

**ISLAND COUNTY COMMISSIONERS -- MINUTES OF MEETING  
REGULAR SESSION - MARCH 12, 2001**

The Board of Island County Commissioners (including Diking Improvement District #4) met in Regular Session on March 12, 2001 beginning at 9:30 a.m. in the Island County Courthouse Annex, Hearing Room, Coupeville, Wa., with William F. Thorn, Chairman; Mike Shelton, Member; and Wm. L. McDowell, Member, present. By unanimous motion, the Board approved and signed the following minutes: February 26, 2001 Regular Session; and February 28, 2001, Special Session.

**VOUCHERS AND PAYMENT OF BILLS**

The following vouchers/warrants were approved for payment by unanimous motion of the Board: Voucher (War.) #94641 – 94903. . . . . \$ 233,839.66.

Veterans Assistance Fund: [emergency financial assistance to certain eligible veterans; the names and specific circumstances are maintained confidential]. By unanimous motion the Board accepted the recommendation of the Veterans Assistance Review Committee and denied Claim #V1-11.

**EMPLOYEE SERVICE AWARDS**

<b>Employee</b>	<b>Department</b>	<b>No. Years</b>
Milinda Smith	District Court	5
Brian K. Phillips	Sheriff/Jail	10
Bob McCaughan	Planning & Comm. Dev.	5

**SPECIAL RECOGNITION**

Acknowledgment of Recognition: Phil Cohen, Island County Public Works Department, was presented with the Soil Stewardship Award for exceptional dedication and work towards improving the soils for the betterment of the environment.

**EMPLOYEE OF THE MONTH AWARD – FEBRUARY, 2001**

Congratulations to **Barbara Ream** from the Health Department on her selection as the **Employee of the Month for February**. Barbara is a department assistant and regularly deals with citizens requesting information or needing assistance. She exemplifies courteous and friendly service and has regularly been singled out for her helpful demeanor.

**HIRING REQUESTS & PERSONNEL ACTIONS**

- After a brief presentation and review by Dick Toft, Human Resource Director, the Board by unanimous motion approved PAA 030/01, Maintenance Department, Night Custodian #901.08, New Position, effective 4/1/01.

**RESOLUTION #C-34-01 APPROVING ANNEXATION-CLINTON WATER DISTRICT**

- Clinton Water District on 2/21/01 submitted a certified copy of District Resolution 01-1 adopted during their regular meeting of February 8th approving an annexation to that District for the Board’s review and approval. By letter dated 2/28/01, the Island County Health Department reported in favor of said annexation setting forth findings that provisions of RCW 57.02.040(3) (b) and (c) were met. By letter dated Marcy 7, 2001, the Island County Planning and Community Development Director reported that RCW 57.02.040(3)(a) was met and recommended approval of the annexation.

By unanimous motion, the Board adopted Resolution #C-34- 01 approving the annexation to the Clinton Water District.

**BEFORE THE BOARD OF COUNTY COMMISSIONERS  
OF ISLAND COUNTY, WASHINGTON**

IN THE MATTER OF APPROVING )  
THE ANNEXATION TO THE CLINTON ) RESOLUTION #C-34-01  
WATER DISTRICT )  
\_\_\_\_\_ )

**WHEREAS**, the Board of Water Commissioners, Clinton Water District, adopted Resolution No. 01-1 on February 8, 2001 at a Regular Meeting, approving annexation into the Clinton Water District of certain parcels described on Maps in Exhibit A to Resolution No. 01-1; and

**WHEREAS**, the Secretary of the Board of Water Commissioners, Clinton Water District, forwarded a certified copy of District Resolution No. 01-1 to the Island County Board of Commissioners as required by R.C.W. 57.02.040, on February 21, 2001; and

**WHEREAS**, the proposed annexation was determined to meet the provisions of RCW 57.02.040 (3) (b) and (c) as outlined in Island County Health Department memorandum dated February 28, 2001, and provisions of 57.02.040 (3) (a) as outlined in the Memorandum of March 8, 2001 from the Island County Planning and Community Development Department.

**NOW THEREFORE BE IT RESOLVED**, that the annexation by Clinton Water District in Resolution No. 01-1 and parcels listed in Exhibit A of that Resolution, of the parcels listed in Clinton Water District Resolution No. 01-1 Exhibit A, is approved.

**APPROVED AND ADOPTED** this 12th day of March, 2001.

**BOARD OF COUNTY COMMISSIONERS  
ISLAND COUNTY, WASHINGTON**  
William F. Thorn, Chairman  
Mike Shelton, Member  
Wm. L. McDowell, Member

**ATTEST:**  
Margaret Rosenkranz  
Clerk of the Board  
BICC 01-175

**CLAIM FOR DAMAGES R01-001CD BY ALLSTATE INSURANCE COMPANY**

Betty Kemp, Director, GSA/Risk Management, recommended denial of a Claim for Damages R01-001CD by Allstate Insurance Company in the amount of \$7,371.70 for reasons outlined in her memorandum to the Board dated 2/23/01.

By unanimous motion, the Board denied Claim for Damages R01-001CD by Allstate Insurance Company as recommended.

**HEALTH CONTRACT APPROVED**

By unanimous motion, the Board approved Contract HS-06-01 [RM-HLTH-99-0105] between Island County and Sharon Robinson, for continued contract monitoring services of millage funded mental health services, substance abuse services and developmental disabilities, in an amount not to exceed \$4000.00.

**RESOLUTION #C-33 -01 TEMPORARY 2-DAY CLOSURE OF ISLAND COUNTY AUDITOR'S OFFICE MARCH 26 AND 27**

The public portion of the Island County Auditor's Office will be moving from its current quarters in the Courthouse to Main Street Building on March 26 and 27, and the Auditor requested permission to close the office for those two days. In a 3/5/01 memo to the Board, Suzanne Sinclair, Island County Auditor, explained that licensing and recording work is done entirely by computer systems that would be disconnected for the move and closing would allow better service to the public by being organized when open again instead of working with makeshift systems prone to error or loss.

The Commissioners stressed the importance of publicizing the temporary closure in advance of the occurrence as well as sending notices to the title companies.

By unanimous motion the Board adopted Resolution #C-33-01 in compliance with RCW 36.16.100, to allow a temporary 2-day closure of the Island County Auditor's Office on March 26 and 27.

**BEFORE THE BOARD OF COUNTY COMMISSIONERS  
OF ISLAND COUNTY, WASHINGTON**

**IN THE MATTER OF AUTHORIZING }  
A TEMPORARY TWO-DAY CLOSURE }  
ISLAND COUNTY AUDITOR'S OFFICE } RESOLUTION #C-33-01  
\_\_\_\_\_ }**

**WHEREAS**, the Call for Bids for remodeling/renovation of the Island County Courthouse project bid opening is

scheduled for April 5, 2001; and

**WHEREAS**, according to the current relocation schedule, the public portion of the Island County Auditor's office, including Licensing, Recording and Elections, will be moving from the Island County Courthouse to the Main Street Building located at 400 N. Main Street, Coupeville, Wa.; and

**WHEREAS**, the Island County Auditor has requested permission to close the office for those two days, Monday, March 26, 2001 and Tuesday, March 27, 2001, working days when the Office is ordinarily open to the public; and

**WHEREAS**, closing those sections of the office would allow better service to the public by being organized and open again rather than attempting to work with makeshift systems prone to error or loss; and

**WHEREAS**, RCW 36.16.100 states that "All county and precinct offices shall be kept open for the transaction of business during such days and hours as the board of county commissioners shall by resolution prescribe."; NOW THEREFORE

**BE IT HEREBY RESOLVED** that the Board of Island County Commissioners authorizes closure of the Island County Auditor's Office Licensing, Recording and Elections sections during the time of relocation from the Island County Courthouse to the Main Street Office Building located at 400 N. Main Street, Coupeville, WA., on March 26 and 27, 2001.

**ADOPTED** this 12<sup>th</sup> day of March, 2001.

**BOARD OF COUNTY COMMISSIONERS  
ISLAND COUNTY, WASHINGTON**  
William F. Thorn, Chairman  
Mike Shelton, Member  
Wm. L. McDowell, Member

**ATTEST:**  
Margaret Rosenkranz  
Clerk of the Board  
BICC 01-174

**AWARD OF BID-2 TRAILER MOUNTED MESSAGE SIGNS W/RADAR PACKAGE**

In accordance with Resolution #C-26-01/R-09-01 [re-bid] Larry Kwarsick, Public Works Director, presented recommendation to award bid for two Trailer Mounted Message Signs with Radar Package, to the low bidder, National Barricade, LLC, in the total amount of \$43,431.31.

By unanimous motion, the Board awarded bid to National Barricade, LLC, in the total amount of \$43,431.31.

**AMENDMENT TO EXISTING CRP 96-05; EAST CAMANO DRIVE, PHASE 2**

After presentation and review provided by Mr. Kwarsick, the Board by unanimous motion approved Resolution #C-35 01/R-11-01, an amendment to CRP 96-05, East Camano Drive, Phase 2, for amounts of appropriation as construction is initiated, for a total appropriation of \$2,210,000.

**RESOLUTION #C-36-01/R-12-01 APPROVING SPECIFICATIONS AND AUTHORIZING CALL FOR BIDS FOR EAST CAMANO DRIVE, PHASE 2**

The Board, on unanimous motion, approved Resolution #C-36- 01/R-12-01 approving specifications and authorizing Call for Bids for East Camano Drive, Phase 2, under CRP 96-05, Work Order #208.

**BEFORE THE BOARD OF COUNTY COMMISSIONERS  
OF ISLAND COUNTY, WASHINGTON**

**IN THE MATTER OF APPROVING PLANS )  
& SPECIFICATIONS AND AUTHORIZING ) RESOLUTION NO. C-36-01  
CALL FOR BIDS FOR EAST CAMANO DR. ) R-12-01  
PHASE 2, CRP 96-05, WORK ORDER )  
No. 208 )**

**WHEREAS**, sufficient funds are available in the Island County Road Fund for construction of East Camano Drive,

Phase 2, **NOW, THEREFORE,**

**BE IT HEREBY RESOLVED** that the Plans and Specifications are approved and the County Engineer is authorized and directed to call for bids for furnishing said construction. Bid Opening is to be the 4<sup>th</sup> day of April, 2001 at 1:00 P.M. in Meeting Room 2, Courthouse Annex, Coupeville.

**ADOPTED** this 12<sup>th</sup> day of March, 2001.

**BOARD OF COUNTY COMMISSIONERS  
ISLAND COUNTY, WASHINGTON**

William F. Thorn, Chairman

Mike Shelton, Member

Wm. L. McDowell, Member

**ATTEST:**

Margaret Rosenkranz,

Clerk of the Board

BICC 01-179

**SUPPLEMENTAL AGREEMENT NO. 5 TO PROFESSIONAL SERVICES AGREEMENT #PW-962043, HARDING ESE, EAST CAMANO DRIVE, PHASE 2**

The Board, by unanimous motion, approved Supplemental Agreement No. 5 to Professional Services Agreement #PW-962043 with Harding ESE, a subsidiary of Mactec, Inc., to extend time of agreement to December 31, 2001, East Camano Drive, Phase 2; CRP 96-05, Work Order 208.

**HEARING SCHEDULED: FRANCHISE CANCELLATION SUN MOUNTAIN CONSTRUCTION FRANCHISE # 313**

As requested by Mr. Kwarsick and Lew Legat, County Engineer, the Board by unanimous motion scheduled a public hearing on April 23, 2001 at 2:20 p.m. to consider cancellation of Franchise #313 by Sun Mountain Construction. Section 11 of Franchise #313 requires that construction commence within one year from the effective date of the franchise and work has not yet started.

**RESOLUTION #C-37-01/R-14-01 – ISSUANCE OF \$5,000,000 PAR VALUE LIMITED TAX GENERAL OBLIGATION IMPROVEMENT BONDS 2001**

Mr. Kwarsick presented the first item prepared by Hugh Spitzer, Foster, Pepper & Shefelman PLLC, bond Counsel, Resolution #C-37- 01/R-14-01, providing for the issuance of \$5,000,000 par value of Limited Tax General Obligation Improvement Bonds, 2001, of the County for general County purposes to provide funds with which to pay a part of the cost of certain renovations and improvements to the Courthouse and Courthouse Annex, including Juvenile Court Services of the County, and for other lawful County purposes, through the issuance and sale of bonds; fixing the date, form, maturities, interest rates, terms and covenants of the bonds; establishing a bond redemption fund; providing for bond insurance; and approving the sale and providing for the delivery of the bonds to Banc of America Securities LLC, of Seattle, Washington [including Bond Purchase Agreement].

By unanimous motion the Board approved Resolution #C-37- 01/R-14-01, providing for the issuance of \$5,000,000 par value of Limited Tax General Obligation Improvement Bonds, 2001.

As Mr. Kwarsick reported, the next item presented related to the purchase of bond insurance in order to secure the most favorable interest rates, from MBIA. By unanimous motion, the Board approved and signed the document related to Commitment to issue a financial guaranty insurance policy with MBIA, Application #2001-001726-01.

Jane Towery, Principal, Northwest Public Finance, Banc of America Securities LLC, commented about the bond sale [refer to her letter dated 3/12/01]. She provided the Board with a chart entitled "Interest Rate Changes Over Past 20 Years, January 3, 1980 – March 1, 2001". The blue line shows the interest rate trend for tax exempt municipal bond rates over the last 20 years, indicates that while the County may not have sold at the lowest point over the last 20 years, the County certainly chose a time at one of the lowest points in the last twenty years. The average coupon of the bond issue was 5.09% based on the fact that the time was 24 years. Island County bond rating was reaffirmed as A-2 and very favorable comments made on the prudent financial management of the County.

Mr. Kwarsick mentioned that based upon bond counsel's opinion the County is still able to allocate REET 2 funds to help pay

the debt service. Although there has not been a firm decision on allocation of REET 1 and 2 funds, he will present a tentative proposed debt service schedule to the Board at the next staff session.

**ISLAND COUNTY, WASHINGTON  
C-37-01**

**RESOLUTION NO. R-14-01**

**A RESOLUTION of the Board of County Commissioners of Island County, Washington, providing for the issuance of \$5,000,000 par value of Limited Tax General Obligation Improvement Bonds, 2001, of the County for general County purposes to provide funds with which to pay a part of the cost of certain renovations and improvements to the Courthouse and Courthouse Annex, including Juvenile Court Services of the County, and for other lawful County purposes, through the issuance and sale of bonds; fixing the date, form, maturities, interest rates, terms and covenants of the bonds; establishing a bond redemption fund; providing for bond insurance; and approving the sale and providing for the delivery of the bonds to Banc of America Securities LLC, of Seattle, Washington.**

ADOPTED: March 12, 2001

*This document prepared by:*

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**ISLAND COUNTY, WASHINGTON**

**RESOLUTION NO. R-14-01**

A RESOLUTION of the Board of County Commissioners of Island County, Washington, providing for the issuance of \$5,000,000 par value of Limited Tax General Obligation Improvement Bonds, 2001, of the County for general County purposes to provide funds with which to pay the cost of certain renovations and improvements to the Courthouse and Courthouse Annex, including Juvenile Court Services of the County, and for other lawful County purposes, through the issuance and sale of bonds; fixing the date, form, maturities, interest rates, terms and covenants of the bonds; establishing a bond redemption fund and a renovation fund; providing for bond insurance; and approving the sale and providing for the delivery of the bonds to Banc of America Securities LLC, of Seattle, Washington.

WHEREAS, Island County, Washington (the "County") is in need of funds to renovate and furnish the existing Courthouse and Courthouse Annex, including the administrative offices of Juvenile Court Services, improvements to parking, adjacent streets, and the Courthouse Campus (the "Project"), all having been originated and authorized in the 1992 Capital Improvement Program approved by Resolution PLG-011-92 on February 24, 1992, which authorized the County to renovate, improve, construct, acquire other County Courthouse facilities, stormwater facilities, and open space and recreation property and other purposes as identified in the Capital Improvement Program, as amended from time to time, and for other lawful purposes, the total estimated cost of which, including the costs of issuance and sale of bonds for such purposes, is \$5,000,000; and

WHEREAS, in Resolution No. C-19-92, adopted March 23, 1992, the County committed revenues of two real estate excise taxes to finance projects identified in the County's 1992 Capital Improvement Program; and

WHEREAS, the MBIA Insurance Corporation of Armonk, New York ("Bond Insurer"), has made a commitment to issue an insurance policy (the "Municipal Bond Insurance Policy") insuring the payment when due of the principal of and interest on the Bonds as provided therein, and the Board of County Commissioners of the County deems that the purchase of the Municipal Bond Insurance Policy is in the best interest of the County; and

WHEREAS, Banc of America Securities LLC, Seattle, Washington, has offered to purchase the Bonds under the terms and conditions hereinafter set forth in the form of a bond purchase contract; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ISLAND COUNTY, WASHINGTON, as follows:

Section 1. Authorization of Bonds. The County shall borrow money on the credit of the County and issue negotiable limited tax general obligation bonds evidencing that aggregate indebtedness in the amount of \$5,000,000 for general County purposes to provide funds with which to pay the cost of the Project through the issuance and sale of such Bonds. The general indebtedness to be incurred shall be within the limit of up to one and one-half percent (1½%) of the value of the taxable property within the County permitted for general municipal purposes without a vote of the qualified voters therein.

**Section 2. Description of Bonds.** The bonds authorized to be issued by Section 1 shall be called Limited Tax General Obligation Improvement Bonds, 2001 (the "Bonds") of the County; shall be in the aggregate principal amount of \$5,000,000; shall be dated March 1, 2001; shall be in the denomination of \$5,000 or any integral multiple thereof within a single maturity; shall be numbered separately in the manner and with any additional designation as the Bond Registrar (collectively, the fiscal agent and co-fiscal agent of the State of Washington) deems necessary for purposes of identification; and shall bear interest (computed on the basis of a 360-day year of twelve 30-day months), payable semiannually on each June 1 and December 1, commencing December 1, 2001, to the maturity or earlier redemption of the Bonds. The Bonds shall mature on December 1 in years and amounts and bear interest at the rates per annum as follows:

<u>Maturity Years</u>	<u>Amounts</u>	<u>Interest Rates</u>
2011	\$ 15,000	4.500%
2012	25,000	4.600
2013	40,000	4.700
2014	50,000	4.800
2015	55,000	4.900
2016	75,000	4.950
2017	100,000	4.950
2018	540,000	5.000
2019	580,000	5.050
2020	620,000	5.100
2021	665,000	5.100
2022	715,000	5.125
2023	760,000	5.150
2024	760,000	5.150

The life of the capital facilities to be financed with the proceeds of the Bonds exceeds the term of the Bonds.

**Section 3. Registration and Transfer of Bonds.** The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained by the Bond Registrar (the "Bond Register"). The Bond Register shall contain the name and mailing address of the owner of each Bond and the principal amount and number of each of the Bonds held by each owner.

Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the 15 days preceding any principal payment or redemption date.

The Bonds initially shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York ("DTC"). The Bonds so registered shall be held in fully immobilized form by DTC as depository in accordance with the provisions of a Blanket Issuer Letter of Representations with DTC substantially in the form on file with the County Treasurer and by this reference made a part hereof (as it may be amended from time to time, the "Letter of Representations"). To induce DTC to accept the Bonds as eligible for deposit at DTC, the County approves the Letter of Representations. The County Treasurer is authorized and directed to execute and deliver the Letter of Representations, on behalf of the County, to DTC on or before the date of delivery of the Bonds to the purchaser thereof and the payment therefor, with such changes as the Treasurer deems to be in the best interests of the County, and his execution and delivery of the Letter of Representations shall evidence irrevocably the approval of the Letter of Representations by the County. Neither the County nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by DTC or DTC participants of any amount in respect of principal of or interest on the Bonds, or any notice which is permitted or required to be given to registered owners hereunder (except such notice as is required to be given by the Bond Registrar to DTC).

For so long as any Bonds are held in fully immobilized form, DTC or its successor depository shall be deemed to be the registered owner for all purposes hereunder and all references to registered owners, bondowners, bondholders or the like shall mean DTC or its nominees and shall not mean the owners of any beneficial interests in the Bonds. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it; (ii) to any substitute depository appointed by the County or such substitute depository's successor; or (iii) to any person if the Bonds are no longer held in immobilized form.

Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the County that it no longer wishes to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the County may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

If (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the County determines that the Bonds are to be in certificated form, the ownership of Bonds may be transferred to any person as provided herein and the Bonds no longer shall be held in fully

immobilized form.

**Section 4. Payment of Bonds.** Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by checks or drafts of the Bond Registrar mailed on the interest payment date to the registered owners at the addresses appearing on the Bond Register on the record date, the 15th day of the month preceding the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the registered owners at either of the principal offices of the Bond Registrar at the option of the owners. Notwithstanding the foregoing, as long as the Bonds are registered in the name of DTC or its nominee, payment of principal of and interest on the Bonds shall be made in the manner set forth in the Letter of Representations.

**Section 5. Optional Redemption and Open Market Purchase of Bonds.** Bonds maturing in the year 2011 shall be issued without the right or option of the County to redeem those Bonds prior to their stated maturity date. The County reserves the right and option to redeem the Bonds maturing on or after December 1, 2012, prior to their stated maturity dates at any time on or after December 1, 2011, as a whole or in part (within one or more maturities selected by the County and randomly within a maturity in such manner as the Bond Registrar shall determine), at par plus accrued interest to the date fixed for redemption.

Portions of the principal amount of any Bond, in installments of \$5,000 or any integral multiple thereof, may be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond at either of the principal offices of the Bond Registrar, there shall be issued to the registered owner, without charge therefor, a new Bond (or Bonds, at the option of the registered owner) of the same maturity and interest rate in any of the denominations authorized by this resolution in the aggregate principal amount remaining unredeemed.

The County further reserves the right and option to purchase any or all of the Bonds in the open market at any time at any price plus accrued interest to the date of purchase.

All Bonds purchased or redeemed under this section shall be cancelled.

Notwithstanding the foregoing, for so long as the Bonds are registered in the name of DTC or its nominee, selection of Bonds for redemption shall be in accordance with the Letter of Representations.

**Section 6. Notice of Redemption.** The County shall cause notice of any intended redemption of Bonds to be given not less than 30 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the owner of any Bond. Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call. In addition, the redemption notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., and Standard & Poor's at their offices in New York, New York, or their successors, to the Bond Insurer at its principal office in Armonk, New York, and to Banc of America Securities, LLC, at its principal office in Seattle, Washington, or its successor, to each NRMSIR or the MSRB and to such other persons and with such additional information as the County Treasurer shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds. Notwithstanding the foregoing, for so long as the Bonds are registered in the name of DTC or its nominee, notices of redemption given to registered owners shall be given in accordance with the Letter of Representations.

**Section 7. Failure to Redeem Bonds.** If any Bond is not redeemed when properly presented at its maturity or call date, the County shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the bond redemption fund hereinafter created and the Bond has been called for payment by giving notice of that call to the registered owner of each of those unpaid Bonds.

**Section 8. Pledge of Taxes.** For as long as any of the Bonds are outstanding, the County irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the County on all of the taxable property within the County in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bonds, and the full faith, credit and resources of the County are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest. The proceeds of real estate excise taxes imposed by **Ordinance C-82-02** and **Ordinance C-128-91**, and committed by Resolution C-19-92, are pledged, as necessary, to the payment of the Bonds.

**Section 9. Form and Execution of Bonds.** The Bonds shall be printed or lithographed on good bond paper in a form consistent with the provisions of this resolution and state law, shall be signed in the corporate name of the County by the Chairman of the Board of County Commissioners and the County Treasurer, either or both of whose signatures may be manual or in facsimile, and the seal of the Board or a facsimile reproduction thereof shall be impressed or printed thereon.

Only Bonds bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution:

#### CERTIFICATE OF AUTHENTICATION

This Bond is one of the fully registered Island County, Washington, Limited Tax General Obligation Bonds, 2001, described in the Bond Resolution.

WASHINGTON STATE FISCAL AGENT  
Bond Registrar

By \_\_\_\_\_  
Authorized Signer

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Bonds ceases to be an officer of the County authorized to sign bonds before the Bonds bearing his or her facsimile signature are authenticated or delivered by the Bond Registrar or issued by the County, those Bonds nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the County as though that person had continued to be an officer of the County authorized to sign bonds. Any Bond also may be signed on behalf of the County by any person who, on the actual date of signing of the Bond, is an officer of the County authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bonds.

Section 10. Bond Registrar. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the County at all times. The Bond Registrar is authorized, on behalf of the County, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this resolution, to serve as the County's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this resolution and County Resolution No. C-61-86 establishing a system of registration for the County's bonds and obligations.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may become the owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Bond owners.

Section 11. Preservation of Tax Exemption for Interest on Bonds. The County covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the County treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds to be included in gross income for federal income tax purposes. The County also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), is applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Bonds, including the calculation and payment of any penalties that the County has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bonds from being included in gross income for federal income tax purposes. The County certifies that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

Section 12. Designation of Bonds as "Qualified Tax-Exempt Obligations." The County has determined and certifies that (a) the Bonds are not "private activity bonds" within the meaning of Section 141 of the Code; (b) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) which the County and any entity subordinate to the County (including any entity that the County controls, that derives its authority to issue tax-exempt obligations from the County, or that issues tax-exempt obligations on behalf of the County) will issue during the calendar year in which the Bonds are issued will not exceed \$10,000,000; and (c) the amount of tax-exempt obligations, including the Bonds, designated by the County as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bonds are issued does not exceed \$10,000,000. The County designates the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

Section 13. Refunding or Defeasance of the Bonds. The County may issue refunding bonds pursuant to the laws of the State of Washington or use money available from any other lawful source to pay when due the principal of and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all such then-outstanding Bonds (collectively, the "defeased Bonds") and to pay the costs of the refunding or defeasance. If money and/or direct obligations of the United States of America maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms are set aside in a special trust fund or escrow account irrevocably pledged to that redemption, retirement or defeasance of defeased Bonds (the "trust account"), then all right and interest of the owners of the defeased Bonds in the covenants of this resolution and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. The owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the

deceased Bonds from the trust account. The County shall include in the refunding or defeasance plan such provisions as the County deems necessary for the random selection of any deceased Bonds that constitute less than all of a particular maturity of the Bonds, for notice of the defeasance to be given to the registered owners of the deceased Bonds and to such other persons as the County shall determine, and for any required replacement of Bond certificates for deceased Bonds. The deceased Bonds shall be deemed no longer outstanding, and the County may apply any money in any other fund or account established for the payment or redemption of the deceased Bonds to any lawful purposes as it shall determine.

If the Bonds are registered in the name of DTC or its nominee, notice of any defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of Representations for notices of redemption of Bonds.

Notwithstanding anything in this section to the contrary, if the principal of and/or interest due on the Bonds is paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the County, and the pledge contained in Section 8 and all covenants, agreements and other obligations of the County to the registered owners of the Bonds shall continue to exist and run to the benefit of the Bond Insurer shall be subrogated to the rights of the registered owners.

Section 14. Bond Fund and Deposit of Bond Proceeds. There has been created and established in the office of the County Treasurer a special fund designated as the County's Limited Tax General Obligation Bond Fund, 2001 (the "Bond Fund"), for the purpose of paying principal of and interest on the Bonds. Accrued interest on the Bonds, if any, received from the sale and delivery of the Bonds shall be paid into the Bond Fund. All taxes collected for and allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund.

There also has been created and established in the office of the County Treasurer a special fund designated as the Island County Courthouse Expansion Fund (the "Project Fund"). The principal proceeds and premium, if any, received from the sale and delivery of the Bonds shall be paid into the Project Fund and used for the purposes specified in Section 1 of this resolution. Until needed to pay the costs of the Project and costs of issuance of the Bonds, the County may invest principal proceeds temporarily in any legal investment, and the investment earnings may (i) be retained in the Project Fund and be spent for the purposes of that fund; (ii) be transferred to the Bond Fund to pay interest on the Bonds; and/or (iii) be withdrawn from the Project Fund to satisfy any federal tax or rebate requirement applicable to the Bonds.

Section 15. Approval of Bond Purchase Contract. Banc of America Securities, LLC, of Seattle, Washington, has presented a purchase contract (the "Bond Purchase Contract") to the County offering to purchase the Bonds under the terms and conditions provided in the Bond Purchase Contract, which written Bond Purchase Contract is on file with the Clerk of the Board and is incorporated herein by this reference. The Board finds that entering into the Bond Purchase Contract is in the County's best interest and therefore accepts the offer contained therein and authorizes its execution by County officials.

The Bonds will be printed at County expense and will be delivered to the purchaser in accordance with the Bond Purchase Contract, together with the approving legal opinion of Foster Pepper & Shefelman PLLC, municipal bond counsel, regarding the Bonds.

The proper County officials are authorized and directed to do everything necessary for the prompt delivery of the Bonds to the purchaser and for the proper application and use of the proceeds of the sale thereof.

Section 16. Undertaking to Provide Continuing Disclosure. To meet the requirements of United States Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) (the "Rule"), as applicable to a participating underwriter for the Bonds, the County makes the following written undertaking (the "Undertaking") for the benefit of holders of the Bonds:

(a) Undertaking to Provide Annual Financial Information and Notice of Material Events. The County undertakes to provide or cause to be provided, either directly or through a designated agent:

(i) To each nationally recognized municipal securities information repository designated by the SEC in accordance with the Rule ("NRMSIR") and to a state information depository, if any, established in the State of Washington (the "SID") annual financial information and operating data of the type included in the final official statement for the Bonds and described in subsection (b) of this section ("annual financial information");

(ii) To each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB"), and to the SID, timely notice of the occurrence of any of the following events with respect to the Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds; (8) Bond calls (other than scheduled mandatory redemptions of Term Bonds); (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes; and

(iii) To each NRMSIR or to the MSRB, and to the SID, timely notice of a failure by the County to provide required annual financial information on or before the date specified in subsection (b) of this section.

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the County undertakes to provide in subsection (a) of this section:

(i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles promulgated by the Government Accounting Standards Board (“GASB”), as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the County they will be provided; (2) a statement of authorized, issued and outstanding general obligation debt of the County; (3) the assessed valuation of the property within the County subject to *ad valorem* taxation, and (4) *ad valorem* tax levy rates and amounts and percentage of taxes collected;

(ii) Shall be provided to each NRMSIR and the SID, not later than the last day of the ninth month after the end of each fiscal year of the County (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the County’s fiscal year ending December 31, 2001; and

(iii) May be provided in a single or multiple documents, and may be incorporated by reference to other documents that have been filed with each NRMSIR and the SID, or, if the document incorporated by reference is a “final official statement” with respect to other obligations of the County, that has been filed with the MSRB.

(c) Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency, NRMSIR, the SID or the MSRB, under the circumstances and in the manner permitted by the Rule.

The County will give notice to each NRMSIR or the MSRB, and the SID, of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. The Undertaking evidenced by this section shall inure to the benefit of the County and any holder of Bonds, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The County’s obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the County’s obligations under this Undertaking shall terminate if those provisions of the Rule which require the County to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the County, and the County provides timely notice of such termination to each NRMSIR or the MSRB and the SID.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the County learns of any failure to comply with the Undertaking, the County will proceed with due diligence to cause such noncompliance to be corrected. No failure by the County or other obligated person to comply with the Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the County or other obligated person to comply with the Undertaking.

(g) Designation of Official Responsible to Administer Undertaking. The Treasurer of the County (or such other officer of the County who may in the future perform the duties of that office) or his or her designee is authorized and directed in his or her discretion to take such further actions as may be necessary, appropriate or convenient to carry out the Undertaking of the County in respect of the Bonds set forth in this section and in accordance with the Rule, including, without limitation, the following actions:

(i) Preparing and filing the annual financial information undertaken to be provided;

(ii) Determining whether any event specified in subsection (a) has occurred, assessing its materiality with respect to the Bonds, and, if material, preparing and disseminating notice of its occurrence;

(iii) Determining whether any person other than the County is an “obligated person” within the

meaning of the Rule with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of material events for that person in accordance with the Rule;

(iv) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the County in carrying out the Undertaking; and

(v) Effecting any necessary amendment of the Undertaking.

Section 17. Preliminary Official Statement Deemed Final. The Board has been provided with copies of a preliminary official statement dated March 1, 2001 (the "Preliminary Official Statement"), prepared in connection with the sale of the Bonds. For the sole purpose of the Bond purchaser's compliance with paragraph (b)(1) of the Rule, the County "deems final" the Preliminary Official Statement as of its date, except for the omission of information as to offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, maturity dates, options of redemption, delivery dates, ratings and other terms of the Bonds dependent on such matters.

Section 18. Bond Insurance. The Board of County Commissioners finds that it is in the County's best interest to purchase, and that a savings will result from purchasing, the Municipal Bond Insurance Policy for the Bonds. The County shall purchase from the Bond Insurer the Municipal Bond Insurance Policy insuring the prompt payment of the principal of and interest on the Bonds and agrees to the conditions for obtaining that policy, including the payment of the premium therefor and the following provisions entitled "Payments under the Policy" required by the Bond Insurer to be included in this resolution:

"A. In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Obligations, the Paying Agent [the Bond Registrar] has not received sufficient moneys to pay all principal of and interest on the Obligations due on the second following or following, as the case may be, Business Day, the Paying Agent shall immediately notify the Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

"B. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify the Insurer or its designee.

"C. In addition, if the Paying Agent has notice that any Bondholder has been required to disgorge payments of principal or interest on the Obligation to a trustee in Bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

"D. The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Obligations as follows:

"1. If and to the extent there is a deficiency in amounts required to pay interest on the Obligations, the Paying Agent shall (a) execute and deliver to State Street Bank and Trust Company, N.A., or its successors under the Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

"2. If and to the extent of a deficiency in amounts required to pay principal of the Obligations, the Paying Agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Obligation surrendered to the Insurance Paying agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

“E. Payments with respect to claims for interest on and principal of Obligations disbursed by the Paying Agent from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Obligations, and the Insurer shall become the owner of such unpaid Obligations and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

“F. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent hereby agree for the benefit of the Insurer that:

“1. They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the Obligations, the Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Indenture and the Obligations; and

“2. They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Indenture and the Obligations, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Obligations to Holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

“G. In connection with the issuance of additional Obligations, the Issuer shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such additional Obligations.

“H. Copies of any amendments made to the documents executed in connection with the issuance of the Obligations which are consented to by the Insurer shall be sent to Standard & Poor’s Corporation.

“I. The Insurer shall receive notice of the resignation or removal of the Paying Agent and the appointment of a successor thereto.

“J. The Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the Issuer’s audited financial statements and Annual Budget.

“Notices: Any notice that is required to be given to a holder of the Obligation or to the Paying Agent pursuant to the Indenture shall also be provided to the Insurer. All notices required to be given to the Insurer under the Indenture shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance.”

ADOPTED by the Board of County Commissioners of Island County, Washington, at a regular open public meeting thereof, this 12th day of March, 2001.

**BOARD OF COUNTY COMMISSIONERS, ISLAND COUNTY,  
WASHINGTON**

William F. Thorn, Chairman  
Mike Shelton, Commissioner  
Wm. L. McDowell, Commissioner

**ATTEST:**

Margaret Rosenkranz  
Clerk of the Board  
BICC 01-181  
( S E A L )

**CERTIFICATION**

I, the undersigned, Clerk of the Board of County Commissioners of Island County, Washington (the “County”), hereby certify as follows:

1. The foregoing Resolution No. C-37-01 R-14-01 (the “Resolution”) is a full, true and correct copy of the Resolution duly adopted at a regular meeting of the Board of County Commissioners of the County held at the regular meeting place thereof on March 12, 2001, as that Resolution appears on the minute book of the County;

4. A quorum was present throughout the meeting and a sufficient number of members of the Board of County

Commissioners voted in the proper manner for the adoption of the Resolution; and the Resolution is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the County on March 12, 2001.

**ISLAND COUNTY, WASHINGTON**  
Margaret Rosenkranz  
Clerk of the Board of County Commissioners

( S E A L )

**SUPPLEMENTAL AGREEMENT #2- CENTRAL WHIDBEY TRAILS COUNCIL**

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Supplemental Agreement 2 to Agreement #PW-972033, Property Management of Regulated Island County Trails, between Island County and Central Whidbey Trails Council, was approved by unanimous motion of the Board, to extend the period of performance to March 9, 2003.

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**CONTRACT AMENDMENT NO. 5 - BRYAN YOUNG, ARCHITECT**

Mr. Kwarsick presented for approval Contract Amendment #5 to Standard Form of Agreement between owners and Architect, Bryan Young, to amend compensation in the Agreement [RM-PW-972050] entered into on February 23, 1998 for Island County Courthouse Expansion and Improvement project. He confirmed that although the original contract was approved by the Deputy Prosecuting Attorney's Office and Risk Management, other amendments and CPI amendments were not submitted for contract review. Typically once a contract has been approved by the Board and previously approved by the Deputy Prosecuting Attorney and Risk Management, it has not been the procedure of the Public Works Department to resubmit contract amendments for contract review when the basis for the modification is contained within the contract document itself.

Amendment #5 adds attachment 8 Modified Fee Worksheet and compensation for basic services increased by an amount not to exceed \$131,256, increasing the total contract amount from \$914,522 to \$1,045,778. The currently approved Maximum Allowable Construction Cost (MACC) is based upon increases of area and scope represented in Design Development accepted by Island County.

By unanimous motion, the Board approved Contract Amendment #5 to Standard Form of Agreement between owners and architect [Island County and Bryan Young, Architect] as presented, Amendment #5 not to exceed \$131,256.

**BID AWARD FOR SOLID WASTE DEPARTMENT WHEEL LOADER**

Dave Bonvouloir, Solid Waste Manager, submitted bid evaluation, DPW/SW Wheel Loader, from bid opening March 1, 2001. Award is recommended for the model bid by NC Machinery, Inc., Mt. Vernon, Model CAT 924GZ Wheel Loader, in the amount of \$86,495.08 [including tax, less trade-in]. The bid was not the low bid but was the only bid that met all primary specifications. In accordance with RCW 36.32.250 and 43.19.1911, Mr. Bonvouloir submitted for the Board's review and approval, Findings of Fact outlining the justification to award bid to other than the lowest bidder.

By unanimous motion, the Board awarded bid to NC Machinery Inc., for Model CAT 924GZ Wheel Loader for the Solid Waste Department, and concurred and signed Findings of Fact as presented, to award bid to other than the lowest bidder.

*[Approval of Award of Bid, along with Findings of Fact, on file with the Clerk of the Board]*

**MEMORANDUM OF UNDERSTANDING BETWEEN ISLAND COUNTY AND MENTAL HEALTH SERVICES**

With Mr. Kwarsick confirming that the Memorandum of Understanding had now completed Contract Review Process and having obtained the appropriate signatures, the document was now ready to be signed by the Board. On unanimous motion, the Board approved and signed the Memorandum of Understanding between Community Mental Health Services and Island County subject to original Contract Review Sheet signed by Risk Management and Deputy Prosecuting Attorney being filed with the MOU [approval previously authorized 1/22/01 contingent upon signatures ].

**ADDENDUM/AMENDMENT 3 - PURCHASE & SALE AGREEMENT #39867-CECIL E. AND CHERYL K. STUURMANS RE COUPEVILLE MENTAL HEALTH CENTER**

Mr. Kwarsick reviewed with the Board proposed Addendum/Amendment No. 3 to Purchase and Sale Agreement No. 39867 between Cecil E. Stuurmans and Cheryl K. Stuurmans regarding the Coupeville Mental Health Center modifying and

supplementing the agreement:

Just Compensation Section modified to waive/release buyer of such obligation and reduce by donation the compensation paid by \$35,000. The total purchase price is \$218,000, less \$12,500 earnest money and less \$35,000 donation, for balance of purchase price due: \$170,500.

Seller agrees to construct the extension of Northwest First Street in accordance with Conditions 3 and 4 of the Town of Coupeville Conditional Use Permit 99-03.

Construction shall be completed no later than 9 months after closing.

The Buyer's receipt of the Washington State Community Trade and Economic Development "Block Grant Funds".

Closing shall be no later than March 22, 2001.

The Board by unanimous motion approved and signed Addendum/Amendment No. 3 to Purchase and Sale Agreement No. 39867 between Cecil E. Stuurmans and Cheryl K. Stuurmans regarding the Coupeville Mental Health Center as presented.

**FINAL APPROVAL OF SPR 264/96 (FINAL) - PINNACLE TOWERS, INC., THREE SIDED, 140' HIGH, GRAY GALVANIZED STEEL LATTICE COMMUNICATION ANTENNA TOWER AND ASSOCIATED EQUIPMENT SHEDS**

Phil Bakke, Planning and Community Development Director, presented for final approval and signature Site Plan Review #SPR 264/96 by Pinnacle Towers, Inc., for a three sided, 140 foot high, gray galvanized steel lattice communication antenna tower and associated equipment sheds located on a portion of the Scattered Acres Tree Farm, South Whidbey, in the SW ¼ of the SE ¼ of Section 36, Township 29 North, Range 3 East, W.M., Parcel #R32936-076-3010.

By Memo dated 3/6/01 on behalf of the Planning and Community Development staff, Debra Little submitted the SPR for final approval, noting that the site plan review application was granted conditional preliminary approval on January 27, 1997. She confirmed that staff reviewed the application and determined that all conditions of preliminary approval had been met and recommended that the Board grant final site plan approval.

Thomas Allen, representing Pinnacle Towers, verified that every improvement had been completed 100%.

By unanimous motion, the Board granted final site plan approval for Site Plan Review #SPR 264/96 by Pinnacle Towers, Inc., as presented.

*[signed approval document on file with the Clerk of the Board]*

**HEARING SCHEDULED: ORDINANCE (INTERIM) #C- 38-01/PLG-007-01 AMENDING ICC 17.02.107 TO COMPLY WITH ORDER OF WWGMHB RELATING TO CRITICAL AREAS EXEMPTION FOR EXISTING AND ON-GOING AG**

Mr. Bakke introduced Ordinance #C-38-01/PLG-007-01 [Interim] of Amending ICC 17.02.107 to comply with the Order of the Western Washington Growth Management Hearings Board [WWGMHB] relating to the Critical Areas Exemption for existing and on-going agriculture, requesting that the Board scheduled the matter for public hearing.

By unanimous motion, the Board scheduled a public hearing for April 2, 2001 at 10:45 a.m. to consider Ordinance #C-38-01/PLG-007-01 in the matter of Amending ICC 17.02.107 to comply with the Order of the Western Washington Growth Management Hearings Board relating to the Critical Areas Exemption for existing and on-going agriculture.

*[Ord. #C-38-01/PLG-007-01 introduced and set for hearing 4/2/01 @ 10:45 a.m., GMA #6348]*

**HEARING SCHEDULED: OPEN SPACE APPLICATION OPS 009/01 BY FOREST LAND SERVICES/WB FORESTERS**

As presented by Mr. Bakke, with his recommendation that the Board scheduled a public hearing, the Board by unanimous motion scheduled Open Space Application OPS 009/01, a proposal to transfer 58.22 acres from the Designated Forest Tax Program to the Current Use Timber Classification, requested by Forest Land Services/WB Foresters, on Parcels R23119-051-4480, R23119-099-3420, R23119-032-3410, located on Central Whidbey in the Southeast ¼ of Section 19, TWP 31N, Range 2 East, W.M., for hearing on March 26, 2001 at 2:45 p.m.

**ANNUAL JAIL INSPECTION BY COUNTY COMMISSIONERS**

The Board conducted the annual jail inspection beginning at Noon.

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**HEARING HELD AND HEARING CONTINUED: ORDINANCE C-19-01 (PLG-001-01) IN THE MATTER OF ADOPTING SUBSTANTIVE AMENDMENTS TO THE ISLAND COUNTY SHORELINE MASTER PROGRAM, CHAPTER 16.21 ICC, AND CHAPTER 17.05 ICC.**

A Public Hearing was held at 1:30 p.m. as scheduled and advertised to consider proposed Ordinance #C-19-01 (PLG-001-01) In the matter of adopting Substantive Amendments to the Island County Shoreline Master Program, Chapter 16.21 ICC, and Chapter 17.05 ICC, as introduced on February 12, 2001 and set for this date and time [legal notice GMA #\_\_\_\_\_).

**Attendance:**

Staff: Phil Bakke, Planning and Community Development Director  
Jeff Tate, Planning Manager

Public: Approximately 17 [Attendance Sheet GMA #6345]

Press: Jim Larsen, South Whidbey Record  
Nancy Bartlett, Whidbey News Times

**Hearing Documents:**

- Ordinance #C-19-01 (PLG-001-01) In the matter of adopting Substantive Amendments to the Island County Shoreline Master Program, Chapter 16.21 ICC, and Chapter 17.05 ICC as introduced and set for hearing, GMA #6291
- Cover memorandum dated 28/01 from Jeff Tate - Substantive Amendments to the Shoreline Master Program [GMA record #6292]

Mr. Bakke noted that additional copies of the proposed ordinance were being made, and asked that audience members indicate whether they want a copy mailed. He noted that the document would be available through the Internet on Island County Planning Department's Home Page [<http://www.islandcounty.net/planning/>]. He explained that the proposed ordinance along with the 2/8/01 memo/document from Jeff Tate reflected proposed changes to the SMP and implementing regulations Island County adopted in 1998. The substance of this hearing and subsequent hearings is contained in Mr. Tate's 2/8/01 document showing how Island county and DOE have negotiated to change that SMP adopted in 1998 to comply with DOE's understanding of the law.

Mr. Tate gave a brief summary to bring everyone up to date on the proposal. In September of 1998 the Board adopted a new Shoreline Master Program [SMP] along with the Comprehensive Plan and Development Regulations. As required by WAC 173-26-110, the Shoreline Master Program was transmitted to the State Department of Ecology [DOE] for review. DOE determined that substantive amendments were necessary in order to comply with the Washington State Shoreline Management Act. Since then, the County has been negotiating with DOE to work out some problems DOE saw in the County's SMP. The proposed draft ordinance under consideration today contains a series of about 30 amendments [proposed new language is underlined; proposed deletions shown in strike-through]. After public testimony has been taken today, Mr. Tate requested that the Board continue the hearing until April 23<sup>rd</sup> in order to receive a letter from DOE agreeing to the proposed amendments.

Mr. Tate made a point to clarify that with regard to the new shoreline guidelines DOE has adopted in an attempt to deal with the issue of the Endangered Species Act [ESA] and the listing of the salmon, this proposed ordinance is not intended to comply with the latest guidelines; rather to comply with earlier rules adopted in the late Nineties, and not intended to deal with the ESA listing, path A or B approach DOE has adopted.

Island County, as requested by DOE, has followed the procedure outlined by DOE:

- After the County's adoption in 1998 of the SMP, DOE held its own public comment period. Comments received were forwarded by DOE to Island County and the first step is for the County to respond to those comments. Responses have been prepared for transmittal to DOE along with a copy of the proposed ordinance.
- DOE will send a letter to the County to indicate whether or not the issues have been addressed as were originally brought up by DOE and through public testimony.
- Island County to hold a public hearing [hopefully by the next hearing on this proposed ordinance DOE's letter will have been received].

- Once a public hearing has been held and if the ordinance is approved adopting the SMP, the County will send same to DOE, and on the date DOE receives it will be the date the new SMP goes into effect.

## **PUBLIC TESTIMONY**

E-mail 3/9/01 from Tom Fisher, Island County Citizens' Growth Management Coalition, endorsing all of the substantive amendments to the SMP offered by the DOE and listed in Jeff Tate's 2/8/01 memo and included in PLG-001-01; additional comments were also offered on the draft ordinance. [GMA #\_\_\_ \_\_\_]

Robert Turner, Langley, addressed what he saw as some corrections, insertions and clarifications:

Pages 3-16; 3-17 and 3-18. Concerned about language used and the meaning of such phrases: "relatively free of human influence"; "should be free from development"; "intolerant of human use and modification". Is there a more specific way that could be stated?

Mr. Tate commented that further into the document the more specific things become, but when talking about relatively free of human influence, almost any piece of property will have some amount of influence; there are not that many totally natural areas. On 3-17 and 3-18 those sections are under the natural environment, those areas almost untouched, and in the shoreline natural is almost entirely public property, with very little in private ownership.

Page 3-35 . No. 5, add the word "in" between located and approved and on No. 11 correct the spelling of the word waterfront.

Page 3-52 DD, Landfill. Define "or upland areas".

Mr. Tate explained that "or upland areas" was added at the request of DOE; it is anything within the shoreline jurisdiction, measured 200' from the ordinary high water mark.

Page 3-53 HH line 8, second line from the bottom of the paragraph, the word "higher" should be changed to "high".

Page 3-61 #16 [line 4] is "waterward" another DOE language interpretation?

Mr. Tate explained that the term waterward also means seaward.

Page 3-70 #14 – "unreasonable levels of noise and glare" ?

Mr. Tate stated this referred to non-natural source of light or noise, not necessarily only during construction, but afterwards as well.

Page 3-97 17.05.250 pertaining to solid waste disposal, does this include such things as junk cars [i.e. Goss Lake] and will this provide the county with a means to get rid of some of the potential problems?

Mr. Tate said it would, in this case, within 200' of the water, used in combination with other regulations as well.

Mr. Bakke pointed out other codes that address that. thought the County's enforcement provisions in the Zoning Ordinance were adequate to handle those, although it is a lengthy process.

Maxine Keesling, Woodinville, Wa., presented general comments in writing, including three pages copied from DOE's publication "Confluence-Winter 2001" Vol. 5 No. 1 [GMA #6346] summarizing:

- Why negotiate amendments now – hold off until other jurisdictions are updating programs to comply with DOE guidelines adopted last Fall; wait until the courts rule and the State provides funding for implementation
- DOE guidelines are highly controversial, subject of lawsuit including 32 of the 39 Washington Counties
- DOE guidelines contain numerous restrictive ESA fish protection requirements
- DOE publication "Confluence – Winter 2001" quotes:

"Fitzsimmons said the revised shoreline guidelines will apply only to new development for re development. They will not apply to existing homes, businesses or farming practices, nor to shoreline projects that have already been approved for development by cities and counties under their existing shoreline master programs."

“If you already have a house at the water’s edge, or if you’re growing crops close to a river, you can keep living there and farming there -...”.

“The buffers, or vegetation conservation areas, are not ‘no touch’ areas.”.

“For example, development would be allowed on an existing legal residential lot where it is not feasible to locate the primary structure outside the buffer...”.

Fred E. Frei, Sr., Langley, made some general comments about water and well drilling. He recalled that some time ago a well was drilled on the Frei property, one of several wells drilled in the County, to discover where good ground water is located on Whidbey Island. The well on his property was drilled on the highest land, and the report showed they got a little brackish water at 1,000’ deep. Some things coming out now seem to be silly, for example, suggestions to drill wells in the middle of the County in order to get clean water. He saw a need to go ahead, not backwards.

Lew Randall, Freeland, discussed amendments briefly with some friends and neighbors, who asked to request a continuance of the hearing in order to have time to read and evaluate the amendments.

Ric Delmonte, Freeland, asked about the question of dealing with maintenance of seawalls, piers and docks.

Mr. Tate clarified that that subject would be part of another set of regulations. In the current proposed set of regulations and what the Board adopted in 1998, maintenance and repair of existing structures, including seawalls, is an exempt activity, subject to review and permit approval. The same would apply to piers and docks, provided they are still functional, or if not functional, would have had to be damaged in a storm for example.

Jean Wilcox, Langley, agreed that continuing the hearing was a good idea.

Steve Erickson, Whidbey Environmental Action Network [WEAN] concurred that the hearing be continued since he had not had an opportunity to read the proposed amendments yet.

Marianne Edain, WEAN, agreed that the hearing should be continued.

Vanetta Turner, Langley, expressed concern about certain persons or entities who seem to want to tell everyone else what to do, when and how, for instead of it being the fish that are an endangered species, it ends up human beings are an endangered species.

With no further public comments made, the Board by unanimous motion continued the Public Hearing on Ordinance #C-19-01 (PLG-001-01) to April 23, 2001 at 2:45 p.m. [notice of continuance, GMA document #6347]

There being no further business to come before the Board at this time, the meeting adjourned at 2:05 p.m. The Board will meet next in Regular Session on March 19, 2001, beginning at 9:30 a.m.

**BOARD OF COUNTY COMMISSIONERS  
ISLAND COUNTY, WASHINGTON**

William F. Thorn, Chairman \_\_\_\_\_

\_\_\_\_\_  
Wm. L. McDowell, Member

\_\_\_\_\_  
Mike Shelton, Member

**ATTEST:**

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Margaret Rosenkranz, Clerk of the Board