehicle Fuel & Maintenance	2,757.63
28803	OFFICE MAX	Office Supplies	385.28

28804	OLYMPIC ENVIRONMENTAL RESOURCES INC	Fall Recycling Event 9/21/13	17,326.90
28805	PACIFIC TOPSOILS	Material Disposal 8/28-9/23/13	728.58
28806	PUGET SOUND ENERGY	Electricity/ Street Lights/ Traffic Signals	10,810.45
28807	ST EDWARD STATE PARK	Summer Concerts - Park Rental	11,180.94
28808	STEWART MACNICHOLS HARMELL, INC.	Sept. Public Defender Services	8,500.00
28809	TOTAL LANDSCAPE CORP	Park & Ride Landscaping July-September	459.90
28810	WA STATE CONSOLIDATED TECH SVCS	September ListServ	175.00
28811	UPS STORE	9/4/13 Shipping Supplies	21.79
28812	ARTS OF KENMORE	Artwork Purchases & Contributions	740.00
28813	DAY WIRELESS SYSTEMS	Police Dept. Equipment Calibration	153.30
28814	QUALITY BUSINESS SYSTEMS	1st Floor Xerox Copy Chgs for Sept.	667.60
28815	JAYMARC - AV	Audio/ Video Maintenance 9/26/13	260.07
28816	JACOBS ENGINEERING GROUP	7/31-8/23 W Sammamish River Bridge Proj.	9,944.44
28817	SHRED-IT	Sept. 18 Shredding Service	49.50
28818	COMCAST	Incubator Bldg. Internet/Cable 9/30-10/29	172.58
28819	GORDON THOMAS HONEYWELL	Sept. Govt. Affairs Consulting	3,544.52
28820	SARAH ROBERTS	August & September Prosecution Services	20,604.00
28821	PHSI PURE WATER FINANCE	Incubator Filtered Water Service	50.31
28822	FRONTIER	City Hall Phone & Elevator Phone 9/28-10/27	957.77
28823	PROTECTION TECHNOLOGIES, INC	City Hall Security Cameras & Software	8,746.71
28824	SUSSMAN/PREJZA & CO, INC	7/1-8/31 Svcs - Wayfinding/Signage	1,265.00
28825	WELLS FARGO FINANCIAL	Xerox #7765 Lease 10/10-11/09/13	1,081.56
28826	SNOHOMISH COUNTY TREASURER/ SHERIFF	Sept. Jail Service Fees	29,740.66
28827	PERTEET INC.	7/29-9/1 Prof. On Call Svcs 68th & Citywide	30,089.79
28828	VERIZON WIRELESS	9/27-10/26 Cell Phone Chgs	885.26
28829	HAMPSON, BRYAN	Travel Expense Reimbursement	1,194.29
28830	ANCHOR QEA, LLC	Aug. Services - Sediment Sampling	570.65
28831	PRIMA PLUMBING	City Hall Hot Water Heater Repair	851.91
28832	ALPHAGRAPHICS US718	Business Cards	239.47
28833	GOODSELL POWER EQUIPMENT #2 INC.	Weed Wacker String	62.36
28834	INNOVAC	NE 175th & 61st Vactor Service	1,055.85
28835	UTILITIES UNDERGROUND LOCATION CTR	Sept. Utility Locates	144.48
28836	BUENA VISTA SERVICES, INC.	Sept. Incubator Bldg Janitorial Services	495.00
28837	OSBORN CONSULTING INC.	August 2013 12-C1081 On Call Consulting	11,257.28
28838	MOBILE MINI, INC.	Kayak Storage Oct. 2013	110.49
28839	NORTHWEST LANDSCAPE SERVICES	Irrigation Repair SR522 & Landscape Maint.	1,588.54
28840	RNR CONSULTING	August. Svc - IT Strategy Final Billing	1,850.00
28841	BRIEN, GAYLYNN	July Sales Tax Data Management	50.00
28842	LOU'S GLOVES, INC.	Police Dept. Nitrile Gloves	89.00
10/4/2013	PAYROLL	Direct Deposit	64,599.35
			$ 579,641.84

VIIIB. Approve Check Nos. 28658 - 28842 in the Amount of
$515,042.49 and Electronically Transferred Payroll Funds Totaling

2013	PRIOR VENDOR ACTIVITY	TOTAL	FOR 2013
	A. GAUL CULLEY		985.50
	A+ CONFERENCING		350.88
	AA ASPHALTING, INC		8,882.64
	AA PARTY RENTALS		1,252.68
	AAA PRINTING		192.10
	ACF WEST INC		394.20
	ACTION ENTERTAINMENT		395.00
	ACTIVE SHOOTER TRAINING LLC		800.00
	ADVANCE TESTING & SERVICE INC		540.00
	AFLAC		4,130.10
	AL KING, PE		711.75
	ALCALDE & FAY		45,408.73
	ALLIED WASTE SERVICES #172		1,682.74
	ALLPLAY SYSTEMS LLC		91.98
	ALPHAGRAPHICS US718		606.59
	AM TEST, INC		1,775.00
	AMERICAN GENERAL		4,777.11
	AMERICAN PLANNING ASSOCIATION		1,990.00
	AMERICAN PUBLIC WORKS ASSOCIATION		715.67
	ANCHOR QEA, LLC		90,938.16
	ARC - PACIFIC NORTHWEST		508.31
	ASP, ANGELA		420.00
	ASSOCIATED BOAT TRANSPORT		1,440.00
	ASSOCIATED UNDERWATER SERVICES, INC		6,652.13
	ASSOCIATION OF WA CITIES		15,549.34
	AT HOME ARTIST MANAGEMENT, INC.		1,750.00
	AURORA RENTS		3,349.59
	AWC EMPLOYEE BENEFITS		345,022.80
	BADGLEY'S LANDSCAPE LLC		2,491.13
	BAKER, DAVID		2,255.35
	BANANA ENTERPRISES, INC.		8,200.00
	BANK OF AMERICA 941		261,588.53
	BANNER BANK		309.07
	BANNER BANK BAKER		8,842.99
	BANNER BANK BH		4,409.16
	BANNER BANK CS		6,107.88
	BANNER BANK DB		912.64
	BANNER BANK JG		6,903.62
	BANNER BANK JGORDON		10,844.05
	BANNER BANK KENMORE		21,748.10
	BANNER BANK LD		2,906.43
	BANNER BANK NO		8,123.78
	BANNER BANK PS		2,003.75
	BANNER BANK ROGERS		5,180.25
	BANNER BANK VAN NESS		4,552.09
	BARCLAY DEAN		711.75
	BASTYR UNIVERSITY		50,899.35
	BEARCOM		70.08
	BEEGEE TOLPA		700.00
	BERK & ASSOCIATES		21,403.53
	BINW		16,528.79

BIS	175.00
BLACKBAUD	5,204.11
BLACKLINE, INC.	43,615.60
BONOMI, ANGELO	545.04
BOOGIE BROWN PRODUCTIONS, INC.	2,000.00
BOTELHO, PAULA	1,850.00
BRABEC, MARY	3,500.00
BRIEN, GAYLYNN	275.00
BROWN, ANDY	250.00
BUENA VISTA SERVICES, INC.	2,970.00
BULGER SAFE & LOCK, INC.	191.74
C. ANDERSON & CO.	930.75
CALPORTLAND COMPANY	190.80
CANTEEN REFRESHMENT SERVICES	2,026.72
CAPITAL ONE COMMERCIAL/ COSTCO	325.31
CARLSON, THOMAS G.	100.00
CASCADE PEST CONTROL	1,281.15
CEMEX	2,652.51
CENTER FOR HUMAN SERVICES	12,500.00
CHAMPION COURIER	51.53
CHICAGO TITLE	15,000.00
CHIEF LAW ENFORCEMENT SUPPLY	188.21
CITY OF BELLEVUE	125,827.30
CITY OF KENMORE	210.58
CITY OF KENMORE FS	4,808.52
CITY OF LAKE FOREST PARK	556,785.16
CITY OF SHORELINE	1,614.47
CITYWORKS/ AZTECA SYSTEMS INC.	15,620.00
CLARITY SIGNS	5,635.32
CLOWNS UNLIMITED, INC.	2,805.30
COASTWIDE LABORATORIES	7,580.58
CODE PUBLISHING COMPANY	3,754.90
COLUMBIA RIDGE LANDFILL	4,465.42
COMCAST	2,070.22
CONNELLY, MARC	48.14
CONSOLIDATED PRESS	6,659.21
CONTOUR FENCE CO. INC.	2,011.52
CORNERSTONE ROOFING	101.32
CROWN PRODUCTS LLC	1,216.98
CSAT, LLC	500.00
CUES	12,537.75
CULLEY, AMBERLY	1,000.00
CURTIS, DR. MILTON	322.24
DAILY JOURNAL OF COMMERCE	1,141.90
DANSOUND INC	5,913.00
DAY WIRELESS SYSTEMS	1,142.64
DEPARTMENT OF ECOLOGY	5,540.78
DEPARTMENT OF LABOR AND INDUSTRIES	26,604.14
DEPARTMENT OF LICENSING	52.00
DEPARTMENT OF RETIREMENT SYSTEMS	204,538.65
DIGITAL REPROGRAPHICS SERVICES INC.	452.58
DRS 457	32,055.36
DUGAN, GERALD & GAIL	1,650.00

DURRANT, JEFF	855.58
EARTHCORPS	9,706.47
EASTSIDE TRANSP PARTNERSHIP	200.00
EFFICIENCY INC	987.69
EJ USA, INC.	1,549.96
EMERGENCY SERVICE COORDINATING AGCY	49,476.00
EMIL'S CONCRETE CONSTRUCTION CO.	2,589.68
ENTERPRISE SEATTLE	5,000.00
ENTERTAINMENT FIREWORKS INC	17,000.00
ENVIRONMENTAL SYSTEMS RESEARCH INST	4,779.00
ESA ADOLFSON	1,815.00
EVERGREEN HEALTH	25.00
EVERGREEN PRINT SOLUTIONS	754.02
EVERGREEN SAFETY COUNCIL	175.00
FASTSIGNS	1,051.38
FAZZARI MARKETING	244.85
FERGUSON ENTERPRISES INC #1539	948.75
FINANCIAL CONSULTANTS INT'L INC	206.72
FIRE PROTECTION, INC	3,083.54
FIRST AMERICAN TITLE	8,957.10
FOLK, BRADFORD LEE	1,750.00
FOUR PARK AVENUE	363.07
FRAUSE	27,954.98
FRONTIER	36,652.54
FRUHLING SAND & TOPSOIL	1,229.50
G & H PRINTING	71.45
GAMETIME	5,779.30
GARMIRE IRON WORKS, INC.	6,958.73
GEODESIGN INC.	2,816.80
GEOENGINEERS INC	7,495.75
GLACIER PEAK CONSTRUCTION LLC	29,055.04
GOODSELL POWER EQUIPMENT #2 INC.	36.07
GORDON THOMAS HONEYWELL	29,138.08
GORDON, JENNIFER	174.02
GOVERNMENT FINANCE OFFICERS ASSOC	190.00
GRAINGER	60.07
GRAY & OSBORNE, INC	18,468.81
GREATER BOTHELL CHAMBER OF COMMERCE	595.00
GREGORY, JOANNE	806.65
H.W. LOCHNER, INC.	234,746.73
HAMBLETON RESOURCES, INC.	10,500.00
HAMPSON, BRYAN	2,500.00
HANDY ANDY RENT-A-TOOL INC	134.40
HARBOR HISTORY MUSEUM	400.00
HARRIS & SMITH PUBLIC AFFAIRS	14,771.17
HARRIS COMPUTER SYSTEMS	6,832.20
HEBERT RESEARCH, INC.	8,788.00
HERO HOUSE	700.00
HOME DEPOT CREDIT SERVICES	2,279.57
HONEY BUCKET	881.13
HOPELINK	22,875.00
HORIZON DISTRIBUTORS INC	512.45
HO'S PLUMBING COMPANY	33.34

HOVDE, RICHARD	106.21
HP'S SMOKEHOUSE BBQ	187.00
HWA GEOSCIENCES INC.	5,934.41
ICMA RETIREMENT TRUST 457 - 304745	49,158.69
iCOMPASS TECHNOLOGIES, INC.	8,120.00
INDEPENDENT STATIONERS	1,697.36
INGALLINAS BOX LUNCH	223.01
INNOVAC	28,556.39
INSLEE, BEST, DOEZIE & RYDER, P.S.	265,010.35
INTEGRA TELECOM	7,096.18
INTERNATIONAL CITY/CNTY MGMT ASSOC	2,285.02
INTERNATIONAL INST OF MUNI CLERKS	185.00
iWORQ SYSTEMS	1,000.00
JBS INSTRUMENTS	1,052.00
JET CITY PRINTING	1,776.54
JOYCE ZIKER PARKINSON	59,809.82
JRW ENTERPRISES	2,250.23
JSH PROPERTIES, INC.	22,448.99
KARLINSEY, ROB	7,826.60
KAUBOY PRODUCTIONS LLC	550.00
KBA INC.	112,831.49
KCDA PURCHASING COOP	2,298.13
KEATING, BUCKLIN & MCCORMACK	1,504.75
KEEP POSTED INC	246.00
KENMORE AIR	337.50
KENMORE CAMERA	250.00
KENMORE COMMERCIAL LLC	25,704.00
KENMORE ELEMENTARY PTA	4,000.00
KENMORE SENIOR CENTER	5,500.00
KING COUNTY ANIMAL SVCS	4,510.00
KING COUNTY DISTRICT COURT	46,337.00
KING COUNTY FINANCE	533,617.29
KING COUNTY FINANCE W.L.R.D.	51,550.62
KING COUNTY MUNICIPAL CLERKS ASSOC	25.00
KING COUNTY OFFICE OF FINANCE	9,343.62
KING COUNTY RADIO COMM SERVICES	762.51
KING COUNTY RECORDER'S OFFICE	653.00
KING COUNTY SHERIFF	2,078,807.19
KING COUNTY SHERIFF'S OFFICE	21,428.41
KING COUNTY SUPERIOR COURT CLERK	11,000.00
KING COUNTY TREASURY	37,566.63
KING COUNTY UTILITY COORDINATION CO	40.00
KING CTY DEPT OF PERMITTING/ENVIRON.	9.38
KONICA MINOLTA BUSINESS SOLUTIONS	3,862.54
KUSTOM SIGNALS, INC.	2,111.17
KVO INDUSTRIES, INC	365.00
LAMB, BARBARA	2,000.00
LIGHTHOUSE CONSULTING INC	36,322.12
LIGHTING GROUP NORTHWEST	3,095.13
LOWE SABRA	250.00
MACLEOD RECKORD	7,529.00
MAIL FINANCE	2,507.60
MEEHAN, NANCY	135.83

MILLER STEPHENS, MARY	10,000.00
MINZGHOR, NICHOLAS	740.26
MOBILE ELECTRICAL DISTRIBUTORS INC	20.53
MOBILE MINI, INC.	851.43
MORGAN SOUND INC	1,888.88
MR. T'S TROPHIES	442.66
NATIONAL BARRICADE CO	689.85
NATIONAL BUSINESS INCUBATION ASSOC.	525.00
NATIONAL CITIZEN SURVEY	9,025.00
NATIONAL IMPRINT CORPORATION	292.30
NATIONAL LEAGUE OF CITIES	3,038.00
NATIONAL LIFE OF VERMONT	2,114.01
NATIONWIDE FINANCIAL 401a	194,447.94
NATIONWIDE RETIREMENT SOLUTIONS 457	3,800.00
NEXTEL COMMUNICATIONS	885.09
NEXXPOST	300.76
NORTH COAST ELECTRIC	1,964.60
NORTH LAKE MARINA	1,520.51
NORTHSHORE FIRE DEPT	6,915.00
NORTHSHORE PARK & REC SERVICE AREA	1,360.00
NORTHSHORE SENIOR CENTER	3,300.00
NORTHSHORE UTILITY DIST	51,249.61
NORTHSHORE YMCA	3,250.00
NORTHSHORE YOUTH & FAMILY SERVICES	12,500.00
NORTHWEST LANDSCAPE SERVICES	6,787.35
NORTHWEST MARINE TRADE ASSOCIATION	460.00
OFFICE CLEANING CREW	248.00
OFFICE MAX	8,377.15
OFFICE TEAM	12,740.45
OLYMPIC ENVIRONMENTAL RESOURCES INC	24,745.40
OSBORN CONSULTING INC.	115,472.59
OTAK	17,956.91
OUSLEY, NANCY	585.55
OVERLEESE, KRISTEN	255.67
PACIFIC TOPSOILS	8,810.93
PART WORKS INC	544.62
PASSPORT TRAVEL AND TOURS	1,093.60
PATTY PAN GRILL	80.00
PAWS	4,785.00
PENDLETON, MICHAEL	6,751.16
PEOPLES STORAGE	1,702.50
PERSONAL BEST/ TOPHEALTH	395.54
PERTEET INC.	116,531.01
PETTY CASH CUSTODIAN	854.23
PHOTOTAINMENT	1,231.88
PHSI PURE WATER FINANCE	1,227.53
PICKLEBALL STUFF, LLC	384.00
PLANNING ASSOCIATION OF WASHINGTON	85.00
POTELCO, INC.	1,240.27
PROTECTION TECHNOLOGIES, INC	8,746.71
PRSA	307.00
PUBLIC HEALTH DEPT. OF KING COUNTY	100.00
PUGET SOUND BUSINESS JOURNAL	96.00

PUGET SOUND CLEAN AIR AGENCY	11,309.00
PUGET SOUND ENERGY	161,074.13
PUGET SOUND FINANCE OFFICERS ASSOC	50.00
PUGET SOUND REGIONAL COUNCIL	7,414.00
PURE WATER TECHNOLOGY OF PUGET SOUND	239.82
QUALITY BUSINESS SYSTEMS	4,487.49
RAZZ CONSTRUCTION	818,977.12
REPUBLIC SERVICES	5,118.46
RNR CONSULTING	27,992.00
ROD STEVENS	5,895.70
ROGERS, GLENN	104.41
ROLLABELS	37.15
SAFEWAY	84.00
SAFRIN, PATTY	467.11
SARAH ROBERTS	72,114.00
SAUVE, GAYLEN	300.00
SCHINDLER ELEVATOR CORPORATION	922.17
SCHWARZWALTER, MARK	90.00
SEATTLE TIMES	6,830.02
SEES TREES AND EXCAVATION INC	793.88
SELECT AIR SERVICES DBA GREENWOOD	119.19
SERGOVIA, CARLOS	1,650.00
SESAC	327.00
SHELTON, CINDY	249.88
SHRED-IT	396.00
SIGN UP, SIGN CO, INC	1,340.29
SKAGIT GARDENS	1,266.61
SMITH, BRENT	91.03
SMITH, JARRETT	150.00
SMS	2,934.51
SNOHOMISH COUNTY	9,547.00
SNOHOMISH COUNTY SHERIFF'S OFFICE	248,669.23
SOUND CITIES ASSOC	11,767.00
SOUND LAW CENTER	12,631.50
SOUND PUBLISHING, INC.	7,526.60
SPATIAL DEVELOPMENT	1,945.00
SPERRY, LAURIE	68.77
SPINNAKER STRATEGIES	11,799.40
ST OF WA DEPT OF FISH & WILDLIFE	300.00
STANSFIELD, CLAYTON	1,230.39
STATE AUDITOR'S OFFICE	15,863.53
STATE OF FLORIDA DISBURSEMENT UNIT	5,225.00
STATE OF WA DEPARTMENT OF LICENSING	116.00
STEWART MACNICHOLS HARMELL, INC.	33,870.00
SUNBELT	384.08
TELESYSTEMS WEST	1,058.06
THE KIPLINGER LETTER	99.00
TIMEMARK INCORPORATED	119.59
TITAN OUTDOOR, LLC	1,352.39
TOPIA TECHNOLOGY/ BIS	10,125.00
TOTAL LANDSCAPE CORP	46,381.29
TOWN & COUNTRY FENCE, INC	416.10

VIIIB. Approve Check Nos. 28658 - 28842 in the Amount of $515,042.49 and Electronically Transferred Payroll Funds Totaling

TOWNE CENTRE HARDWARE	2,274.09
TRANE U.S. INC.	6,112.50
UNITED RENTALS NW, INC	579.81
UNITED STATES POSTMASTER	3,060.11
UNITED WAY OF KING COUNTY	2,603.00
UNIVERSITY OF WASHINGTON	1,654.00
UPS STORE	2,419.62
URBAN LAND INSTITUTE	225.00
US POSTAL SERVICE (HASLER)	4,211.60
UTILITIES UNDERGROUND LOCATION CTR	745.85
VAN NESS, ALLAN	1,759.70
VERIZON WIRELESS	7,595.26
VIKING GRIDIRON CLUB	250.00
VOLGISTICS, INC	372.00
W.S.S.O. Advanced Training	500.00
WA ASPHALT PAVEMENT ASSOC.	180.00
WA ASSOC OF BUILDING OFFICIALS	128.09
WA ASSOC OF CODE ENFORCEMENT	305.00
WA CITIES INSURANCE AUTHORITY	161,086.00
WA FINANCE OFFICERS ASSOCIATION	575.00
WA GUARANTEED EDUCATION TUITION	1,290.00
WA RECREATION & PARK ASSOCIATION	104.00
WA STATE ASSOC OF PERMIT TECHNICIAN	95.00
WA STATE CONSOLIDATED TECH SVCS	700.00
WA STATE DEPARTMENT OF AGRICULTURE	33.00
WA STATE DEPT OF ENTERPRISE SVCS	6,057.54
WA STATE DEPT OF LABOR & INDUSTRIES	125.30
WA STATE DEPT OF TRANSPORTATION	19,549.73
WAFFLE WAGON	45.00
WAGE WORKS	400.00
WASHINGTON ENERGY SERVICES	28.14
WASHINGTON MUNICIPAL CLERKS ASSOC	75.00
WASHINGTON STATE DEPT OF INFO SERV	700.00
WASHINGTON TREE SERVICE INC	1,423.50
WEINSTEIN AU	1,057.50
WEISBAND, BARRY	24,000.00
WELLS FARGO FINANCIAL	8,261.10
WELWEST CONSTRUCTION INC.	109,872.85
WESTERN ENTRANCE TECHNOLOGY	3,460.20
WILCOX, ROBERTA	933.84
WINTERBOURNE LANDSCAPE	1,626.09
WONDERLAND DEVELOPMENT	4,500.00
ZEP SALES AND SERVICE	865.49
ZONAR SYSTEMS	525.33
ZORNES, GARY	239.52
ZUMAR	2,237.10
	8,768,104.31

VIIIB. Approve Check Nos. 28658 - 28842 in the Amount of $515,042.49 and Electronically Transferred Payroll Funds Totaling

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Kenmore Village Residential Project Update	For Council Meeting Agenda of: October 28, 2013
	Department: Development Services
	Presented by: Kelly Price, President MainStreet Property Group LLC
Proposed Council Action/Motion: Discussion only, no action requested	Initial & Date Approved by Department Head: [illegible] 10/18/13 Approved by City Attorney: N/A. Approved by Finance Director: [illegible] 10/18/13 Approved by City Manager: [illegible]
	Exhibits/Attachments: none

Expenditure Required $N.A. Amount Budgeted $N.A. Appropriation Required $N.A.

INFORMATION/BACKGROUND:

Kelly Price, President of MainStreet Property Group LLC, will update the Council on the progress of the Kenmore Village Residential property.

On July 8, 2013 Council adopted a resolution approving a purchase and sale agreement with MainStreet Property Group LLC., which is currently in the due diligence investigation period.

On October 15, 2013 MainStreet Properties LLC submitted a Site Plan application for the Kenmore Village Residential property, which included a State Environmental Policy Act review and a Development Agreement. Review of the Site Plan and SEPA applications are currently underway as well as Development Agreement negotiations.

FISCAL CONSIDERATION:

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Pursue Downtown Development

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IXA. Kenmore Village Residential Project Update - Kelly Price, President, MainStreet Property Group, LLC

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: 2nd Amendment to Purchase and Sale Agreement – former King County Park & Ride **Proposed Council Action/Motion:** **Adopt a resolution amending Resolution No. 13-222 approving a purchase and sale agreement with Main Street Property Group LLC.**	For Council Meeting Agenda of: October 28, 2013 Department: City Manager's Office Prepared by: Rob Karlinsey, City Manager Initial & Date Approved by Department Head: ______ Approved by City Attorney: A.S. via email Approved by Finance Director: ______ Approved by City Manager: RJK 10/23 Exhibits/Attachments: Resolution

Expenditure Required $0 | Amount Budgeted $N/A | Appropriation Required $0

INFORMATION/BACKGROUND:

In the first half of 2012, the City began an extensive community involvement process to 1) review goals for the downtown, 2) develop a position statement for the Kenmore Village properties, and 3) establish strategic next steps to take the properties to market and thereby sell the properties to buyer(s) who would further the City's goals and bring new investment to downtown Kenmore. The community involvement process included multiple meetings, forums, and open houses to obtain public input on the Kenmore Village properties.

Late last year, the City retained two brokerage firms to list the Kenmore Village properties for sale. Jones Lang LaSalle (JLL) listed the upper lot (former park & ride), and Colliers International listed the lower lots (the shopping center). The two firms listed the properties with the downtown goals and position statement in mind, and they emphasized key points from the goals and position statement.

Soon after the properties were listed, about 16 offers/proposals were received, about half of which were for the lower commercial lots. The other proposals were for the upper lot (former park & ride) or both upper and lower lots. Colliers, JLL, the City Manager, Assistant City Manager, and Spinnaker Strategies interviewed all potential buyers for the properties. Based on the goals for the properties and the principles outlined in the Position Statement, four potential buyers for each of the properties were recommended to move forward in the process. These potential buyers (eight total) were presented to the City Council and the public at the February 25, 2013 City Council meeting. At that meeting, public comment was invited during the discussion of this agenda item.

After the February 25, 2013 City Council meeting, the city manager, assistant city manager and the brokerage firms continued follow up meetings and conversations with the finalists for each property. Based on price offered for the properties, financial wherewithal, experience, reputation, ability to deliver in a timely manner, and alignment with the goals and position statement, the team began direct negotiations with RPI/Benaroya for the lower commercial lots and with Main Street Property Group LLC (MainStreet) for the upper lot (former park &

ride).

At the June 10, 2013 City Council meeting, the City Council adopted a resolution approving a purchase and sale agreement with RPI/Benaroya (BCC-RPI Kenmore LLC for the project) for the Kenmore Village shopping center properties, including the post office, but not including the upper lot known as the former King County Park & Ride (current location of the interim skate park and across 68th Avenue from City Hall). At that same meeting, Main Street Property Group LLC was announced as the likely buyer for the upper lot (former King County Park & Ride).

At the July 8, 2013 City Council meeting, the City Council adopted a resolution approving a purchase and sale agreement with Main Street Property Group LLC (MSPT VI LLC in the agreement) for the upper lot—the former King County Park and Ride.

The purchase and sale agreement with MainStreet (Buyer) established certain timelines and milestones, including a 60-day feasibility contingency period for the Buyer to review and inspect the property, a deadline for the buyer to submit a site development permit application, and a deadline by which a development agreement must be approved by both parties.

We are pleased to report that the Buyer is making substantial, affirmative progress on the property. The Buyer has already submitted, ahead of schedule, a site development application for the property. The development agreement negotiations are also going well, and we anticipate having a proposed development agreement for the City Council to consider in December.

MainStreet continues to strive for its goal of breaking ground in summer of 2014, and City development services staff are supporting that goal.

However, through its site investigation and feasibility studies, the Buyer has identified several issues that are important enough to resolve before the Buyer is willing to waive feasibility. These issues are:

1)182nd Street access. This street is currently a private easement, not public right of way. The easement is approximately half owned by the City (as the owner of the former park and ride) and approximately half owned by Coventry Place apartments. Because of the shared ownership of the easement, the Buyer needs additional time to achieve certainty on access, ability to improve the road, etc.
2) The Buyer needs a sewer easement from the shopping center (Kenmore Village) property. Additional time is needed to develop and memorialize this easement to the mutual satisfaction of the City, MainStreet, and the buyer for the Kenmore Village property.
3) The Buyer needs agreement from the Kenmore Village property owner (City, with concurrence from Kenmore Village Buyer) to allow for utility undergrounding running east-west adjacent to the property line between the two properties. Additional time is needed to develop this easement language, get it approved by the three parties, and get it recorded.

Staff observes that MainStreet has been moving forward in good faith—they appear to be expending substantial resources on the project, and are ahead of schedule on key milestones, chief among which is the submittal of a site plan application last week. As additional good faith gestures, MainStreet is agreeing to 1) limit its feasibility contingency review to these remaining three items (all other matters are satisfied and waived) and 2) convert the Earnest Money from a note to cash.

More About Main Street Property Group, LLC

MainStreet is a real estate development firm dedicated to the vision, construction and operation of landmark mixed-use properties. MainStreet's team of experienced professionals strives to acquire, develop, construct and operate properties in vibrant locations, complimenting and respecting each property's natural and developed surroundings. With experience in market and site analysis, acquisitions, development, land-use planning, financing, construction and the architectural process, MainStreet designs and builds each property to reflect its commitment to sustainability and walkability, focusing always on each property's enduring investment. Current examples of MainStreet's projects include two new buildings in downtown Bothell (Six Oaks, a mixed use project consisting of 203 apartments and 6500 square feet of commercial space and The 104, a 115 unit apartment building) and one mixed-use building, Slater 116 in Kirkland consisting of 108 apartments and 10,000 square feet of commercial space including a coffee shop.

MainStreet currently plans to develop and construct approximately 220 quality apartment units on the former park & ride site. A portion of the units will be affordable under King County definitions and in keeping with the current deed restriction for the site. At least five of the affordable units will be set as affordable at 50% of median household income.

MainStreet's goal is to be under construction in summer of 2014 and leasing its first units in 2015.

The proposed purchase and sale agreement for this former park & ride property is included with this Agenda Bill. Major components of the PSA include:

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Goal #1: Economic Development and Goal #4, Downtown Development

CITY OF KENMORE
WASHINGTON
RESOLUTION NO. 13-

AMENDING RESOLUTION NO. 13-222 APPROVING A PURCHASE AND SALE AGREEMENT WITH MSPT VI, LLC.

WHEREAS, the City of Kenmore 2003 Downtown Plan and 2009 Economic Development Strategy contain guiding goals and principles that support the stimulation of economic revitalization of the City's Downtown area in a manner that supports and retains independent and community-scale businesses and other development; and

WHEREAS, the City owns certain commercially-zoned real property in the City's Downtown area, which consists of approximately 4.5 acres commonly known as the former King County Park & Ride parcel (the "Property"); and

WHEREAS, the City Council has determined that the Property is surplus to the City's needs, and that it would be in the best interests of the City and the general public to sell the Property; and

WHEREAS, MSPT VI, LLC ("Buyer") desires to acquire the Property, with the intent to redevelop the Property as a multi-family housing project, in keeping with the City's adopted goals for the Downtown area and the Position Statement for the Property; and

WHEREAS, the MSPT VI, LLC negotiated a purchase and sale agreement for the transfer of the Property from the City to MSPT VI, LLC; and

WHEREAS, on July 8, 2013, the City Council adopted Resolution 13-222 approving the Purchase and Sale Agreement, and both the City and the Buyer have subsequently signed and executed the Purchase and Sale Agreement; and

WHEREAS, Sections 1(b) and 7(a) of the Purchase and Sale Agreement set forth a 60-day feasibility contingency period for the Buyer to review and inspect the property and to determine, to Buyer's satisfaction, whether the property is satisfactory for Buyer's intended uses and whether Buyer has the ability to fulfill all of the terms of the Purchase and Sale Agreement; and

WHEREAS, Section 3 of Resolution 13-222 authorizes the City Manager to extend the feasibility contingency for an additional 30 days; and

WHEREAS, due to the Buyer needing additional time to review the property, including access easement records and other matters, on September 6, 2013, the City Manager and the Buyer executed Amendment No. 1 to the Purchase and Sale Agreement, extending the feasibility contingency for an additional 30 days; and

WHEREAS, Buyer and City have worked through nearly all issues bearing on the feasibility contingency, including matters relating to the physical condition of and title to the property, and on

October 9, 2013, Buyer provided notice that pursuant to Section 7(b) of the Purchase and Sale Agreement, the Feasibility Contingency is satisfied or waived by Buyer as to all matters excepting only the following (the "Sole Remaining Feasibility Conditions"): (a) public vehicle access to and from the Property from 182nd Street, and (b) an agreement acceptable to Buyer with either of the City or the purchaser of the "Kenmore Village" property as to i) an easement across the Kenmore Village property for a sanitary sewer serving the Property and extending under the Kenmore Village property, and (ii) undergrounding of power lines extending of power lines extending east-west near the southern parcel line of the Property; and

WHEREAS, in part because final resolution of the vehicle access and easements issues described in the paragraph immediately above require concurrence by third parties, Buyer and City need additional time to complete such resolution; and

WHEREAS, Buyer has requested to extend the feasibility contingency period as set forth in Sections 1(b) and 7(a) of the Purchase and Sale Agreement; and

WHEREAS, on October 9, 2013, the City Manager and Buyer signed an extension of the feasibility contingency period to December 11, 2013, subject to City Council approval by October 31, 2013;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. Approval of Amendment No. 2 to Purchase and Sale Agreement. The City Council hereby amends resolution 13-222 by ratifying Amendment No. 1 and approving Amendment No. 2 to the Purchase and Sale Agreement with MSPT VI, LLC, a Washington limited liability company. The City Council approves and authorizes the City Manager to execute on behalf of the City Amendment No. 2 to the Purchase and Sale Agreement between the City of Kenmore and MSPT VI, LLC. Amendment No. 2 is substantially and materially in the form attached to this Resolution as **Exhibit A** and incorporated herein by this reference.

Section 2. Additional Extension of Feasibility Contingency Period. The City Council hereby authorizes the City Manager, at his discretion, to extend the Feasibility Contingency Period for an additional twenty (20) days beyond the extension in Amendment No. 2.

PASSED BY THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, AT A REGULAR MEETING THEREOF THIS 28 DAY OF OCTOBER, 2013.

CITY OF KENMORE

____

Mayor David Baker

ATTEST/AUTHENTICATED:

Patty Safrin, City Clerk

Approved as to form:

Rod Kaseguma, City Attorney

Exhibit A

SECOND AMENDMENT TO
AGREEMENT FOR PURCHASE, SALE AND DEVELOPMENT
OF REAL PROPERTY FOR RESIDENTIAL PURPOSES

THIS SECOND AMENDMENT TO AGREEMENT FOR PURCHASE, SALE AND DEVELOPMENT OF REAL PROPERTY FOR RESIDENTIAL PURPOSES (this "Amendment") is dated as of October 9, 2013 (the "Effective Date") and is by and between the CITY OF KENMORE, a Washington municipal corporation ("Seller"), and MSPT VI LLC, a Washington limited liability company ("Buyer"). This Amendment is made with reference to the following recitals:

RECITALS

A. Seller and Buyer entered into that certain Agreement for Purchase, Sale and Development of Real Property dated July 1, 2013, as amended by that certain First Amendment to Agreement for Purchase, Sale and Development of Real Property for Residential Purposes dated September 6, 2013 (the "Agreement").

B. Buyer desires additional to complete its determination of feasibility of its purchase of the Property, to which Seller is willing to agree, subject to the terms and conditions of this Amendment.

AMENDMENT

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

Section 1. Defined Terms. Capitalized terms used, but not defined, herein shall have the meanings given to them in the Agreement.

Section 2. Feasibility Period. This Amendment constitutes Buyer's notice given pursuant to Section 7(b) of the Agreement that the Feasibility Contingency is hereby satisfied or waived by Buyer as to all matters excepting only the following (the "Sole Remaining Feasibility Conditions"): (a) public vehicle access to and from the Property from 182nd Street, and (b) an agreement acceptable to Buyer with either of the City or the purchaser of the "Kenmore Village" property immediately to the south of the Property (the "Adjacent Property") as to (*i*) an easement across the Adjacent Property for a sanitary sewer serving the Property and extending under the Adjacent Property and (*ii*) undergrounding of power lines extending approximately along the boundary between the Property and the Adjoining Property. Buyer hereby gives notice of its satisfaction with or waiver of all other matters subject to or deemed by Buyer to be pertinent to the Feasibility Contingency. Section 1(b) of the Agreement is hereby amended to provide that, solely as to the Sole Remaining Feasibility Conditions, the Feasibility Period is amended to mean that period ending December 11, 2013.

Section 3. Earnest Money. The first two sentences of Section 4(b) are deleted in their entirety and replaced with the following:

"Buyer shall within one (1) business day of the Kenmore City Council's ratification of the Second Amendment to this Agreement replace the Earnest Money Note with cash in the amount of the full sum of the Earnest Money; failure of Buyer to deliver such cash within the time stated shall cause this Agreement automatically to terminate, upon which Buyer shall have no further right or interest in or to the Property or this Agreement. Upon Buyer's notice of waiver of the Sole Remaining Feasibility Conditions, Ninety Thousand Dollars ($90,000) of the Earnest Money shall be deemed fully earned in consideration of agreements of Seller under this Agreement and shall be released by Escrow Agent to Seller without requirement of further instruction.

Except as expressly set forth herein, Section 4 of the Agreement, titled "Earnest Money," remains unchanged and in full force and effect, including, without limitation, the final sentence of Section 4(b), which remains in full force and effect and has not been and is not hereby modified; provided, however, that the Earnest Money shall only become non-refundable to the Buyer and released to Seller upon the notice by the Buyer that it has waived the Sole Remaining Feasibility Conditions.

Section 4. Ratification by the Kenmore City Council. This Amendment is expressly contingent upon ratification by the Kenmore City Council (the "Council"). In the event that the Council fails to ratify this Amendment, the Agreement shall immediately terminate, and this Amendment shall have no further force or effect, on the earlier of (1) the date upon which the Council votes not to ratify the Agreement, or (2) 11:59 P.M. on October 31, 2013. The parties acknowledge this Amendment will not be in effect or enforceable until ratified by the Council, but upon such ratification, this Amendment shall be deemed effective retroactively to the Effective Date first stated above.

Section 5. Counterparts. This Amendment may be executed in any number of counterparts and by facsimile or electronic (pdf) transmission, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Section 6. Remaining Provisions. Except as expressly set forth herein, the Agreement remains unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

SELLER:

CITY OF KENMORE, a Washington municipal corporation

By: R Y Karlinsey
Name: ROB KARLINSEY
Title: CITY MANAGER

BUYER:

MSPT VI LLC, a Washington limited liability company

By: Main Street Property Group LLC, a Washington limited liability company

By:
Name: Kelly Price
Its: President

78782-0016/LEGAL28060939.1

IXB. Adopt Resolution No. 13-226, Approving Amendment No. 2 to Purchase & Sale Agreement, Contract No. 13-C1170, with

City Council Business Agenda Item
City of Kenmore, WA

<table>
<tr>
<td>Subject/Topic:
Resolution and Interlocal Agreement with the AWC Trust</td>
<td>For Council Meeting Agenda of: October 28 , 2013

Department: Finance

Prepared by: Joanne Gregory

To Be Presented By: N/A</td>
</tr>
<tr>
<td>Proposed Council Action/Motion: Authorize City Manager to Execute Contract 13-C1211, an Interlocal Agreement Between AWC Trust and the City of Kenmore for Health Care Benefits.

Pass Resolution 13-224 Adopting the Interlocal Agreement Between AWC Trust and the City of Kenmore.</td>
<td>Initial & Date
Approved by Department Head: JMG 10/10/13
Approved by City Attorney:
Approved by Finance Director: JMG 10/10/13
Approved by City Manager: RJK

Exhibits/Attachments:
Resolution 13-224
Interlocal Agreement 13-C1211
AWC Employee Benefit Trust Self-Funded Health Care Program Fact Sheet</td>
</tr>
</table>

Expenditure Required None **Amount Budgeted** N/A **Appropriation Required** N/A

INFORMATION/BACKGROUND:

Effective January 1, 2014, the AWC (Association of Washington Cities) Trust medical, dental (WDS) and vision programs will transition from fully-insured to self-insured, as approved by the Washington State Risk Manager on August 26, 2013.
The decision to go self-insured will result in a 0% rate adjustment for 2014 and there are minimal impacts to the employees and employers:

- Benefit plan designs remain the same, including the mandated benefit changes under the Affordable Care Act for 2014
- Employees have access to the same provider networks.
- Claims will be processed by the same carriers.
- It is possible that a new ID card will be generated.
- Members will still be part of the Trust's large pool, which will now be self-insured.
- The monthly bill will still be generated by the same agency and due at the same time as it currently is.

The most notable change for employers will be the council-adoption by resolution of an Interlocal Agreement between the jurisdiction (the City of Kenmore) and the AWC Trust.

RCW 48.62 authorizes local government entities to self-insure for health care benefits, and delegates rule-making authority and oversight to the Washington State Risk Manager. Chapter 200-110 Washington Administrative Code sets forth that members of the health care program (pool) must be a signatory to the health care program's Interlocal Agreement, and the Interlocal Agreement must be adopted by the local governing body by resolution.

In order for the Trust to meet the state deadlines, member jurisdictions must provide the adopted resolution and Interlocal Agreement no later than November 15, 2013.

FISCAL CONSIDERATION:
None

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:
To meet obligations by providing effective and efficient services.

AWC Employee Benefit Trust

Self-Funded Health Care Program

Fact Sheet

On August 26, 2013, the State Risk Manager approved the AWC Trust's application to self-insure the medical plans through Group Health and Regence Blue Shield, the Vision Service Plan, and Washington Dental Service plan effective January 1, 2014. The remaining insurance products will continue to be fully-insured. This fact sheet is intended to provide background of the Trust and insight into the Board of Trustee conversation ultimately leading to the decision to self-insure.

Trust history

The AWC Employee Benefit Trust is a Voluntary Employees' Beneficiary Association (VEBA), as defined in IRC 501 (c) (9). The Trust was formed in 1970 by the Association of Washington Cities to offer affordable coverage for its cities and towns with participants in Law Enforcement Officers and Fire Fighters Pension Plan 1 (LEOFF 1). Since that time, the Trust has broadened its insured membership to include all walks of municipal government and their families. Today, the Trust serves 275 participating entities and insures approximately 36,000 employees and family members.

The Trust currently offers medical, dental, vision, employee assistance program, life insurance, long-term disability insurance, and long-term care insurance. In 1984, the Board of Trustees proved to be true visionaries in the health care industry and adopted an innovative health promotion project (wellness) as a cost containment tool. Today, the award-winning Total Health Management services of the Trust (available to Regence and Group Health medical subscribers) continues to reduce health care costs and improve quality of life for our insured members.

The AWC Trust, one of the first of its kind as a municipal league pool, is nationally recognized for excellence and innovation. Industry respect and long-term, stable relationships with insurance carriers, vendors, and consultants have benefited the pool members with quality health care programs, trust-worthy technical assistance and financial predictability. Customer advocacy and member-driven decisions continue to be the cornerstone of the Trust mission, vision and goals.

Planning retreat priority – self-insurance

> *Self-Insurance means a formal program of advance funding and management of entity financial exposure to a risk of loss that is not transferred through the purchase of an insurance policy or contract.*

As one of the highest priorities emerging from the 2011 Long Range Strategic Planning Retreat, the Trustees dedicated its 2013 meetings to learning about the world of self-insurance; hearing in-depth analysis from benefit, legal and actuarial consultants; and weighing the pros and cons of self-insuring the health care plans.

On July 25, Trustees instructed staff and consultants to proceed with a self-insurance application to the State Risk Manager. Approval was granted on August 26, and the Trust will transition its **Regence/Asuris, Group Health, WDS and VSP** plans to self-insurance effective January 1, 2014.

Cost savings

One of the overriding factors in the decision is the potential for cost savings to members. Self-insurance allows the Trust to eliminate several taxes mandatory for fully insured plans including a 2% state tax and a 2% – 3% new 2014 federal insurer tax. While our retention and stop loss fees were extremely competitive as a fully insured plan, these fees were also lowered with the aid of a competitive self-insurance marketplace. Along with all these cost savings, we'll be able to focus on our own trend line, which has been lower than carriers' trends for many years. This bodes well for not only this year's rate projections, but future year's as well.

The transition to self-insurance will not change the manner in which plans are rated (i.e., the Trust will continue to pool all member claims rather than develop rates based upon individual employer loss experience). However, the discussion of large city claims rating is slated to be discussed by the Board of Trustees in 2014, and being self-insured certainly enables a broader scope of analysis.

With all these factors considered, the Trust's 2014 rate ***projections*** are very favorable with 0% increase projected for most plans.

Self-insurance plans		**Fully-insured plans**	
Regence/Asuris Medical	0%	LEOFF I Medicare Advantage Plan	8%
Group Health Medical	0%	Willamette Dental	0%
WDS Dental	0%	Life & LTD	0%
VSP Vision	0%	EAP	0%

Final rates will be adopted by the Board of Trustees on September 26. Look to our website by end of day on Friday, September 27, for an updated posting.

WellCity rate impact

The WellCity discount is 2% less than the base rate. Ongoing WellCity Award recipients – your current rate will be 2% less than the base rate – which means your rate stays the same. For cities earning the 2013 WellCity Award for the first time, you'll get a 2% discount on the 2014 base rate, meaning your rate this year is actually a 2% savings from your 2013 rate.

Employee impacts

For now, know that the impact to employees and their family members is minimal to none:

- Benefit plan designs remain the same, including the mandated benefit changes under the ACA for 2014
- Employees have access to the same provider networks.
- Claims will be processed by the same carriers.
- It is possible that a new ID card will be generated.

Member Employer impacts

Impact to employers is equally minimal:

- Members will still be part of the Trust's large pool, which will now be self-insured.
- The monthly bill will still be generated by NWA and due at the same time as current (by the 10th of the month).
- The most notable change for employers will be the council-adoption by resolution of an Interlocal Agreement between the jurisdiction and the AWC Trust.

Interlocal Agreement

RCW 48.62 authorizes local government entities to self-insure for health care benefits, and delegates rule-making authority and oversight to the Washington State Risk Manager. Chapter 200-110 Washington Administrative Code sets forth that members of the health care program (pool) must be a signatory to the health care program's Interlocal Agreement, and the Interlocal Agreement must be adopted by the local governing body by resolution.

In order for the Trust to meet the state deadlines, member jurisdictions must provide the adopted resolution and Interlocal Agreement no later than **November 15, 2013.**

AWC Employee Benefit Trust Health Care Program Reserve Funding

Self-insured health care programs must establish reserves necessary to fund the termination costs of the program and to insulate the program against unusual severity or frequency of claims. The Board of Trustees have pledged reserve funds pursuant to actuarially established amounts to satisfy this requirement.

Health Care Program 2014 Financials *at a glance*

Beginning Program Deposits/Assets[1]	$15,420,000
Projected Employer Contributions Projected Employee Contributions Other Projected Revenues	$174,672,167 $19,408,091 $308,400
Total Projected Revenues	$194,388,586
Projected Claims Payments Projected Operational Expenses[2] Projected Stop Loss Insurance Policy Projected Wellness Program Expenses	$179,155,972 $12,334,777 $813,875 $1,775,561
Total Projected Annual Expenses	$194,080,186
Projected Year-End Program Assets/Reserves	$15,728,400

[1] *Projected reserves as of December 31, 2013 are $75,471,971 of which $15,420,000 are pledged as beginning health care program assets.*

[2] *Includes claims adjudication, broker fee-for-service, actuary, legal, consultants, and operations.*

Questions

As always, the Trust is committed to communicating with members. You can expect ongoing communications in upcoming ***For Your Health*** e-newsletters. If you have any questions regarding the Trust's decision to self-insure, the new rate projections, or the Interlocal Agreement feel free to contact an AWC Trust staff member at 1-800-562-8981 or **benefitinfo@awcnet.org**.

CITY OF KENMORE
WASHINGTON
RESOLUTION NO. 13-224

A RESOLUTION OF THE CITY COUNCIL OF KENMORE, WASHINGTON, ADOPTING THE ASSOCIATION OF WASHINGTON CITIES EMPLOYEE BENEFIT TRUST HEALTH CARE PROGRAM INTERLOCAL AGREEMENT, CREATING A JOINT SELF-INSURED HEALTH AND WELFARE BENEFIT PROGRAM TO BE ADMINISTERED BY THE TRUSTEES FOR THE PURPOSES OF PROVIDING SELF-INSURED HEALTH BENEFITS TO BENEFICIARIES AND ALLOWING THE TRUST TO MANAGE THE HEALTH CARE PROGRAM ACCOUNT.

WHEREAS, the Association of Washington Cities Employee Benefit Trust (the "Trust") is an entity to which contributions by cities and towns and non-city entities organized and existing under the Constitution or laws of the State of Washington and who are members of the Trust ("Participating Cities and Towns," and "Participating Non-City Entities") and their employees can be paid and through which the Board of Trustees of the Trust ("Trustees") provides one or more insured health and welfare benefit plans or programs to Participating Cities' and Towns' and Non-City Entities' employees, their dependents and other beneficiaries ("Beneficiaries"), on whose behalf the contributions were paid; and

WHEREAS, the Trust qualifies as a voluntary employee beneficiary association within the meaning of Section 501(c)(9) of the Internal Revenue Code ("VEBA"), providing for the payment of life, sick, accident or other benefits to Beneficiaries; and

WHEREAS, the Trust and Participating Cities and Towns and Non-City Entities have determined that it is in the best interest of Participating Cities and Towns and Non-City Entities to jointly self-insure certain health benefit plans and programs for Beneficiaries through a designated account within the Trust, while at the same time having the Trust continue as the entity to which other insured health and welfare benefit program contributions are paid and through which insured health and welfare benefit plans and programs are provided to Beneficiaries; and

WHEREAS, it appears economically feasible and practical for the parties to do so; and

WHEREAS, Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal Agreement under Chapter 39.34 RCW, jointly self-insure health benefit plans and programs, and/or jointly hire risk management services for such plans or programs by any one or more of certain specified methods; and

WHEREAS, the Association of Washington Cities Employee Benefit Trust Interlocal Agreement (the "Interlocal Agreement") attached hereto as Exhibit A creates a joint self-insured health and welfare benefit program (the "Health Care Program") to be administered by the Trustees for the purposes of providing self-insured health benefits to Beneficiaries; and

WHEREAS, WAC 200-110-030 requires every local government entity participating in a joint self-insurance health and welfare benefit program to adopt such program by resolution or ordinance; and

WHEREAS, Chapter 48.62 RCW requires Health Care Program assets to be managed consistent with existing State law authority over use of municipal funds; and

WHEREAS, all premium contributions for use in the Health Care Program are deposited into a designated account within the Trust, the Health Care Program Account (the "HCP Account"), and the HCP Account represents a pool of funds that is independent of all other Trust or AWC funds; and

WHERAS, the Trust intends to manage the HCP Account assets in compliance with federal and state laws and the Interlocal Agreement; and

WHEREAS, the City of Kenmore believes it is in the best interest of the Health Care Program to allow the Trust to manage the HCP Account;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. Adoption. The City Council adopts the Association of Washington Cities Employee Benefit Trust Health Care Program Interlocal Agreement creating the Health Care Program, attached hereto as Exhibit A and incorporated herein by reference.

Section 2. Acknowledgement. Pursuant to WAC 200-110-030, the City Council acknowledges that by adopting the Interlocal Agreement, the City shall be subject to assessments as required by the Health Care Program.

PASSED BY THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, AT A REGULAR MEETING THEREOF THIS 28th DAY OF October, 2013.

CITY OF KENMORE

____

David Baker, Mayor

ATTEST/AUTHENTICATED:

____

Patty Safrin, City Clerk

ASSOCIATION OF WASHINGTON CITIES EMPLOYEE BENEFIT TRUST
HEALTH CARE PROGRAM
INTERLOCAL AGREEMENT

This Agreement is made and entered into in the State of Washington by and among the Association of Washington Cities Employee Benefit Trust (the "Trust") and cities and towns, and non-city entities organized and existing under the Constitution or laws of the State of Washington and who are members of the Trust ("Participating Cities and Towns," or "Participating Non-City Entities"), all of whom are signatories to this Agreement.

RECITALS

WHEREAS, the Trust is an entity to which contributions by Participating Cities and Towns and Non-City Entities (defined below) and Participating Employees (defined below) are paid and through which the Board of Trustees provides one or more insured health and welfare benefit plans or programs to Participating Employees, their covered dependents and other beneficiaries ("Beneficiaries"), on whose behalf the contributions were paid; and

WHEREAS, the Trust qualifies as a voluntary employee beneficiary association within the meaning of Section 501(c)(9) of the Internal Revenue Code ("VEBA"), providing for the payment of life, sick, accident or other benefits to Beneficiaries; and

WHEREAS, the Trust and the Participating Cities and Towns have determined that it is in the best interest of Participating Cities and Towns to jointly self-insure certain health benefit plans and programs for Beneficiaries through a designated account within the Trust, while at the same time having the Trust continue as the entity to which health and welfare benefit plan or program contributions are paid and through which insured health and welfare benefit plans and programs are provided to Beneficiaries; and

WHEREAS, it appears economically feasible and practical for the parties to this Agreement (defined below) to do so; and

WHEREAS, Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, jointly self-insure health benefit plans and programs, and/or jointly hire risk management services for such plans or programs by any one or more of certain specified methods; and

WHEREAS, each local government entity that is a signatory hereto, as required by WAC 200-110-030, acts upon the authority of a resolution adopting this Agreement and the Health Care Program (defined below) created herein;

NOW, THEREFORE, for and in consideration of all of the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

The following are definitions of terms used in the Agreement. Unless indicated otherwise, other terms are defined where they are first used. Defined terms are capitalized when used in the defined context.

1.1 **Agreement** means this Interlocal Agreement entered into under the authority of Chapter 39.34 RCW and as required by RCW 48.62.031(2) between the Trust and Participating Employers.

1.2 **Association of Washington Cities** or **AWC** means the Association of Washington Cities, a not-for-profit membership association established pursuant to the laws of the state of Washington for the purpose of providing various services to and on behalf of its member cities.

1.3 **Association of Washington Cities Employee Benefit Trust** or the **Trust** means the trust and all property and money held by such entity, including all contract rights and records, established for the sole purpose of providing life, sick accident or other health and welfare benefits to Participating Employees, their covered dependents and other beneficiaries, and which is approved by the Internal Revenue Service as a VEBA.

1.4 **Employee Benefits Advisory Committee** or **EBAC** means the committee defined in Article V of the Trust Agreement that may be delegated responsibility by the Board of Trustees, including but not limited to: overseeing the operations of the Health Care Program, analyzing and developing annual premium levels and benefit coverage changes for recommendation to the Board of Trustees and performing other duties necessary to ensure that the needs of Participating Employers are met and the long-term financial health of the Health Care Program is maintained.

1.5 **Health Care Program** means the joint self-insurance program offering self-insured health benefit options through the HCP Account.

1.6 **HCP Account** means a designated account within the Trust and created by this Agreement, the Trust Agreement and Trust Health Care Program policies all under the authority of Chapter 48.62 RCW to provide self-insured health benefits to Participating Employees, their covered dependents and other beneficiaries and further described in Article 6.

1.7 **Non-City Entity** means any public agency, public corporation, intergovernmental agency or political subdivision, within the state of Washington that meets the requirements of Article IX, Section 1(c)(ii) and (iii) of the Trust Agreement for participation in the Health Care Program.

1.8 **Participating City** means any city or town within the state of Washington that meets the requirements of Article IX, Section 1(a) or Section 1(b) of the Trust Agreement.

1.9 **Participating Employee** means any individual employed by a Participating Employer and for whom the Participating Employer makes contributions to the Trust, and any individual who may have been so employed but is subsequently laid off, terminated, or retired.

1.10 **Participating Employer** means a Participating City or Non-City Entity that is also a party to this Agreement.

1.11 **Resolution** means the resolution adopted by each Participating City or Non-City Entity that authorizes the Health Care Program.

1.12 **State Risk Manager** or **Risk Manager** means the risk manager of the Risk Management Division within the Department of Enterprise Services.

1.13 **Stop Loss Insurance** or **Reinsurance** means a promise by an insurance company that it will cover losses of the Health Care Program over and above an agreed-upon individual or aggregated amount, which definition shall be modified by any changes to the definition of stop loss insurance in WAC 200-110-020.

1.14 **Third-Party Administrator** means the independent association, agency, entity or enterprise which, through a contractual agreement, provides one or more of the following ongoing services to the Health Care Program: pool management or administration services, claims administration services, risk management services, or services for the design, implementation, or termination of an individual or joint self-insurance program.

1.15 **Trust Agreement** means the Trust Agreement Governing the Trust amended and restated July 1, 2013, and any subsequent amendments thereto.

1.16 **Trustees** or **Board of Trustees** means the following individuals and their successors, who together, govern the Trust and the Health Care Program:

1.16.1 the AWC President and the AWC Vice President;

1.16.2 the EBAC Chair and the EBAC Vice Chair; and

1.16.3 an individual elected pursuant to the procedures in Article III, Section 5 of the Trust Agreement to serve as the trustee from one of the following regions:

(a) North East Region (known as the "North East Region Trustee");

(b) North West Region (known as the "North West Region Trustee");

(c) South East Region (known as the "South East Region Trustee"); and

(d) South West Region (known as the "South West Region Trustee").

Individuals from Non-City Entities are not eligible to serve as Trustees.

ARTICLE 2

PURPOSE

This Agreement is entered into for the purpose of authorizing the Health Care Program created by the Trust to provide self-insured health benefits to Participating Employees, their covered dependents and other beneficiaries. The Health Care Program shall comply with the statutory provisions found in Chapters 48.62 and 39.34 RCW and the regulatory requirements contained in WAC 200-110 applicable to joint self-insurance programs.

ARTICLE 3

PARTIES

Each party to this Agreement certifies that it intends to participate in the Health Care Program. Participating Employers are signatories of this Agreement to become effective on a date to be mutually determined (the "Effective Date") and with such other Participating Cities and Non-City Entities as may later be added to and become signatories to this Agreement.

ARTICLE 4

DURATION OF AGREEMENT

4.1 This Agreement shall become effective on the Effective Date.

4.2 This Agreement shall have perpetual duration unless terminated as hereinafter provided.

ARTICLE 5

MEMBERSHIP COMPOSITION

The Health Care Program shall be open to Participating Cities and Non-City Entities. Participation in the Health Care Program is voluntary and not a requirement of AWC membership. The Board of Trustees shall provide for the reasonable admission of new Participating Cities and Non-City Entities.

ARTICLE 6

HCP ACCOUNT

6.1 All premium contributions by Participating Employers, Non-City Entities and Participating Employees for use in the Health Care Program are deposited into the HCP Account.

6.2 The HCP Account represents a pool of funds that is independent of all other Trust or AWC funds and independent of all other Participating Employer and Non-City Entity funds. The funds deposited into the HCP Account are held, managed and expended only for the Health Care Program and reasonable expenses, consistent with applicable state and federal statutes and rules governing joint self-insurance programs and self-insurance programs generally.

6.3 The HCP Account is subject to audit by the State Auditor's Office.

ARTICLE 7

TRUSTEE POWERS RELATED TO HEALTH CARE PROGRAM

The Board of Trustees is provided with the powers and functions established under RCW 48.62.031 to accomplish the following:

7.1 Promote the economical and efficient means by which health benefits coverage is made available to Participating Employers and Non-City Entities and provided to Participating Employees, their covered dependents and other beneficiaries;

7.2 Protect the financial integrity of the Health Care Program through purchase of Stop Loss Insurance or Reinsurance in such form and amount as needed;

7.3 Contract for or otherwise provide risk management and loss control services;

7.4 Contract for or otherwise provide legal counsel for the defense of claims and other legal services;

7.5 Consult with the state insurance commissioner and the State Risk Manager;

7.6 Obligate the Participating Employers and Non-City Entities to pledge revenues or contribute money to secure the obligations or pay the expenses of the Health Care Program, including the establishment of a reserve or fund for coverage; and

7.7 Exercise all other powers and perform all other functions reasonably necessary to carry out the purposes of the Health Care Program, Chapter 48.62 RCW and Chapter 200-110 WAC.

ARTICLE 8

ORGANIZATION OF HEALTH CARE PROGRAM

8.1 The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Trustees or any delegates review and analyze Health Care Program-related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW.

8.2 The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110 WAC.

ARTICLE 9

RESPONSIBILITIES OF THE TRUSTEES

9.1 The Board of Trustees shall discharge its responsibilities under this Agreement as follows:

9.1.1 Provide for the efficient management and operation of the Health Care Program;

9.1.2 Provide for health benefit coverage options for Participating Employees, their covered dependents and other beneficiaries;

9.1.3 Determine the level of Stop Loss Insurance or Reinsurance coverage for claims expenses above the amounts deemed appropriate for self-insurance;

9.1.4 Ensure that the Health Care Program meets required state and federal statutes and rules;

9.1.5 Contract with vendors required to meet the responsibilities established by the Trust Agreement, Health Care Program policies, and applicable state and federal statutes and rules;

9.1.6 Maintain the balance between meeting the Health Care Program needs of Participating Employers and the long-term financial integrity of the Health Care Program;

9.1.7 Prepare an annual financial report on the operations of the Health Care Program; and

9.1.8 Provide for other services deemed appropriate by the Board of Trustees to meet the purposes of this Agreement.

9.2 The Board of Trustees may delegate the responsibilities described in this Article 9 to the EBAC or other delegates at its complete discretion.

ARTICLE 10

RESPONSIBILITIES OF THE PARTICIPATING EMPLOYERS

In order to participate in the Health Care Program, Participating Employers shall:

10.1 Be a Participating City or Non-City Entity in good standing and comply with the requirements of admission or qualification as established by the Board of Trustees;

10.2 Adopt this Agreement by Resolution, agreeing to its terms and provisions;

10.3 Submit the Resolution and Agreement to the Trust;

10.4 Read the terms, conditions and representations set forth in the application agreement related to participation in the Health Care Program;

10.5 Designate an employee of the Participating Employer to be a contact person for all matters relating to the Participating Employer's participation in the Health Care Program;

10.6 Pay premiums for the Health Care Program to the Third-Party Administrator no later than the tenth day of the month in which the premium is due;

10.7 By formal action of the legislative body of the Participating Employer, approve policies and procedures necessary to secure protected health information ("PHI") in accordance with Chapter 70.02 RCW and the Health Insurance Portability and Accountability Act ("HIPAA") privacy and security rules, codified at 45 C.F.R. Parts 160-164;

10.8 Provide the Health Care Program with such information or assistance as is necessary for the Health Care Program to meet its responsibilities under this Agreement; and

10.9 Cooperate with and assist the Health Care Program and any insurer of Stop Loss Insurance or Reinsurance, in all matters relating to the administration and operation of the Health Care Program and all matters relating to this Agreement.

10.10 Comply with all bylaws, rules, regulations and policies adopted by the Board of Trustees relating to the Health Care Program.

ARTICLE 11

RESERVE FUND INVESTMENT

All reserve fund investments from the HCP Account shall be made in a manner that is consistent with RCW 48.62.111, Chapter 39.59 RCW, WAC 200-110-090 and the Health Care Program Investment Policy.

ARTICLE 12

FINANCIAL RECORDS

12.1 The Board of Trustees shall develop estimated revenue and expenditures to establish a budget for each fiscal year covering January 1 through December 31 annually. Actual Health Care Program revenues and expenditures shall be monitored monthly by the Board of Trustees and reported at its quarterly meetings.

12.2 The accounting records of the Health Care Program are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Health Care Program also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. Once reviewed and approved by the

Office of the State Auditor the year-end financial report is transmitted to the Office of the State Risk Manager.

12.3 Financial records of the Health Care Program shall be subject to audit by the Office of the State Auditor. Year-end financial reports and audit results shall be made available to interested parties. The Health Care Program shall provide financial information as required by state statute and rule to the Office of the State Risk Manager.

ARTICLE 13

PARTICIPATING EMPLOYER TERMINATION AND WITHDRAWAL

13.1 A Participating Employer must remain in good standing with the Trust and adhere to the requirements of this Agreement. In the event that a Participating Employer fails to be a Participating City or Non-City Entity in good standing, participation in the Health Care Program shall automatically terminate without notice as shall all health and welfare benefits provided through the Health Care Program.

13.2 The Board of Trustees may take action to terminate membership or deny membership in the Health Care Program where it determines that such termination or denial is in the best interest of the Health Care Program

13.3 When a Participating Employer's eligibility in the Health Care Program is affected due to merger or annexation, the affected Participating Employer may petition the Board of Trustees to remain in the Health Care Program.

13.4 A Participating Employer may only withdraw its participation in the Health Care Program at the end of the calendar year and must provide written notice to the Trust at least thirty-one (31) days in advance of the end of the calendar year (December 31st).

13.5 In the event of withdrawal or non-renewal, the Health Care Program will cover any of the Participating Employer's remaining outstanding Health Care Program claims expenses incurred prior to the Participating Employer's withdrawal from or non-renewal in the Health Care Program.

13.6 No Participating Employer, because of withdrawal or any other reason, has any right or interest in the HCP Account because of its nature as a rate stabilization fund. In the event any Participating Employer withdraws from the Health Care Program, its Participating Employees, their covered dependents and other beneficiaries and any Consolidated Omnibus Budget Reconciliation Act of 1985 as amended (COBRA) participants and contract personnel and dependents approved by the Board of Trustees, shall forfeit all right and interest to the HCP Account.

ARTICLE 14

TERMINATION OF HEALTH CARE PROGRAM

14.1 In the event the Health Care Program is terminated, the Board of Trustees shall distribute the remaining funds in the HCP Account to the Trust or any successor association authorized by Chapter 39.34 RCW for like purposes for use in any program with similar purposes.

14.2 Upon termination, this Agreement and the HCP Account shall continue for the purpose of paying remaining outstanding claims and expenses and fulfilling all other functions necessary to complete the business of the Health Care Program.

ARTICLE 15

MEETINGS, NOTICES AND COMMUNICATIONS

15.1 The Board of Trustees and the EBAC, if any responsibilities for Trust management have been delegated thereto, shall provide notice of their regular and special meetings and hold their meetings in accordance with Chapter 42.30, RCW Open Public Meetings Act.

15.2 Communications with Participating Employers may occur using mail, email or posting on the Health Care Program website. The website shall be partitioned to provide information for the general public and information specific to Participating Employers and their employees.

15.3 Communications may come directly from the Health Care Program, through the Third-Party Administrator or through another vendor on behalf of the Health Care Program.

ARTICLE 16

AMENDMENTS TO INTERLOCAL AGREEMENT

16.1 The Board of Trustees shall review and analyze any proposed amendment to this Agreement. An amendment may be proposed for review by any party to this Agreement.

16.2 The Board of Trustees upon its discretion may take action by resolution on any amendment at any regular meeting of the Board of Trustees.

ARTICLE 17

PROHIBITION ON ASSIGNMENT

17.1 No Participating Employer may assign any right or claim of interest it may have under this Agreement.

17.2 No creditor, assignee or third-party beneficiary of any employer shall have the right, claim or title to any party, share, interest, premium or asset of the Trust, HCP Account or the Health Care Program.

ARTICLE 18

HEALTH CLAIM DISPUTES AND APPEALS

In the event that a dispute arises over a health claim, the procedures, adjudication requirements and administrative remedies shall be found in the Health Care Program's plan document applicable to the Health Care Program covering the claimant.

ARTICLE 19

PLAN ADMINISTRATION DISPUTES AND APPEALS

19.1 In the event that a dispute arises between a Participating Employer and the Health Care Program, the Participating Employer shall document the circumstances causing the dispute and submit a written request for review of the disputed circumstances to the Board of Trustees. Upon review of such information, the Board of Trustees shall attempt to resolve the dispute.

19.2 If the Board of Trustees' resolution to the dispute is deemed unsatisfactory, then alternative dispute resolution through mediation or binding arbitration may be necessary.

ARTICLE 20

ENFORCEMENT OF TERMS OF AGREEMENT

20.1 The Board of Trustees may enforce the terms of this Agreement.

20.2 In the event legal action is initiated to enforce any term or provision of this Agreement against any present or previous Participating Employer, the prevailing party shall receive such reimbursement of costs as the court deems reasonable for attorneys' fees and costs related to the relevant legal action.

ARTICLE 21

DEFAULT

21.1 If any Participating Employer fails to perform any term or condition of this Agreement and such failure continues for a period of sixty (60) days after the Board of Trustees has given the Participating Employer written notice describing such failure, the Participating Employer shall be considered in default.

21.2 Upon default, the Board of Trustees may immediately cancel the Participating Employer's participation in the Health Care Program without additional notice or exercise some other remedy otherwise provided by law.

21.3 The rights and remedies of the Board of Trustees are cumulative in nature and pursuit of any particular remedy shall not be deemed an election of remedies or a waiver of any other remedies available hereunder or otherwise available by law.

ARTICLE 22

NO WAIVERS

No waiver or forbearance of a breach of any covenant, term, or condition of this Agreement shall be construed to be a waiver or forbearance of any other or subsequent breach of the same or of any other covenant, term or condition, and the acceptance of any performance hereunder, or the payment of any sum of money after the same has become due or at a time when any other default exists hereunder, shall not constitute a waiver or right to demand payment of all sums owing or a waiver of any other default then or thereafter existing.

ARTICLE 23

CONTRACT MANAGEMENT

The Health Care Program shall designate a person to whom the State Risk Manager shall forward legal process served upon the Risk Manager; **The AWC Chief Executive Officer** (designee or successor). **The Health Care Program Director** shall be responsible for and shall be the contact person for all communications regarding the performance of this Agreement.

ARTICLE 24

SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.

ARTICLE 25

COUNTERPART COPIES

This Agreement may be signed in counterpart or duplicate copies and any signed counterpart or duplicate copy shall be equivalent to a signed original for all purposes.

ARTICLE 26

HEADINGS

The Article and Section headings in this Agreement are inserted for convenience only and are not intended to be used in the interpretation of the contents of the Articles and Sections they introduce.

ARTICLE 27

AGREEMENT COMPLETE

This Agreement and the documents referenced herein contains all the terms and conditions agreed to by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind the parties hereto.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement.

Association of Washington Cities Employee Benefit Trust	**Participating Employer**
Signature:	Signature: ______________________
Name: **Michael A. McCarty**	Name (print): ______________________
Title: Chief Executive Officer	Title: ______________________
Date: August 30, 2013	Date: ______________________

Effective Date: January 1, 2014