

**SUSTAINABLE RESOURCES COMMITTEE MEETING
AGENDA FOR
December 17, 2018
1:15 p.m. – City Council Briefing Center**

The Spokane City Council's Sustainable Resources Committee meeting will be held at **1:15 p.m. on December 17, 2018** in City Council Briefing Center –Lower Level City Hall, 808 West Spokane Falls Boulevard, Spokane, Washington.

The meeting will be conducted in a standing committee format. Because a quorum of the City Council may be present, the standing committee meeting will be conducted as a committee of the whole council.

The meeting will be open to the public, with the possibility of moving or reconvening into executive session only with the members of the City Council and the appropriate staff. No legislative action will be taken. No public testimony will be taken and discussion will be limited to appropriate officials and staff.

AGENDA

I. Call to Order

II. Approval of Minutes from August 20, 2018 Meeting

III. Consent Items

- | | |
|--|------------------|
| • Fairfax Service Agreement Extension | Corin Morse |
| • SBO Admission Tax Proceeds to Arts | Crystal Marchand |
| • Investment Policy & Resolution Updates | Crystal Marchand |
| • PMWeb Annual Support & Maintenance | Mike Sloon |
| • Software House International – Microsoft Premier Support Renewal | Mike Sloon |
| • Structure Communications – Hitachi SAN Systems Support Renewal | Mike Sloon |
| • My Spokane Imprest Fund Ordinance Amendment | Michelle Hughes |

IV. Council Requests

V. Staff Requests

- | | |
|--|-----------------|
| 1. Civil Service Initiatives (15 min) | Amber Richards |
| 2. UW Visitor Center | Ed Lukas |
| 3. Surveillance Equipment Resolution for Employee Lunch Room | Lukas/Harris |
| 4. Financial Update (15 min) | Cooley/Marchand |

VI. Executive Session:

VII. Adjournment:

Next Sustainable Resources meeting will be on Monday, February 18, 2019.

AMERICANS WITH DISABILITIES ACT (ADA) INFORMATION: The City of Spokane is committed to providing equal access to its facilities, programs and services for persons with disabilities. The Spokane

City Council Chamber in the lower level of Spokane City Hall, 808 W. Spokane Falls Blvd., is wheelchair accessible and also is equipped with an infrared assistive listening system for persons with hearing loss. Headsets may be checked out (upon presentation of picture I.D.) at the City Cable 5 Production Booth located on the First Floor of the Municipal Building, directly above the Chase Gallery or through the meeting organizer. Individuals requesting reasonable accommodations or further information may call, write, or email Human Resources at 509.625.6363, 808 W. Spokane Falls Blvd, Spokane, WA, 99201; or msteinolfson@spokanecity.org. Persons who are deaf or hard of hearing may contact Human Resources through the Washington Relay Service at 7-1-1. Please contact us forty-eight (48) hours before the meeting date.

Briefing Paper

Sustainable Resources

Division & Department:	Asset Management
Subject:	Disposition of Former Visitor Center at 201 W. Main Avenue
Date:	December 10, 2018
Contact (email & phone):	elukas@spokanecity.org
City Council Sponsor:	CP Ben Stuckart
Executive Sponsor:	Theresa Sanders
Committee(s) Impacted:	Sustainable Resources Committee
Type of Agenda item:	<input type="checkbox"/> Consent <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Strategic Initiative
Alignment:	6-Year Strategic Plan
Strategic Initiative:	Regional Collaboration / Grow Targeted Area / Encourage Investment
Deadline:	
Outcome:	Provide asset to the UDPDA to augment their resources in our joint effort to grow the University District

Background/History:

201 W. Main Avenue is a 14,000 square foot site improved with a 2,500 sf office building located at the southwest corner of Main Avenue and Browne Street (numbers are rounded.) It is located within the University District PDA. It was formerly the Spokane Visitor's Center but has been leased to the University of Washington since October 2014. The lease with UW expires in June 2019; they have expressed an interest to renew their lease.

The property produces approximately \$62,000 of Net Income for the City, excluding non-recurring capital improvements that are the responsibility of the Lessor (the City).

The assessed value (2018) is \$640,900.

Appraised value – as vacant – in 2013 was \$690,000.

Value estimate per Charlie Wolff, a commercial broker on staff with the City, is estimated "as leased" at \$1,000,000.

Executive Summary:

Transferring the former visitor center to the UDPA for \$1 and \$40,000 annual reduction in City's funding commitment to the University District Development Association. The transfer accomplishes several strategic initiatives: regional collaboration with the PDA, growing a targeted area, and encouraging private investment within the University District.

The UDPDA already has a relationship with the University of Washington they can continue to grow.

A valuable and cash producing real estate asset strengthens the UDPDA's marketing efforts in attracting investment in Spokane suitable to the goals of the University District.

Budget Impact:

Approved in current year budget? ☐ Yes ☐ No ☒ N/A

Annual/Reoccurring expenditure? ☐ Yes ☐ No ☒ N/A

If new, specify funding source:

Other budget impacts: (revenue generating, match requirements, etc.) approx \$62,000 of annual net income from UW tenant is offset, in part, by \$40,000 reduction in City's funding commitment to the University District Development Association.

Operations Impact:

Consistent with current operations/policy? ☒ Yes ☐ No ☐ N/A

Requires change in current operations/policy? ☒ Yes ☐ No ☐ N/A

Specify changes required:

Known challenges/barriers:

Briefing Paper

Sustainable Resources Committee

Division & Department:	Public Works & Utility Billing Program
Subject:	Payment Processing
Date:	December 17, 2018
Author (email & phone):	Corin Morse (cmorse@spokanecity.org)
City Council Sponsor:	N/A
Executive Sponsor:	Scott Simmons, Public Works Director
Committee(s) Impacted:	N/A
Type of Agenda item:	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment:	Budget
Strategic Initiative:	Service Maintenance Agreement Extension with Fairfax Imaging, Inc.
Deadline:	
Outcome:	Service and repairs of the payment processing machine (OCR) through implementation of payment processing at Spokane County of utility bill checks and money orders.
Background/History:	
<ul style="list-style-type: none"> The Interlocal Agreement was approved on September 24, 2018 and fully signed as of November 6, 2018. Planning, programming and testing the new process has been ongoing and expected to reach full implementation as of February, 2019. The need to extend this agreement is to cover possible service and repairs during until we are able to launch payment processing to Spokane County. 	
Executive Summary:	
<ul style="list-style-type: none"> To extend the service agreement to February 28, 2019 for repair and maintenance to the OCR will cost \$14,753.25. 	
Budget Impact:	
Approved in current year budget? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Annual/Reoccurring expenditure? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If new, specify funding source: Other budget impacts: (revenue generating, match requirements, etc.)	
Operations Impact:	
Consistent with current operations/policy? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Requires change in current operations/policy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Specify changes required: Known challenges/barriers:	



FAIRFAX IMAGING, INC.

November 15, 2018

City of Spokane
IT Admin
W 808 Spokane Falls Road
Spokane, WA 99201

Subject: Fairfax Imaging Annual Maintenance Quote

The following information is a quote for the renewal of maintenance on the hardware and software provided by Fairfax Imaging, Inc. for the City of Spokane.

Annual Hardware and Software Maintenance

Coverage Dates: 12/01/2018 – 02/28/2019

Coverage Times: M – F 9am – 5pm (Pacific Time, excluding Fairfax holidays)

Response Time: 4 hours

Total Hardware Maintenance Renewal Cost: \$4,567.50

NCR Hardware

NCR-ITRAN 300 DPM Transport: SN: 34998988

WISEIP Software

Dual-Front MICR

300 DOM E13B Encoder

Rear-Only Black Ink Jet Endorser

Front Camera Only

Pockets for ITRAN SN: 37117657

ITRAN Controller - 3287-5000-8990 SN:

Intel Core2 Duo E6750 (2.66GHz/1333MHz/4MB L2) 375W

2GB, 667MHz, DDR2 SDRAM, ECC (2 DIMMs)

256MB PCIe x16 nVidia NVS 290, Dual Monitor DVI Capable

Internal Chassis Speaker

Broadcom NetXtreme 10/100/1000 Gigabit Ethernet controller-PCI Express card

48X/32X CD-RW/DVD Combo Drive with Cyberlink Power DVD

Genuine Windows XP Professional, SP2 with Media

3.5 inch 1.44MB Floppy Drive

C7, ALL SATA, RAID 1for 2 Hard Drives

80GB SATA 3.0Gb/s with NCQ and 8MB DataBurst Cache

80GB SATA 3.0Gb/s with NCQ and 8MB DataBurst Cache

Dell USB 2-Button Mechanical Mouse with Scroll

Software Maintenance Renewal Cost: \$10,185.75

<u>Qty</u>	<u>Description</u>
[02]	Quick Scan License Fee
[01]	Quick Enhance License Fee (unrestricted, unthrottled license)
[01]	Quick Capture License Fee (unrestricted, unthrottled license)
[01]	Quick Key License Fee (unlimited site wide license)
[01]	Quick Balance License Fee (unlimited site wide license)
[01]	Quick Encode License Fee
[01]	Quick Output License Fee
[01]	Quick Fill License Fee
[01]	Quick Review License Fee
[01]	Quick Reports License Fee
[01]	Quick Retrieve Server License Fee
[01]	Quick Retrieve Client License Fee (unlimited site-wide license)
[01]	Quick Workflow Server License Fee
[10]	Quick Workflow Client License Fee
[01]	Quick Config Client License Fee
[01]	Quick Monitor License Fee

Total hardware and software maintenance listed above is \$14,753.25

Please Note: When canceling maintenance, a 90-day cancelation notice is required.

Please issue a purchase order. We will then issue an invoice for the above-mentioned maintenance items. You may email to oksana.salem@ffximg.com and/or mail to:

**Fairfax Imaging, Inc.
2005 Pan Am Circle, Suite 110
Tampa, FL 33607**

Please contact me with any questions or concerns at 813.440.4528 ext: 1032. Thank you for your assistance.

Best Regards,

Oksana Salem
Vendor Coordinator
Fairfax Imaging, Inc.



City of Spokane

CONTRACT EXTENSION WITH COST

Title: FAIRFAX IMAGING ANNUAL
MAINTENANCE FOR CITY OF SPOKANE-
FOURTH EXTENSION

THIS AGREEMENT is between the CITY OF SPOKANE, a Washington State municipal corporation, as "City", and FAIRFAX IMAGING, whose address is 2005 Pan Am Circle, Suite 110, Tampa, Florida, 33607, as "Fairfax". Individually hereafter referenced as a "party", and together as the "parties".

WHEREAS, the parties entered into a Contract wherein the "Fairfax" agreed to PROVIDE THE CITY OF SPOKANE WITH CHECK PROCESSING HARDWARE AND SOFTWARE SERVICES; and

WHEREAS, additional work has been requested; – Now, Therefore,

The parties agree as follows:

1. **CONTRACT DOCUMENTS.** The Contract dated April 6, 2015, any previous amendments and/or extensions/renewals thereto are incorporated by reference into this document as though written in full and shall remain in full force and effect except as provided herein.
2. **EFFECTIVE DATE.** This Contract Extension shall become effective December 1, 2018.
3. **ADDITIONAL WORK.** The scope of work of the original Contract is expanded to include the following:

Annual Maintenance Quote dated November 15, 2018 (Attachment A).
4. **EXTENSION.** The contract documents are hereby extended and shall run through February 28, 2019.
5. **COMPENSATION.** The City shall pay , INCLUDING TAX, SIXTEEN THOUSAND, FIFTY-ONE AND 54/100 DOLLARS, (\$16,051.54) for everything furnished and done under this Contract Extension.



November 15, 2018

City of Spokane
IT Admin
W 808 Spokane Falls Road
Spokane, WA 99201

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NCR Hardware

NCR-ITRAN 300 DPM Transport: SN: 34998988
WISEIP Software
Dual-Front MICR
300 DOM E13B Encoder

Rear-Only Black Ink Jet Endorser
Front Camera Only
Pockets for ITRAN SN: 37117657

ITRAN Controller - 3287-5000-8990 SN:
Intel Core2 Duo E6750 (2.66GHz/1333MHz/4MB L2) 375W
2GB, 667MHz, DDR2 SDRAM, ECC (2 DIMMs)
256MB PCIe x16 nVidia NVS 290, Dual Monitor DVI Capable
Internal Chassis Speaker
Broadcom NetXtreme 10/100/1000 Gigabit Ethernet controller-PCI Express card
48X/32X CD-RW/DVD Combo Drive with Cyberlink Power DVD
Genuine Windows XP Professional, SP2 with Media
3.5 inch 1.44MB Floppy Drive
C7, ALL SATA, RAID 1for 2 Hard Drives
80GB SATA 3.0Gb/s with NCQ and 8MB DataBurst Cache
80GB SATA 3.0Gb/s with NCQ and 8MB DataBurst Cache
Dell USB 2-Button Mechanical Mouse with Scroll

Software Maintenance Renewal Cost: \$10,185.75

<u>Qty</u>	<u>Description</u>
[02]	Quick Scan License Fee
[01]	Quick Enhance License Fee (unrestricted, unthrottled license)
[01]	Quick Capture License Fee (unrestricted, unthrottled license)
[01]	Quick Key License Fee (unlimited site wide license)
[01]	Quick Balance License Fee (unlimited site wide license)
[01]	Quick Encode License Fee
[01]	Quick Output License Fee
[01]	Quick Fill License Fee
[01]	Quick Review License Fee
[01]	Quick Reports License Fee
[01]	Quick Retrieve Server License Fee
[01]	Quick Retrieve Client License Fee (unlimited site-wide license)
[01]	Quick Workflow Server License Fee
[10]	Quick Workflow Client License Fee
[01]	Quick Config Client License Fee
[01]	Quick Monitor License Fee

Total hardware and software maintenance listed above is \$14,753.25

Please Note: When canceling maintenance, a 90-day cancelation notice is required.

Please issue a purchase order. We will then issue an invoice for the above-mentioned maintenance items. You may email to oksana.salem@ffximg.com and/or mail to:

**Fairfax Imaging, Inc.
2005 Pan Am Circle, Suite 110
Tampa, FL 33607**

Please contact me with any questions or concerns at 813.440.4528 ext: 1032. Thank you for your assistance.

Best Regards,

Oksana Salem
Vendor Coordinator
Fairfax Imaging, Inc.

Briefing Paper (Sustainable Resources Committee)

Division & Department:	My Spokane
Subject:	Increase to My Spokane Imprest Fund
Date:	
Contact (email & phone):	Carly Cortright ccortright@spokanecity.org
City Council Sponsor:	
Executive Sponsor:	
Committee(s) Impacted:	Sustainable Resources
Type of Agenda item:	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	
Strategic Initiative:	
Deadline:	
Outcome: (deliverables, delivery duties, milestones to meet)	Update to SMC 07.03.190 increasing the My Spokane imprest fund to an amount not to exceed four-thousand eight hundred dollars
Background/History: Currently the Imprest Funds of My Spokane is \$4,000 used for cashier's change as part of their normal operations	
<ul style="list-style-type: none"> <i>My Spokane has added a cashier position and would like to increase the imprest fund by \$800 to add another till that will be used as cashier's change.</i> 	
Budget Impact: Approved in current year budget? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A Annual/Reoccurring expenditure? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If new, specify funding source: Other budget impacts: (revenue generating, match requirements, etc.)	
Operations Impact: Consistent with current operations/policy? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Requires change in current operations/policy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A Specify changes required: Known challenges/barriers:	

Briefing Paper

SUSTAINABLE RESOURCES COMMITTEE

Division & Department:	Finance
Subject:	SBO - Admission Tax Proceeds to Arts per SMC 08.03.122
Date:	12/5/2018
Contact (email & phone):	cmarchand@spokanecity.org ; 625-6369 (Crystal Marchand, Director of Management and Budget)
City Council Sponsor:	
Executive Sponsor:	Crystal Marchand
Committee(s) Impacted:	Sustainable Resources Committee
Type of Agenda item:	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	Budget
Strategic Initiative:	N/A
Deadline:	December 2018
Outcome: (deliverables, delivery duties, milestones to meet)	Increase Budget in Asset Management for Funding to Arts
Background/History: SMC 08.03.122 established annual funding to the Arts from Admission Tax revenues. In the 2018 Budget, the funding level was inadvertently not adjusted based upon the defined contribution level in the Code.	
Executive Summary: This SBO increases expense budget capacity in the General Fund to facilitate moving the appropriate level of Admission Tax revenues to the Arts and increases expense budget capacity in the Asset Management Fund to facilitate expenditures to the Arts as defined in the SMC.	
Budget Impact: Approved in current year budget? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Annual/Reoccurring expenditure? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If new, specify funding source: Other budget impacts:	
Operations Impact: Consistent with current operations/policy? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Requires change in current operations/policy? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Specify changes required: n/a Known challenges/barriers: n/a	

Briefing Paper

Finance & Administration Committee

Division & Department:	Finance – Treasury Services
Subject:	Investment Policy and Resolution Updates
Date:	December 6, 2018
Author (email & phone):	Jake Hensley (jahensley@spokanecity.org) 625-6074 Crystal Marchand (cmarchand@spokanecity.org) 625-6369
City Council Sponsor:	None
Executive Sponsor:	Gavin Cooley
Committee(s) Impacted:	Finance Committee
Type of Agenda item:	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	
Strategic Initiative:	Audit Compliance
Deadline:	None
Outcome: (deliverables, delivery duties, milestones to meet)	Council Approval of Updated Resolution; Department Staff Update Admin Policy 0860-14-02
<p>Background/History: Per RCW 35.39.034, the City must establish by resolution, the method by which investments are apportioned to the General fund and other funds participating in the Spokane Investment Pool. The most recent resolution was filed on September 28, 2008 (RES 2009-0072).</p> <p>In addition, a SAO memorandum issued as part of the City's 2016 Accountability Audit establishes the recommendation for the City to "establish and approve a written policy for the City's interest allocation methodology."</p>	
<p>Executive Summary:</p> <ul style="list-style-type: none"> File updated "Resolution – Concerning distribution of investment revenues of moneys deposited in the Spokane Investment Pool." Updated Resolution (1) Formally establishes 84-Month average LGIP, in effect on 12/31 of the preceding fiscal year, as the earnings rate for City funds not restricted by bond covenants, grant or contractual terms, or establishing ordinances. (2) Authorizes diversion of investment earnings from such participating funds to the General Fund. (3) Establishes the full interest rate as the earnings rate for all other funds otherwise restricted. (4) Provides for a one-time allocation adjustment, to be performed in 2018, amending current practice to conform with this Resolution. In conjunction with this Resolution, Department staff has made related changes to the City's Investment Policy (ADMIN 0860-14-02), updated to include Investment Allocation Methodology language and housekeeping revisions. 	
<p>Budget Impact:</p> <p>Approved in current year budget? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Annual/Reoccurring expenditure? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If new, specify funding source:</p> <p>Other budget impacts: (revenue generating, match requirements, etc.)</p>	

Operations Impact:

Consistent with current operations/policy?

☐ Yes

☒ No

Requires change in current operations/policy?

☒ Yes

☐ No

Specify changes required: Investment Policy (ADMIN 0860-14-02) updated to comply.

Known challenges/barriers: None

DRAFT

RESOLUTION

Concerning distribution of investment revenues of moneys deposited in the Spokane Investment Pool.

WHEREAS, The City of Spokane has provided for the establishment of various separate funds for the deposit of moneys in the conduct of its business; and

WHEREAS, RCW 35.39.030 provides for the authority of the City to invest any portion of its moneys deposited in inactive funds or in other funds in excess of current needs; and

WHEREAS, RCW 35.39.032 provides that no investments may be made without the approval of the City's legislative authority, expressed by ordinance, and this has been done; and

WHEREAS, RCW 35.39.034 provides that moneys from individual funds may, unless otherwise restricted by law, be commingled within one common investment portfolio for investment, and

WHEREAS, City investment activity was aggregated citywide in the city's Spokane Investment Pool (SIP) effective September 30, 2007; and

WHEREAS, The SIP is managed by the City's Chief Financial Officer or his or her designee; and

WHEREAS, prior to the creation of the SIP, the City's investable funds outside of the General Fund were generally invested at the direction of the individual departments in the State of Washington's Local Government Investment Pool (LGIP) and/or other short term investments; and

WHEREAS, RCW 35.39.034 provides that the governing body of a city may determine by ordinance or resolution that, unless otherwise restricted by law, income derived from citywide investments may be apportioned to the General Fund subject to certain restrictions pertaining to moneys derived from various types of indebtedness or grant-related activity; and

WHEREAS, is the desire of the City Council to apportion a reasonable level of investment income to the originating funds consistent with investment practices followed prior to the creation of the SIP;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Spokane:

That effective January 1, 2019, SIP Investment earnings shall be apportioned to originating funds on a monthly basis, based on their average invested balances.

The General Fund and City funds restricted by bond covenants, grant terms, contractual terms or establishing ordinances shall be allocated investment earnings at a rate equal to the full interest earned for a given month. Realized and Unrealized gains and losses, and amortization of Premium and Discount shall be apportioned to such funds on a basis not to exceed quarterly.

City funds otherwise not restricted by bond covenants, grant terms, contractual terms or establishing ordinances, shall be allocated investment earnings at a rate equal to the 84-month average LGIP earnings rate in effect on December 31st of the preceding fiscal year. The remaining investment earnings balance or deficit, if any, will be deposited into or withdrawn from the General Fund.

BE IT ALSO RESOLVED, that a one-time allocation adjustment will be performed in the year 2018 to amend current practice and ensure consistency with this resolution.

ADOPTED by City Council on this _____ day of _____ 2018.

CITY OF SPOKANE
Spokane County, Washington

City Clerk

Approved as to form:

Assistant City Attorney

ORDINANCE NO. C-_____

An ordinance regarding My Spokane Imprest Funds; amending section 7.03.190 of the Spokane Municipal Code.

WHEREAS, My Spokane currently has an imprest fund in an amount not to exceed \$4,000, and

WHEREAS, this amount has not changed since it was established in 2015, and there is a need to increase the amount to \$4,800 to adequately maintain normal operations of the My Spokane Office;

NOW THEREFORE, the City of Spokane does ordain:

Section 1. That section 7.03.190 of the Spokane Municipal Code is amended to read as follows:

Chapter 7.03 Imprest Funds
Section 7.03.190 My Spokane.

There is established in the My Spokane Office an imprest fund in an amount not to exceed four thousand eight hundred dollars to be used as the cashier's change fund as part of their normal operations.

PASSED by the City Council on _____.

Council President

Attest:

Approved as to form:

City Clerk

Assistant City Attorney

Mayor

Date

Effective Date

CITY OF SPOKANE ADMINISTRATIVE POLICY AND PROCEDURE	ADMIN 0860-14-02 LGL 2006-0030
TITLE: INVESTMENTS EFFECTIVE DATE: June 21, 2010 REVISION EFFECTIVE DATE: August 26, 2014 <u>January 1, 2019</u>	

1.0 GENERAL

- 1.1 The purpose of this policy is to establish prudent objectives for the City's investment program and delineate the practices used by the City to invest funds and control portfolio risks.

1.2 TABLE OF CONTENTS

- 1.0 GENERAL
- 2.0 DEPARTMENTS/DIVISIONS AFFECTED
- 3.0 REFERENCES
- 4.0 DEFINITIONS
- 5.0 POLICY
- 6.0 PROCEDURE
- 7.0 RESPONSIBILITIES
- 8.0 APPENDICES

2.0 DEPARTMENTS/DIVISIONS AFFECTED

This policy shall apply to investments administered by the City ~~Treasurer~~ Finance Division.

3.0 REFERENCES

SMC section 7.15.020
RCW sections 35.39.030, 35.39.032, and 35.39.034

4.0 DEFINITIONS

- 4.1 Accrued Interest – (1) The dollar amount of interest accrued on an issue, based on the stated interest rate on that issue, from its issue date to the date of delivery to the original purchaser. This is usually paid by the original purchaser to the issuer as part of the purchase price of the issue; (2) Interest deemed to be earned on a security but not yet paid to the investor.

- 4.2 Agency Security Obligations – U.S. Government issued security that was not issued by the Treasury Department. These issues include: Federal Home Loan Bank Bonds (FHLB), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (Freddie Mac), and Student Loan Marketing Association (Sallie Mae).
- 4.3 Amortization – Liquidation of a debt through installment payments.
- 4.4 Average Maturity – A weighted average of the expiration dates for a portfolio of debt securities. An income funds volatility can be managed by shortening or lengthening the average maturity of its portfolio.
- 4.5 Bankers Acceptance (BAs) – Bankers Acceptances generally are created based on a letter of credit used in a foreign trade transaction. They are used to finance the shipment of commodities between countries as well as the shipment of some specific goods within the United States. BAs are short-term, non-interest-bearing notes sold at a discount and redeemed by the accepting bank at maturity for full face value. These notes trade at a rate equal to or slightly higher than Certificates of Deposit (CDs), depending on market supply and demand. Bankers Acceptances are sold in amounts that vary from one hundred thousand dollars (\$100,000) to one million dollars (\$1,000,000) or more with maturities ranging from thirty (30) to two hundred seventy (270) days. They offer liquidity to the investor, as it is possible to sell BAs prior to maturity at the current market price.
- 4.6 Benchmark – A bond whose terms are used for comparison with other bonds of similar maturity. The global financial market typically looks to U.S Treasury securities as benchmarks.
- 4.7 Bid – Price at which a buyer is willing to purchase a security.
- 4.8 Bill – A short-term direct obligation of the U.S. Treasury that has a maturity of not more than one year (for example, thirteen (13), twenty six (26) or fifty two (52) week maturity).
- 4.9 Bond – (1) The written evidence of debt, bearing a stated rate or stated rates of interest, or stating a formula for determining that rate, and maturing on a certain date, on which date and upon presentation a fixed sum of money plus interest is payable to the holder or owner. A municipal bond issue is usually comprised of many bonds that mature over a period of years; (2) Long-term securities with a maturity of greater than one (1) year.
- 4.10 Book Entry – U.S. Government and federal agency securities that do not exist in definitive (paper) form; they exist only in computerized files maintained by the Federal Reserve Bank.

- 4.11 Book Value – The amount at which an asset is carried on the books of the owner. The book value of an asset does not necessarily have a significant relationship to the market value of the security.
- 4.12 Certificates of Deposit (CDs) – Certificates issued against funds deposited in a bank for a definite period of time and earning a specified rate of return. Certificates of Deposit bear rates of interest in line with money market rates current at the time of issuance.
- 4.13 Competitive Quote Process – A process by which two (2) or more institutions are contacted to obtain prices for specific securities.
- 4.14 Coupon – The rate of interest payable annually. Where the coupon is blank, it may indicate that the bond is a “zero-coupon,” or a new issue where the coupon has yet to be determined, or that it is a variable-rate bond.
- 4.15 Credit Risk – The risk that another party to an investment transaction will not fulfill its obligations. Credit risk can be associated with the issuer of a security, a financial institution holding the entity's deposit, or a third party holding securities or collateral. Credit risk exposure can be affected by a concentration of deposits or investments in any one investment type with any one party.
- 4.16 Delivery – The providing of a security in an acceptable form to the entity or to an agent acting on behalf of the entity and independent of the seller. Acceptable forms can be physical securities or the transfer of book-entry securities. The important distinction is that the transfer accomplishes absolute ownership control by the purchasing entity.
- 4.17 Delivery vs. Payment – There are two (2) methods of delivery of securities: delivery vs. payment and delivery vs. receipt (also called free). Delivery vs. payment is delivery of securities with an exchange of money for the securities. Delivery vs. receipt is delivery of securities with an exchange or a signed receipt for the securities.
- 4.18 Depository Bank – A local bank used as the point of deposit for cash receipts.
- 4.19 Derivative – A financial instrument whose value is based on, and determined by, another security or benchmark.
- 4.20 Discount – (1) Amount (stated in dollars or a percent) by which the selling or purchase price of a security is less than its face amount; (2) Amount by which the amount bid for an issue is less than the aggregate principal amount of that issue.

- 4.21 Diversification – Dividing available funds among a variety of securities and institutions so as to minimize market risk.
- 4.22 Duration – The weighted maturity of a fixed-income investment's cash flows, used in the estimation of the price sensitivity of fixed-income securities for a given change in interest rates.
- 4.23 Effective Rate – The yield received on a debt security over a period of time taking into account any compounding effect.
- 4.24 Face Value – The par value (i.e., principal, or maturity, value) of a security appearing on the face of the instrument; thus, the redemption value at maturity.
- 4.25 Federal Agency Securities – Federal agency securities can be classified by the type of issuer: those issued by Federally Related Institutions, and those issued by Government Sponsored Enterprises.
- 4.26 Federally Related Institutions - Branches of the federal government and generally do not issue securities directly in the marketplace. The major issuers have been the Tennessee Valley Authority (TVA) and the Government National Mortgage Association (Ginnie Mae). With the exception of securities of the TVA and the Private Export Funding Corporation, the full faith and credit of the United States government back these securities.
- 4.27 Federal Reserve System – The central bank of the United States, which has regulated credit in the economy since its inception in 1913. The system includes the Federal Reserve Bank, twelve district banks and the member banks of the Federal Reserve.

4.28 Fiduciary Funds – Assets held in a trustee or agency capacity.

4.29 Fund – City monies are separated into various funds. Fund types vary in applicable legal requirements to include, but are not limited to bond, documents, grant terms, contractual obligations, and the ordinance establishing the fund.

- 4.30 General Obligation Bond (GO) – A municipal bond secured by the pledge of the issuer's full faith and credit, and backed by their taxing authority.
- 4.31 Government Security – Any debt obligation issued by the U.S. Government, its agencies or instrumentalities. Certain securities, such as Treasury bonds and Ginnie Maes, are backed by the government as to both principal and interest payments. Other securities, such as those

issued by the Farm Credit Bank System and Freddie Macs, are backed by the issuing agency.

- 4.32 Government Sponsored Enterprises (GSEs) - Privately owned, publicly chartered entities. They were created by Congress to reduce the cost of capital for certain borrowing sectors of the economy deemed to be important enough to warrant assistance. Today there are five (5) GSEs that issue securities: Federal Farm Credit Bank System (FFCB), Federal Home Loan Bank System (FHLB), Federal National Mortgage Association (Fannie Mae), Federal Home Loan Bank Corporation (Freddie Mac) and the Student Loan Marketing Association (Sallie Mae). These Federal Government-sponsored agencies were established by the U.S. Congress to undertake various types of financing without tapping the public treasury. In order to do so, the agencies have been given the power to borrow money by issuing securities, generally under the authority of an act of Congress. These securities are highly acceptable and marketable for several reasons, though mainly because they are exempt from state and local income taxes. Furthermore, agency securities must offer a higher yield than direct Treasury debt of the same maturity in order to attract investors, partly because these securities are not direct obligations of the Treasury.
- 4.33 Interest – The compensation paid or to be paid for the use of money, usually expressed as an annual percentage rate. Interest rates change in response to a number of things including revised expectations about inflation, and such changes in the prevailing level of interest rates affects the value of all outstanding bonds.
- 4.34 Inverse Floater – Structured notes or derivatives designed to rise in yield as interest rates fall. Also called a Reverse Floater. These are very volatile securities.
- 4.35 Investment Portfolio – A collection of investment instruments, authorized by the City and State policy, to generate investment earnings.
- 4.36 LIBOR (London Interbank Offered Rate) – The rate banks charge each other for short-term Eurodollar loans. LIBOR is frequently used as the base for resetting rates on floating-rate securities.
- 4.37 Liquidity – The ease and speed with which an asset can be converted into cash without a substantial loss in value.
- 4.38 Local Government Investment Pool (LGIP) – The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment.

- 4.39 Loss – The excess of the cost or book value of an asset over its selling price.
- 4.40 Master Agreement – An agreement which is controlling all transactions covered by it on an open-ended basis. A new contract is not required for each new transaction.
- 4.41 Maturity Date – The date when the principal amount of a security becomes due and payable, if not subject to prior call or redemption.
- 4.42 NASD – National Association of Securities Dealers. The largest self-regulatory securities industry organization in the United States.
- 4.43 Notes – Short-term promises to pay specified amounts of money, usually secured by specific sources of future revenues, such as taxes, federal and state aid payments, and bond proceeds.
- 4.44 Offer – The price at which a seller will sell a security.
- 4.45 Par Value – The nominal or face value of a debt security; that is, the value at maturity.
- 4.46 Performance – An investment's return (usually total return), compared to a benchmark that is comparable to the risk level or investment objectives of the investment.
- 4.47 Premium – (1) Amount (stated in dollars or a percent) by which the selling or purchase price of a security is greater than its face amount; (2) Amount by which the amount bid for an issue is greater than the aggregate principal amount of that issue.
- 4.48 Primary Dealers – A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission registered securities broker-dealers, banks and a few unregulated firms.
- 4.49 Principal – The invested amount on which interest is charged or earned.
- 4.50 Qualified Public Depositary – A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

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4.51 Realized Gain or Loss – A measurement which represents the difference between the fair market value and the cost of a security, realized when an investment is matured or sold.

4.52 Refunding – Sale of a new issue, the proceeds of which are to be used, immediately or in the future, to retire an outstanding issue by essentially replacing the outstanding issue with the new issue. Refundings are done to save interest cost, extend the maturity of the debt, or to relax existing restrictive covenants.

4.53 Repurchase Agreement (Repo) – A Repurchase Agreement is a contractual transaction between an investor and an issuing financial institution (not a secured loan). The investor exchanges cash for temporary ownership of specific securities, with an agreement between the parties that on a future date the financial institution will repurchase the securities at a predetermined price. An “open repo” does not have a specified repurchase date and the repurchase price is established by a formula computation.

4.54 Risk – A measure of the degree of uncertainty and/or of financial loss inherent in an investment or decision.

4.55 Safekeeping – A service to customers rendered by banks or trust companies for a fee whereby all securities and valuables of all types and descriptions are held in the bank’s vaults for protection, or in the case of book entry securities, are held and recorded in the customer’s name and are inaccessible to anyone else.

4.56 Secondary Market – Ongoing market for bonds previously offered or sold in the primary market.

4.57 Securities – Bonds, notes, mortgages or other forms of negotiable or non-negotiable instruments.

4.58 Spokane Investment Pool – Established September 30, 2007 in accordance with RCW 35.39.034. The City of Spokane aggregates investment activity to generate interest earnings. The Pool is created by combining Treasurer’s cash and Fund invested balances to consolidate resources available to the Portfolio.

4.59 Swap – A transaction in which an investor sells one (1) security and simultaneously buys another with the proceeds, usually for about the same price.

4.60 Syndicate – A group of underwriters formed for the purpose of participating jointly in the initial public offering of a new issue of securities.

The terms under which a “syndicate” is formed and operates are typically set forth in an “agreement among underwriters.” One or more underwriters will act as manager of the “syndicate” and one of the managers will act as lead manager and “run the books.” A “syndicate” is also often referred to as an “account” or an “underwriting account.”

- 4.61 Third-Party Safekeeping – A safekeeping arrangement whereby the investor has full control over the securities being held. Dealers and/or bank investment departments have no access to the securities being held.
- 4.62 Total Return – Investment performance measure over a stated time period which includes coupon interest, interest on interest, and any realized and unrealized gains or losses.
- 4.63 Treasury Bills – Treasury Bills are short-term debt obligations of the U.S. Government which are issued at a discount to par value, have no coupon rate and mature at par value. They offer maximum safety of principal since they are backed by the full faith and credit of the United States Government. Treasury bills, commonly called “T-Bills” account for the bulk of government financing, and are the major vehicle used by the Federal Reserve System in the money market to implement national monetary policy. T-Bills are issued on a regular basis with initial maturities of ninety one (91) days and one hundred eighty two (182) days. They are more popularly referred to as three (3) month and six (6) month Treasury bills. These instruments generally yield the lowest returns of the major money market instruments Treasury bills because they are considered “risk-free”.
- 4.64 Treasury Notes and Bonds – While T-Bills are sold at a discount rate that establishes the yield to maturity, all other marketable treasury obligations have coupons. These include Treasury Notes, with maturities from one to ten years and Treasury Bonds with maturities of ten (10) to thirty (30) years. Since Bills, Notes and Bonds are general obligations of the U.S. Government, and since the General Government has the lowest credit risk of all participants in the money market, its obligations generally offer a lower yield to the investor than do other securities with similar maturity structures.
- 4.65 Underlying Securities – Securities transferred in accordance with a Repurchase Agreement.
- 4.66 Unrealized Gain or Loss – A measurement, which represents the difference between the fair market value and the cost of a security, taken while the investment is being held and prior to being sold or matured.
- 4.67 U.S. Government Agency Securities – A variety of securities issued by several U.S. agencies. Some are issued on a discount basis and some

are issued with coupons. Some are backed by the full faith and credit guarantee of the U.S. Government, while others are not.

- 4.68 Volatility – A statistical measure of the variance of price or yield over time. Volatility is low if the price does not change very much over a short period of time, and high if there is a greater change.
- 4.69 When-Issued Trades – Typically there is a lag between the time a new bond is announced and sold, and the time it is actually issued. During this interval, the security trades “WI” – “when, as, and if issued.”
- 4.70 Yield – The rate at which an investment pays out interest or dividend income, expressed in percentage terms and calculated by dividing the amount paid by the price of the security and annualizing the result.

5.0 POLICY

- 5.1 It is the policy of the City of Spokane (“the City”) to invest public funds in a manner which will provide the maximum security with the highest investment return, while meeting daily cash flow requirements and conforming to all state and local statutes governing the investing of public funds.

5.2 Scope

- 5.2.1 This investment policy applies to all financial assets of the City. These funds are accounted for in the City’s Comprehensive Annual Financial Report and include all funds with the exception of Employees Retirement Fund, Police Pension Fund and Fire Pension Fund.
- 5.2.2 Funds set aside to defease City debt in conjunction with an advance refunding agreement will be invested in accordance with appropriate bond documents and not necessarily in compliance with this policy. Should bond covenants be more restrictive than this policy, funds will be invested in full compliance with those restrictions.
- 5.2.3 Funds held by the County Treasurer during tax collection periods shall be governed by the County’s investment policies to the extent that they do not conflict with this policy and should be invested by the County Treasurer for the benefit of the City as stipulated by the City in accordance with RCW 36.29.020.

5.3 Prudence

5.3.1 The Investment Committee and designated staff shall act responsibly and prudently in order to maintain the safety of the public's funds.

5.3.2 The standard of prudence that shall be practiced at all times without exception shall be the "Prudent Person Rule" which reads: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

5.3.3 The ~~City Treasurer-Chief Financial Officer~~ or his/her designee acting in accordance with any written procedures, the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes. Should any such loss occur, however, the ~~City Treasurer, Chief Financial Officer or his/her designee~~ shall report it to the Investment Committee, who shall then take appropriate action to prevent any future occurrences.

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5.3.4 Purchase of securities shall be made for investment and not speculation.

5.4 Objectives

5.4.1 The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the primary objectives of safety and liquidity. Core investments are limited to relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- a. A security with declining credit may be sold early to minimize loss of principal.
- b. A security swap that would improve the quality, yield or target duration in the portfolio.
- c. Liquidity needs of the portfolio require that the security be sold.

5.4.2 Therefore, the primary and secondary objectives, in order of priority, of the City's investment activities will be as follows:

- a. Safety: Safety of principal is the primary objective of the City's investment program. City investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To obtain this objective, the City will diversify its investments by investing funds among a variety of securities and financial institutions offering independent returns.
- b. Liquidity: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating and capital spending requirements which might be reasonably anticipated.
- c. Return on Investment: The City's investment portfolio will be structured with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the agencies investment risk constraints and the cash flow characteristics of the portfolio.

5.5 Delegation of Authority

5.5.1 Authority to manage the City's investment program is derived from Spokane Municipal Code chapter 7.15 which delegates responsibility for the City's investment program to the City Investment Committee.

5.5.2 Management responsibility for the investment program is hereby delegated to the ~~City Treasurer~~ Chief Financial Officer or his/her designee who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

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5.5.3 Daily operational responsibility for the investment program is hereby delegated to the City ~~Treasurer~~ Treasury Manager, who shall establish written procedures for the operation of the investment program consistent with the Investment Policy. Procedures should reference the following: purpose, cash review, investment selection, purchase of an investment, settlement and follow-through, accounting, reporting and auditing.

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5.5.4 No one person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the ~~City Treasurer~~ Chief Financial Officer or his/her designee and Treasury Manager. The ~~City Treasurer~~ Chief

Financial Officer or his/her designee shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of staff involved in the accounting for investment activities.

5.6 Ethics and Conflicts of Interest

5.6.1 Officers and employees involved in the investment process shall refrain from personal business activity that may conflict with the proper execution of the investment program, or may impair their ability to make impartial investment decisions. Officers and employees shall disclose to the Investment Committee any material financial interests in financial institutions that conduct business with the City, and they shall also disclose any personal financial/investment positions that could be related to the performance of the City's portfolio. Officer and employees shall subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchases and sales.

5.7 Authorized Financial Dealers and Institutions

5.7.1 The City ~~Treasurer~~ Chief Financial Officer or his/her designee shall maintain on file a current listing of financial institutions authorized and prepared by the Washington Public Deposit Protection Commission (PDPC) to provide depository services in the state of Washington. In addition, a list will also be maintained of approved security broker/dealers. These may include primary dealers, or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule) and investment departments of local banks. No public deposits shall be made except in qualified public depositories as provided in chapter 39.58 RCW.

5.7.2 Approved security broker/dealers will be selected based on the following criteria:

- financial condition, strength and capability to fulfill commitments,
- regulatory status of the dealer, and
- background and expertise of the individual representative

5.7.3 Prospective broker / dealers must provide the City ~~Treasurer~~ Chief Financial Officer or his/her designee with the following: National Association of Securities Dealers (NASD) certification, proof of Washington State registration, and written certification that the

prospective broker / dealer understands and will adhere to this Investment Policy.

5.7.4 An annual review of the financial condition and registrations of the selected qualified financial institutions and broker / dealers will be conducted by the ~~City Treasurer~~Chief Financial Officer or his/her designee

. A current audited financial statement is required to be on file for each financial institution and broker / dealer in which the entity invests.

5.7.5 The City shall strive to use a competitive bid process where its selected NASD broker / dealers will compete for investment transactions but it is recognized that this may not be appropriate for every investment decision.

5.7.6 The City reserves the right to remove any broker / dealer from the list of approved brokers / dealers if services from them are lacking or if any broker / dealer fails to comply with documentation requirements.

5.8 Authorized and Suitable Investments

5.8.1 Care must be taken to ensure that the list of instruments includes only those allowed by law and those that local investment officer(s) are trained and competent to handle. The City is empowered by statute to invest in any of the securities identified as eligible investments as detailed in the Washington State Treasurer's publication titled "Eligible Investments for Public Funds."

5.8.2 The City chooses to invest in the following types of investments:

- Treasury Securities
- Federal Agency Securities (Mortgage-backed securities included)
- Washington State Treasurer's Local Government Investment Pool
- Non-negotiable Certificates of Deposit
(Must be with PDPC-qualified public depository)
- PDPC Financial Institution Sponsored Investment Accounts
- Banker Acceptances (Issuing institution's commercial paper credit rating must be A1/P1)

- Repurchase Agreements
- General Obligation Bonds of any state or local government
- Bonds of the City of Spokane, as that term is defined in section 4.9.
- City of Spokane bonds or warrants of a local improvement district which are within the protection of the local improvement guaranty fund
- Commercial Paper

5.8.3 The City may purchase new issue securities for a delayed settlement. These securities typically are issued at par and are available from most of the dealers in the new issue market. It will be at the ~~City Treasurer's~~ Chief Financial Officer's or his/her designee's discretion to wait to purchase these issues after they "break syndicate" (are "free to trade" at negotiable prices) allowing the City to ask dealers to offer the securities at a market price that may differ from the initial offering price of par.

5.8.4 Repurchase agreements are subject to the following limitations:

- a. A signed Public Securities Association (PSA) Master Repurchase Agreement is required.
- b. No security shall be accepted for repurchase agreement transactions whose market value is not readily available.
- c. Collateral shall be required on Repurchase Agreements as described in section 5.9 of this policy

5.8.5 General obligation bonds of a state or local government must have at the time of investment one (1) of the three (3) highest credit ratings of a nationally recognized statistical rating organization (NRSRO) other than General Obligation bonds of the City of Spokane or "bonds" as that term is defined in section 4.9.

5.8.6 Commercial paper is subject to the following limitations:

- a. Commercial paper must be rated with the highest short-term credit rating of any two (2) NRSROs, at the time of purchase. If the commercial paper is rated by more than two (2) NRSROs, it must have the highest rating from all of the organizations.

- b. Commercial paper holdings may not have maturities exceeding one hundred eighty (180) days.
- c. Any commercial paper purchased with a maturity longer than one hundred (100) days must also have an underlying long-term credit rating at the time of purchase in one (1) of the two (2) highest rating categories of an NRSRO.
- d. The percentage of commercial paper may not exceed ten percent (10%) of the total assets of the portfolio.
- e. Commercial paper must be purchased in the secondary market and not directly from the issuers.

5.8.7 Derivatives or securities that derive value and / or yield from an underlying asset or an external index are prohibited unless they fall into one (1) of the following categories: zero coupon treasury instruments, zero coupon agency instruments, agency security obligations that have call features, agency security obligations that have step-up features at pre-determined intervals and agency obligations that float with interest rates or external indexes such as treasury bills, LIBOR, COFI, or the Fed Funds rate, and swap debt obligations only as they pertain to the asset liability management program.

- a. Agency obligation inverse floaters are prohibited.
- b. Derivative securities not previously utilized must be approved by Investment Committee.

5.8.8 The City shall only invest in securities when the final maturity date is known at the time of purchase.

5.9 Collateralization

5.9.1 Collateral will be required on Repurchase Agreements, and will be limited to treasury, agency and money market securities. Collateral shall be delivered to the City's safekeeping agent, or through a tri-party arrangement in which the proper documents delineating the responsibilities of the parties have been executed. A clearly-marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained.

5.9.2 In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be one hundred two percent (102%) of market value of principal and accrued interest. Such collateral shall be revalued on a periodic basis, but

not less than weekly, in order to maintain market protection. The right of substitution is granted.

5.10 Safekeeping and Custody

5.10.1 All security transactions, including collateral for repurchase agreements, entered into by the City will be conducted on a delivery versus payment (DVP) basis. Securities will be held by a third-party custodian designated by the ~~City Treasurer Chief~~ Financial Officer or his/her designee and evidenced by safekeeping receipts.

5.11 Diversification

5.11.1 The City will diversify its investments by security type, institution and maturity with the intention to minimize risk.

5.11.2 Investments with any single securities broker/dealer or financial institution will generally not exceed fifty percent (50%) of the total portfolio except for the Washington State Treasurer's Local Government Investment Pool (LGIP) which can be up to one hundred percent (100%).

5.11.3 Security limitations by type will follow these guidelines:

Treasury Securities.....	100%
Federal Agency Securities.....	90%
- Individual issues	10%
- Individual Agency.....	40%
FDIC Guaranteed senior unsecured debt obligations	30%
(Under the Temporary Liquidity Guaranteed Program (TLGP) or other federal government guaranteed programs. Must carry the full faith and credit of the United States Government.)	
- Individual issuer	10%
Washington State Treasurer's Local Government Investment Pool.....	100%
Non-negotiable Certificates of Deposit.....	60%
(Must be with PDPC-qualified public depository)	
- Individual issuing bank.....	10%
PDPC Financial Institution Sponsored Investment Accts.....	50%
Banker Acceptances (Must be A1/P1).....	10%
Individual banks	2%
Repurchase Agreements.....	25%
General Obligation bonds of any state or local government.....	10%
Other than "bonds" of the City of Spokane as defined in section 4.9)	

City of Spokane notes, bonds and warrants	1015%
(Includes CLID or LID and "bonds" as defined in section 4.9)	
Commercial Paper (Must be A1/P1)	10%
Individual issuer	2%

5.12 Maturity Structure

5.12.1 To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. The City shall generally invest in securities maturing five (5) years or less from the date of purchase. The average maturity of all securities owned should be no longer than three (3) years. Exceptions to the five (5) years maximum and three (3) years average maturity are stated below.

- a. Funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the identifiable funds.
- b. Funds may be invested in the City's CLID or LID bonds and notes with maturities exceeding five (5) years.
- c. Funds may be invested in qualified General Obligation bonds of the City of Spokane or "bonds" as defined in section 4.9 with maturities exceeding five (5) years.

5.13 Internal Control

5.13.1 The ~~City Treasurer~~ Chief Financial Officer or his/her designee shall establish a system of internal controls, which shall be reviewed by the State Auditor. This review will examine internal controls over investment activities for compliance with policies and procedures. Such review may result in recommendations to change operating procedures to improve internal control. Controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation or imprudent actions.

5.14 Performance Standards

5.14.1 The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

5.14.2 Market Yield (Benchmark): The City generally follows an active investment strategy in that it monitors market conditions and

position the portfolio in response to the current interest rate environment. Given this strategy, the basis used by the Investment Committee to determine whether market yields are being achieved shall be to identify a benchmark that is comparable to the related portfolio investment duration (for example if the duration of the portfolio is one (1) year, the one-year Treasury yield would be an appropriate benchmark). The Investment Committee shall periodically review portfolio duration and characteristics to ensure selected benchmarks are relevant and where necessary make appropriate changes.

5.15 Reporting

5.15.1 The ~~City Treasurer/Chief Financial Officer or his/her designee shall presents monthly investment earnings as part of regular reporting on General Fund Revenues. Additional reports shall be provided upon request as needed reports to the City Council. In addition, quarterly reports will include an executive summary, benchmark comparison, total return and duration analysis, market strategy overview, portfolio performance analysis, interest revenue year to date, and ongoing investment strategy guidelines.~~

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5.16 Investment Policy Adoption

5.16.1 The City's Investment Policy shall be adopted by resolution of the City Council. The policy shall be reviewed by the Finance Committee annually and any significant modification thereto shall be approved by the City Council.

5.17 Investment Allocation – Spokane Investment Pool

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5.17.1 Purpose – To establish and explain the investment allocation methodology used to distribute investment portfolio earnings to funds participating in the Spokane Investment Pool.

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5.17.2 Investment earnings shall be allocated in accordance with the applicable legal requirement(s) of the underlying fund. Such legal requirements include, but are not limited to, bond documents, grant terms, contractual obligations, or the ordinance establishing the Fund. Absent such legal requirements, the Chief Financial Officer or his/her designee shall establish by resolution, the rate and manner in which investment earnings shall be allocated in accordance with RCW 35.39.034.

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5.17.3 It is the policy of City to allocate portfolio earnings to participating Funds on a monthly basis. Participating funds are to receive a proportionate share of all monthly earnings based on their average

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invested balance. Unrealized gains and losses, realized gains and losses, and amortization of Premium and Discount are to be allocated at least quarterly. For reporting purposes, at the close of the fiscal year, an entry will be made to accrue interest earned but not yet received as of the end of the year.

5.17.4 The Investment allocation methodology applies to all funds participating in the investment pool. These funds are accounted for in the Operation of Cash and Investments report and include all funds with the exception of Fiduciary Funds.

6.0 PROCEDURE

6.1 The ~~City Treasurer~~ Chief Financial Officer or his/her designee shall adopt department ~~policies-procedures~~ which shall be in compliance with this policy.

7.0 RESPONSIBILITIES

 The ~~Treasurers Office~~ City Finance Division shall administer this policy.

8.0 APPENDICES

 None

APPROVED BY:

City Attorney

Date

~~City Treasurer~~ Chief Financial Officer

Date

City Administrator

Date

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Briefing Paper

Sustainable Resources Committee

Division & Department:	Innovation and Technology Services Division
Subject:	Microsoft Premier Support Renewal from Software House International
Date:	December 17, 2018
Author (email & phone):	Michael Sloon, msloon@spokanecity.org , 625-6468
City Council Sponsor:	
Executive Sponsor:	Eric Finch and Michael Sloon
Committee(s) Impacted:	Sustainable Resources Committee
Type of Agenda item:	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	ITSD – Approval to renew Microsoft Premier Support for an additional year.
Strategic Initiative:	Innovative Infrastructure and Sustainable Resources
Deadline:	December 27, 2018
Outcome: (deliverables, delivery duties, milestones to meet)	Microsoft Premier Support will provide improved incident resolution (Tier-3), 160-hours of Problem Resolution, 120-hours of Support Account Management for system upgrade assistance, Cloud deployment, and Fast-Track O365 services, 2-onsite visits, and unlimited access to Premier Online Website.
Background/History: <i>The City of Spokane engaged Microsoft Premier Support services January x, 20-18 through December 27, 2018. During this first year of Premier Support ITSD, SPD, and SFD received Tier-3 technical assistance, security update evaluation/notification, onsite review and performance tuning/evaluation of our SQL databases, Exchange (email), Service Manager (Help Desk), and Active Directory. Premier Support also provides pro-active quarterly reviews of our Microsoft products and cloud services.</i>	
Executive Summary: <u>One-year subscription to Microsoft Premier Support Services.</u> <ul style="list-style-type: none"> <i>Requesting \$75,013.86 (\$68,946.56 + \$6,067.28 sales tax) for the initiation of this contract.</i> <i>Software House International utilized Master Agreement No. ADSP016-130651, Washington State Master Contract No. 06016, for previously negotiated pricing for this purchase.</i> <i>Utilizing budget account # 5300-73300-18850-54820 (software maintenance)</i> 	
Budget Impact: Approved in current year budget? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Annual/Reoccurring expenditure? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If new, specify funding source: Other budget impacts: (revenue generating, match requirements, etc.)	
Operations Impact: Consistent with current operations/policy? <input type="checkbox"/> Yes <input type="checkbox"/> No Requires change in current operations/policy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Specify changes required: Known challenges/barriers:	

PURCHASE AND SALE AGREEMENT

This Agreement is entered into as of _____ (the “Effective Date”), by and between the CITY OF SPOKANE, a Washington municipal corporation (“Seller”), and UNIVERSITY DISTRICT PUBLIC DEVELOPMENT AUTHORITY (“Buyer”).

Whereas, pursuant to Ordinance C34933 and Chapter 4.25 of the Spokane Municipal Code, and as authorized by RCW 35.21.730, *et seq*, Seller created the University District Public Development Authority to assist in providing economic development in the University District; and

Whereas, pursuant to RCW 35.21.730(1), Seller is authorized to transfer to the Purchaser, with or without consideration, any funds, real or personal property, property interests, or services; and

Whereas, pursuant to RCW 35.21.747, in transferring real property to Purchaser, Seller is required to impose appropriate deed restrictions necessary to ensure the continued use of such property for the public purpose or purposes for which such property has been transferred to Purchaser, and further requires Seller to impose certain procedural requirements which must be satisfied prior to any sale or encumbrance of such property; and

Whereas, the parties wish to enter into an agreement under which Purchaser will purchase from Seller and Seller will sell to Purchaser certain property located at the corner of West Main Avenue and North Browne Street – 201 and 207 West Main Avenue, in the City of Spokane, WA, and commonly known as the University of Washington Spokane Center Site (the “Property”) for purposes consistent with its Charter and Washington law governing the formation and operation of public development authorities; and

Whereas, Seller currently leases the Property to the University of Washington and at closing of the sale of the Property the parties will enter into an assignment and assumption agreement under which Purchaser will assume all of Seller’s rights and obligations under the lease.

NOW, THEREFORE, in consideration of the respective agreements set forth below and for valuable consideration, the receipt and sufficiency of which is acknowledged, Seller and Buyer agree as follows:

1. Sale of Property. Seller agrees to sell and convey to Buyer and Buyer agrees to purchase from Seller, subject to the terms and conditions set forth in this Agreement, the real property commonly known as the University of Washington Spokane Center Site, situated at 201 and 207 West main Avenue, in the City and County of Spokane, State of Washington, and legally described in Exhibit “A” hereto (the “Property”).

2. Earnest Money. [intentionally omitted]

3. Purchase Price. The purchase price for the Property (the “Purchase Price”) will be One Dollar (\$1.00), paid to Seller in cash through escrow at closing. As additional consideration for the purchase and sale of the Property to Buyer, as of the Closing Date, the City’s current annual funding commitment to the University District Development Association (“UDDA”) shall be reduced by Forty Thousand and 00/100 Dollars (\$40,000.00).

4. Title to the Property.

4.1 Conveyance. At closing Seller shall convey to Buyer fee simple title to the Property by a duly executed and acknowledged statutory warranty deed (the “Deed”), free and clear of all defects and encumbrances, subject to those exceptions that Buyer approves pursuant to Section 4.2 below, and further subject to such appropriate deed restrictions as the City deems necessary to satisfy the requirements of RCW 35.21.747 (collectively the “Permitted Exceptions”). The Deed shall provide that the Property must be used by Buyer for purposes of economic development, and will provide that sale or encumbrance of the property by Buyer must comply with the provisions contained in RCW 35.21.747, as now existing or hereafter amended.

4.2 Preliminary Commitment. Seller shall order a preliminary commitment for an owner’s standard coverage policy of title insurance in the amount of the Purchase Price to be issued by the Title Company and accompanied by copies of all documents referred to in the commitment (the “Preliminary Commitment”). Within fifteen (15) days of Seller’s delivery of a copy of the Preliminary Comment to Buyer, Buyer shall advise Seller by written notice of the exceptions to title, if any, that are disapproved by Buyer (“Disapproved Exceptions”). Seller will have ten (10) days after receipt of Buyer’s notice to give Buyer notice that (i) Seller will remove Disapproved Exceptions or (ii) Seller elects not to remove Disapproved Exceptions. If Seller fails to give Buyer notice before the expiration of the ten (10) day period, Seller will be deemed to have elected not to remove Disapproved Exceptions. In no event shall Seller have any obligation to spend any money to have Disapproved Exceptions removed.

If Seller elects not to remove any Disapproved Exemptions, Buyer will have until the expiration of the Feasibility Study Period to notify Seller of Buyer’s election either to proceed with the purchase and take the Property subject to those exceptions, or to terminate this Agreement. If Seller gives notice that it will cause one or more exceptions to be removed but fails to remove any of them from title on or before the Closing Date, Buyer will have the right to either (i) elect to terminate this Agreement by written notice to Seller or (ii) proceed with the purchase and to take the Property subject to those exceptions. If Buyer elects to terminate this Agreement under this Section 6.2, the escrow will be terminated, all documents and other funds will be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement except as otherwise provided in this Agreement. If this Agreement is terminated through no fault of Seller, then Seller and Buyer shall share equally any costs of terminating the escrow and any cancellation fee for the Preliminary Commitment.

4.3 Title Policy. Seller shall cause Title Company to issue to Buyer at closing a standard coverage owner’s policy of title insurance insuring Buyer’s title to the Property in the

full amount of the Purchase Price subject only to the Permitted Exceptions (the "Title Policy"). The Title Policy must be dated as of the Closing Date.

5. Conditions to Closing.

5.1 Due Diligence Materials. Seller shall provide to Buyer, or make available to Buyer for inspection, as soon as possible (but in any event no later than fifteen (15) days after the Effective Date) all materials relating to the Property specified in this Section 5.1 that exist and that are in Seller's actual possession or that Seller knows exist and to which Seller has access (collectively, the "Due Diligence Materials"). If Seller thereafter discovers any additional items that should have been included among the due diligence materials, Seller shall promptly deliver them to Buyer. Due Diligence Materials will include:

5.1.1 copies of any existing and proposed easements, covenants, restrictions, agreements or other documents that, to Seller's knowledge, affect title to the Property and that are not disclosed by the Preliminary Commitment;

5.1.2 all surveys, plats or plans relating to the Property;

5.1.3 all leases for the Property, or any portion thereof, if any, which remain in effect;

5.1.4 all existing service contracts pertaining to items such as janitorial, trash removal, maintenance, snow removal, laundry service, extermination and similar services, if any;

5.1.5 all labor contracts affecting the Property, if any;

5.1.6 all warranties and guarantees affecting any portion of the Property;

5.1.7 notice of any existing or threatened litigation affecting or relating to the Property and copies of any pleadings with respect to that litigation;

5.1.8 (i) all governmental permits and approvals obtained or held by Seller and relating to (A) the construction, operation, use or occupancy of any part of the Property or (B) zoning, land-use, subdivision, environmental, building and construction laws and regulations restricting, regulating or otherwise affecting the use, occupancy or enjoyment of the Property (collectively, "Permits") and (ii) any notices of violation of any Permits, or of any of the laws and regulations described in this Section 5.1.8; and

5.1.9 (i) all environmental assessment reports with respect to the Property that were performed or that are being performed by or for Seller and remain in the possession of or reasonably available to Seller, (ii) any raw data that relates to the environmental condition of the Property, (iii) any governmental correspondence, orders, requests for information or action and other legal documents that relate to the presence of Hazardous Material (as defined in Section 13 below) on, in or

under the Property, and (iv) any other information material to the environmental condition or potential contamination of the Property.

5.2 Feasibility Study.

5.2.1 One Hundred Eighty-day period. During the period ending on the date which is one hundred eighty (180) days following the Effective Date (the “Feasibility Study Period”), Buyer may conduct a review with respect to the Property and satisfy itself with respect to the condition of and other matters related to the Property and its suitability for Buyer’s intended use (the “Feasibility Study”).

The Feasibility Study may include all inspections and studies Buyer deems necessary or desirable, in its sole discretion. Buyer and Buyer’s agents, representatives, consultants, architects and engineers will have the right, from time to time, during the Feasibility Study Period to enter onto the Property and make borings, drive test piles and conduct any other test and studies that may be necessary or desirable to ascertain the condition and suitability of the Property for Buyer’s intended use. Such tests and inspections are to be performed in a manner not disruptive to tenants or to the operation of the Property. Buyer shall protect, defend and indemnify Seller from and against any construction or other liens or encumbrances arising out of or in connection with its exercise of this right of entry and shall cause any such liens or encumbrances to be promptly released.

5.2.2 Termination of Agreement. Buyer will have the right to terminate this Agreement if, in Buyer’s good faith judgment, the Property is not suitable for Buyer’s intended use or does not meet Buyer’s intended investment objectives. Buyer’s right to terminate must be exercised by delivering written notice of its election to Seller on or before the expiration of the Feasibility Study Period, or the Extension Period if exercised. In the event Buyer does not complete the purchase, Buyer shall return the Property as near as is practicable to its original condition. If Buyer terminates this Agreement pursuant to this Section 5.2.2, this Agreement will terminate, and Seller and Buyer will be released from all further obligation or liability hereunder, except as otherwise specified by this Agreement and except for Buyer’s obligations to indemnify Seller under Sections 5.2.1 and 5.2.4 hereof.

5.2.3 Confidentiality of studies and reports. Prior to closing of the purchase of the Property, Buyer will not distribute or divulge the information or materials it and its agents and consultants may generate in connection with the Feasibility Study to other persons except as may be required by law or as may be necessary or desirable in connection with Buyer’s evaluation of the Property and its suitability; provided, that during this time period no information or materials concerning wetlands or environmental matters will be divulged to any governmental entity without Seller’s written consent, unless required by law. If Buyer elects not to purchase the Property, Buyer agrees that, except as may be required by law, it will not further divulge or further distribute the information and materials except with Seller’s consent.

Notwithstanding the foregoing, if Buyer elects not to purchase the Property, and if Seller requests copies of the written reports and studies prepared for Buyer in connection with its Feasibility Study, then Buyer will deliver to Seller copies of the final reports and studies. Buyer will, in that event, cooperate reasonably with Seller to coordinate Seller’s communications with

the consultants, provided Buyer will not be obligated to bear any costs or expend more than a reasonable period of time in doing so.

5.2.4 Buyer's indemnification. Buyer agrees to assume all liability for and to defend, indemnify and save Seller harmless from all liability and expense (including reasonable attorneys' fees) in connection with all claims, suits and actions of every name, kind and description brought against Seller or its agents or employees by any person or entity as a result of or on account of injuries or damages to person, entities and/or property received or sustained, arising out of, in connection with or as a result of the acts or omissions of Buyer or its agents or employees in exercising its rights under the right of entry granted in this Section 5, except for claims caused by Seller's negligence.

5.3 Buyer's contingencies. Buyer's obligation to purchase the Property is expressly contingent upon the following:

5.3.1 Feasibility Study. Buyer's approval, prior to expiration of the Feasibility Study Period, of the suitability of the Property as a result of the Feasibility Study;

5.3.2 Environmental condition. Buyer's approval, prior to expiration of the Feasibility Study Period, of the environmental condition of the Property pursuant to Section 11 below;

5.3.3 Title Policy. Buyer's receipt of Title Company's firm commitment to issue, upon closing, the Title Policy as described in Section 4.3;

5.3.4 Seller's compliance. Seller's timely performance of all of its obligations under this Agreement; provided, Seller will be given notice of any failure on its part to perform any such obligations and will have a period of time that is reasonable under the circumstance to cure its nonperformance; and

The foregoing conditions contained in Section 5.3 are collectively referred to in this Agreement as "Buyer's Contingencies." The parties shall diligently attempt to timely satisfy all of the Buyer's Contingencies.

5.4 Satisfaction/waiver of Buyer's Contingencies. Buyer's Contingencies are solely for the benefit of Buyer. The parties shall diligently attempt to timely satisfy all of the Buyer's Contingencies. If any of Buyer's Contingencies are not timely satisfied, Buyer will have the right at its sole election either to waive any of them in writing and proceed with the purchase or to terminate this Agreement. If Buyer elects to terminate this Agreement, the escrow will be terminated, all documents and other funds will be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided in this Agreement, and except that each party shall pay one-half (1/2) of the cost of terminating the escrow.

6. Closing Date. This transaction will be closed in escrow by the Title Company acting as escrow agent ("Escrow Agent"). The closing will be held at the offices of the Title Company on or before that date which is sixty (60) days after the end of the Feasibility Study Period or

satisfaction/waiver of Buyer's contingencies, but in any event no later than 5:00 p.m. Pacific Time, on _____ (the "Closing Date"). If closing does not occur on or before _____, or any later date mutually agreed to in writing by Seller and Buyer, Escrow Agent will immediately terminate the escrow and return all documents to the party that deposited them.

7. Closing.

7.1 Seller's Escrow Deposits. On or before the Closing Date, Seller shall deposit into escrow the following:

7.1.1 the duly executed and acknowledged Deed;

7.1.2 a duly executed and acknowledged Real Estate Tax Affidavit;

7.1.3 a duly executed assignment and assumption agreement relating to the University of Washington lease of the Property, in substantial form and content as set forth in Exhibit B;

7.1.4 a duly executed assignment and assumption agreement relating to [property mgmt agreement] in substantial form and content as set forth in Exhibit B; and

7.1.5 any other documents, instruments, records, correspondence and agreements called for hereunder that have not previously been delivered.

7.2 Buyer's Escrow Deposits. On or before the Closing Date, Buyer shall deposit into escrow the following:

7.2.1 cash in an amount sufficient to pay the Purchase Price and Buyer's share of closing costs;

7.2.2 a duly executed and completed Real Estate Excise Tax Affidavit;

7.2.3 a duly executed assignment and assumption agreement relating to the University of Washington lease of the Property, in substantial form and content as set forth in Exhibit B;

7.2.4 a duly executed assignment and assumption agreement relating to [property mgmt agreement] in substantial form and content as set forth in Exhibit B; and

7.2.5 any other documents or instruments Buyer is obligated to provide pursuant to this Agreement (if any) in order to close this transaction.

7.3 Additional Instruments and Documentation. Seller and Buyer shall each deposit any other instruments and documents that are reasonably required by Escrow Agent or otherwise required to close the escrow and consummate the purchase and sale of the Property in accordance with this Agreement.

7.4 Closing Costs.

7.4.1 Seller's Costs. Seller shall pay the premium for a standard coverage owner's policy of title insurance in the full amount of the Purchase Price, the Title Company's escrow fee, and the cost of recording the Deed. It is understood between the parties that pursuant to WAC 458-61A-205 this sale will be exempt from the Washington State real estate excise tax, and Buyer agrees to cooperate with Seller in executing such documents as are required to qualify Seller for such exemption.

7.4.2 Buyer's Costs. Buyer shall pay the additional premium, if any, attributable to the extended coverage owner's policy of title insurance (if elected by Buyer) and any endorsements required by Buyer.

7.5 Foreign Investment in Real Property Tax Act. The parties agree to comply in all respects with Section 1445 of the Internal Revenue Code and the regulations issued thereunder (the "Regulations").

8. Adjustments and Prorations. The following adjustments and prorations will be made as of the Closing Date (with Buyer either responsible for or entitled to a credit for, as the case may be, the actual Closing Date).

8.1 Property Taxes. All property taxes payable in the year of closing and assessments approved by Buyer, if any, will be prorated as of the Closing Date.

8.2 Utilities. All gas, electric and other utility charges will be prorated as of the Closing Date.

9. Covenants.

9.1 Seller's Covenants.

9.1.1 Covenant to Maintain. Prior to the Closing Date, Seller shall maintain, repair, manage and operate the Property in a businesslike manner in accordance with Seller's prior practices and Seller shall not dissipate any portion of the Property.

9.1.2 Contracts Prior to Closing. Seller shall not market the Property or enter into any leases, contracts of sale or other agreements that are inconsistent with this Agreement without Buyer's prior written consent.

10. Representations and Warranties.

10.1 Seller's Representations and Warranties. Except as specifically provided in this Agreement, Seller makes no warranty or representation, express or implied, with respect to the condition of the Property or its suitability for any particular purpose.

10.1.1 Seller has full power and authority to convey the Property to Buyer.

10.1.2 Seller has not received notice of any special assessment or condemnation proceedings affecting the Property.

10.1.3 To the best of Seller's knowledge, there is no litigation pending or threatened against Seller (or any basis for any claim) that arises out of the ownership of the Property and that might materially and detrimentally affect (i) the use or operation of the Property for Buyer's intended use, or (ii) the ability of Seller to perform its obligations under this Agreement.

10.2 Waiver of Seller Disclosure Statement. Purchaser expressly waives Purchaser's right to receive from Seller a signed and dated Real Property Transfer Disclosure Statement as contemplated by Chapter 64.06 RCW.

10.3 Buyer's Representations and Warranties. Buyer represents and warrants to Seller that this Agreement and all documents executed by Buyer that are to be delivered to Seller at closing are, or at the time of closing will be (i) duly authorized, executed and delivered by Buyer, (ii) legal, valid and binding obligations of Buyer, and (iii) in compliance with all provisions of all agreements and judicial orders to which Buyer is a party or to which Buyer is subject.

11. Hazardous Materials. Notwithstanding the representations set forth in Section 10 herein above, the City makes no representation regarding any Hazardous Materials Condition, as defined below, affecting the Property. Buyer takes the Property "AS IS" with all physical defects, including those that cannot be observed by casual inspection. Seller will have no obligation to repair or remedy any physical defects of the Property. Buyer may, at its sole cost, expense, and liability, conduct an environmental site assessment of the Property during the Feasibility Period. For the purposes of this paragraph, "Hazardous Materials" shall include, but not be limited to, substances defined as "Hazardous Substances," "Hazardous Materials," "Hazardous Waste," "Toxic Substances", in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended, 42 U.S.C. Section 9601 et seq., the Model Toxic Control Act of the State of Washington and all regulations adopted and publications promulgated pursuant to such laws, collectively "Environmental Laws". A "Hazardous Materials Condition" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property of Hazardous Materials that would require remediation and/or removal under applicable Federal, State or local law. In the event Buyer notifies Seller prior to the Closing Date that the Property is affected by a Hazardous Materials Condition and such notice is accompanied by a report from an engineering company with experience in evaluating such matters, Buyer may either (a) terminate this contract, or (b) proceed to Closing notwithstanding such contamination. To the extent allowed by law, the environmental due diligence investigation provided for herein and any information or documents produced or collected by the environmental consultant in connection with this

investigation shall be considered to be confidential information by the Buyer and City until Closing. Prior to Closing, or in the event Closing does not occur, Buyer shall not disclose such information to any third party or initiate or have any direct contact with any governmental agencies in connection with the environmental investigation without the prior written consent of the City's Director of Asset Management. Buyer may disclose said information to its employees, attorneys, consultants, lenders, and others who have a need to know and use the information in connection with this transaction, and may disclose said information if required to do so by law, or by court order. If the environmental investigation reveals any conditions that applicable laws require to be reported to any governmental agency, the City shall have the responsibility to make such reports or disclosures, but Buyer shall have the right to do so in the event the City fails to do so within any time period required by applicable law.

12. Eminent Domain. If all or any part of the Property is taken by condemnation or eminent domain and the value of the portion of the Property so taken exceeds Fifty Thousand and 00/100 Dollars (\$50,000.00), Buyer may, upon written notice to Seller, elect to terminate this Agreement, and in such event all monies theretofore paid on account must be returned to Buyer, and neither party will have any further liability or obligation under this Agreement. If all or any portion of the Property has been or is hereafter condemned or taken by eminent domain and this Agreement is not canceled, Seller's right, title and interest in and to any awards in condemnation or eminent domain, or damages of any kind, to which Seller may have become entitled or may thereafter be entitled by reason of any exercise of the power of condemnation or eminent domain with respect to the Property or any portion thereof shall accrue to Buyer.

13. Possession. Seller shall deliver possession of the Property to Buyer on the Closing Date.

14. Events of Default.

14.1 By Seller. If there is an event of default under this Agreement by Seller (including a breach of any representation, warranty or covenant), Buyer will be entitled (a) in addition to all other remedies available at law or in equity, to seek specific performance of Seller's obligations under this Agreement or (b) to terminate this Agreement by written notice to Seller and Escrow Agent. If Buyer terminates this Agreement, the escrow will be terminated, the entire Deposit must immediately be returned to Buyer, all documents will be immediately returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided in this Agreement except that Seller shall pay any costs of terminating the escrow and any cancellation fee for the Preliminary Commitment.

15. Notices. Any notice under this Agreement must be in writing and be personally delivered, delivered by recognized overnight courier service or given by Mail or via facsimile. Any notice given by mail must be sent, postage prepaid, by certified or registered mail, return receipt requested. All notices must be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

Seller:

City of Spokane
Attn: Ed Lukas

808 W Spokane Falls Blvd
Spokane, WA 99201

With a copy to: James Richman
Office of the City Attorney
808 W Spokane Falls Blvd
Spokane, WA 99201

Buyer: University District Public Development Authority
Attn: Lars Gilberts
120 N. Pine Street, Suite 232
Spokane, WA 99202

With a copy to: Taud Hume
Parsons | Burnett | Bjordahl | Hume, LLP
Steam Plant Square
159 S. Lincoln Street, Suite 225
Spokane, WA 99201

Any notice will be deemed to have been given, if personally delivered, when delivered, and if delivered by courier service, one business day after deposit with the courier service, and if mailed, two business days after deposit at any post office in the United States of America, and if delivered via facsimile, the same day as verified, provided that any verification that occurs after 5 p.m. on a business day, or at any time on a Saturday, Sunday or holiday, will be deemed to have occurred as of 9 a.m. on the following business day.

16. Brokers and Finders. Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who can claim a right to a commission or a finder's fee as procuring cause of the purchase and sale contemplated by this Agreement. If any broker or finder perfects a claim for a commission or finder's fee based upon any other contract, dealings or communication, the party through whom the broker or finder makes his or her claim will be responsible for that commission or fee and shall indemnify, defend and hold harmless the other party from and against any liability, cost or damages (including attorneys' fees and costs) arising out of that claim.

17. Amendments. This Agreement may be amended or modified only by a written instrument executed by Seller and Buyer.

18. Continuation and Survival of Representations and Warranties. All representations and warranties by the respective parties contained in this Agreement or made in writing pursuant to this Agreement are intended to and will remain true and correct as of the time of closing, will be deemed to be material and will survive the execution and delivery of this Agreement and the delivery of the Deed and transfer of title. Such representations and warranties, however, are not assignable and do not run with the land, except as may be expressly provided herein or contained in a written instrument signed by the party to be charged.

19. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the state of Washington.
20. Entire Agreement. This Agreement and the exhibits to it constitute the entire agreement between the parties with respect to the purchase and sale of the Property, and supersede all prior agreements and understandings between the parties relating to the subject matter of this Agreement. It is expressly agreed that there are no verbal understandings or agreements which in any way change the terms, covenants and conditions herein set forth.
21. Attorney Fees. Each party shall pay its own legal fees relating to negotiation and drafting of this Agreement and the documents to be executed at closing. If either party fails to perform any of its obligations under this Agreement or if a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the defaulting party or the party not substantially prevailing in the dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights under this Agreement, including, without limitation, court costs and reasonable attorney fees incurred in connection with any federal, state or bankruptcy court proceeding.
22. Time of the Essence. Time is of the essence of this Agreement.
23. Waiver. Neither Seller's nor Buyer's waiver of the breach of any covenant under this Agreement will be construed as a waiver of a subsequent breach of the same covenant.
24. Nonmerger. The terms and provisions of this Agreement, including, without limitation, all indemnification obligations will not merge in, but will survive, the closing of the transaction contemplated under this Agreement.
25. Negotiation and Construction. This Agreement and each of its terms and provisions are deemed to have been explicitly negotiated between the parties, and the language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either party.
26. Assignment. Buyer may not assign its rights under this Agreement.
27. Governmental Approval. Buyer acknowledges and agrees that this Agreement does not bind the City of Spokane until it is signed by the Mayor following approval by the Spokane City Council in open public meeting.
28. Exhibit. The following exhibit is attached to and made a part of this Agreement by this reference.

EXHIBIT A – Legal Description of the Property

EXHIBIT B – Assignment and Assumption Agreement

In witness whereof, the Buyer and Seller have signed this Agreement effective as of the date first hereinabove written.

CITY OF SPOKANE

By: _____
Mayor

Attest:

Approved as to form:

City Clerk

Assistant City Attorney

UNIVERSITY DISTRICT PUBLIC DEVELOPMENT AUTHORITY

By: _____
Its: _____

Acknowledged and agreed:

UNIVERSITY DISTRICT DEVELOPMENT ASSOCIATION

By: _____
Its: _____

STATE OF WASHINGTON :
:ss.
County of Spokane :

On this ____ day of _____, 20__, before me personally appeared David Condon and Terri Pfister, to me known to be the Mayor and the City Clerk, respectively, of the CITY OF SPOKANE, a municipal corporation, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public in and for the State

of Washington, residing at Spokane
My Appointment expires _____

STATE OF WASHINGTON :
:ss.
County of Spokane :

On this ____ day of _____, 20____, before me personally appeared _____, to me known to be the _____ of UNIVERSITY DISTRICT PUBLIC DEVELOPMENT AUTHORITY, the entity that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

Notary Public in and for the State
of Washington, residing at Spokane
My Appointment expires _____

EXHIBIT “A”

LEGAL DESCRIPTION OF THE PROPERTY

DRAFT

EXHIBIT “B”

Assignment and Assumption Agreement

DRAFT

Briefing Paper

Sustainable Resources Committee

Division & Department:	Innovation and Technology Services Division
Subject:	Structured Communications Systems Inc. Hitachi Support
Date:	December 17, 2018
Author (email & phone):	Michael Sloon, msloon@spokanecity.org , 625-6468
City Council Sponsor:	
Executive Sponsor:	Eric Finch and Michael Sloon
Committee(s) Impacted:	Sustainable Resources Committee
Type of Agenda item:	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	ITSD – continued Hardware and Software Support for the Hitachi SAN system
Strategic Initiative:	
Deadline:	January 31, 2019
Outcome: (deliverables, delivery duties, milestones to meet)	Ongoing technical and software support for our primary data storage technology.
Background/History:	
<p>The Hitachi SAN system provides management for all data storage. Structured Communications Systems, Inc., was the selected vendor to provide maintenance and support for Hitachi equipment and software from RFP 3884-12.</p>	
Executive Summary:	
<p>Annual renewal of Hitachi SAN storage technical and software support.</p> <ul style="list-style-type: none"> <i>Requesting \$67,924.81, including tax, for the renewal of this contract for continued coverage.</i> <i>Contract term February 1, 2019, through January 31, 2020.</i> <i>2018 contracted amount was \$81,019.15</i> <i>Utilizes budget account # 5300-73500-18850-54804</i> 	
Budget Impact:	
Approved in current year budget? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Annual/Reoccurring expenditure? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If new, specify funding source: Other budget impacts: (revenue generating, match requirements, etc.)	
Operations Impact:	
Consistent with current operations/policy? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Requires change in current operations/policy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Specify changes required: Known challenges/barriers:	

ORDINANCE NO _____

An ordinance amending Ordinance No. C-35565, passed by the City Council December 11, 2017, and entitled, "An ordinance adopting the Annual Budget of the City of Spokane for 2018, making appropriations to the various funds, departments, and programs of the City of Spokane government for the fiscal year ending December 31, 2018, and providing it shall take effect immediately upon passage", and declaring an emergency.

WHEREAS, subsequent to the adoption of the 2018 budget Ordinance No. C-35565, as above entitled, and which passed the City Council December 11, 2017, it is necessary to make changes in the appropriations of the General Fund and the Asset Management Fund, which changes could not have been anticipated or known at the time of making such budget ordinance; and

WHEREAS, this ordinance has been on file in the City Clerk's Office for five days; - Now, Therefore,

The City of Spokane does ordain:

Section 1. That in the budget of the General Fund and the Asset Management Fund, and the budget annexed thereto with reference to the General Fund and the Asset Management Fund, the following changes be made:

FROM:	0020-88100	General Fund	
	99999-31811	Admission Taxes	<u>\$ 41,903</u>
TO:	0980-89000	General Fund	
	97183-80101	Transfer-Out to Asset Management	<u>\$ 41,903</u>
FROM:	5900-53210	Asset Management - Arts	
	99999-39710	Transfer-In from General Fund	<u>\$ 41,903</u>
TO:	5900-53210	Asset Management - Arts	
	73200-54201	Contractual Services	<u>\$ 41,903</u>

Section 2. It is, therefore, by the City Council declared that an urgency and emergency exists for making the changes set forth herein, such urgency and emergency arising from the need to budget for additional funding to the Arts based on SMC 08.03.122, and because of such need, an urgency and emergency exists for the passage of this ordinance, and also, because the same makes an appropriation, it shall take effect and be in force immediately upon its passage..

Passed the City Council _____

Council President

Attest: _____
City Clerk

Approved as to form: _____
Assistant City Attorney

Mayor

Date

Effective Date

RESOLUTION 2018 --

WHEREAS, the City desires to offer employees in City-owned facilities the option of purchasing healthy meals and snacks and further desires to offer this option using the City Hall lunch room, and

WHEREAS, the City desires to enter into a contract with an outside vendor to manage one or more small food markets to be put in City-owned facilities, and

WHEREAS, the only way that such a small food market can offer healthy food and snacks at an affordable price is to utilize a self-service and self-pay model whereby City employees will select their desired food and make payment using a credit card or telephone app, and

WHEREAS, since the proposed small food market will not have employees on duty and will instead rely on payment for selected goods on the "honor system," it is operationally imperative that the purchase transaction be monitored by video camera so as to reduce incidences of non-payment, and

WHEREAS, SMC Chapter 18.04 requires approval by the City Council of any use of surveillance equipment by any contractor of the City, and

WHEREAS, SMC 18.01.030AA defines "surveillance equipment" as any equipment capable of capturing or recording images, but does not include cameras in public buildings or on city vehicles as long as those cameras were in use as of March 1, 2017, and

WHEREAS, the cameras necessary to operate this small market were not installed in City-owned facilities prior to March 1, 2017, and therefore a Resolution of the City Council is required pursuant to SMC 18.04.010 approving the "operational protocols" under which this camera equipment will be used, and

WHEREAS, it is in the best interests of the City to allow the Asset Management Department to enter into a contract for the installation and operation of one or more small food markets in City-owned facilities, including the use of video cameras, subject to the following operational protocols –

NOW, THEREFORE, THE CITY COUNCIL DOES HEREBY RESOLVE

The City Asset Management Department is hereby authorized to contract with a private entity to install and operate one or more small markets in City-owned facilities and allow the private entity to utilize video recording technology to under the following protocol:

1. The cameras will be used to monitor the purchase of food by employees in City-owned facilities to assure that all purchases are paid for;
2. The equipment installed will be one or more cameras designed and placed to capture food sales transactions;
3. The cameras will be placed in City-owned facilities;
4. The cameras and recording equipment will be used at any time someone is shopping for food in anew small market in City-owned facilities;

5. The privacy and anonymity rights of City employees who choose to patronize the market will be lessened because their actions will be recorded;
6. The video recordings will be collected and retained by the third party vendor and will be accessed and used only as necessary to ensure that all market goods are properly paid for;
7. There will be no real time monitoring.

APPROVED BY THE CITY COUNCIL this _____ day of _____, 20____.

Attest: _____
City Clerk

Approved as to form: _____
Assistant City Attorney

Briefing Paper

Sustainable Resources Committee

Division & Department:	Innovation and Technology Services Division
Subject:	Annual Support and Maintenance with PMWeb, Inc.
Date:	December 17, 2018
Author (email & phone):	Michael Sloon, msloon@spokanecity.org , 625-6468
City Council Sponsor:	
Executive Sponsor:	Eric Finch and Michael Sloon
Committee(s) Impacted:	Sustainable Resources Committee
Type of Agenda item:	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	ITSD - Continued support and maintenance of the PMWeb software.
Strategic Initiative:	Innovative Infrastructure – to build and effectively manage innovative infrastructure that supports community accessibility, mobility, and resiliency.
Deadline:	January 31, 2019
Outcome: (deliverables, delivery duties, milestones to meet)	Ongoing Support and Service
Background/History: The City selected PMWeb, Inc. through RFP #4196-16 to provide Capital Project Management Software and implementation services for the Public Works Division for department-wide management of capital improvement projects. PMWeb is a SaaS (Software as a Service) solution that will be hosted and maintained by PMWeb. This contract will provide support and maintenance from February 1, 2019 through January 31, 2020.	
Executive Summary: <ul style="list-style-type: none"> Requesting \$72,500.00 2018 contracted amount was the same Utilizes budget account # 4250-30210-38141-54201 	
Budget Impact: Approved in current year budget? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Annual/Reoccurring expenditure? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If new, specify funding source: Other budget impacts: (revenue generating, match requirements, etc.)	
Operations Impact: Consistent with current operations/policy? <input type="checkbox"/> Yes <input type="checkbox"/> No Requires change in current operations/policy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Specify changes required: Known challenges/barriers:	



November 9, 2018

City of Spokane
808 W. Spokane Falls Blvd
Spokane, WA 99201

RE: PDA Board advisory regarding UW Spokane Center lease renewal

On behalf of the University District Public Development Authority (UDPDA) Board of Directors, I wish to convey notice of the Board's approval on November 6, 2018 for the City to proceed with the lease extension for the University of Washington Spokane Center located at the corner of West Main Avenue and North Browne Street.

The Board unanimously approved the following motion: the UDPDA board supports the extension of the University of Washington lease and authorizes the UDDA and the CEO to negotiate and represent the best interests of the UDPDA and its stakeholders

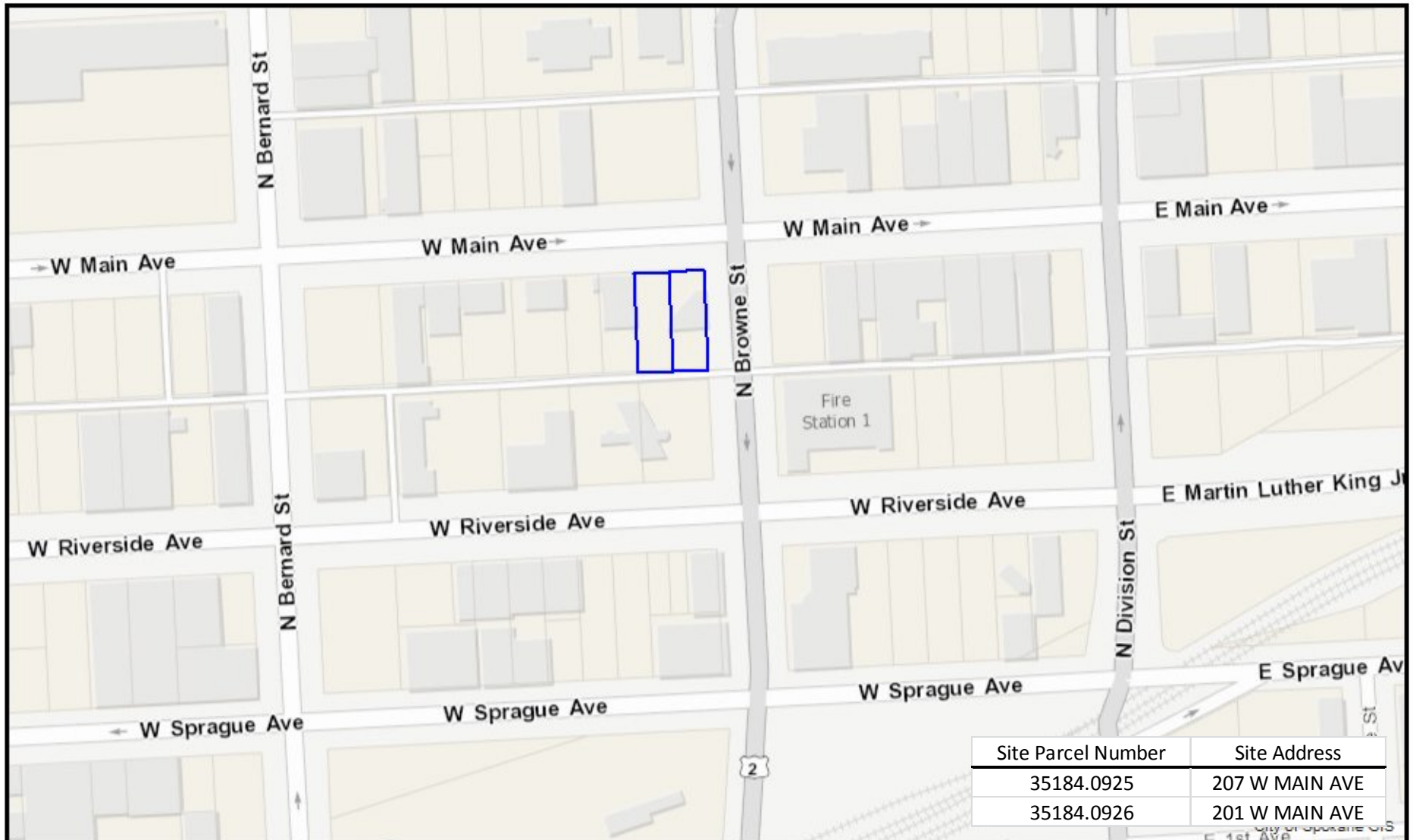
Please advise if you need any further information. Our council, Taud Hume, and I stand ready to assist you in any way to address this in a timely fashion.

Kind regards,

Lars Gilberts
CEO

University District Development Association


EXHIBIT 'A'

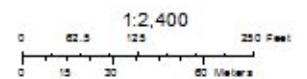


UW Visitors

March 6, 2018

Legend

 City of Spokane



THIS IS NOT A LEGAL DOCUMENT:
The information shown on this map is compiled from various sources and is subject to constant revision. Information shown on this map should not be used to determine the location of facilities in relationship to property lines, section lines, streets, etc.