



September 11, 2019

By Email: kevin@lssewerdistrict.org and
By USPS Certified Mail, Return Receipt Requested

Kevin Kosche
President, LSSD Board of Commissioners
Lake Stevens Sewer District
1106 Vernon Road, Suite A
Lake Stevens, WA 98258

Re: Lake Stevens Sewer District Bond Refinancing

Dear Mr. Kosche:

I am writing in reply to your letter of September 10, 2019. The differences in interpretation of Unification Agreement provisions expressed in my letter to you and your response highlight the need for the City and the District to bring their Unification Agreement disputes before a mediator as expediently as possible. Clearly we need to firm up arrangements as soon as possible.

The City's support for the proposed bond refinancing is sincere. That support continues and I offer a solution that keeps the parties on track to resolve disputes and to move forward with bond financing with full support of the City. I am confident that when the utility committee meets this coming Tuesday September 17, the city representatives would support the following motion:

MOTION: I MOVE THE COMMITTEE SUPPORT A REQUEST THAT THE DISTRICT COMMISSIONERS APPROVE AN AMENDED RESOLUTION 969 FOR THE REFINANCING OF THE BUILD AMERICA BONDS, REMOVING SECTION 16(k) FROM THE RESOLUTION.

The City does not believe that the removal of section 16(k) will have any detrimental effect to the sale of the refinancing bonds. Approval of the motion and subsequent action by the Commissioners to amend Resolution 969 is an expedient means of moving forward with the sale of bonds.

If the District believes there is a need for clarification that any transfer of the unified system to the City is subject to all outstanding indebtedness, bonded or otherwise, of the District, I have included a second motion that includes amendment of Section 5.1 of the Unification Agreement. The second motion is set out on the attached sheet with the preferred option #1 as set out above.

Sincerely,



John Stevens
Mayor

LETTER ATTACHMENT

Options for District Refinancing Bond Approval

#1 No Amendment of Unification Agreement.

Utility Committee by majority vote approves motion requesting the District Commissioners approve an amended Resolution 969 eliminating section 16(k).

MOTION: I MOVE THE COMMITTEE SUPPORT A REQUEST THAT THE DISTRICT COMMISSIONERS APPROVE AN AMENDED RESOLUTION 969 FOR THE REFINANCING OF THE BUILD AMERICA BOND REMOVING SECTION 16(k) FROM THE RESOLUTION.

#2 Amendment of Unification Agreement by Vote of City Council and District Commissioners to include the provision below, followed by the action of the Utility Committee and amendment of Resolution 969 by the Commissioners described in Option #1.

MOTION: I MOVE TO RECOMMEND TO THE LEGISLATIVE BODIES OF THE CITY AND THE DISTRICT THAT THE 2005 UNIFICATION AGREEMENT BE AMENDED BY THE AMENDMENT OF SECTION 5.1 TO READ AS FOLLOWS:

5.1 The Unified Sewer System shall, subject to the conditions in Article 5, be transferred in its entirety from the District to the City, no sooner than twenty years from the date of District acceptance of the Phase I WWTP improvements construction project subject to the City satisfying then-current statutes regulating assumption of special purpose districts by code cities. Such timing may be extended or accelerated at the mutual agreement of the City and District; Provided, however, in the event of an accelerated transfer to the City, the transfer shall be subject to any outstanding indebtedness, bonded or otherwise, of the District payable from taxes, assessments, or revenues of any kind or nature and to any other contractual obligations of the District as currently provided in RCW 35.13A.020.