

- Meetings may be viewed on the [City of Anacortes website](#), on the City of Anacortes [YouTube](#) Channel, or on TV [Channel 10](#).
- The public may also watch, listen to, or participate in the meeting live by visiting <https://us02web.zoom.us/j/89255646791> or by telephoning 1-253-215-8782 and entering Meeting ID 892 5564 6791.
- The public is encouraged to comment via email to cityclerk@cityofanacortes.org or via written comment addressed to City Clerk, P.O. Box 547, Anacortes, WA 98221. Public comments received by the [City Clerk](#) prior to 3:00 p.m. the day of the meeting will become part of the record for the meeting, just as if presented in person.
- Complete guidelines for virtual participation in Anacortes City Council meetings are available [here](#). View the quick video example for connecting to the meeting [here](#).



Anacortes City Council
Municipal Building Council Chambers
904 6th Street

May 2, 2022
6:00 PM

PRELIMINARY AGENDA
[Packet Materials](#) / [Watch Meeting](#)

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Announcements and Committee Reports**
 - a. Fiber Committee (Discussion)
 - b. Housing Affordability and Community Services Committee (Discussion)
 - c. Public Works Committee (Discussion)
4. **Public Comment**
5. **Consent Agenda**
 - a. Minutes of April 25, 2022 (Action)
 - b. Approval of claims in the amount of \$122,746.24 (Action)
 - c. Resolution 3083: Declaring an Emergency and Waiving State Competitive Bidding Requirements for the WTP Electrical System Emergency Repairs (Action)
6. **Other Business**
 - a. Appointment to the Anacortes Community Forest Lands Advisory Board (Discussion/Action)
 - b. Appointments to the Anacortes Arts Commission (Discussion/Action)
 - c. Resolution 3084 Authorizing The City Of Anacortes To Enter Into A Section 108-Loan Agreement (Discussion/Possible Action)
7. **Adjournment**

Per Resolution 3051, citizens wishing to comment on items not on the agenda may do so under Public Comment. Citizens wishing to comment on items indicated with an asterisk () may do so as those items are considered by Council during the course of the meeting.*

The City of Anacortes is committed to making public meetings available and accessible to all members of the community. For assistance with special needs, please contact the City Clerk at 360-299-1960 in advance of the meeting.

Anacortes City Council Minutes - April 25, 2022

Call to Order

Mayor Matt Miller called to order the Anacortes City Council meeting of April 25, 2022 at 6:00 p.m. Councilmembers Jeremy Carter, Ryan Walters, Christine Cleland-McGrath, Carolyn Moulton, Bruce McDougall and Amanda Hubik were present. Councilmember Anthony Young participated in the meeting remotely via Zoom.

Pledge of Allegiance

The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Mayor Miller reported that COVID case rates continue to fall locally.

Mayor Miller noted that April 26 is the 100th anniversary of the Anacortes-Sidney ferry run, which is not scheduled to run in 2022.

Mayor Miller announced that April 30 is National Prescription Drug Take Back Day. He said drugs can be dropped off for disposal at the Anacortes Police Station.

Housing Affordability and Community Services Committee

Mr. Walters reported from the Committee meeting held the previous week. He said Jennifer Johnson from Skagit County Public Health joined the group to discuss distribution of the public safety sales tax in the county.

Planning Committee

Ms. Moulton reported from the Committee meeting held earlier in the evening. The topics discussed included revisions to the Critical Areas regulations, the sea level rise report being prepared for the floodplain management plan update, a citizen request for a map of current development projects, a development project on 5th Street, and regulatory measures for Commercial Avenue parklets.

Public Comment

Mayor Miller invited the public to comment on any item not on the agenda. No one present wished to address the Council on any topic not already on the agenda.

Consent Agenda

Mr. McDougall moved, seconded by Mr. Young, to approve the following Consent Agenda items. The motion carried unanimously by voice vote.

- a. Minutes of April 15, 2022 and April 18, 2022
- b. Approval of claims in the amount of \$324,623.76
The following vouchers/checks were approved for payment:
EFT numbers: 103035 through 103075, total \$108,943.22
Check numbers: 103076 through 103096, total \$197,757.04
Wire transfer numbers: 302212 through 302614, total \$17,923.45
- c. Interlocal Agreement #22-081-AFD-001 with Washington State Department of Natural Resources for Fire District Assistance
- d. Contract Award: Boom Mower Replacement Purchase #22-128-ERR-001

PUBLIC HEARINGS

CDBG 2022 Annual Action Plan

Planning Director Don Measamer presented the Anacortes Community Development Block Grant 2022 Annual Action Plan. The complete materials had been included in the packet materials for the meeting. Mr. Measamer recommended leaving the hearing open until Monday, May 9, 2022 at which point the plan would come back to Council for final action.

Mayor Miller invited members of the audience to comment on this agenda item. No one present wished to address the Council.

Resolution 3078: City Council Ward Redistricting Plan

Finance Director Steve Hoglund reviewed the resolution that had been opened for public hearing on April 11. He said no public comments had been received since the April 11 meeting. Mr. Hoglund noted that the resolution had been edited since the prior meeting per a request from councilmembers.

Mayor Miller invited members of the audience to comment on this agenda item. No one present wished to address the Council. Mayor Miller closed the public hearing.

CAROLYN MOULTON moved, seconded by JEREMY CARTER, to adopt Resolution 3078 adopting the City's redistricting plan. Vote: Ayes - JEREMY CARTER, ANTHONY YOUNG, RYAN WALTERS, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDUGALL, AMANDA HUBIK. Nays - None. Result: Passed

CLOSED RECORD DECISION HEARINGS

Closed Record Decision Hearing: CUP-2022-0002 - Samish Early Learning Center

Senior Planner Emily Morgan presented an application for a Conditional Use Permit with Site Plan Review from the Samish Indian Nation for an Early Learning Center. Ms. Morgan summarized the project, referring to the extensive packet materials for this project. Ms. Morgan reported that the project meets all code requirements and that no public comments were received. Ms. Morgan reported that PC recommended approval. Staff also recommended approval.

Mayor Miller invited the only party of record (the applicant) to address the Council. The applicant declined.

Mr. Walters advised that he would abstain from voting because he had been employed by the Samish Indian Nation at the time the CUP application had been filed.

CHRISTINE CLELAND-MCGRATH moved, seconded by ANTHONY YOUNG, to approve CUP-2022-0002, a conditional use permit with site plan review for the Samish Early Learning Center subject to the conditions of approval within the staff report of record. Vote: Ayes - JEREMY CARTER, ANTHONY YOUNG, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDUGALL, AMANDA HUBIK. Nays - None. Abstain - Walters. Result: Passed

OTHER BUSINESS

Skagit 911 Interlocal Agreement

Assistant Fire Chief Jack Kennedy opened discussion of a proposed modification to the interlocal agreement between agencies in Skagit County for 911 dispatch services. He introduced Helen Rasmussen, Executive Director of the Skagit 911 center, to summarize the proposed changes to the ILA and the rationale for asking the

public to vote on a 0.1% public safety sales tax increase to fund critically needed capital infrastructure. Ms. Rasmussen's slides were included in the packet materials for the meeting.

Mayor Miller invited members of the audience to comment on this agenda item. No one present wished to address the Council.

Council informally agreed that the Mayor could convey Anacortes support to the 911 board for taking the proposal to the voters in November.

Community Youth Center Update

Parks Director Jonn Lunsford introduced former mayor Laurie Gere to present a proposal for a Community Youth Center adjacent to the current skate board park on R Avenue. Ms. Gere's slides were included in the packet materials for the meeting.

Mayor Miller invited members of the audience to comment on this agenda item. No one present wished to address the Council.

All councilmembers enthusiastically supported the proposal.

Grand View Cemetery Fee Update

Mr. Lunsford introduced a discussion of fee adjustments for Grand View Cemetery as the new expansion area opens for lot sales. Mr. Lunsford referred to his slides which had been included in the packet materials for the meeting.

Mayor Miller invited members of the audience to comment on this agenda item. No one present wished to address the Council.

Contract Modification: Wastewater Treatment Plant Outfall - Design #20-032-SEW-007

Interim Public Works Director Brian McDaniel requested City Council consent to award a contract modification in the amount of \$217,406 to HDR Engineering, Inc., increasing the total contract price to \$1,208,929.18, to include the construction management services for the marine portion of the Wastewater Treatment Plant Outfall project.

BRUCE MCDOUGALL moved, seconded by JEREMY CARTER, to authorize the Mayor to sign a modification to contract 20-032-SEW-007 with HDR Engineering, Inc. in the amount of \$217,406.00, increasing the total contract price to \$1,208,929.18. Vote: Ayes - JEREMY CARTER, ANTHONY YOUNG, RYAN WALTERS, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDOUGALL, AMANDA HUBIK. Nays - None. Result: Passed

Resolution 3080 Establishing the Lodging Tax Advisory Committee for 2022

Mr. Measamer presented Resolution 3080 which would establish the members of the LTAC for 2022. Mr. Measamer clarified the RCW requirements for membership on the committee. Mr. Young, chair of the LTAC, endorsed the resolution as presented.

Ms. Hubik asked the duration of the terms for the slate of members if approved. Mr. Measamer clarified that the appointments are for the calendar year, though members are eligible for reappointment in future years.

Mr. Walters asked the spelling of "lodging" be corrected and that the actual RCW language for the two categories be used. Mr. Measamer agreed.

RYAN WALTERS moved, seconded by CAROLYN MOULTON, to amend Resolution 3080 to strike Christy Lyman and replace with Nancy Rytand-Carey. Vote: Ayes - RYAN WALTERS, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDOUGALL, AMANDA HUBIK. Nays - JEREMY CARTER, ANTHONY YOUNG. Result: Passed

RYAN WALTERS moved, seconded by CAROLYN MOULTON, to amend Resolution 3080 to strike Anastasia Brencick and replace with Jennifer Wilson. Vote: Ayes - RYAN WALTERS, CHRISTINE CLELAND-MCGRATH. Nays - CAROLYN MOULTON, BRUCE MCDOUGALL, AMANDA HUBIK, JEREMY CARTER, ANTHONY YOUNG. Result: Failed

ANTHONY YOUNG moved, seconded by JEREMY CARTER, to approve Resolution 3080 as amended and with correction of spelling and conforming to RCW language. Vote: Ayes - RYAN WALTERS, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDOUGALL, AMANDA HUBIK, JEREMY CARTER, ANTHONY YOUNG. Result: Passed

Adjournment

There being no further business, at approximately 8:35 p.m. the Anacortes City Council meeting of April 25, 2022 was adjourned.

The following claims against the City of Anacortes have been preaudited and certified by the Clerk-Treasurer as ready for City Council approval at the May 2, 2022 City Council meeting:
[Download this file in OpenDocument spreadsheet format.](#)

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
302718	3/21/2022	199 800 0000 4	CASCADE NATURAL GAS CORP.	R AVENUE 2/16-3/18/22	\$ 13.00	museum
302788	3/26/2022	ReimbHohmann	HOHMANN, TIMOTHY	MILEAGE TO BELLEVUE FOR WATER AWARD	\$ 90.16	pw1
302787	3/26/2022	ReimbTesch	TESCH, NICOLE	MILEAGE TO BELLEVUE FOR WATER AWARD	\$ 90.16	pw1
302835	3/31/2022	1957REVISED	SKAGIT CONSERVATION DISTRICT	NPDES II OUTREACH & EDUCATION - MARCH	\$ 1,061.59	pw1
302982	4/1/2022	000017092 - 15	H W LOCHNER, INC	R AVE LONG-TERM IMPROVEMENT - ENGINEERING - 3/5 - 4/1/22	\$ 1,069.98	pw1
302943	4/1/2022	0542005-001	UNUM LIFE INS CO OF AMERICA	MAY, UNUM LONG TERM CARE INSURANCE	\$ 1,024.90	hr
302960	4/7/2022	04/21/2022	FIDALGO CLEANING	CLEANING MUSEUM	\$ 160.00	museum
302821	4/8/2022	257508	NAPA	NAPA GOLD OIL FILTER #108	\$ 4.56	dshop
302951	4/8/2022	111003A	VECA ELECTRIC & TECHNOLOGIES	ELECTRIC VEHICLE CHARGING STATIONS INSTALLATION - CITY HALL	\$ 3,250.00	pw1
302660	4/9/2022	192490	LAKESIDE INDUSTRIES, INC.	PARKS ROTARY TRAIL PROJECT	\$ 121.85	parks1
302255	4/11/2022	300000290035	PUGET SOUND ENERGY INC	MUSEUM 3/8-4/6/22	\$ 301.81	museum
302829	4/12/2022	12P11087	MOTOR TRUCKS, INC	VALVE SOL #608	\$ 326.50	dshop
302847	4/13/2022	48210344	FLUKE ELECTRONICS CORP	CALIBRATIONS FOR FLUKE-789 PROCESS METER AND FLUKE-337 DIGITAL CLAMP METER	\$ 466.00	dwtpt
302853	4/14/2022	48218280	FLUKE ELECTRONICS CORP	CALIBRATION FOR FLUKE-52-2 INPUT THERMOMETER	\$ 196.00	dwtpt
302854	4/14/2022	48222809	FLUKE ELECTRONICS CORP	CALIBRATION FOR FLUKE-718 PRESSURE CALIBRATOR	\$ 301.00	dwtpt
302725	4/15/2022	ReimbCervantes	CERVANTES, JOSE	PER DIEM - CERVANTES	\$ 121.00	infosys
302664	4/15/2022	I6066667	HD FOWLER COMPANY INC	INVENTORY	\$ 1,761.71	wdist
302724	4/15/2022	ReimbOlson	OLSON, ANDREW	PER DIEM REIMBURSEMENT-OLSON	\$ 88.00	infosys
302627	4/15/2022	00105876	OWEN EQUIPMENT COMPANY	BLADES #715	\$ 468.98	dshop
302705	4/16/2022	193227	LAKESIDE INDUSTRIES, INC.	WA PARK MAINTENANCE	\$ 157.90	parks1
302706	4/16/2022	193226	LAKESIDE INDUSTRIES, INC.	ROTARY TRAIL SUPPLIES	\$ 139.28	parks1
302714	4/16/2022	193270	LAKESIDE INDUSTRIES, INC.	2-1/2" SHALE- WATER DEPT	\$ 326.34	wdist
302716	4/16/2022	193271	LAKESIDE INDUSTRIES, INC.	2-1/2" SHALE	\$ 172.35	wdist
302717	4/16/2022	193272	LAKESIDE INDUSTRIES, INC.	2-1/2" SHALE	\$ 846.39	wdist
302859	4/17/2022	04/17/2022	POLLACK, JORDAN D	WILDLAND IC TRAINING	\$ 1,722.00	medic
302973	4/18/2022	1841-041822	CHAVOND-BARRY ENGINEERING CORP	WWTP INCINERATOR GENERAL ADVICE - 3/1/22 - 4/1/22	\$ 1,000.00	dwwtp

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
302776	4/18/2022	144679	COMPULINK MANAGEMENT CENTER, D/B/A LASERFICHE	LASERFICHE FORMS VIRUS SCAN LSAP	\$ 217.60	finance
302952	4/18/2022	9696	GEOGRAPHIC INFORMATION	2022 GIS SUPPORT - MARCH 2022	\$ 503.50	pw1
302978	4/18/2022	2132-2	MAKERS ARCHITECTURE	HOUSING ACTION PLAN	\$ 5,845.00	plan
302830	4/18/2022	12P11664	MOTOR TRUCKS, INC	PIGGYBACK #610	\$ 302.42	dshop
302837	4/18/2022	INV15807	SEAWESTERN, INC.	FIREFIGHTING BOOTS	\$ 2,716.19	medic
302858	4/18/2022	INV15783	SEAWESTERN, INC.	3 HELMETS	\$ 1,416.58	medic
302836	4/18/2022	RE 41 JZ1417 L002	WASHINGTON STATE DEPARTMENT	PERMIT - NEW WATER LINE INSTALL	\$ 723.64	dshop
302840	4/18/2022	RE 41 JZ1332 L004	WASHINGTON STATE DEPARTMENT	PERMIT REVIEW FOR FIBER IN PIPE - MARCH	\$ 2,556.89	dwtpt
302707	4/19/2022	260 037 3822 1	CASCADE NATURAL GAS CORP.	611 R AVENUE 3/19-4/18/22	\$ 353.99	parks1
302708	4/19/2022	917 600 0000 9	CASCADE NATURAL GAS CORP.	1915 13TH ST. 3/19-4/18/22	\$ 73.81	parks1
302709	4/19/2022	538 000 0000 1	CASCADE NATURAL GAS CORP.	411 HILLCREST DR. 3/19-4/18/22	\$ 57.14	parks1
302710	4/19/2022	638 000 0000 0	CASCADE NATURAL GAS CORP.	411 HILLCREST DR. #B, 3/19	\$ 57.14	parks1
302711	4/19/2022	304 713 4234 2	CASCADE NATURAL GAS CORP.	607 R AVE SERVICE DATES 3/19-4/18/22	\$ 14.83	parks1
302712	4/19/2022	795 700 0000 4	CASCADE NATURAL GAS CORP.	CITY HALL 3/19-4/18/22	\$ 783.91	finance
302713	4/19/2022	710 300 0000 5	CASCADE NATURAL GAS CORP.	OPS 03/19- 04/18/2022	\$ 812.33	dshop
302715	4/19/2022	440 400 0000 0	CASCADE NATURAL GAS CORP.	FIDALGO CENTER 3/19-4/18/22	\$ 486.47	finance
302719	4/19/2022	989 800 0000 8	CASCADE NATURAL GAS CORP.	WWTP 3/19-4/18/22	\$ 109.12	dwwtp
302846	4/19/2022	038 200 0000 2	CASCADE NATURAL GAS CORP.	APD 3/19-4/18/22	\$ 1,531.18	apd
302958	4/19/2022	912 800 0000 0	CASCADE NATURAL GAS CORP.	MUSEUM 3/19-4/18/22	\$ 293.43	museum
302959	4/19/2022	199 800 0000 4	CASCADE NATURAL GAS CORP.	MUSEUM 3/19-4/18/22	\$ 72.84	museum
302720	4/19/2022	809461	HASA, INC	PLANT CHEMICALS	\$ 6,417.48	dwwtp
302723	4/19/2022	1929376	MILES SAND & GRAVEL CO.	5/8" CSTC	\$ 2,584.09	dshop
302831	4/19/2022	12W2046	MOTOR TRUCKS, INC	PARTS FOR #609	\$ 2,572.44	dshop
302666	4/19/2022	258620	NAPA	PARTS #150	\$ 553.54	dshop
302822	4/19/2022	258609	NAPA	STOCK UP OIL FILTER FOR SHOP	\$ 293.26	dshop
302823	4/19/2022	258586	NAPA	OIL FILTER #410	\$ 57.08	dshop
302824	4/19/2022	258637	NAPA	OIL FILTER #410	\$ 7.98	dshop
302945	4/19/2022	136110	SUMMIT LAW GROUP, PLLC	LEGAL FEES, POLICE BARGAINING UNIT	\$ 1,755.00	hr
302979	4/19/2022	ReimbSwan	SWAN, SHARON	REIMBURSEMENT - OFFICE SUPPLIES: NOTE PADS, CLIP BOARDS	\$ 48.09	medic
302785	4/19/2022	951082	USA BLUE BOOK	STABLCAL AMPULE CAL KIT	\$ 300.43	dwtpt
302665	4/20/2022	08490	ANCHOR QEA, LLC	FORMER WTP MATTER NO. 96	\$ 2,658.00	legal
302667	4/20/2022	08477	ANCHOR QEA, LLC	A AVENUE LANDFILL MATTER NO. 200	\$ 1,436.87	legal
302948	4/20/2022	GC0006831	CODE PUBLISHING, LLC	CODIFICATION SERVICES	\$ 870.89	legal
302967	4/20/2022	9326514523	GRAYBAR ELECTRIC COMPANY, INC	MOUNTING BRACKETS	\$ 243.64	fiber
302781	4/20/2022	I6070662	HD FOWLER COMPANY INC	8" SLEEVE - INVENTORY	\$ 324.68	wdist
302782	4/20/2022	I6070661	HD FOWLER COMPANY INC	2" GATE VALVES- INVENTORY	\$ 2,476.09	wdist
302827	4/20/2022	576444	HUGHES FIRE EQUIPMENT, INC.	TRUCK #221 REPAIRS	\$ 160.58	dshop

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
302825	4/20/2022	258711	NAPA	AIR FILTER #410	\$ 35.54	dshop
302461	4/20/2022	00105968	OWEN EQUIPMENT COMPANY	REAR DOOR SEAL #715, REAPER BLADE- #610	\$ 1,028.22	dshop
302726	4/20/2022	1Z14970	PLATT ELECTRIC SUPPLY INC	SCRUBBER CAUSTIC PROJECT	\$ 96.24	dwwtp
302950	4/20/2022	1105	SKAGIT COUNTY PUBLIC HEALTH	SENIOR SERVICES PROGRAM 2022 - 1ST QUARTER	\$ 9,742.50	pkrec
302851	4/20/2022	3366	SKAGIT COUNTY SHERIFF'S OFFICE	NW MINI CHAIN; 1ST QTR. 2022	\$ 3,398.50	apd
302953	4/20/2022	21008	SKAGIT PUBLISHING LLC	PUBLISH AA-224456	\$ 48.72	finance
302957	4/20/2022	21009	SKAGIT PUBLISHING LLC	PUBLISH AA-226179	\$ 150.22	finance
302727	4/20/2022	24618	SOUND SEAL AND PACKING CO.	MAINTENANCE - RAS/WAS PUMP SEALS	\$ 1,354.16	dwwtp
302828	4/20/2022	1832039	WOOD'S LOGGING SUPPLY	CARBURETOR #6904	\$ 59.69	dshop
302964	4/21/2022	0001290	CITY OF BURLINGTON	DARK FIBER	\$ 275.00	fiber
302832	4/21/2022	812-25389	GCR TIRES & SERVICES	TIRES PARTS AND LABOR FOR VEH #610	\$ 4,640.35	dshop
302722	4/21/2022	E 202204210038	SIMPLIFILE, LC	EMJ MANAGEMENT FIBER EASEMENT - 5009 CROATIAN WAY	\$ 217.38	fiber
302784	4/21/2022	1304094	SKAGIT COUNTY SOLID WASTE FUND	WTP DUMP RUN 0.06 TN	\$ 18.00	dwwtp
302942	4/21/2022	21010	SKAGIT PUBLISHING LLC	PUBLISH AA-226220	\$ 40.60	finance
302946	4/21/2022	21011	SKAGIT PUBLISHING LLC	PUBLISH AA-226228	\$ 40.60	finance
302848	4/22/2022	020986221	GALLS, LLC.	UNIFORM SHIRTS; NEW HIRE ANDERSON	\$ 144.37	apd
302857	4/22/2022	810531	HASA, INC	SODIUM HYPOCHLORITE	\$ 5,014.34	dwwtp
302826	4/22/2022	259081	NAPA	5 PIN RELAY 205A	\$ 5.76	dshop
302944	4/22/2022	P0002-54	QCC QUALITY CONTROLS CORP.	ON-CALL PROFESSIONAL SERVICES AT THE WTP - MARCH 2022	\$ 900.00	dwwtp
302774	4/22/2022	E 202204220027	SIMPLIFILE, LC	MCINTYRE REVOCABLE LIVING TRUST FIBER EASEMENT - 5003 CROATIAN WAY	\$ 218.38	fiber
302949	4/22/2022	2022-0643	THE WATERSHED COMPANY	SHORELINE MASTER PROGRAM PERIODIC REVIEW	\$ 637.50	plan
302976	4/24/2022	59154379	INGRAM LIBRARY SERVICES, LLC	INGRAM 4-24-22	\$ 1,353.01	publib
302841	4/25/2022	674 400 0000 7	CASCADE NATURAL GAS CORP.	STA 1: 3/19 - 4/18	\$ 232.69	medic
302843	4/25/2022	169 400 0000 9	CASCADE NATURAL GAS CORP.	STA 2: 3/19 - 4/18/22	\$ 168.96	medic
302850	4/25/2022	04/25/2022	FIDALGO CLEANING	APD CLEANING & SUPPLIES	\$ 800.00	apd
302852	4/25/2022	MARCH 2022	HUMANE SOCIETY OF	STRAY AND ABANDON INTAKES; 21-A04244, 22-A01937 & 22-A01853	\$ 348.00	apd
302963	4/26/2022	21-017-FAC-0011	BLYTHE MECHANICAL, INC	RETAINAGE RELEASE	\$ 2,099.59	pw1
302972	4/26/2022	21-232-FAC-0011	BLYTHE MECHANICAL, INC	RETAINAGE RELEASE	\$ 1,359.60	pw1
302980	4/26/2022	7201244345	CARDINAL HEALTH 110, INC.	PHARMA: ALBUTEROL, IPRATROPIUM,	\$ 325.94	medic
302966	4/26/2022	21-085-FAC-0011	COMMERCIAL FIRE PROTECTION INC	RETAINAGE RELEASE	\$ 4,599.70	pw1
302940	4/26/2022	576748	HUGHES FIRE EQUIPMENT, INC.	EXPANDING PLUG #221	\$ 145.30	dshop
302977	4/26/2022	APRIL 2022	KORTERUD, WAYNE D	INDIGENT SCREENING	\$ 415.00	court
302975	4/26/2022	21-252-SEW-0011	SEAHURST ELECTRIC, INC	RETAINAGE RELEASE	\$ 2,240.00	pw1
302955	4/26/2022	21-001-STM-0021	VALDEZ CONSTRUCTION, INC	RETAINAGE RELEASE	\$ 23,239.67	pw1

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
302969	4/26/2022	21-179-FAC-0011	VECA ELECTRIC & TECHNOLOGIES	RETAINAGE RELEASE	\$ 383.10	pw1

Total **\$122,746.24**



City Council Agenda Bill

Meeting Date: May 2, 2022

Agenda Item: 5.c.

Agenda Item Title: Resolution 3083: Declaring an Emergency and Waiving State Competitive Bidding Requirements for the WTP Electrical System Emergency Repairs

Staff Contact(s): BRIAN MCDANIEL

Approved for Submittal to Council by **Action Type**

TIFFANY MATSON

Resolution

TIFFANY MATSON

STEVE HOGLUND

DARCY SWETNAM

Item Summary: City staff seeks City Council approval of Resolution 3083 to declare an emergency and waive state competitive bidding requirements for the WTP Electrical System Emergency Repairs.

Background:

- RCW 39.04.280 provides that the City, by resolution, may waive competitive bidding requirements for public works in the event of an emergency. For purposes of RCW 39.04.280, an "emergency" is any unforeseen circumstance beyond the control of the municipality that either (a) presents a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.
- On April 6, 2022 at approximately 2300 hrs the Water Treatment Plant's intake station power tripped. Crews identified the intake station had a blown electrical transformer and the intake station operated on a rented backup generator for approximately 6 hours until a replacement transformer could be procured. Once the intake station was on backup generator, Potelco Line Contractors worked with PSE to procure a replacement electrical transformer. The new transformer caused the power source wiring configuration to be adjusted which resulted in the typical backup power supply from the plant generators to not function. Typically, the intake is provided emergency power from the WTP's emergency generators.
- As part of this event, the power switching gear supplying the intake from the WTP side was damaged as well. The biggest issue with this gear failing is it

rendered the backup generators that feed the plant during power outages non-functional.

- Without power the water intake station cannot push water to the plant, and therefore the water plant would not be able to produce water during a power outage and would not have a way to push water into the water distribution system.
- The WTP serves approximately 56,000 residential, commercial and industrial customers and the damage to the electrical system at the WTP causes a state of imminent potential for total failure resulting in the inability to produce potable water, which could cause property damage and become a high risk to human health and life.
- Repair of the electrical system is “public work” as defined by RCW 39.04.010(4).

Budget Impact:

Previous Action: N/A

Recommended Motion: I move that the Resolution 3083 be approved declaring an emergency and waiving state competitive bidding requirements for the WTP Electrical System Emergency Repairs, pursuant to RCW 39.04.280.

Alternative Actions: Not approve the resolution.

Attachments (listed in order presented):

1. Resolution 3083

RESOLUTION 3083

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANACORTES, WASHINGTON, declaring an emergency and waiving state competitive bidding requirements for the repair of the electrical system at the Water Treatment Plant (WTP), pursuant to RCW 39.04.280.

WHEREAS, RCW 39.04.280 provides that the City, by resolution, may waive competitive bidding requirements for public works in the event of an emergency. For purposes of RCW 39.04.280, an “emergency” is any unforeseen circumstance beyond the control of the municipality that either (a) presents a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken; and

WHEREAS, on April 6, 2022 at approximately 2300 hrs the Water Treatment Plant’s intake station power tripped. Crews identified the intake station had a blown electrical transformer and the intake station operated on a rented backup generator for approximately 6 hours until a replacement transformer could be procured. Once the intake station was on backup generator, Potelco Line Contractors worked with PSE to procure a replacement electrical transformer. The new transformer caused the power source wiring configuration to be adjusted which resulted in the typical backup power supply from the plant generators to not function. Typically, the intake is provided emergency power from the WTP’s emergency generators.; and

WHEREAS, as part of this event, the power switching gear supplying the intake from the WTP side was damaged as well. The biggest issue with this gear failing is it rendered the backup generators that feed the plant during power outages non-functional.; and

WHEREAS, without power the water intake station cannot push water to the plant, and therefore the water plant would not be able to produce water during a power outage and would not have a way to push water into the water distribution system; and

WHEREAS, the WTP serves approximately 56,000 residential, commercial and industrial customers and the damage to the electrical system at the WTP causes a state of imminent potential for total failure resulting in the inability to produce potable water, which could cause property damage and become a high risk to human health and life.; and

WHEREAS, repair of the electrical system is “public work” as defined by RCW 39.04.010(4).

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Anacortes, Washington as follows:

Section 1. The City Council of the City of Anacortes, Washington finds that the facts set forth in the recitals of this resolution are true and that the failure of electrical system at the WTP constitutes an emergency under RCW 39.04.280. Pursuant to RCW 39.04.280, the City Council hereby declares and certifies that

an emergency exists requiring immediate troubleshooting and repair of the WTP's electrical system.

Section 2. The City Council of the City of Anacortes, Washington hereby waives the bidding requirements and authorizes staff to contract without solicitation of bids for the public work project titled WTP Electrical System Emergency Repairs, and to take such actions as necessary to carry out the intent and direction of this Resolution.

Section 3. Any actions of the City or its officers prior to the date hereof and consistent with the terms of this Resolution are ratified and confirmed.

Section 4. This Resolution shall be in full force and effect after its adoption and approval.

The foregoing resolution was ADOPTED by the City Council of the City of Anacortes, Washington, at a regular, open public meeting thereof this 2nd day of May, 2022.

Matt Miller, Mayor

ATTEST:

Steven D. Hoglund, City Clerk/Treasurer

APPROVED AS TO FORM:

Darcy Swetnam, City Attorney



City Council Agenda Bill

Meeting Date: May 2, 2022

Agenda Item: 6.a.

Agenda Item Title: Appointment to the Anacortes Community Forest Lands Advisory Board

Staff Contact(s): JONN LUNSFORD

Approved for Submittal to Council by **Action Type**

JONN LUNSFORD

Motion

BOB VAUX

Item Summary: Recommend the appointment of Tabb Stringer to the ACFL Advisory Board

Budget Impact:

none

Previous Action: Talent Bank application and staff recommendation to Mayor.

Recommended Motion: I move to approve the recommended appointment to the Anacortes Community Forest Lands Advisory Board.

Alternative Actions: Ask for additional information.

Attachments (listed in order presented):

1. Talent Bank Application Stringer Tabb



Talent Bank Application for Public Involvement

Thank you for your interest in serving on a Board or Commission! The City keeps all applications on file for two years and reviews them whenever there is an opening. If you are not selected right away, remember that many people apply and that there are not always openings available.

What position(s) are you interested in being considered for? *

Check all that apply

- | | |
|--|---|
| ☐ Accessible Community Advisory Committee | ☐ Anacortes Arts Commission |
| ☐ Civil Service Commission | ☒ Forest Advisory Board |
| ☐ Historic Preservation Board | ☐ Housing Authority Board |
| ☐ Lodging Tax Advisory Committee | ☐ Library Board of Trustees |
| ☐ Museum Advisory Board | ☐ Parks and Recreation Board |
| ☐ Planning Commission | |

Applicant Information

First Name *

Tabb

Last Name *

Stringer

Address *

[REDACTED]

City *

Anacortes

State *

WA

ZIP Code *

98221

Phone Number *

[REDACTED]

Alternative Phone Number

Email *

[REDACTED]

Please describe your reasons for wanting to volunteer with the City of Anacortes *

I'm a long-time user of the Anacortes Forest Lands for walking, running, horseback riding, mountain biking, and kayaking. I believe my diverse experience provides a good perspective on the needs of various users groups and is a good way to give back to the community.

Please summarize your job-related skills, specialized training, or volunteer experience *

My work skills center on resource allocation, conflict resolution, and aligning people around a common purpose. During a 25-year career in the U.S. Navy, I had the benefit of many education programs and hands-on leadership experience, including extensive local civic engagement as a squadron and wing commander at NAS Whidbey Island. In 2018 I retired from the Navy and was hired by Integra LTC solutions in Anacortes, where I am currently serving as a general manager and business unit president. I also have a Master's Degree in Resource Strategy. And have been a member or chair of many selection boards, advisory boards, and committees. I believe the skills I learned through these experiences would translate well to the Anacortes Forest Advisory Board.

List professional, trade, business, or civic associations and any offices held *

n/a

List any additional information you would like us to consider *

I love outdoor recreation and have been using the ACFL trails since 1996. The ACFL is a big reason my family settled here after retiring from the Navy. If given the opportunity, I would enjoy serving on the Forest Advisory Board to ensure this great resource is preserved for future generations.

Attachments

Please attach a resume and/or other biographical information if you wish.

References

Please provide the name and contact information for two references who are knowledgeable about your qualifications and skills relative to volunteering at the City of Anacortes.

First Reference Name *

Dan Worra

Title/Position/Organization

Executive Director Port of Anacortes

Phone Number *

[REDACTED]

Email Address *

[REDACTED]

Alternative Phone Number

Second Reference Name *

Keith Fitz-Gerald

Title/Position/Organization

Principal , Fitz-Gerald Group

Phone Number *

[REDACTED]

Email Address *

[REDACTED]

Alternative Phone Number

Acknowledgements

My signature affirms that all information contained herein is true to the best of my knowledge, and I understand that any misstatement of fact or misrepresentation of credentials may result in this application being disqualified from further consideration.

Signature *

Tabb Sturgeon

Date *

2/3/2022



City Council Agenda Bill

Meeting Date: May 2, 2022

Agenda Item: 6.b.

Agenda Item Title: Appointments to the Anacortes Arts Commission

Staff Contact(s): JONN LUNSFORD

<u>Approved for Submittal to Council by</u>	<u>Action Type</u>
JONN LUNSFORD	Motion

Item Summary: Appointment of Betty Conner, Diane Marr and Clarity Miller to the Anacortes Arts Commission

Budget Impact:
none

Previous Action: Staff recommendation to Mayor.

Recommended Motion: I move to approve the recommended appointments to the Anacortes Arts Commission.

Alternative Actions: Ask for more information

Attachments (listed in order presented):

1. Talent Bank Application Connor Betty
2. Talent Bank Application Miller Clarity
3. Talent Bank Application Marr Diane



Talent Bank Application for Public Involvement

Thank you for your interest in serving on a Board or Commission! The City keeps all applications on file for two years and reviews them whenever there is an opening. If you are not selected right away, remember that many people apply and that there are not always openings available.

What position(s) are you interested in being considered for? *

Check all that apply

- | | |
|--|---|
| ☐ Accessible Community Advisory Committee | ☒ Anacortes Arts Commission |
| ☐ Civil Service Commission | ☐ Forest Advisory Board |
| ☐ Historic Preservation Board | ☐ Housing Authority Board |
| ☐ Lodging Tax Advisory Committee | ☐ Library Board of Trustees |
| ☐ Museum Advisory Board | ☐ Parks and Recreation Board |
| ☐ Planning Commission | |

Applicant Information

First Name *

Betty

Last Name *

Connor

Address *

[REDACTED]

City *

Anacortes

State *

WA

ZIP Code *

98221

Phone Number *

[REDACTED]

Alternative Phone Number

[REDACTED]

Email *

[REDACTED]

Please describe your reasons for wanting to volunteer with the City of Anacortes *

I have lived in Anacortes for 12 years and love the city and all it offers. I want to contribute as a volunteer to give back to the community. I am ready and happy to be able to join the Anacortes Arts Commission and put in the time and energy to continue its success. I have volunteered for many organizations and have the skill set to contribute to the Arts Commission.

Please summarize your job-related skills, specialized training, or volunteer experience *

I was the Director of Nursing for Tanana Chiefs Corporation where I coordinated and ran the ambulatory clinic and 34 villages health care systems. I received National Awards for my job and two committees I chaired. I won the Alaska National Presidential Science teacher award for my high school teaching. These awards included a week-long trip to Washington D.C. to receive the awards. As a teacher I know how to work with a wide variety of people and how to coordinate tasks that need to get done. When I lived in Fairbanks, Ak I was on the board for over 20 years of the Aurora Borealis Contra Dancers, providing music and dance to the community. My husband and I ran a production company bringing concerts to the city. When we arrived to Anacortes we started a contra dance that was very well received. For the last 12 years I have been a Sierra Club National Leader organizing trips for participants from all over the US. I have received an award for my leadership in this role. I have been an artist all my life, in textiles, acrylics and as a musician. I very much feel qualified to be appointed to the Anacortes Arts Commission.

List professional, trade, business, or civic associations and any offices held *

Director of Nursing for Tanana Chiefs Corporation; Chairperson for numbers of committees in this role.
Indian Health Service Superior Management Award, United States Department of Health and Human Services
Also awarded the Nurse Manager of the Year Award state-wide, Alaska
On the advisory council to the Superintendent for the NorthStar Borough School District.
Officer on the Executive Board of the University Contra/Folk Dancers (now Aurora Borealis Contra Dancers)
Musician (I was in a dance band) and folk dance caller for years, included providing workshops for cities around Alaska to start their own program; Ran a promotion company to bring professional musicians for concerts.
American Red Cross National Disaster team volunteer
Volunteer Anacortes Community Garden
Volunteer leader for the Sierra Club National Outings Program
Volunteer University of Washington COASST research program as a citizen scientist for Ship Harbor Beach, Anacortes

List any additional information you would like us to consider *

I have been an active participant in my communities for years. I have excellent experience that will make me an asset to the committee. My education in painting has continued with local professional artists of diverse artistic backgrounds and styles. Each class, from these talented artists, has deepened my fondness for this medium, enhanced my skills and encouraged variety in my work and expertise. I am also a life-long musician which will be an asset to develop that part of the Arts Commission's mission. If you would like further information, I'd be happy to provide it. I was unable to upload my philosophy of art statement. The file does not have the extension pdf. I wish I could include this in my application.

Attachments

Please attach a resume and/or other biographical information if you wish.

References

Please provide the name and contact information for two references who are knowledgeable about your qualifications and skills relative to volunteering at the City of Anacortes.

First Reference Name *

Josh Baldwin

Title/Position/Organization

Quantum Construction, Project Manager

Phone Number *

[REDACTED]

Email Address *

[REDACTED]

Alternative Phone Number**Second Reference Name ***

Cynthia Richardson

Title/Position/Organization

Retired Architect and currently professional artist

Phone Number *

[REDACTED]

Email Address *

[REDACTED]

Alternative Phone Number**Acknowledgements**

My signature affirms that all information contained herein is true to the best of my knowledge, and I understand that any misstatement of fact or misrepresentation of credentials may result in this application being disqualified from further consideration.

Signature *

Betty Connor

Date *

2/15/2022



Talent Bank Application for Public Involvement

Thank you for your interest in serving on a Board or Commission! The City keeps all applications on file for two years and reviews them whenever there is an opening. If you are not selected right away, remember that many people apply and that there are not always openings available.

What position(s) are you interested in being considered for? *

Check all that apply

- | | |
|--|---|
| ☐ Accessible Community Advisory Committee | ☒ Anacortes Arts Commission |
| ☐ Civil Service Commission | ☐ Forest Advisory Board |
| ☐ Historic Preservation Board | ☐ Housing Authority Board |
| ☐ Lodging Tax Advisory Committee | ☐ Library Board of Trustees |
| ☐ Museum Advisory Board | ☐ Parks and Recreation Board |
| ☐ Planning Commission | |

Applicant Information

First Name *

Clarity

Last Name *

Miller

Address *

[REDACTED]

City *

Anacortes

State *

WA

ZIP Code *

98221

Phone Number *

[REDACTED]

Alternative Phone Number

Email *

[REDACTED]

Please describe your reasons for wanting to volunteer with the City of Anacortes *

I am passionate about the arts and a member of the arts community- both as an artist and a volunteer.

Please summarize your job-related skills, specialized training, or volunteer experience *

I have an art degree, am an artist myself, am vice president of Anacortes Music Project, have taught arts workshops and classes, and have worked for two art galleries.

List professional, trade, business, or civic associations and any offices held *

Vice president, Anacortes Music Project

List any additional information you would like us to consider *

No

Attachments

Please attach a resume and/or other biographical information if you wish.

References

Please provide the name and contact information for two references who are knowledgeable about your qualifications and skills relative to volunteering at the City of Anacortes.

First Reference Name *

Sommer Carter

Email Address *

[REDACTED]

Title/Position/Organization

Phone Number *

[REDACTED]

Alternative Phone Number

Second Reference Name *

Sue Roberts

Email Address *

[REDACTED]

Title/Position/Organization

Phone Number *

[REDACTED]

Alternative Phone Number

Acknowledgements

My signature affirms that all information contained herein is true to the best of my knowledge, and I understand that any misstatement of fact or misrepresentation of credentials may result in this application being disqualified from further consideration.

Signature *

Clarity Miller

Date *

2/10/2022



Talent Bank Application for Public Involvement

Thank you for your interest in serving on a Board or Commission! The City keeps all applications on file for two years and reviews them whenever there is an opening. If you are not selected right away, remember that many people apply and that there are not always openings available.

What position(s) are you interested in being considered for? *

Check all that apply

- | | |
|--|---|
| ☐ Accessible Community Advisory Committee | ☒ Anacortes Arts Commission |
| ☐ Civil Service Commission | ☐ Forest Advisory Board |
| ☐ Historic Preservation Board | ☐ Housing Authority Board |
| ☐ Lodging Tax Advisory Committee | ☐ Library Board of Trustees |
| ☐ Museum Advisory Board | ☐ Parks and Recreation Board |
| ☐ Planning Commission | |

Applicant Information

First Name *

Diane

Last Name *

Marr

Address *

[REDACTED]

City *

Anacortes

State *

WA

ZIP Code *

98221

Phone Number *

[REDACTED]

Alternative Phone Number

Email *

[REDACTED]

Please describe your reasons for wanting to volunteer with the City of Anacortes *

I both enjoy working with people in our community from all walks of life and have an active interest in supporting the arts.

Please summarize your job-related skills, specialized training, or volunteer experience *

Professor Emeritus, Whitworth University. Retired Mental Health Counselor, retired Nationally Certified School Psychologist. Coordinator of Graduate Counseling Programs (School and Agency). Professional career focused on education, special education, and counseling. Published work related to all three fields. Past board member, Anacortes Family Center. Sole proprietor of DDMarr Studio Creations, Anacortes (artist).

List professional, trade, business, or civic associations and any offices held *

Emeritus Board Member, Anacortes Family Center
Co-Chair Membership, Anacortes Branch of the American Association of University Women

List any additional information you would like us to consider *

I began painting in earnest as retirement approached focusing on acrylic and mixed media. I recently started sharing my work with others and have a tentative start in selling my paintings. You can check out my work at www.ddmarrstudiocreations.com

Attachments

Please attach a resume and/or other biographical information if you wish.

References

Please provide the name and contact information for two references who are knowledgeable about your qualifications and skills relative to volunteering at the City of Anacortes.

First Reference Name *

Rachel Johnson

Email Address *

[REDACTED]

Title/Position/Organization

Retired therapist

Phone Number *

[REDACTED]

Alternative Phone Number

Second Reference Name *

Dustin Johnson

Email Address *

[REDACTED]

Title/Position/Organization

Executive Director

Phone Number *

[REDACTED]

Alternative Phone Number

Acknowledgements

My signature affirms that all information contained herein is true to the best of my knowledge, and I understand that any misstatement of fact or misrepresentation of credentials may result in this application being disqualified from further consideration.

Signature *



Date *

1/20/2022



City Council Agenda Bill

Meeting Date: May 2, 2022

Agenda Item: 6.c.

Agenda Item Title: Resolution 3084 Authorizing The City Of Anacortes To Enter Into A Section 108-Loan Agreement

Staff Contact(s): HEIKO MILES, Joann Stewart, DON MEASAMER

Approved for Submittal to Council by **Action Type**

PHILIP STEFFEN

Resolution

DON MEASAMER

DARCY SWETNAM

DARCY SWETNAM

Item Summary: A RESOLUTION AUTHORIZING THE CITY OF ANACORTES TO ENTER INTO A SECTION 108-LOAN AGREEMENT WITH THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Budget Impact:

N/A Loan will be paid with CDBG annual allocation

Previous Action: N/A

Recommended Motion: I move to approve Resolution 3084 to support low income housing.

Alternative Actions: Not fund Anacortes Family Center

Attachments (listed in order presented):

1. Resolution 3084 Authorizing 108 Loan
2. Contract Final

RESOLUTION NO. 3084

**A RESOLUTION AUTHORIZING THE CITY OF ANACORTES TO ENTER INTO A
SECTION 108-LOAN AGREEMENT WITH THE U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT**

WHEREAS, the City recognizes a need to support low-income housing development within Anacortes.

WHEREAS, the Anacortes Family Center is developing the Landing Apartment Complex, consisting of 21 low-income apartments.

WHEREAS, the Anacortes Family Center has requested additional financial assistance.

WHEREAS, the City of Anacortes Council has approved the application of the HUD Section-108 Loan to assist the Anacortes Family Center's construction of the Landing Apartment Complex.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Anacortes, Washington, that the City of Anacortes is authorized to enter into this Section -108 loan agreement with the U.S. Department of Housing and Urban Development.

INTRODUCED, PASSED and APPROVED BY THE CITY COUNCIL OF THE CITY OF ANACORTES on this 2nd day of May 2022.

CITY OF ANACORTES:

BY: _____
MATT MILLER, MAYOR

ATTEST:

Steven D. Hoglund
City Clerk Treasurer

APPROVED AS TO FORM:

Darcy J. Swetnam, WSBA # 40530
City Attorney

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**CONTRACT FOR LOAN GUARANTEE ASSISTANCE UNDER
SECTION 108 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT
OF 1974, AS AMENDED, 42 U.S.C. §5308**

Date of Contract_____

This Contract for Loan Guarantee Assistance ("Contract") is entered into between Anacortes, Washington, as Borrower (the "Borrower"), and the Secretary of Housing and Urban Development ("Secretary"), as guarantor for the Guarantee made pursuant to section 108 ("Section 108") of title I of the Housing and Community Development Act of 1974, as amended (the "Act") and 24 CFR Part 570, Subpart M, of the promissory note executed contemporaneously herewith and numbered B-20-MC-53-0018 [The Landing Project], in the Maximum Commitment Amount of \$153,000, and any amended note or note issued in substitution for such note and having the same note number (the "Note"). This is the **first** Contract under the Funding Approval ("Commitment") of the same number, which was approved by the Secretary on July 30, 2021. The funds paid or credited to the account of the Borrower pursuant to the Note are referred to herein as the "Guaranteed Loan Funds." The Note (including the Fiscal Agency Agreement and the Trust Agreement as defined in Section I.A. of the Note and incorporated therein) is hereby incorporated into the Contract. Terms used in the Contract with initial capital letters and not otherwise defined in the text hereof shall have the respective meanings given thereto in the Note. The Fiscal Agency Agreement and the Trust Agreement are sometimes collectively referred to herein as the "Fiscal Agency/Trust Agreements," and the Fiscal Agent and the Trustee respectively are sometimes collectively referred to as the "Fiscal Agent/Trustee."

PART I

- A. **The Note: Advances and Records.** The Note provides that Advances and Conversion Date Advances shall be made thereunder upon the written request of the Borrower and the approval of the Secretary, pursuant to this Contract and the Fiscal Agency Agreement. The Commitment Schedule attached to the Note represents the principal repayment schedule for the Maximum Commitment Amount of the Note. At all times, the total amount of all Advances and Conversion Date Advances under the Note for all Principal Due Dates shall

not exceed the Maximum Commitment Amount of the Note. Prior to the Conversion Date (as defined in the Note, Section I.A.), the total amount of Advances made by the Holder for each Principal Due Date under the Note shall not exceed the applicable Commitment Amount for such Principal Due Date set forth in the Commitment Schedule of the Note. Prior to the Conversion Date, the Borrower agrees that the Fiscal Agent pursuant to the Fiscal Agency Agreement shall record the date and amount of each payment and Advance under the Note and shall maintain the books and records of all Advances and Conversion Date Advances for each Principal Due Date, interest rates on Advances, payments, and Principal Amounts outstanding for each Principal Due Date. On and after the Conversion Date, the Borrower agrees that the Trustee pursuant to the Trust Agreement will maintain the books and records of all payments on the Note and all Principal Amounts and interest rates on such Principal Amounts (each as to be set forth on Schedule P&I to the Note). No advances of any kind may be made on the Note after its Conversion Date.

- B. **Borrower's Requests for Advances.** All requests for Advances or Conversion Date Advances by the Borrower under the Note shall: be in writing; specify the amount of the Advance requested; identify the Note by Borrower, number and Maximum Commitment Amount; be addressed to the Secretary at the address for notices specified in paragraph 12(f) of this Contract; be signed by an authorized official of the Borrower; and otherwise be in the form prescribed by the Secretary. Advances and Conversion Date Advances shall be requested and will only be approved and made in increments of not less than \$1,000 for any Principal Due Date. A request for an initial Advance under a Note, or a request for a Conversion Date Advance, shall be received by the Secretary at least ten Business Days prior to the Borrower's proposed Funding Date or Conversion Date, as applicable. All other requests for Advances shall be received by the Secretary not less than five Business Days prior to the proposed Funding Date. The Borrower may not deliver a Note or a request for an Advance or Conversion Date Advance to the Secretary more than two calendar months prior to the Borrower's proposed Funding Date. At least two Business Days prior to the proposed Funding Date or Conversion Date if the Borrower's request was timely received, or the next available Funding Date for which the request was timely received, the Secretary shall, except as otherwise provided in paragraph 11(c) or 12 hereof, deliver a corresponding

Authorization Order or Advance Order (as applicable) to the Fiscal Agent in accordance with Section 2.03 or 2.04 of the Fiscal Agency Agreement for the applicable Funding Date or Conversion Date. If the Borrower requests an Advance or Conversion Date Advance of less than the outstanding Maximum Commitment Amount under the Note, the Borrower may also specify in its written request the amount of the Advance or Conversion Date Advance to be allocated to each Commitment Amount or Principal Amount per Principal Due Date under the Note. If the Borrower does not specify how the Advance or Conversion Date Advance should be allocated among Commitment Amounts/Principal Due Dates, the Borrower hereby authorizes the Secretary to direct the Fiscal Agent to allocate the Advance to the respective Commitment Amounts or Principal Amounts in order of the earliest Principal Due Date(s).

- C. **Conversion; Public Offering.** On the Conversion Date (if any), trust certificates backed by the Note (and similar notes issued by other Section 108 borrowers) will be purchased for a purchase price of the full principal amount thereof by underwriters selected by the Secretary (the "Underwriters") pursuant to an Underwriting Agreement between the Underwriters and the Secretary, at a closing on such Conversion Date as determined by the Secretary and the Underwriters. The Borrower agrees that the interest rate at which the trust certificate of a specified maturity is sold to the Underwriters shall govern the interest rate inserted on the Conversion Date in Schedule P&I of the Note for the Principal Amount of corresponding maturity.
- D. **Guarantee Fee.** The Borrower shall pay to the Secretary a fee equal to 2.15% of each Advance to offset the credit subsidy cost of the guaranteed loan. This fee which was announced on October 1, 2020, 85 Fed. Reg. 52479, for Section 108 loan guarantee disbursements under loan guarantee commitments awarded in FY 2021 is due to the Secretary no later than the time of the disbursement of each Advance to the Borrower. The fee is payable from allocations or grants which have been made to Borrower under Section 106 of the Act (including program income derived therefrom) or from other sources, but is only payable from Guaranteed Loan Funds if the fee is deducted from the Advance.
- E. **Consents.** By execution of this Contract, the Borrower ratifies and consents to the Secretary's selection of the Underwriters and authorizes the Secretary to negotiate with the Underwriters the terms of the Underwriting Agreement and of the public offering of interests in the trust

certificates to investors (including the applicable interest rates). In addition, by execution hereof the Borrower ratifies and consents to the Secretary's selection of the Fiscal Agent/Trustee and agrees to the respective terms of the Fiscal Agency/Trust Agreements. If Advances have been made in the Maximum Commitment Amount of the Note not less than ten Business Days prior to the proposed Conversion Date, or if the Borrower requests a Conversion Date Advance, the Borrower authorizes the Secretary to deliver Schedule P&I to the Note completed in accordance herewith to the Fiscal Agent/Trustee on the Conversion Date in accordance with the Fiscal Agency/Trust Agreements, concurrent with delivery of the Secretary's Guarantee of the trust certificates at the closing on the Conversion Date, and thereafter the Note shall be enforceable in accordance with its terms including Schedule P&I. In addition, the Secretary reserves the right to notify the Borrower not less than one calendar month in advance of a specified Conversion Date that the Note will be sold to the Underwriters on such date, if the Secretary in his sole discretion determines that market conditions or program needs require the participation in the proposed public offering of all or substantially all Borrowers with outstanding Advances.

[Rest of Page Intentionally Left Blank]

PART II

1. Receipt, Deposit and Use of Guaranteed Loan Funds.

(a) Except for funds deducted on the Conversion Date pursuant to paragraph 4(b) and fees and charges deducted by the Fiscal Agent/Trustee pursuant to paragraph 4(a), the Guaranteed Loan Funds shall be electronically transferred in accordance with the Borrower's instructions for deposit in a separate, identifiable account (the "Guaranteed Loan Funds Account") with a financial institution whose deposits or accounts are Federally insured. The Guaranteed Loan Funds Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Deposit Account"

(Attachment 1) and shall be continuously maintained for the Guaranteed Loan Funds. Such Letter Agreement must be executed when the Guaranteed Loan Funds Account is established, and an original of this Letter Agreement shall be submitted by the Borrower to the Secretary with this signed Contract.

The Borrower shall make withdrawals from said account only for payment of the costs of approved Section 108 activities, for transfer to the Loan Repayment Account or for the temporary investment of funds pursuant to this paragraph 1(a). Such temporary investment of funds into the Guaranteed Loan Funds Investment Account shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Guaranteed Loan Funds Account. At that time, any balance of funds in the Guaranteed Loan Funds Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof, held in the Guaranteed Loan Funds Investment Account.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with the cash requirements of the approved activities. In no event shall the investments mature on or after December 30, 2022 or have maturities which exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Guaranteed Loan Funds Investment Account") established and designated as prescribed in the attached form document entitled "Letter

Agreement for Section 108 Loan Guarantee Program Investment Account" (**Attachment 2**), which account shall be maintained for all Government Obligations purchased with funds from the Guaranteed Loan Funds Account. The Guaranteed Loan Funds Investment Account need only be established if and when the Borrower is required to invest, or otherwise invests, the Guaranteed Loan Funds in Government Obligations. Such Letter Agreement must be executed when the Guaranteed Loan Funds Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be returned to the Guaranteed Loan Funds Account.

All funds in the Guaranteed Loan Funds Account or the Guaranteed Loan Funds Investment Account must be withdrawn and disbursed by the Borrower for approved activities by December 30, 2022. Any funds remaining in either Account after this date shall be immediately transferred to the Loan Repayment Account established pursuant to paragraph 6 of this Contract.

(b) The Borrower shall by the fifteenth day of each month provide the Secretary with an electronic copy of a statement showing the balance of funds in the Guaranteed Loan Funds Account and the withdrawals from such account during the preceding calendar month, and an electronic copy of a statement identifying the obligations and their assignments in the Guaranteed Loan Funds Investment Account. Borrower shall e-mail the electronic copies to 108reports@hud.gov.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Guaranteed Loan Funds and Guaranteed Loan Funds Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligations of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

2. **Payments Due on Note; Final Payment and Discharge.** The Borrower shall pay to the Fiscal Agent/Trustee, as collection agent for the Note, all amounts due pursuant to the terms of the Note. In accordance with the Note and the Fiscal Agency/Trust Agreements, payment shall be made by 3:00 P.M. (New York City time) on the seventh Business Day

(the "Note Payment Date") preceding the relevant Interest Due Date or Principal Due Date (each as defined in the Note). If any Note Payment Date falls on a day that is not a Business Day, then the required payment shall be made on the next Business Day. Payment may be made by check or wire transfer.

Upon final payment of all amounts due to Holders under the Note, including any payment made by the Secretary pursuant to the Guarantee, the Fiscal Agent/Trustee is required by the Fiscal Agency/Trust Agreements to return the Note to the Secretary. Upon final payment to the Secretary of any amounts due as a result of Guarantee Payments or otherwise due under this Contract, the Secretary will cancel and return the Note to the Borrower in discharge of the Borrower's obligations under the Note.

3. **Selection of New Fiscal Agent or Trustee.** The Secretary shall select a new Fiscal Agent or Trustee if the Fiscal Agent or Trustee resigns or is removed by the Secretary. The Borrower hereby consents in advance to any such selection and to any changes in the Fiscal Agency/Trust Agreements agreed to by any Fiscal Agent or Trustee and the Secretary, subject to paragraph 4(e) of this Contract.
4. **Payments Due Fiscal Agent or Trustee; Documents to the Secretary.**

(a) The Borrower agrees to pay the fees of the Fiscal Agent as required by Exhibit G to the Fiscal Agency Agreement, and any additional amounts that may be due pursuant to Section 6.01 of the Fiscal Agency Agreement. If not paid by the Borrower by any other means prior thereto, the Borrower agrees that any such fees or additional amounts that have been incurred prior to an Advance or a Conversion Date Advance may be deducted by the Fiscal Agent/Trustee from the proceeds of the Advance or Conversion Date Advance, as applicable.

(b) The Borrower agrees to pay the Borrower's share, as determined by the Secretary, of the customary and usual issuance, underwriting, and other costs related to the public offering and future administration of the Note and the trust certificates, as approved by the Secretary, including the cost of reimbursement and/or compensation of the Trustee pursuant to the Trust Agreement, including Sections 3.11 and 7.01 thereof. In connection with the

public offering on the Conversion Date, such payment shall either be made by wire transfer to the Trustee on the day prior to the Conversion Date or shall be deducted from the Guaranteed Loan Funds on the Conversion Date.

(c) The Borrower shall submit to the Secretary not later than ten Business Days prior to the Funding Date for the initial Advance hereunder, or if not submitted earlier, prior to any Conversion Date or Public Offering Date applicable to the Note, this executed Contract, the executed Note, a request for an Advance or a Conversion Date Advance (as applicable) in proper form, and an opinion acceptable to the Secretary from the Borrower's counsel to the effect that: (i) the governing body of the Borrower has authorized by resolution or ordinance, in accordance with applicable State and local law, the issuance of the Note and the execution of this Contract; (ii) the Note and this Contract are valid, binding, and enforceable obligations of the Borrower; (iii) the pledge of funds pursuant to 24 CFR 570.705(b)(2) and paragraph 5(a) of this Contract is valid and binding; and (iv) there is no outstanding litigation that will affect the validity of the Note or this Contract. In addition, the Borrower shall submit any other additional documents or opinions specifically required by this Contract (e.g., paragraph 5(c), or paragraph 15, *et seq.*), at the time required thereby.

(d) The Borrower agrees to reimburse the Underwriters upon demand by the Secretary for the Borrower's share, as determined by the Secretary, of all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) incurred in connection with a proposed public offering, if the Underwriters incur such additional costs for the public offering because of any refusal, inability, or failure on the part of the Borrower timely to submit in acceptable form any document required by this Contract (including paragraph 4(c)), or because of any withdrawal by the Borrower from the public offering, after the Borrower has submitted a request for a Conversion Date Advance hereunder. By execution and delivery of this Contract to the Secretary, the Borrower hereby expressly authorizes the Secretary to pay amounts due under this paragraph from funds pledged under paragraph 5(a) of this Contract.

(e) The undertakings in paragraphs 3 and 4 of this Contract are expressly subject to the requirement that the Fiscal Agency/Trust Agreements shall in no event require payment of fees or charges, reimbursement of expenses, or any

indemnification by the Borrower from any source other than funds pledged pursuant to paragraphs 5 or 15 *et seq.* of this Contract.

5. **Security.** The Borrower hereby pledges as security for repayment of the Note, and such other charges as may be authorized in this Contract, the following:

(a) All allocations or grants which have been made or for which the Borrower may become eligible under Section 106 of the Act, as well as any grants which are or may become available to the Borrower pursuant to Section 108(q).

(b) Program income, as defined at 24 CFR 570.500(a) (or any successor regulation), directly generated from the use of the Guaranteed Loan Funds.

(c) Other security as described in paragraph 15, *et seq.*

(d) All proceeds (including insurance and condemnation proceeds) from any of the foregoing.

(e) All funds or investments in the accounts established pursuant to paragraphs 1 and 6 of this Contract.

6. **Loan Repayment Account.**

(a) All amounts pledged pursuant to paragraphs 5(b), 5(c), and 5(d) of this Contract shall be deposited immediately on receipt in a separate identifiable account (the "Loan Repayment Account") with a financial institution whose deposits or accounts are Federally insured. The Loan Repayment Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Deposit Account" (**Attachment 1**) and shall be maintained for such pledged funds. The Loan Repayment Account need only be established if and when the Borrower receives amounts pledged pursuant to paragraph 5(b), 5(c) or 5(d). Such Letter Agreement must be executed when the Loan Repayment Account is established, and an original of this Letter Agreement signed by the Borrower and the financial institution shall be submitted by the Borrower to the Secretary within thirty days of its execution. Borrower shall make withdrawals from said account only for the purpose of paying interest and principal due on the Note

(including the purchase of Government Obligations in accordance with paragraph 10 hereof), for payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or for the temporary investment of funds pursuant to this paragraph, until final payment and discharge of the indebtedness evidenced by the Note, unless otherwise expressly authorized by the Secretary in writing. Such temporary investment of funds shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Loan Repayment Account. At that time, the balance of funds in the Loan Repayment Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with cash requirements for payment of principal and interest as required under the Note. In no event shall the maturities of such investments exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Loan Repayment Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Investment Account" **(Attachment 2)**, which account shall be maintained for all Government Obligations purchased with funds from the Loan Repayment Account. Such Letter Agreement must be executed when the Loan Repayment Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be returned to the Loan Repayment Account.

(b) Borrower shall by the fifteenth day of each month, provide the Secretary with an electronic copy of a statement showing the balance of funds in the Loan Repayment Account and the deposits and withdrawals of all funds in such account during the preceding calendar month and an electronic copy of a statement identifying the obligations and their assignments in the Loan Repayment Investment Account. Borrower shall e-mail the electronic copies to 108reports@hud.gov.

(c) Upon the Secretary giving notice that the Borrower is

in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Loan Repayment and Loan Repayment Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

7. **Use of CDBG, EDI or BEDI Funds for Repayment.** Any funds available to the Borrower under Section 106 of the Act (including program income derived therefrom) are authorized to be used by the Borrower for payments due on the Note, Optional Redemption (as defined in the Note), payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or the purchase of Government Obligations in accordance with paragraph 10. Any funds specifically available to the Borrower for such payments or as a debt service reserve under an EDI or BEDI Grant Agreement pursuant to Section 108(q) of the Act which supports the eligible project(s) and activities financed by the Note may also be used therefor; any other use of Section 108(q) funds for such purposes shall require the prior written approval of the Secretary. Unless otherwise specifically provided herein or unless otherwise expressly authorized by the Secretary in writing, the Borrower shall substantially disburse funds available in the Loan Repayment or the Loan Repayment Investment Accounts before funds from grants under Section 106 of the Act are withdrawn from the U.S. Treasury for such purposes.

8. **Secretary's Right to Restrict Use of CDBG Funds to Repayment.** Upon a determination by the Secretary that payments required by paragraph 2 and/or paragraph 4 of this Contract are unlikely to be made as specified, the Secretary may give the Borrower notice that the availability to the Borrower of funds pledged under paragraph 5(a) of this Contract for purposes other than satisfaction of the pledge is being restricted. This restriction shall be in an amount estimated by the Secretary to be sufficient to ensure that the payments referred to in paragraph 2 and/or paragraph 4 hereof are made when due. This restriction may be given effect by conditioning the restricted amounts to prohibit disbursement for purposes other than satisfaction of the pledge at the time such restricted funds are approved as grants, by limiting the Borrower's ability to draw down or expend the restricted funds for other purposes, and by disapproving payment requests submitted with respect to

such grants for purposes other than satisfaction of the pledge.

9. **Secretary's Right to Use Pledged Funds for Repayment.** The Secretary may use funds pledged under paragraph 5(a) of this Contract or funds restricted under grants pursuant to paragraph 8 of this Contract to make any payment required of the Borrower under paragraph 2 and/or paragraph 4, if such payment has not been timely made by the Borrower.
10. **Defeasance.** For purposes of this Contract, after the Conversion Date the Note shall be deemed to have been paid (defeased) if there shall have been deposited with the Trustee either moneys or Government Obligations (as defined below), which in the sole determination of the Secretary, mature and bear interest at times and in amounts sufficient, together with any other moneys on deposit with the Trustee for such purpose, to pay when due the principal and interest to become due on the Note. The Aggregate Principal Amount of the Note or any unpaid Principal Amount may be so defeased, in whole or in part, as of any Interest Due Date, or any other Business Day acceptable to both HUD and the Borrower. In accordance with the Note and the Trust Agreement, the Borrower shall give timely notice and written instructions to the Secretary and the Trustee concerning any principal amounts proposed to be defeased, including any Optional Redemptions proposed, which instructions shall be approved by the Secretary. If the unpaid Aggregate Principal Amount of the Note guaranteed pursuant to this Contract shall be defeased and deemed to have been paid in full, then the Borrower shall be released from all agreements, covenants, and further obligations under the Note.

"Government Obligation" means a direct obligation of, or any obligation for which the full and timely payment of principal and interest is guaranteed by, the United States of America, including but not limited to, United States Treasury Certificates of Indebtedness, Notes and Bonds - State and Local Government Series or certificates of ownership of the principal of or interest on direct obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System and has capital and surplus (exclusive of undivided profits) in excess of \$100,000,000.

11. **Default.** (a) A Default under the Note and this Contract shall occur upon failure by the Borrower to:

(i) pay when due an installment of principal or interest on the Note; or (ii) punctually and properly perform, observe, and comply with any covenant, agreement, or condition contained in: (A) this Contract, (B) any security agreement, deed of trust, mortgage, assignment, guarantee, or other contract securing payment of indebtedness evidenced by the Note, or (C) any future amendments, modifications, restatements, renewals, or extensions of any such documents.

(b) The Borrower waives notice of Default and opportunity for hearing with respect to a Default under paragraph 11(a).

(c) In addition to Defaults under paragraph 11(a), the Secretary may declare the Note in Default if the Secretary makes a final decision in accordance with the provisions of section 111 of the Act and 24 CFR 570.913 (or any successor provisions), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with title I of the Act.

Notwithstanding any other provision, following the giving of such reasonable notice, the Secretary may, in the Secretary's sole discretion pending the Secretary's final decision, withhold the guarantee of any or all obligations not yet guaranteed on behalf of the Borrower under outstanding commitments, suspend approval of any further Advances or Conversion Date Advances under the Note, and/or direct the Borrower's financial institution to: refuse to honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account initiated by the Borrower, and/or refuse to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account.

12. **Remedial Actions.** Upon a Default or declaration of Default under this Contract, the Secretary may, in the Secretary's sole discretion, take any or all of the following remedial actions:

(a) With any funds or security pledged under this Contract, the Secretary may: (i) continue to make payments due on the Note, (ii) make a prepayment under Section I.D. of the Note or make an acceleration payment with respect to the principal amount of the Note subject to Optional Redemption as provided in Section III of the Note, (iii) purchase Government Obligations in accordance with paragraph 10 of this Contract,

(iv) pay any interest due for late payment as provided in the Note, this Contract, or the Fiscal Agency/Trust Agreements, (v) pay any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, and/or (vi) pay any reasonable expenses incurred by the Secretary or the Fiscal Agent/Trustee as result of the Borrower's Default.

(b) The Secretary may withhold the guarantee of any or all obligations not yet guaranteed or the disbursement of any or all grants not yet disbursed in full under outstanding guarantee commitments or grant approvals for the Borrower under Sections 108 and/or 106 of the Act.

(c) The Secretary may withhold approval of any or all further Advances or Conversion Date Advances under the Note (if applicable); direct the Borrower's financial institution to refuse to: honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account by the Borrower, and/or to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account; and/or direct the Borrower and/or the Borrower's financial institution to transfer remaining balances from the Guaranteed Loan Funds Account to the Loan Repayment Account.

(d) Until the Conversion Date, or with respect to amounts subject to Optional Redemption, the Secretary may accelerate the Note.

(e) The Secretary may exercise any other appropriate remedies or sanctions available by law or regulation applicable to the assistance provided under this Contract, or may institute any other action available under law to recover Guaranteed Loan Funds or to reimburse the Secretary for any payment under the Secretary's Guarantee or any reasonable expenses incurred by the Secretary as a result of the Default.

(f) All notices and submissions provided for hereunder shall be in writing (including by telex, telecopier or any other form of facsimile communication) and mailed or sent or delivered, as to each party hereto, at its address set forth below or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and other communications shall be effective when received as follows:

(i) if sent by hand delivery, upon delivery; (ii) if sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, postage prepaid; (iii) if sent

by telex, upon receipt by the sender of an answer back; and
 (iv) if sent by telecopier, upon receipt.

The Secretary:

U.S. Dept. of Housing and Urban Development
Attention: Paul Webster, Director
Financial Management Division
451 7th Street SW, Room 7282
Washington, DC 20410

Borrower:

City of Anacortes, Washington
Attention: Matt Miller, Mayor
P.O. Box 547
Anacortes, WA 98221

13. **Limited Liability.** Notwithstanding any other provision of this Contract, the Fiscal Agency/Trust Agreements or the Note, any recovery against the Borrower for any liability for amounts due pursuant to the Note, the Fiscal Agency/Trust Agreements or this Contract shall be limited to the sources of security pledged in paragraph 5 or any Special Conditions of this Contract. Neither the general credit nor the taxing power of the Borrower, or of the State in which the Borrower is located, is pledged for any payment due under the Note, the Contract, or the Fiscal Agency/Trust Agreements.
14. **Incorporated Grant Agreement.** The Contract and the Note are hereby incorporated in and made a part of the Grant Agreement authorized by the Secretary on June 18, 2020 under the Funding Approval for grant number B-20-MC-53-0018 to the Borrower. In carrying out activities with the Guaranteed Loan Funds hereunder, the Borrower agrees to comply with the Act and 24 CFR Part 570, as provided in Subpart M thereof.
15. **Special Conditions and Modifications:**
 - (a) [Reserved]
 - (b) Guaranteed Loan Funds shall be used by the Borrower for the activities described in subparagraphs (i), (ii), and (iii), subject to the requirements in subparagraph (iv).

- (i) Borrower may grant the Guaranteed Loan Funds to the Anacortes Family Center (the "Anacortes Subrecipient") to carry out the construction of a public facility activity eligible under 24 CFR 570.201(c), pursuant to 24 CFR 570.703(l) (the "Anacortes Grant"), in connection with the Anacortes Family Center Project (the "Project").
- (ii) Borrower may use Guaranteed Loan Funds to pay issuance, underwriting, servicing and other costs associated with private sector financing of debt obligations, pursuant to 24 CFR 570.703(g).
- (iii) Borrower may use Guaranteed Loan Funds to pay fees charged by HUD under 24 CFR 570.712, pursuant to 24 CFR 570.703(n).

(iv) **Requirements on the use of Guaranteed Loan Funds:**

(A) **Transfer of Guaranteed Loan Funds:**

The Borrower shall not grant, loan, or otherwise transfer Guaranteed Loan Funds to any entity other than the Anacortes Subrecipient, except to directly pay costs authorized under paragraph (b)(ii) and (iii).

- (B) **Use of Subrecipients:** Any transfer of Guaranteed Loan Funds to any subrecipient (as defined in 24 CFR 570.500(c)), including Anacortes Subrecipient, shall be subject to an agreement that includes any provisions necessary or appropriate to ensure compliance with all requirements associated with the use of the Guaranteed Loan Funds contained in this Contract and 24 CFR part 570, and to ensure that in the event that HUD's requirements conflict with any other agreement governing the use of the funds, HUD's requirements on the use of Guaranteed Loan Funds shall control.

Applicable requirements in 24 CFR part 570 include but are not limited to the requirements in 24 CFR 570.503, and other provisions of 24 CFR part 570 related to

subrecipients.

- (C) **Anacortes Grant Terms:** The Anacortes Grant shall be subject to an agreement (the "Anacortes Grant Agreement") that includes any provisions necessary or appropriate to ensure compliance with all requirements associated with the use of the Guaranteed Loan Funds contained in this Contract and 24 CFR part 570, and to ensure that in the event that HUD's requirements conflict with any other agreement governing the use of the funds, HUD's requirements on the use of Guaranteed Loan Funds shall control. This includes provisions requiring information on family size and income demonstrating that at least 51 percent of the persons served are persons whose family income does not exceed the low and moderate income limit, in accordance with 24 CFR 570.208(a)(2)(i)(B).

Applicable requirements in 24 CFR part 570 include but are not limited to the requirements in 24 CFR 570.503, and other provisions of 24 CFR part 570 related to subrecipients.

The Anacortes Grant Agreement shall be in a form acceptable to the Secretary and shall, as a condition of the Anacortes Grant, obligate Anacortes Subrecipient to grant the lien described in paragraph 15(c)(i).

The Anacortes Grant Agreement shall also prohibit Anacortes Subrecipient from selling, conveying, transferring or further encumbering the Property (as defined in paragraph 15(c)(i)) or any part thereof or any interest therein (whether legal, equitable, or beneficial), whether voluntarily, by gift, bequest, operation of law, merger, or in any other manner, after granting the lien described in paragraph 15(c)(i).

- (D) **Intercreditor and Other Agreements.** If HUD requirements made applicable by this Contract

conflict with any other agreement governing the use of the Guaranteed Loan Funds, HUD's requirements on the use of Guaranteed Loan Funds shall control.

Without written approval by the Secretary, neither the Anacortes Subrecipient or the Borrower shall enter or amend an intercreditor agreement, subordination agreement, or similar agreement that affects the Borrower's or HUD's rights under the Security Documents as defined in paragraph 15(d), including HUD's rights under the lien described in paragraph 15(c)(i) (each individually, an "Intercreditor Agreement"). Intercreditor Agreements approved by the Secretary, including amendments, must be in a form acceptable to the Secretary.

- (E) **New Markets Tax Credits.** Without prior written approval by HUD, the Borrower shall not use Guaranteed Loan Funds for an activity that is part of a project in which New Markets Tax Credits are part of the financing structure or in which Guaranteed Loan Funds will be used to leverage or generate New Markets Tax Credits pursuant to Section 45(D) of the Internal Revenue Code. At the discretion of the Secretary, HUD's approval and any related conditions may be provided in **Attachment 4**, as discussed below.
- (F) **Alternative Collateral and Security Arrangements.** The Borrower shall not incur any obligations to be paid with Guaranteed Loan Funds which will be subject to the alternative collateral or security arrangements described in paragraph 15(c)(iv) prior to the approval and memorialization of the alternative collateral or security arrangements in **Attachment 4**.
- (G) **Limitation on Tax-Exempt Bond Financing.** Without prior written approval by HUD, the Borrower shall not use Guaranteed Loan Funds for an activity or project that is financed in whole or in part with tax-exempt bonds.

HUD will not unreasonably withhold approval if the use of Guaranteed Loan Funds complies with the requirements of 26 U.S.C. 149 and Circular No. A-129, Policies for Federal Credit Programs and Non-Tax Receivables, published by the White House Office of Management and Budget.

- (c) [Reserved]
- (d) [Reserved]
- (e) An opinion of the Borrower's counsel on its letterhead, addressed and satisfactory to the Secretary, that:
 - (i) The Anacortes Subrecipient is duly organized and validly existing as a municipal corporation, under the laws of the State of Washington, is in good standing in and under the laws of the State of Washington;
 - (ii) The Anacortes Grant Agreement has been duly executed and delivered by a party authorized by the Anacortes Subrecipient to take such action and is a valid and binding obligation of the Anacortes Subrecipient, enforceable in accordance with its terms, except as limited by bankruptcy and similar laws affecting creditors generally;
 - (iii)
 - (iv) To the extent that the foregoing opinion deals with matters customarily within the due diligence of counsel to the Anacortes Subrecipient, Borrower's counsel may attach and expressly rely on an opinion of Anacortes Subrecipient's counsel satisfactory to the Secretary.
- (v)
- (f) [Reserved]
- (g) [Reserved]
- (h) Additional Grounds for Default. Notice of Default. Restriction of Pledged Grants. Availability of Other Remedial Actions.
 - (i) The Borrower acknowledges and agrees that the Secretary's guarantee of the Note is made in reliance upon the availability of grants pledged

pursuant to paragraph 5(a) (individually, a "Pledged Grant" and, collectively, the "Pledged Grants") in any Federal fiscal year subsequent to the Federal fiscal year ending September 30, 2018 to: (A) pay when due the payments to become due on the Note, or (B) defease (or, if permitted, prepay) the full amount outstanding on the Note. The Borrower further acknowledges and agrees that if the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are unlikely to be available for either of such purposes, such determination shall be a permissible basis for any of the actions specified in paragraphs (ii) and (iii) below (without notice or hearing, which the Borrower expressly waives).

- (ii) Upon written notice from the Secretary to the Borrower at the address specified in paragraph 12(f) above that the Secretary (in the Secretary's sole discretion) has determined that Pledged Grants are unlikely to be available for either of the purposes specified in (A) and (B) of paragraph (i) above (such notice being hereinafter referred to as the "Notice of Impaired Security"), the Secretary may limit the availability of Pledged Grants by withholding amounts at the time a Pledged Grant is approved or by disapproving payment requests (drawdowns) submitted with respect to Pledged Grants.
- (iii) If after 60 days from the Notice of Impaired Security the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are still unlikely to be available for either of the purposes specified in (A) and (B) of paragraph (i) above, the Secretary may declare the Note in Default and exercise any and all remedies available under paragraph 12. This paragraph (iii) shall not affect the right of the Secretary to declare the Note and/or this Contract in Default pursuant to paragraph 11 and to exercise in connection therewith any and all remedies available under paragraph 12.
- (iv) All notices and submissions provided for hereunder above shall be submitted as directed in paragraph 12(f).

- (i) Notwithstanding anything to the contrary in this Contract, proceeds of Advances or Conversion Date Advances advanced to the Borrower under the Note that will be used to reimburse Borrower for costs it incurred for authorized activities as described in paragraph 15(b) for the Project and paid with non-Federal funds, shall be subject to the requirements of Part II, paragraph 1 as revised by this paragraph. Such Guaranteed Loan Funds paid or credited to the account of the Borrower pursuant to the Note as reimbursements are not required to be deposited in a separate, identifiable account established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Deposit Account" (Attachment 1). In addition to the other requirements in Part 1, B, if Borrower is requesting Advances or Conversion Date Advances under the Note as reimbursements, rather than to make direct payments for costs related to approved activities, Borrower must indicate the Guaranteed Loan Funds that are being requested will be used for reimbursements in its requests for Advances or Conversion Date Advances.

[Rest of Page Intentionally Left Blank]

THE UNDERSIGNED, as authorized officials on behalf of the Borrower or the Secretary, have executed this Contract for Loan Guarantee Assistance, which shall be effective as of the date of execution hereof on behalf of the Secretary.

City of Anacortes, Washington
BORROWER

BY: _____

(Signature)

(Name)

(Title)

(Date)

DEVELOPMENT

SECRETARY OF HOUSING AND URBAN

BY: _____

(Signature)

Kevin J. Bush

(Name)

Deputy Assistant Secretary
for Grant Programs

(Title)

(Date)