Capital Area Regional Public Facilities District Agenda

Refer to the bottom of the agenda for meeting information.

Friday, November 21, 2025	1:00 PM	Council Chambers and Online

1. Call to Order

2. Roll Call

3. Approval of the Agenda and Consent Agenda

A. November 14, 2024, CAR-PFD Annual Meeting Minutes

B. July 11, 2025, CAR-PFD Special Meeting Minutes

C. August 12, 2025, CAR-PFD Special Meeting Minutes

D. September 3, 2025, CAR-PFD Special Meeting Minutes

4. Public Comment

5. Agenda Items

A. **Welcome Jeff Line, District-Wide Appointee**
Appointed to unexpired term (08/08/2025 - 03/01/2029)

B. **Welcome Ann Campbell, District-Wide Appointee**
Appointed to unexpired term (08/05/2025 - 03/01/2028)

C. **CAR-PFD Overview**
Shannon Kelley-Fong, Assistant City Manager
Elissa Fontaine, City Clerk

D. **Association of WA PFD Membership and Conference Discussion**
Shannon Kelley-Fong, Assistant City Manager

E. **2024 Annual Financial Report**
Alix Turcotte, Senior Accountant, City of Lacey

F. **Hands On Museum Expansion Project and Financial Feasibility Report Update**
President Brine

G. **Hands On Children's Museum Annual Update**
Brandon Staff, Chief Operating Officer, Hands On Children's Museum
Marina Shaughnessy, Grants Administrator, Hands On Children's Museum

H. **Regional Athletic Complex Annual Update**
Sue Falash, Recreation Manager, City of Lacey

I. **Upcoming Term Expiration**
Chris Leicht, District-Wide Appointee (Term Expiration 03/01/2026)

6. Adjourn

Meeting Information:

Attendance (Remote or In-Person)
The public may attend the meeting in person, or you may view or listen to the meeting using one of the following platforms:

In Person:	Council Chambers at Lacey City Hall 420 College Street SE, Lacey, WA 98503
Zoom:	https://us02web.zoom.us/webinar/register/WN_0VKYaZsJTXmLhKaHWXpaEg
Website:	https://cityoflacey.org/government/public-meetings/
Facebook:	https://www.facebook.com/cityoflacey
YouTube:	https://www.youtube.com/watch?v=IoJD9mbQTec
Phone:	(888) 788-0099 or (877) 853-5247 (Webinar ID 882 0452 2114)

Verbal Public Comment
Those wishing to provide verbal public comment may do so in-person or by Zoom:

In-Person:	Use the sign-up sheet located in the Council Chambers.
Zoom:	Preregister using the following Zoom link no later than two hours prior to the meeting: https://us02web.zoom.us/webinar/register/WN_0VKYaZsJTXmLhKaHWXpaEg

Instructions and access details will be provided once registration is complete.

Written Public Comment
Public comments may be submitted by email to PublicComment@cityoflacey.org.
The commenting period will close two hours before meeting time. Written comments will be provided to the Board electronically prior to the meeting. Comments will not be addressed during the meeting; however, comments received will be added to the official record.

Capital Area Regional Public Facilities District
Annual Meeting Minutes

Thursday, November 14, 2024	1:30 PM	Council Chambers and Online

1. Call to Order

President Grausam called the meeting to order at 1:30 p.m.

2. Roll Call

BOARD MEMBERS PRESENT
John Grausam, President, District-Wide Representative
Ken Parsons, Treasurer, Thurston County Representative
David Brine, Board Member, City of Olympia Representative
David Nicandri, Board Member, City of Tumwater Representative
Whitney Godby, Board Member, City of Lacey Representative (remote)

BOARD MEMBERS EXCUSED
Chris Leicht, Board Member, District-Wide Representative

REPRESENTATIVES PRESENT
Patty Belmonte, CEO, Hands on Children's Museum
Marina Shaughnessy, Senior Grants Manager, Hands on Children's Museum
Jen Burbidge, Parks, Culture, and Recreation Director, City of Lacey
Troy Woo, Finance Director, City of Lacey
Sue Falash, Recreation Manager, City of Lacey
Alix Turcotte, Senior Accountant, City of Lacey
Jenny Wilson, Senior Parks Planner, City of Lacey
Elissa Fontaine, City Clerk, City of Lacey

3. Approval of the Agenda

Board Member Nicandri moved to approve the agenda. Board Member Brine seconded. The motion carried.

4. Approval of Meeting Minutes

A. September 5, 2023, CAR-PFD Annual Meeting Minutes

Treasurer Parsons moved to approve the September 5, 2023, meeting minutes. Board Member Brine seconded. The motion carried.

5. Public Comment

Verbal Public Comment
No (0) person(s) signed up to speak at the meeting or remotely.

Written Public Comment
No (0) written public comment(s) were received.

6. Agenda Items

A. Welcome Whitney Godby, City of Lacey Representative

The Board welcomed new member, Whitney Godby, City of Lacey Representative. Board Member Godby was appointed to unexpired term, from June 18, 2024 to March 1, 2027.

B. 2023 Annual Financial Report

Alix Turcotte, Senior Accountant, City of Lacey

Turcotte presented the 2023 Annual Financial Report. Treasurer Parsons confirmed he reviewed the full report, and did not have any questions or concerns.

Treasurer Parsons moved to approve the 2023 Annual Financial Report. Board Member Brine seconded. The motion carried.

C. Interlocal Agreement Extension Update

Troy Woo, Finance Director

Woo presented an update on the Public Facilities District (PFD) interlocal agreement between the Cities of Lacey, Olympia, Tumwater, and Thurston County. The agreement was extended, adding 15 years to the PFD. The tax rate and two original facilities remain unchanged. Woo highlighted the City of Lacey's intent to issue debt, in order to ensure funding is available for the upcoming expansion project at the Regional Athletic Center. It was confirmed a new PFD would be required in order to add additional projects. Discussion ensued.

D. Hands on Children's Museum Annual Update

Patty Belmonte, Chief Executive Officer, Hands on Children's Museum
Marina Shaughnessy, Senior Grants Manager, Hands on Children’s Museum

Shaughnessy presented the Annual Report alongside Belmonte. The presentation highlighted progress made, unique programming, special events, visitor reviews, and geographical data for the past year. Data on visitors per square foot, indicated that the Olympia Museum has significantly less square footage than comparable museums serving 300,000+ visitors. A Design Feasibility Study confirmed project specifications for a future expansion, including a potential purchase for the adjacent Port of Olympia property. A preliminary 4-year project timeline for the expansion was discussed, tentatively setting the Grand Opening for Fall 2027.

E. Regional Athletic Complex Annual Update

Sue Falash, Recreation Manager, City of Lacey

Falash presented the annual update for the Regional Athletic Complex (RAC). The presentation included detailed data surrounding shelter reservations, user groups, special events, economic impact, and league and tournament play. Staff also included an update on the parking lot expansion, RAC Phase 3, and the Public Facilities District extension.

F. **Parks Improvement Funding Workgroup Update**
Jenny Wilson, Senior Parks Planner, City of Lacey

Wilson presented an overview of the ad hoc, Parks Improvement Funding Workgroup. The Workgroup was established by Resolution 1148, adopted by the Lacey City Council, to complete the following:

- Review parks expansion and replacement projects identified in the Parks Capital Improvement Plan
- Analyze all available funding options
- Recommend to the City Council a funding package identifying funding sources, including recommended amounts
- Implement a prioritized list of capital parks projects

G. **Term Expirations and Future Recruitments**
Elissa Fontaine, City Clerk

Fontaine presented the proposed updates for the officer descriptions. The descriptions are an administrative tool used as a resource to highlight the responsibilities of officer positions, and do not require formal approval. The Board expressed support of the proposed updates. Additionally, it was confirmed officer elections do not have to take place annually, and the officer position may last the duration of the member's term.

Current and upcoming vacancies were also reviewed. The City of Lacey, as the administrative agency to the CAR-PFD Board, led recruitment efforts earlier in the year for the current district-wide position vacancy. The position was not filled, and process improvements were identified to create a more equitable review and appointment process moving forward.

John Grausam, President and district-wide representative announced he would not be seeking re-appointment. His term ends effective March 1, 2025.

H. **Election of Officers**
1. President

The CAR-PFD Board of Director meets annually, typically in the 4th quarter. To ensure a smooth transition for 2025, and to allow the Board to elect a new president, President Grausam announced he is resigning from the president position.

Secretary/Treasurer Parsons moved to nominate Board Member Brine as

President. Board Member Nicandri seconded. The motion carried.

7. Adjourn

Board Member Grausam adjourned the meeting at 2:37 p.m.

Capital Area Regional Public Facilities District
Special Meeting Minutes

Friday, July 11, 2025 | Council Chambers and Online

1. Call to Order

President Brine called the meeting to order at 1:00 p.m.

2. Roll Call

BOARD MEMBERS PRESENT
David Brine, President, City of Olympia Representative
Ken Parsons, Treasurer, Thurston County Representative
David Nicandri, Board Member, City of Tumwater Representative
Whitney Godby, Board Member, City of Lacey Representative (remote)
Chris Leicht, Board Member, District-Wide Appointee

REPRESENTATIVES PRESENT
Debbie Sullivan, Assistant City Manager, City of Olympia
Patty Belmonte, CEO, Hands on Children's Museum
Troy Woo, Finance Director, City of Lacey
Sue Falash, Recreation Manager, City of Lacey
Elissa Fontaine, City Clerk, City of Lacey

3. Approval of the Agenda

Board Member Nicandri moved to approve the agenda as published. Board Member Leicht seconded. The motion carried.

4. Public Comment

No verbal public comment was received either in person or remotely, and no written public comment was received

5. Agenda Items

A. City of Olympia's Hands on Children's Museum Expansion Project
President Brine

1. Update and Request for Financial Feasibility Study

The City of Olympia has requested the Board enter into an Interagency agreement with the Washington State Department of Commerce in order to provide an independent Financial Feasibility Review (FFR) related to the financing of the planned expansion of the Hands on Children's Museum. President Brine briefed the board on recent meetings with the City of Olympia's bond counsel, and provided background information related to the FFR. Discussion ensued.

Secretary/Treasurer Parsons moved to approve the City of Olympia's request to conduct a feasibility study. Board Member Nicandri seconded. The motion carried.

2. Authorization of Financial Feasibility Study Agreement with Department of Commerce

Board Member Nicandri moved to authorize the Board to enter into agreement of Department of Commerice in order to conduct a financial feasibility study. Secretary/Treasurer Parsons seconded. The motion carried.

6. Adjourn

President Brine adjourned the meeting at 1:25 p.m.

Capital Area Regional Public Facilities District Minutes

Tuesday, August 12, 2025 — Council Chambers and Online

1. Call to Order

Chair Brine called meeting to order at 1:00 p.m

2. Roll Call

BOARD MEMBERS PRESENT:
David Brine, President, City of Olympia Representative
Ken Parsons, Secretary/Treasurer, Thurston County Representative
Whitney Godby, City of Lacey Representative (remote)
Dave Nicandri, City of Tumwater Representative
Chris Leicht, District-wide Appointee
Jeff Line, District-wide Appointee (remote)

BOARD MEMBERS EXCUSED:
Ann Campbell, District-wide Appointee

CITY OF OLYMPIA REPRESENTATIVES PRESENT:
Jay Burney, City Manager (remote)
Debbie Sullivan, Assistant City Manager (remote)
Mark Barber, City Attorney (remote after 1:08)
Deanna Gregory, Partner, Pacifica Law Group (remote)

CITY OF LACEY REPRESENTATIVES PRESENT:
Troy Woo, Finance Director
Brett Boogerd, Capital Projects Engineer
Elissa Fontaine, City Clerk

3. Approval of the Agenda

Board Member Leicht moved to approve the agenda. Board Member Nicandri seconded. The motion carried.

4. Public Comment

No verbal publiccomment was received either in person or remotely, and no written public comment was received.

5. Agenda Items

A. **Resolution 25-01: Authorization to Issue Bonds for Hands On Children's Museum Expansion Project**

Deanna Gregory, Partner, Pacifica Law Group

Gregory, as City of Olympia Bond Counsel, presented the draft resolution and financing agreement. The resolution pledges a portion of the sales tax collected by the Public Facilities District (PFD) and remitted to the City of Olympia. The funds remitted will be used for repayment of the City of Olympia bonds used to finance the Hands On Children's Museum expansion. The proposed documents were modeled after the agreement used for the original construction of the project. Discussion ensued.

Board Member Nicandri moved to arrange for legal counsel to review the agreement on behalf of the Board. Board Member Leicht seconded. The motion carried.

Secretary Treasurer Parsons moved to approve Resolution 25-01 contingent upon the legal review. Board Member Nicandri seconded. The motion carried.

B. **Regional Athletic Center Improvements Update**

Troy Woo, Finance Director
Brett Boogerd, Capital Projects Engineer

Boogerd presented an update on the next phase of the Regional Athletic Complex. The presentation highlighted the concept design, east side improvements, future east side improvements, recommendations and the PFD sales tax extension timeline. Woo advised that next steps include completing the 60% and 90% design by the end of 2026, with the plan for construction to begin in 2027.

President Brine presented an update on the bi-weekly meetings with the Department of Commerce regarding the independent financial feasibility study.

6. Adjourn

President Brine adjourned the meeting at 2:13 p.m.

Capital Area Regional Public Facilities District
Special Meeting Minutes

Wednesday, September 3, 2025 | Council Chambers and Online

1. Call to Order

President Brine called the meeting to order at 1:01 p.m.

2. Roll Call

BOARD MEMBERS PRESENT:
David Brine, President, City of Olympia Representative
Ken Parsons, Secretary/Treasurer, Thurston County Representative
Whitney Godby, City of Lacey Representative (remote)
Dave Nicandri, City of Tumwater Representative
Ann Campbell, District-wide Appointee (remote)
Chris Leicht, District-wide Appointee
Jeff Line, District-wide Appointee (remote)

FOSTER GARVEY REPRESENTATIVES PRESENT:
Stacie Amasaki, Principal
Marc Greenough, Principal

CITY OF LACEY STAFF PRESENT:
Shannon Kelley-Fong, Assistant City Manager (remote)
Troy Woo, Finance Director
Chelsea Yarwood, Accounting Manager
Brandy Legomina, Deputy City Clerk

3. Approval of the Agenda

Board Member Leicht moved to approve the agenda. Secretary/Treasurer Parsons seconded. The motion carried.

4. Public Comment

No verbal public comment was received either in person or remotely, and no written public comment was received

5. Agenda Items

A. **Authorize Agreement with Foster Garvey PC Law Firm**
President Brine

An engagement letter with Foster Garvey PC was presented to the Board, outlining the firm's role as special counsel to CAR-PFD in connection with the review of the financing agreement and related documentation for the City of Olympia's bond issuance to support the expansion of the Hands On Children's Museum. Discussion ensued.

Board Member Line moved to approve the proposal. Secretary/Treasurer Parsons seconded.

Board Member Line amended his motion to authorize the PFD to enter into the agreement with Foster Garvey PC Law Firm to provide the legal review. Secretary/Treasurer Parsons seconded.

President Brine, Secretary/Treasurer Parsons, Board Members Godby, Campbell, Leicht, and Line voted in favor. Board Member Nicandri abstained. The motion carried.

6. Adjourn

Greenough informed the Board about a statewide PFD association and upcoming conference, and offered support with onboarding, training, and orientation for new members.

Chair Brine adjourned the meeting at 1:37 p.m.

CAPITAL AREA REGIONAL - PUBLIC FACILITIES DISTRICT

INTERLOCAL AGREEMENTS

INTERLOCAL AGREEMENT
CREATION OF CAR-PFD

INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR A REGIONAL CENTER

THIS INTERLOCAL AGREEMENT is made and entered into this 25th day of June 2002 by and between the City of Olympia, a municipal corporation, herein referred to as "Olympia," the City of Lacey, a municipal corporation, herein referred to as "Lacey," the City of Tumwater, a municipal corporation, herein referred to as "Tumwater," and Thurston County, herein referred to as "the County".

WHEREAS, Olympia, Lacey, Tumwater and the County wish to consider constructing and operating a Regional Center under the authority granted by Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002; and

WHEREAS, a public facilities district (PFD) can be created by Olympia, Lacey, Tumwater and the County for that purpose; and

WHEREAS, in conjunction with creation of a PFD for that purpose, it is desirable that the roles and responsibilities of the three cities and the County be set forth in an interlocal agreement; and

WHEREAS, this Agreement does not create a separate legal entity other than the PFD discussed herein.

IT IS HEREBY AGREED AS FOLLOWS:

1. Olympia, Lacey, Tumwater, and the County hereby, through their respective City Councils and the County Commission, jointly adopt a PFD to be known as the Capitol Area Regional Public Facilities District (the "District"). This Agreement does not preclude any Party from creating a separate PFD either singularly or jointly with another Party prior to July 31, 2002 to be activated if and when the District is terminated per Section 5(a) of this Agreement. Adoption of this Agreement shall be by ordinance. The boundaries of the District shall encompass the corporate limits of Olympia, Lacey, and Tumwater and the unincorporated areas of the County. A copy of the Charter is attached hereto and incorporated herein by reference. Ordinance adoption shall be completed by the parties in a timely manner so that the effective date of each ordinance occurs on or before July 31, 2002.

Each jurisdiction reserves the right to withdraw from this Agreement during its term. In such event, the remaining jurisdictions may retain the District under an amended interlocal agreement.

2. The parties hereby agree to jointly consider, analyze, and identify a possible Regional Center that may be designed, constructed, and operated under or in conjunction with an amended District. The parties agree to work together in good faith toward that end and shall give due consideration to feasibility studies already existing. The District is authorized to impose the 0.033% sales and use tax authorized pursuant to RCW 82.14.390 and apply tax receipts to pay costs of implementing the terms of this interlocal agreement. No other duties are authorized to be performed under the District. Costs associated with the above joint activity may be paid by the District using sales and use tax revenues collected pursuant to Chapter 35.57 RCW as amended and RCW 82.14.390. Said sales and use tax revenues shall be collected by the District, under a contract with Olympia, or other appropriate Jurisdiction, and the terms of such contract shall be approved by Olympia, Lacey, Tumwater, and the County.

3. Should Olympia, Lacey, Tumwater and the County determine to proceed with design, construction, and operation of a Regional Center under the structure of an amended District, an amended interlocal agreement incorporating an amended District Charter shall be executed defining the roles and responsibilities of each jurisdiction. By executing this Agreement, no jurisdiction commits itself to any amended interlocal agreement or to participation in a Regional Center facility.

4. The City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the District Board members pursuant to RCW 35.57.010(3)(b)(i). Of the four members to be appointed under RCW 35.57.010(3)(b)(ii), one each shall be appointed by the City Councils of Olympia Lacey and Tumwater and by the County Commission. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(b)(ii). Required actions of the City Council of Tumwater shall be satisfied upon confirmation of appointments by the Mayor. All provisions of RCW 35.57.010(3)(b) shall apply to the appointment of board members.

5. This Interlocal Agreement shall remain in force until either of the following events occur, but no longer.

   a. Failure by the cities and the County, by December 31, 2002, to agree to proceed with the design, construction, or operation of a Regional Center through an amended District; or

b. Upon execution by all three cities and the County of an amended District and amended interlocal agreement to design, construct, and/or operate a Regional Center funded through a PFD. The amended interlocal agreement and District shall supercede this interlocal agreement. Provided, that no such amendment shall be considered to have created a new PFD for purposes of Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002.

DATED this 25th day of June 2002.

CITY OF OLYMPIA

By: ______________________

Its Mayor

APPROVED AS TO FORM:

____

Mark Erickson, City Attorney

CITY OF LACEY

By: ______________________

Its City Manager

APPROVED AS TO FORM:

____

Ken Ahlf, City Attorney

CITY OF TUMWATER

By: ______________________

Its Mayor

APPROVED AS TO FORM:

P. B

Pat Brock, City Attorney

THURSTON COUNTY

By: ______________________

Its Chair, Commissioner
July 22, 2002

APPROVED AS TO FORM:

____

Ed Holm, Thurston County Prosecutor

moe3119c
6/18/02

CHARTER

OF

CAPITOL AREA REGIONAL

PUBLIC FACILITIES DISTRICT

A Municipal Corporation

CHARTER

CAPITOL AREA REGIONAL PUBLIC FACILITIES DISTRICT

ARTICLE I
NAME AND DISTRICT SEAL

The name of this corporation shall be the Capitol Area Regional Public Facilities District (hereinafter the "District"). The corporate seal of the District shall be a circle with the name of the District and the word "SEAL" inscribed therein.

ARTICLE II
AUTHORITY FOR CAPITOL AREA REGIONAL PUBLIC FACILITIES DISTRICT

The District is a municipal corporation organized pursuant to Chapter 35.57 RCW and Chapter 363, Laws of 2002, as the same now exists or may hereafter be amended, or any successor act or acts and is created pursuant to that certain interlocal agreement dated JUNE 25 2002, (hereinafter the "Interlocal Agreement") by and between the Cities of Olympia, Lacey, Tumwater, and Thurston County (hereinafter the "Jurisdictions"), which Jurisdictions comprise the District.

ARTICLE III
DURATION OF DISTRICT

The District shall continue to exist until it is terminated pursuant to the terms of the Interlocal Agreement.

ARTICLE IV
PURPOSE OF DISTRICT

The purpose of the District is to provide an independent legal entity under Chapter 35.57 RCW, to impose and use state sales tax under RCW 82.14.390 to acquire, construct, own, remodel, maintain, equip, re-equip, repair, finance, and operate one or more Regional Centers as defined in RCW 35.57.020(1), as amended by, Chapter 363, Laws of 2002. The District may take actions in furtherance of any of the above stated purposes only as authorized under the Interlocal Agreement. If authorized, the Regional Center(s) would serve essential public purposes by providing one or more

regional facilities for conventions, conferences and/or special events. The District does not have the authority to perform any functions other than that set forth in this Article.

For the purpose of securing the exemption from federal income taxation for interest on obligations of the District, the District constitutes an instrumentality of each of the Jurisdictions that created the District (within the meaning of those terms in regulations of the United States Treasury and rulings of the Internal Revenue Service prescribed pursuant to Section 103 and Section 145 of the Internal Revenue Code of 1986, as amended).

ARTICLE V
POWERS OF DISTRICT

Except as may be otherwise provided in the Charter, the District and the District Board of Directors on its behalf shall have only the power to:

1. Act as authorized under Chapter 35.57 RCW, as limited by the Interlocal Agreement.
2. Sue, and be sued, in its corporate name
3. Accept gifts, funds, or property from the United States, the State, the Jurisdictions, other corporations, associations, individuals, or any other sources, and to use said funds in accordance with the powers set forth in Article IV.
4. Provide the necessary administrative means to carry out its powers set forth in this Charter.
5. Impose a sales and use tax as authorized by RCW 35.57.040(d) and RCW 82.14.390.

ARTICLE VI
LIMITS ON DISTRICT POWERS

1. No part of the revenue of the District shall inure to the benefit of, or be distributable to, the members of the District Board of Directors or officers of the District or other private persons, except that the District is authorized and empowered to:

   (a) Reimburse District Board Members for reasonable expenses actually incurred in performing their duties; and
   (b) Provide the administrative means to carry out the District's powers under Article V.

2. No part of the activities of the District shall include any attempt to influence legislation; and the District shall not participate in, or intervene in (including the

publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

3. The District may not incur or create any liability that permits recourse by any contracting party or members of the public to any assets, services, resources, or credit of the Jurisdictions.

4. The District shall not amend this Charter without the approval of the Jurisdictions.

5. The District shall not issue any debt nor shall it submit to the voters of the District a ballot proposition for imposition of a sales or use tax.

   The District may not exercise its powers as delineated in Article V until such time as it has, in accordance with RCW 35.57.040(d) and RCW 82.14.390, imposed the maximum allowable sales and use tax for the purpose of securing a source of revenue to satisfy the financial obligations of the District.

6. In the event of a conflict between the terms of this Charter and of the Interlocal Agreement dated ______________________, the terms of the interlocal agreement shall govern.

ARTICLE VII
DUTIES OF THE DISTRICT

In addition to other duties as may be provided herein, the District and the District Board of Directors shall undertake the following:

1. Provide Financial Assistance. The District, through the District Board of Directors during its first or a subsequent meeting, shall, if authorized by the Jurisdictions per the Interlocal Agreement, impose a sales and use tax of not more than .033 percent to be collected from those persons who are taxable by the State of Washington under RCW 82.08 and 82.12, upon the occurrence of any taxable event within the District in accordance with RCW 82.14.390.

2. Enter Into Agreements. The District shall enter into an agreement with the City of Olympia ("Olympia") or such other Jurisdiction as shall be appropriate to perform any administrative functions on behalf of the District as may be necessary to carry out the District's functions as prescribed under Title V of this Charter or the Interlocal Agreement.

3. Revenues. All revenues received by the District which are derived from the imposition of charges, fees, and taxes as authorized by RCW 35.57.040, shall be deposited in such a manner as described in its agreement with Olympia or other appropriate Jurisdiction, which funds may be expended only to satisfy the

financial obligations of the District consistent with this Charter and the Interlocal Agreement. Any matching funds required by RCW 82.14.390 shall be provided by the Jurisdictions under an agreement, or by other private or public sources.

ARTICLE VIII
ORGANIZATION OF DISTRICT

Section 1. District Board of Directors.

The management of all District affairs shall reside with the Board of Directors. The Board shall be composed of seven members appointed in accordance with the terms of RCW 35.57.010(3)(b). The City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the members pursuant to RCW 35.57.010(3)(b)(i). Of the four members to be appointed under RCW 35.57.010(3)(b)(ii), one each shall be appointed by the City Councils of Olympia, Lacey and Tumwater and by the County Commission. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(b)(ii). Required actions of the City Council of Tumwater shall be satisfied upon confirmation of appointments by the Mayor. All provisions of RCW 35.57.010(3)(b) shall apply to the appointment of Board members.

Section 2. Consecutive Absences.

Any Board Member who is absent for three consecutive regular meetings without excuse may, by resolution duly adopted by a majority vote of the whole Board, be deemed to have forfeited his or her position as Board Member.

Section 3. Removal of Board Members.

Any Board Member may be removed at will, with or without cause, by his or her appointing Jurisdiction, which appointing Jurisdiction shall appoint a new Board Member to fill the unexpired term for the vacant position. The term of any Board Member removed pursuant to this Section shall expire when the member receives a copy of the resolution removing him or her.

Section 4. Vacancy on District Board of Directors.

A vacancy, or vacancies, on the District Board of Directors shall be deemed to exist in case of the death, disability, resignation, removal, or forfeiture of membership as provided herein. Vacancies on the Board shall be filled by appointment in the same manner in which members of the Board are regularly appointed. Any person selected to fill a vacancy on the Board shall serve the balance of the term of the person being replaced.

Section 5. Duties of Board Members.

A general or particular authorization or concurrence of the Board by resolution shall be necessary for any of the following transactions:

(a) Adoption of an annual budget;
(b) Certification of annual audited financial statements and other reports and statements to be filed with the chief administrative officers of the Jurisdictions in the Interlocal Agreement as true and correct in the opinion of the District except as noted;
(c) Transfer of tax proceeds authorized by the Charter to the City of Olympia or other appropriate Jurisdiction per an agreement; and
(d) Perform such other transactions, duties, and responsibilities as the Charter shall require of the Members of the Board or the District.

Section 6. Voting Requirements/Quorum.

(a) Action, which requires Board approval, may only be authorized by a vote representing both a majority of the Board Members voting and not less than four members. Four voting members must be present at any regular or special meeting of the Board to comprise a quorum, and for the Board to transact any business.
(b) Proxy voting shall not be allowed.
(c) The adoption and amendment of bylaws shall require an affirmative vote of a majority of the Board's voting membership representing two-thirds of the Board Members voting on the issue and not less than four members.

Section 7. Right to Indemnification.

Each person who was, or is, threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was an official of the District, whether the basis for such proceeding is alleged action in an official capacity as a director, trustee, officer, employee, or agent, or in any other capacity, shall be indemnified and held harmless by the District to the full extent permitted by applicable law as then in effect, against all expense, liability, and loss (including attorneys' fees, judgments, fines, and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be an official and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that except as provided in this Section, with respect to proceedings seeking to enforce rights to indemnification, the District shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person

only if such proceeding (or part thereof) was authorized by the District Board of Directors; provided, further, the right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the District the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the District of an undertaking, by or on behalf of such official, to repay all amounts so advanced if it shall ultimately be determined that such official is not entitled to be indemnified under this Section or otherwise.

Provided, further, that the foregoing indemnity shall not indemnify an person from or on account of:

(a) Acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law; or

(b) Any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which such person was not legally entitled.

If a claim under this Section is not paid in full by the District within 60 days after a written claim has been received by the District, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be 20 days, the claimant may at any time thereafter bring suit against the District to recover the unpaid amount of the claim. The claimant shall be presumed to be entitled to indemnification under this Section upon submission of a written claim (an, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the District), and thereafter the District shall have the burden of proof to overcome the presumption that the claimant is so entitled. Neither the failure of the District to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper nor a determination by the District that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

The right of indemnification and the payment of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Charter, Bylaws, any agreement, or otherwise.

The District may maintain insurance, at its expense, to protect itself and any director of the District against any expense, liability, or loss whether or not the District would have the power to indemnify such person against such expense, liability, or loss.

Section 8. <u>Conflict of Interest and Code of Ethics</u>.

No member of the Board shall have an ownership interest in real or personal property used for or in conjunction with any Regional Center site. Members of the District Board of Directors and the District's staff shall be subject to RCW 42.52.

ARTICLE IX
OFFICERS OF DISTRICT

Section 1. <u>Tenure of Officers</u>.

The members shall elect from among themselves the following District officers: President, Treasurer, and Secretary. The President and the Treasurer may not be the same person. The term of any officer shall expire at such time as such officer's membership on the Board ceases or terminates, or at such sooner time as the term of office expires and the office has been filled by appointment or reappointment.

Section 2. <u>Duties of Officers</u>.

The officers of the District shall have the following duties:

(a) President. Subject to the control of the District Board of Directors, the President shall have general supervision, direction, and control of the business and affairs of the District. On matters decided by the District, unless otherwise required under the Interlocal Agreement or by this Charter, the signature of the President alone is sufficient to bind the corporation.

(b) Treasurer. The Treasurer shall receive and faithfully keep all funds of the District and deposit the same in such accounts as may be designated by the District Board of Directors. The Treasurer shall discharge such other duties as prescribed by the District Board of Directors. Before taking office, the Treasurer shall file a bond in an amount determined by the District with the Secretary of the District, and shall continue in office only so long as such bond continues in effect.

(c) Secretary. The Secretary shall keep or authorize others to keep a full and complete record of the meetings of the District Board of Directors, committees when acting on behalf of the Board and to the extent they are separate, and the meetings of the officers with appropriate minutes; shall keep the seal of the District and affix the same to such papers and such instruments as may be required in the regular course of business; shall make service of such notices as may be necessary or proper; shall supervise the keeping of the books and other records, ledgers, and other written documents comprising the business and purpose of the District, and shall

discharge such other duties as pertain to the office as prescribed by the District Board of Directors.

(d) The District shall contract with Olympia or other appropriate Jurisdiction to provide the services necessary to assist the officers in carrying out the officer's duties under this Section.

ARTICLE X
COMMENCEMENT OF DISTRICT

The District shall come into existence and be authorized to take action at such time as the Interlocal Agreement incorporating this Charter is approved by the legislative authorities of the Jurisdictions that comprise the District.

ARTICLE XI
CONSTITUENCY

There shall be no constituency of the District.

ARTICLE XII
MISCELLANEOUS

Section 1. Public Records.

The public shall have access to records and information of the District to the extent required by applicable law.

Section 2. Public Meetings.

Meetings of the District shall be open to the public as required by state law, and any special meetings shall be called and held in accordance with Section 11, Chapter 250, Laws of 1971, Extraordinary Session, and any subsequent amendments thereto. Members or designees of the legislative authorities of the Jurisdictions that comprise the District are entitled to appear in person or by representative and speak at any meeting of the District called and held pursuant to law.

Notice of meetings and proposed agendas shall be transmitted to the chief administrative officers of the Jurisdictions or their designees. The books and records of the District and agreements or contracts entered into by the District shall be available for inspection by the chief administrative officers of the Jurisdictions or their designee, and such documents shall be open for inspection by the public to the extent required by applicable laws, or as may be directed by agreement of the chief administrative officers of the Jurisdictions signatory to the Interlocal Agreement.

Section 3. Audits, Dissolutions, etc.

Unless waived by the chief administrative officers of the Jurisdictions, the District shall submit to the chief administrative officers of the Jurisdictions, on or before December 31, a report of its activities for the preceding calendar year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such calendar year; as well as such other reports required by applicable state and federal laws, applicable ordinances, and by the chief administrative officers of the Jurisdictions.

Section 4. Operations.

The District shall establish by resolution approved by the chief administrative officers of the Jurisdictions, procedures for the receipt, payment, and investment of District funds, which shall be performed by Olympia under the agreement. Such procedures may be amended by District resolution, subject to the approval of the chief administrative officers of the Jurisdictions.

Section 5. Effect of Legislation.

Should legislation be passed by the Washington State Legislature that conflicts materially with the provisions of this Charter, the PFD shall dissolve upon the effective date of such legislation, unless the Jurisdictions approve any necessary amendments to the Interlocal Agreement within 180 days of notice of the legislation

This Charter is APPROVED and ISSUED as of this _____ day of ______________ 2002.

APPROVED this _____ day of _______________ 2002 as authorized by District Board Resolution No. ________.

____
District President

ATTEST:

____
District Secretary

moe3117c
6/18402

AMENDED INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR REGIONAL CENTERS

THIS AMENDED INTERLOCAL AGREEMENT is made and entered into this 10 day of March 2003 by and between the City of Olympia, a municipal corporation, herein referred to as "Olympia," the City of Lacey, a municipal corporation, herein referred to as "Lacey," the City of Tumwater, a municipal corporation, herein referred to as "Tumwater," and Thurston County, herein referred to as "the County".

WHEREAS, RCW 35.57 as amended by Chapter 363, Laws of 2002 authorizes the legislative authorities of any contiguous group of towns or cities together with the legislative authority of a contiguous county to create a public facilities district for the purpose of financing, acquiring, constructing, owning, and operating one or more regional centers, defined in RCW 35.57.020 as a convention, conference, or special events center, or any combination of such facilities, and related parking facilities serving a regional population at a development cost of at least Ten Million Dollars ($10,000,000), including debt service; and

WHEREAS, Olympia, Lacey, Tumwater and the County wish to consider constructing and operating one or more Regional Centers under the authority granted by Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002; and
WHEREAS, a public facilities district (PFD) can be created by Olympia, Lacey, Tumwater and the County for that purpose, and the Capital Area Regional Public Facilities District ("the PFD") was created on June 26, 2002 pursuant to City of Olympia Ordinance No. 6194, City of Lacey Ordinance No. 1183, City of Tumwater Ordinance No. 02002-014, and County Ordinance No. 12798; and

WHEREAS, in conjunction with creation of a PFD for that purpose, it is desirable that an interlocal agreement be adopted among Olympia, Lacey, Tumwater and the County to set forth the specific regional centers to be constructed, the division of sales taxes and/or other funds raised by the PFD, the powers and responsibilities of the PFD, and the roles and responsibilities of the three cities and the County; and

WHEREAS, the Interlocal Agreement for the Creation of a Public Facilities District for a Regional Center dated June 26, 2002 provided that Olympia, Lacey, Tumwater and the County would amend the Interlocal Agreement to address such topics and govern the design, construction, and/or operation of a Regional Center funded through a PFD; and
WHEREAS, this Agreement does not create a separate legal entity other than the PFD previously created;

NOW, THEREFORE,

IT IS HEREBY AGREED AS FOLLOWS:

1. Olympia, Lacey, Tumwater, and the County hereby, through their respective City Councils and the County Commission, agree to continue the PFD known as the Capital Area Regional Public Facilities District (the "District"), created under the June 26, 2002 Interlocal Agreement for the Creation of a Public Facilities District for a Regional Center. Adoption of this Agreement and amendments thereto shall be by ordinance. The boundaries of the District shall encompass the corporate limits of Olympia, Lacey, and Tumwater and the unincorporated areas of the County. A copy of the Charter is attached hereto and incorporated herein by reference. Ordinance adoption shall be completed by the parties in a timely manner so that the effective date of each ordinance creating the PFD occurs on or before July 31, 2002, and the effective date of each ordinance adopting this Amended Interlocal Agreement shall occur on or before February 28, 2003.

2. The following projects shall constitute the Regional Centers:

A. Capital Area Arts and Conference Center.

This project involves a conference and visual arts center featuring architecturally distinctive design and environmentally sensitive construction methods. The Arts and Conference Center will support groups of 500 attendees with possible exhibits, breakout sessions, meal service, and support areas, and will contain the following project elements:

- approximately 10,000 square feet for a main hall
- approximately 5,000 square feet of breakout rooms
- approximately 4,000 square feet for a visual art gallery/workshop space
- Display space for visual arts
- Supporting spaces (may be shared with an adjacent lodging facility):
  - Kitchen
  - Lobby Prefunction
  - Storage and Administration
- Parking
- Future expansion potential.

The following project elements may also be included:

- Public plazas
- Water features
- Retail
- Housing

- Other elements or amenities that the City of Olympia determines would benefit the project or its public features

B. Lacey Area Athletic, Recreation, and Special Events Complex

This project involves an athletic, recreation and special events complex designed to serve the needs of the greater Thurston region, and attract visitors from throughout the state. The proposal involves the development of:

- soccer fields
- softball/baseball fields (two baseball fields sized for college and semi-professional play
- a bike/board and blades complex with BMX track
- large gathering and event areas
- picnic shelters
- children's play areas
- outdoor basketball courts
- restrooms
- concessions
- parking for more than 1,000 vehicles
- an extensive trail system
- performance stage
- main entrance gathering plaza
- such other elements or amenities that the City of Lacey determines would benefit the project or its public features

In addition, the project also includes four separate building pads for future development, which may include an indoor ice arena, family fun center, recreation center with racquetball, gymnasium and exercise facilities, an aquatic center, potential space for a YMCA or Boys and Girls Club, or such other elements or amenities that the City of Lacey determines would benefit the project or its public features.

3. Powers and Duties of the Public Facilities District.

A. Levy of Sales Tax and Other Taxes, Fees and Charges. The District is authorized to and shall impose the 0.033% sales and use tax authorized pursuant to RCW 82.14.390 ("Sales Tax"). The Sales Tax shall expire twenty-five years after the date the Sales Tax is first collected. . If authorized by the resolution of a governing body of a Jurisdiction which is acquiring or constructing a Regional Center, the District is also authorized to and shall impose such taxes, fees or charges at the Regional Center and/or within the corporate boundaries of that Jurisdiction in accordance with the Jurisdiction's resolution and RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.

B. Financing, Construction, Ownership, and Operation of Regional Centers. The District is authorized to and shall enter into a contract with the City of Olympia concerning the financing, construction, ownership and operation of the Capital Area Arts and Conference Center, and with the City of Lacey concerning the construction, ownership and operation of the Lacey Area Athletic, Recreation, and Special Events Complex. The form of the contracts shall be substantially in the form attached hereto and incorporated herein as Exhibits A and B, respectively.

C. Other Powers/Duties. The District shall file annual financial statements and annual reports with Olympia, Lacey, Tumwater and the County within 90 days after the end of each fiscal year. The District shall stay in existence until the Sales Tax or other taxes, fees or charges authorized under Section 3.A above expire. The District shall not take any action that would impact the tax-exempt status of any bonds or other financing instruments issued by Olympia or Lacey for the Regional Centers. No other powers are granted and no other duties are authorized to be performed by the District, unless authorized by the District's Charter and the terms of the contract between the District and Olympia and the contract between the District and Lacey, as applicable.

4. Appointment of District Board ; administrative services and costs. The City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the District Board members pursuant to RCW 35.57.010(3)(c)(i). Of the four members to be appointed under RCW 35.57.010(3)(c)(ii), one each shall be appointed by the City Councils of Olympia, Lacey and Tumwater and by the County Commission. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(c)(ii). Required actions of the City Council of Tumwater shall be satisfied upon confirmation of appointments by the Mayor. All provisions of RCW 35.57.010(3)(c) shall apply to the appointment of board members.

   Board administrative needs, such as storage of minutes and other Board records, and advertising for Board meetings, shall be provided by Olympia via contract. Any Board costs in excess of incidental costs for such administrative services (including but not limited to costs of insurance for Board members) shall be borne pro rata by the jurisdictions receiving funds pursuant to Section 6 below.

5. This Interlocal Agreement shall remain in force as long as the District remains in existence as provided in Section 3.C above. All rights to indemnification under Section 10 of this Amended Interlocal Agreement shall survive the termination of this Amended Interlocal Agreement and remain in force until such fees and costs are paid and such indemnification provision satisfied.

6. Allocation of Sales Tax Proceeds. The Sales Tax proceeds shall be allocated to the two Regional Center projects as follows:

   A. The Capital Area Arts and Conference Center shall receive:

      1. 100% of the Sales Tax proceeds generated by and attributable to taxable events as defined in RCW 82.14.020(9) ("Taxable Events") occurring within the corporate boundaries of the City of Olympia;
      2. 50% of the Sales Tax generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Tumwater;
      3. 50% of the Sales Tax generated by and attributable to Taxable Events occurring within the unincorporated areas of Thurston County.
      4. 100% of any other tax, fee or charge levied by the District within the City of Olympia under Section 3.A above, RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.

   B. The Lacey Area Athletic, Recreation, and Special Events Complex shall receive:

      1. 100% of the of the Sales Tax proceeds generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Lacey;
      2. 50% of the Sales Tax generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Tumwater;
      3. 50% of the Sales Tax generated by and attributable to Taxable Events occurring within the unincorporated areas of Thurston County.
      4. 100% of any other tax, fee or charge levied by the District at the Lacey Area Complex or within the City of Lacey under Section 3.A above, RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.

7. Development of the Lacey Area Athletic, Recreation, and Special Events Complex ("Lacey Area Complex"). The City of Lacey shall enter into a contract with the District, as provided in Section 3 above and in substantially the form attached hereto and incorporated herein as Exhibit B.

   A. Site Ownership and Acquisition. The City of Lacey and Thurston County own a 68-acre parcel on which Phase I of the Lacey Area Complex will be constructed. The County shall acquire an additional 26-acre parcel, located west of Marvin Road NE in proximity to the 68-acre parcel, and convey said parcel to the City of Lacey for Phase II of the Lacey Area Complex, provided that the 26-acre parcel can be acquired for a sum equal to its fair market value. Use of the 26-acre parcel shall be consistent with Chapter 84.34 RCW.

B. Timeline for Development.

1. Lacey shall commence construction of Phase I of the Lacey Area Complex, on the 68-acre parcel currently owned by Lacey and the County, no later than January 1, 2004. Lacey shall not be liable for damages to Tumwater, Olympia, or Thurston County if it is delayed by forces or parties beyond its control and is therefore unable to commence construction by January 1, 2004. Prior to commencing construction, Lacey shall provide an annual accounting of funds allocated to the Lacey Area Complex under Section 6 above to Olympia, Tumwater and the County within 90 days after the end of each fiscal year.

2. Lacey shall commence construction of Phase II as soon as practicable, as other City of Lacey funds become available. Such other funds shall not include additional funds from Thurston County, the District, or the Cities of Tumwater or Olympia. It is estimated that construction of Phase II will likely not occur until several years after the date of this agreement.

C. Permitting and Environmental Law Compliance. Lacey shall be responsible for obtaining all necessary permits and approvals related to the construction and operation of the Lacey Area Complex, and for complying with all environmental laws. The "lead agency" for purposes of SEPA compliance shall be determined as provided in WAC 197-11-924 – 197-11-944.

D. Local Match. The City of Lacey will provide the thirty-three percent (33%) local match required by RCW 82.14.390(4) ("the Local Match"), with respect to the sales and Use Tax levied by the District. Lacey may provide for the Local Match by, inter alia, providing itself or arranging for cash, land, or in-kind contributions to be used for, in or towards the development or improvement of the Lacey Area Complex. Lacey may use whatever funding sources are available. It is anticipated that Lacey may use a variety of funding sources, including, but not limited to bond financing, rental revenues, unrestricted funds, grants, contributions and donations. Funds expended and lands acquired by Thurston County and the City of Lacey pursuant to the contract between such parties for the 68-acre parcel, funds expended by Thurston County for additional lands pursuant to Section 7.A. hereof, and funds expended by Thurston County for development of the Lacey Area Complex shall be considered as part of such Local Match.

E. Responsibility of the Cities of Olympia and Tumwater. The Cities of Olympia and Tumwater shall have no responsibility or obligation, either jointly or severally or through the District, for financing (including the Local Match), construction, ownership, operation, maintenance, debt, construction cost overruns, or any other aspect of the Lacey Area Complex, including revenue

shortfalls (whether for construction cost, construction cost overruns or operation and maintenance costs). The Cities of Olympia and Tumwater shall have no obligation for, and shall not be liable, either jointly, severally, or through the District, for payment of the amounts allocated to the Lacey Area Complex under Section 6 above, and the County and Lacey agree not to seek to collect such amounts from Tumwater or Olympia.

F. Responsibility of Thurston County. Thurston County shall have no responsibility or obligation for financing (including the Local Match), construction, ownership, operation, maintenance, debt, or any other aspect of the Lacey Area Complex with the exception of its obligations set forth in section 7.A above and its obligations pursuant to the terms of its agreement with the City of Lacey for the 68-acre parcel, dated July 23, 1998, as amended by Amendatory Agreement dated March 15, 1999; provided, however, that in determining the responsibility of the City of Lacey and Thurston County for excess costs pursuant to such Agreement, all revenues which exceed operating expenses associated with the use of the 26-acre parcel shall be applied to reduce or eliminate such excess costs.

8. Development of the Capital Area Arts and Conference Center ("Conference and Arts Center"). The City of Olympia shall enter into a contract with the District, as provided in Section 3 above and in substantially the form attached hereto and incorporated herein as Exhibit A.

A. Site Location, Ownership and Acquisition. The Arts and Conference Center shall be sited in north downtown Olympia on properties that include the site immediately north of the Phoenix Inn. The City of Olympia shall acquire and own the property and the building(s) comprising the Conference and Arts Center.

B. Timeline for Development. Olympia shall commence construction of the Conference and Arts Center no later than January 1, 2005, unless Olympia is delayed by forces or parties beyond Olympia's control, in which case Olympia may commence construction by January 1, 2007. Prior to commencing construction, the City of Olympia will hold and expend funds allocated to the Arts and Conference Center project under Section 6 above through an account designated as the Arts and Conference Center account. Prior to commencing construction, Olympia shall provide an annual accounting of funds allocated to the Arts and Conference Center under Section 6 above to Lacey, Tumwater and the County within 90 days after the end of each fiscal year.

C. Permitting and Environmental Law Compliance. Olympia shall be responsible for obtaining all necessary permits and approvals related to the construction and operation of the Arts and Conference Center, and for complying with all environmental laws.

D. Local Match. The City of Olympia will provide for the thirty-three percent (33%) local match required by RCW 82.14.390(4) ("the Local Match"), with respect to the sales and Use Tax levied by the District. Olympia may provide for the Local Match by, inter alia, providing itself or arranging for cash, land, or in-kind contributions to be used for, in or towards the development or improvement of the Conference and Arts Center. Olympia may use whatever funding sources are available. It is anticipated that Olympia may use a variety of funding sources, including, but not limited to bond financing, rental revenues, unrestricted funds, grants, contributions and donations.

E. Responsibility of Thurston County and the Cities of Lacey and Tumwater. The Cities of Lacey and Tumwater, and Thurston County, either jointly, severally, or through the District, shall have no responsibility or obligation for financing (including the Local Match), construction, ownership, operation, maintenance, debt, construction cost overruns, or any other aspect of the Arts and Conference Center, including revenue shortfalls (whether for construction cost, construction cost overruns or operation and maintenance costs). The Cities of Lacey and Tumwater, and Thurston County, either jointly, severally, or through the District, shall have no obligation for, and shall not be liable for, the payment of amounts allocated to the Arts and Conference Center project under Section 6 above, and Olympia agrees not to seek to collect such amounts from Tumwater, Lacey or Thurston County.

9. Alternate Regional Center. In the event that Olympia cannot meet either deadline provided in Section 8.B above, the Sales Tax proceeds allocated to the City of Olympia pursuant to Section 6 above shall be allocated to an alternative Regional Center, to be identified by a majority vote of Olympia, Tumwater, Lacey, and Thurston County, with such vote to be held no later than January 1, 2008. If the vote is a tie (2-2), the District Board shall, by majority vote of a quorum of the Board, cast the tie-breaking vote. The votes of Olympia, Tumwater, Lacey and Thurston County under this Section shall be determined by a majority vote of a quorum of each of their respective governing bodies. Olympia, Lacey, Tumwater and Thurston County shall work in good faith to further amend this Amended Interlocal Agreement as necessary to facilitate the financing, acquisition, construction and/or operation of the alternative Regional Center identified pursuant to this Section.

10. Indemnity and Hold Harmless.

A. The parties shall defend, indemnify and hold each other and their respective elected officials, officers, employees and agents, including its development coordinator (Indemnitees) harmless from all claims, regardless of the nature of the claim, arising directly or indirectly from the planning, permitting, construction and operation of the Regional Centers identified in Section 2 above, except for claims arising from the sole negligence of any Indemnitee. In the case of concurrent negligence of one or more parties and an Indemnitee,

each party shall hold the other party or parties harmless from their proportionate share of the resulting damages.

B. This indemnity and hold harmless obligation shall extend to all claims of whatsoever kind or nature, except for claims brought to enforce this Amended Interlocal Agreement. It shall include attorneys fees, expert witness fees, court costs, arbitration costs, administrative fines and penalties, and any other direct expense that are a direct consequence of a breach of any provision of this Agreement or any negligent act or failure to act. It shall include the duty to promptly accept tender of defense and provide defense to the Indemnitees.

11. <u>Dispute Resolution</u>.

A. Except as provided in Section 9 above, if a dispute arises between the parties with regards to the performance of any provision of this Agreement or the interpretation thereof, the parties agree to follow the procedure set forth in this Section 11. It is the goal of the parties to resolve their differences as early in this four-step process as possible.

B. <u>Step One - Informal Discussions</u>. The Designated Representatives shall meet to see if the matter can be informally resolved. This may involve more than one meeting.

C. <u>Step Two - Written Notification and Resolution</u>. If informal discussions are not successful then a written notice of dispute shall be mailed to all of the addresses for notices set forth in Section 12, as well as to the Designated Representative for the parties to the dispute. The notice shall set forth the nature of the dispute and the desired outcome. A written response shall be provided within ten business days. The response shall provide the responding party's version of the dispute and a proposed resolution. The parties shall meet within ten business days after the response is received in order to see if the matter can be amicably resolved. If the matter is amicably resolved at this stage the affected parties shall sign a memorandum of understanding with regards thereto.

D. <u>Step Three - Mediation</u>. If the parties are unable to resolve their differences at Step Two, the parties will endeavor to settle the dispute by mediation under such mediation rules as shall be mutually agreeable to the parties. Such mediation shall be non-binding but shall be a condition precedent to having said dispute decided in court by a judge or jury. Mediation shall commence, unless otherwise agreed, within 30 days of a party's written request for mediation of a dispute. Any resolution at this stage shall be reduced to writing and, if it involves an interpretation of the Agreement, it shall be considered an addendum to this Agreement without the need for formal adoption by the governing bodies of the jurisdictions that are parties to this Agreement.

E. Litigation. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to exclusive in personam jurisdiction in Thurston County Superior Court or the Superior Court of any adjacent county, and agree that in any such action venue shall lie in Thurston County, Washington or any adjacent county.

12. Notices. All notices and other communications required by this Agreement shall be in writing and, except as expressly provided elsewhere in this Agreement, shall be deemed to have been given at the time of delivery if personally delivered, or at the time of mailing if mailed by first class, postage pre-paid and addressed to the party at its address as stated below or at such address as any party may designate at any time in writing.

To Olympia:	City Manager City of Olympia P.O. Box 1967 Olympia, WA 98501-1967
To Tumwater:	Mayor City of Tumwater 555 Israel Road SW Tumwater WA 98501
To Lacey:	City Manager City of Lacey P.O. Drawer 3400 Lacey WA 98509-3400
To County:	County Administrator Thurston County 2000 Lakeridge Drive, SW Olympia WA 98502

13. Severability. It is the intent of the parties that if any provision of this Agreement or its application is held by a court of competent jurisdiction to be illegal, invalid or void, the validity of the remaining provisions of this Agreement or its application to other entities, or circumstances shall not be affected. The remaining provisions shall continue in full force and effect. The rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular invalid provision. However, if the invalid provision or its application is found by a court of competent jurisdiction to be substantive and to render performance of the remaining provisions unworkable and non-feasible, and is found to seriously affect the consideration and/or is inseparably connected to the remainder of this Agreement, then the entire Agreement shall be null and void.

14. Modification. This Agreement represents the entire agreement between the parties. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding on any of the parties unless executed in writing by each of the parties. After January 1, 2005, the allocation of Sales Tax proceeds specified in Sections 6.A and 6.B above may be revised, upon the mutual and unanimous agreement of Olympia, Lacey, Tumwater and the County. Further, this Agreement shall not be modified, supplemented, or otherwise affected by the course of dealings between the parties.

15. Benefits. This Agreement is entered into for the benefit of the parties to this Agreement only and shall confer no benefits, direct or implied, on any third persons.

16. Assignment. The rights granted by this Amended Interlocal Agreement may not be assigned without the written consent of all the parties hereto.

17. Supplemental Documents. The parties agree to complete and timely execute all supplemental documents necessary or appropriate to fully implement the terms of this Agreement.

18. Filing of Agreement with County Auditor. Within five days from the date of this Amended Interlocal Agreement, as set forth in the first paragraph above, the original of the Agreement shall be filed by the City with the Thurston County Auditor as required by the provisions of RCW 39.34.040.

19. Specific Performance. The parties acknowledge that any party may require specific performance of any of the terms and conditions of this Amended Interlocal Agreement, in addition to any other remedies that may be available as a matter of law.

20. Complete Agreement. This Amended Interlocal Agreement represents the entire agreement between the parties hereto concerning the subject matter hereof, and may not be amended except as provided herein.

21. Execution in Counterparts. This Amended Interlocal Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

DATED this 10 day of March 2003.

CITY OF OLYMPIA

By: [signature]

Its MAYOR

APPROVED AS TO FORM:

[signature]

Bob C. Sterbank, City Attorney

CITY OF LACEY

By: [signature]

Its CITY MANAGER

APPROVED AS TO FORM:

[signature]

Ken Ahlf, City Attorney

CITY OF TUMWATER

By: [signature]

Its Mayor

APPROVED AS TO FORM:

Christy A. Todd

~~Pat Brock~~, City Attorney (ASST.)

THURSTON COUNTY

By: [signature]

Its Board Chair

APPROVED AS TO FORM:

Elizabeth Petrich for

Ed Holm, Thurston County Prosecutor

Y:\calvin\gg\legal\PFD\2003 – A Amended PFD Interlocal Agreement
02/27/03

**AMENDMENT TO AMENDED INTERLOCAL AGREEMENT
REGARDING CREATION OF A
PUBLIC FACILITIES DISTRICT FOR
REGIONAL CENTERS**

THIS AMENDATORY AGREEMENT is made and entered into by and between the City of Olympia, a municipal corporation, herein referred to as "Olympia," the City of Lacey, a municipal corporation, herein referred to as "Lacey," the City of Tumwater, a municipal corporation, herein referred to as "Tumwater," and Thurston County, herein referred to as "the County".

WHEREAS, the parties hereto entered into an Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers dated March 10, 2003, and

WHEREAS, Olympia has determined not to proceed with the construction of the Capital Area Arts and Conference Center described in said Agreement and as a result thereof, the parties need to determine an alternate Regional Center or Centers as specified in said Amended Interlocal Agreement, and

WHEREAS, the Steering Committee consisting of two representatives of each of the parties has been reconstituted to review proposed alternative Regional Centers in order to make recommendations to the parties hereto and said Committee is in need of staff or other technical support and may be in need of consulting services,

NOW, THEREFORE,

It Is Hereby Agreed That Section 9 Of That Certain Amended Interlocal Agreement Regarding Creation Of A Public Facilities District For Regional Centers Dated March 10, 2003, Is Hereby Amended To Read As Follows:

9. Alternate Regional Center. In the event that Olympia cannot meet either deadline provided in Section 8.B above, the Sales Tax proceeds allocated to the City of Olympia pursuant to Section 6 above shall be allocated to an alternative Regional Center(s), to be identified by a majority vote of Olympia, Tumwater, Lacey, and Thurston County, with such vote to be held no later than January 1, 2008. If the vote is a tie (2-2), the District Board shall, by majority vote of a quorum of the Board, cast the tie-breaking vote. The votes of Olympia, Tumwater, Lacey and Thurston County under this Section shall be determined by a majority vote of a quorum of each of their respective governing bodies. Olympia, Lacey, Tumwater and Thurston County shall work in good faith to further amend this Amended Interlocal Agreement as necessary to facilitate the financing, acquisition, construction and/or operation of the alternative Regional Center(s) identified pursuant to this Section. In order to aid in the identification of an alternative Regional Center or Centers, a sum not exceeding $20,000.00 may be

expended from sales tax proceeds allocated to the City of Olympia pursuant to Section 6, for staff or other technical support or consulting services as determined necessary by the Steering Committee, which consists of two representatives of each of the four parties to this Agreement. The City of Olympia shall enter into such contract or contracts as shall be necessary to obtain such services. Sums in excess of $20,000.00 may be expended for the type of services described herein by unanimous vote of the Steering Committee. However, if such action is taken, the Steering Committee shall also determine by unanimous vote the party or parties responsible for administering any contract or contracts necessary for such additional services.

DATED this 25th day of August, 2004.

CITY OF OLYMPIA

By: Mark Foutch

Its Mayor

APPROVED AS TO FORM:

Bob C. Sterbank

Bob C. Sterbank, City Attorney

CITY OF LACEY

By: Greg Cuoio

Its City Manager

APPROVED AS TO FORM:

Kenneth R. Ahlf, City Attorney

CITY OF TUMWATER

By: Ralph Osgood

Its Mayor

APPROVED AS TO FORM:

Christy A. Todd

Christy A. Todd, City Attorney

THURSTON COUNTY

By: Diane Oberquell

Its

APPROVED AS TO FORM:

Elizabeth Petrich

Ed Holm, Thurston County Prosecutor
By: Elizabeth Petrich, Deputy

**AMENDMENT TO AMENDED INTERLOCAL AGREEMENT
REGARDING CREATION OF A
PUBLIC FACILITIES DISTRICT FOR
REGIONAL CENTERS**

THIS AMENDATORY AGREEMENT is made and entered into by and between the City of Olympia, a municipal corporation, herein referred to as "Olympia," the City of Lacey, a municipal corporation, herein referred to as "Lacey," the City of Tumwater, a municipal corporation, herein referred to as "Tumwater," and Thurston County, herein referred to as "the County".

WHEREAS, the parties hereto entered into an Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers dated March 10, 2003, and

WHEREAS, Olympia has determined not to proceed with the construction of the Capital Area Arts and Conference Center described in said Agreement and as a result thereof, the parties need to determine an alternate Regional Center or Centers as specified in said Amended Interlocal Agreement, and

WHEREAS, the Steering Committee consisting of two representatives of each of the parties has been reconstituted to review proposed alternative Regional Centers in order to make recommendations to the parties hereto and said Committee is in need of staff or other technical support and may be in need of consulting services,

NOW, THEREFORE,

It Is Hereby Agreed That Section 9 Of That Certain Amended Interlocal Agreement Regarding Creation Of A Public Facilities District For Regional Centers Dated March 10, 2003, Is Hereby Amended To Read As Follows:

9. Alternate Regional Center. In the event that Olympia cannot meet either deadline provided in Section 8.B above, the Sales Tax proceeds allocated to the City of Olympia pursuant to Section 6 above shall be allocated to an alternative Regional Center(s), to be identified by a majority vote of Olympia, Tumwater, Lacey, and Thurston County, with such vote to be held no later than January 1, 2008. If the vote is a tie (2-2), the District Board shall, by majority vote of a quorum of the Board, cast the tie-breaking vote. The votes of Olympia, Tumwater, Lacey and Thurston County under this Section shall be determined by a majority vote of a quorum of each of their respective governing bodies. Olympia, Lacey, Tumwater and Thurston County shall work in good faith to further amend this Amended Interlocal Agreement as necessary to facilitate the financing, acquisition, construction and/or operation of the alternative Regional Center(s) identified pursuant to this Section. In order to aid in the identification of an alternative Regional Center or Centers, a sum not exceeding $20,000.00 may be

expended from sales tax proceeds allocated to the City of Olympia pursuant to Section 6, for staff or other technical support or consulting services as determined necessary by the Steering Committee, which consists of two representatives of each of the four parties to this Agreement. The City of Olympia shall enter into such contract or contracts as shall be necessary to obtain such services. Sums in excess of $20,000.00 may be expended for the type of services described herein by unanimous vote of the Steering Committee. However, if such action is taken, the Steering Committee shall also determine by unanimous vote the party or parties responsible for administering any contract or contracts necessary for such additional services.

DATED this 25th day of August, 2004.

CITY OF OLYMPIA

By: Mark Foutch

Its Mayor

APPROVED AS TO FORM:

Bob C. Sterbank

Bob C. Sterbank, City Attorney

CITY OF TUMWATER

By: Ralph Osgood

Its Mayor

APPROVED AS TO FORM:

Christy A. Todd

Christy A. Todd, City Attorney

CITY OF LACEY

By: Greg Cuoio

Its City Manager

APPROVED AS TO FORM:

Kenneth R. Ahlf, City Attorney

THURSTON COUNTY

By: Diane Oberquell

Its

APPROVED AS TO FORM:

Elizabeth Petrich

Ed Holm, Thurston County Prosecutor
By: Elizabeth Petrich, Deputy

AMENDED INTERLOCAL AGREEMENT
REGARDING CREATION OF A
PUBLIC FACILITIES DISTRICT FOR
REGIONAL CENTERS

THIS AMENDED INTERLOCAL AGREEMENT is made and entered into this 10 day of March 2003 by and between the City of Olympia, a municipal corporation, herein referred to as "Olympia," the City of Lacey, a municipal corporation, herein referred to as "Lacey," the City of Tumwater, a municipal corporation, herein referred to as "Tumwater," and Thurston County, herein referred to as "the County".

WHEREAS, RCW 35.57 as amended by Chapter 363, Laws of 2002 authorizes the legislative authorities of any contiguous group of towns or cities together with the legislative authority of a contiguous county to create a public facilities district for the purpose of financing, acquiring, constructing, owning, and operating one or more regional centers, defined in RCW 35.57.020 as a convention, conference, or special events center, or any combination of such facilities, and related parking facilities serving a regional population at a development cost of at least Ten Million Dollars ($10,000,000), including debt service; and

WHEREAS, Olympia, Lacey, Tumwater and the County wish to consider constructing and operating one or more Regional Centers under the authority granted by Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002; and
WHEREAS, a public facilities district (PFD) can be created by Olympia, Lacey, Tumwater and the County for that purpose, and the Capital Area Regional Public Facilities District ("the PFD") was created on June 26, 2002 pursuant to City of Olympia Ordinance No. 6194, City of Lacey Ordinance No. 1183, City of Tumwater Ordinance No. 02002-014, and County Ordinance No. 12798; and

WHEREAS, in conjunction with creation of a PFD for that purpose, it is desirable that an interlocal agreement be adopted among Olympia, Lacey, Tumwater and the County to set forth the specific regional centers to be constructed, the division of sales taxes and/or other funds raised by the PFD, the powers and responsibilities of the PFD, and the roles and responsibilities of the three cities and the County; and

WHEREAS, the Interlocal Agreement for the Creation of a Public Facilities District for a Regional Center dated June 26, 2002 provided that Olympia, Lacey, Tumwater and the County would amend the Interlocal Agreement to address such topics and govern the design, construction, and/or operation of a Regional Center funded through a PFD; and
WHEREAS, this Agreement does not create a separate legal entity other than the PFD previously created;

NOW, THEREFORE,

IT IS HEREBY AGREED AS FOLLOWS:

1. Olympia, Lacey, Tumwater, and the County hereby, through their respective City Councils and the County Commission, agree to continue the PFD known as the Capital Area Regional Public Facilities District (the "District"), created under the June 26, 2002 Interlocal Agreement for the Creation of a Public Facilities District for a Regional Center. Adoption of this Agreement and amendments thereto shall be by ordinance. The boundaries of the District shall encompass the corporate limits of Olympia, Lacey, and Tumwater and the unincorporated areas of the County. A copy of the Charter is attached hereto and incorporated herein by reference. Ordinance adoption shall be completed by the parties in a timely manner so that the effective date of each ordinance creating the PFD occurs on or before July 31, 2002, and the effective date of each ordinance adopting this Amended Interlocal Agreement shall occur on or before February 28, 2003.

2. The following projects shall constitute the Regional Centers:

   A. Capital Area Arts and Conference Center.

      This project involves a conference and visual arts center featuring architecturally distinctive design and environmentally sensitive construction methods. The Arts and Conference Center will support groups of 500 attendees with possible exhibits, breakout sessions, meal service, and support areas, and will contain the following project elements:

      - approximately 10,000 square feet for a main hall
      - approximately 5,000 square feet of breakout rooms
      - approximately 4,000 square feet for a visual art gallery/workshop space
      - Display space for visual arts
      - Supporting spaces (may be shared with an adjacent lodging facility):
        - Kitchen
        - Lobby Prefunction
        - Storage and Administration
      - Parking
      - Future expansion potential.

   The following project elements may also be included:

      - Public plazas
      - Water features
      - Retail
      - Housing

- Other elements or amenities that the City of Olympia determines would benefit the project or its public features

B. Lacey Area Athletic, Recreation, and Special Events Complex

This project involves an athletic, recreation and special events complex designed to serve the needs of the greater Thurston region, and attract visitors from throughout the state. The proposal involves the development of:

- soccer fields
- softball/baseball fields (two baseball fields sized for college and semi-professional play
- a bike/board and blades complex with BMX track
- large gathering and event areas
- picnic shelters
- children's play areas
- outdoor basketball courts
- restrooms
- concessions
- parking for more than 1,000 vehicles
- an extensive trail system
- performance stage
- main entrance gathering plaza
- such other elements or amenities that the City of Lacey determines would benefit the project or its public features

In addition, the project also includes four separate building pads for future development, which may include an indoor ice arena, family fun center, recreation center with racquetball, gymnasium and exercise facilities, an aquatic center, potential space for a YMCA or Boys and Girls Club, or such other elements or amenities that the City of Lacey determines would benefit the project or its public features.

3. Powers and Duties of the Public Facilities District.

A. Levy of Sales Tax and Other Taxes, Fees and Charges. The District is authorized to and shall impose the 0.033% sales and use tax authorized pursuant to RCW 82.14.390 ("Sales Tax"). The Sales Tax shall expire twenty-five years after the date the Sales Tax is first collected. . If authorized by the resolution of a governing body of a Jurisdiction which is acquiring or constructing a Regional Center, the District is also authorized to and shall impose such taxes, fees or charges at the Regional Center and/or within the corporate boundaries of that Jurisdiction in accordance with the Jurisdiction's resolution and RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.

B. Financing, Construction, Ownership, and Operation of Regional Centers. The District is authorized to and shall enter into a contract with the City of Olympia concerning the financing, construction, ownership and operation of the Capital Area Arts and Conference Center, and with the City of Lacey concerning the construction, ownership and operation of the Lacey Area Athletic, Recreation, and Special Events Complex. The form of the contracts shall be substantially in the form attached hereto and incorporated herein as Exhibits A and B, respectively.

C. Other Powers/Duties. The District shall file annual financial statements and annual reports with Olympia, Lacey, Tumwater and the County within 90 days after the end of each fiscal year. The District shall stay in existence until the Sales Tax or other taxes, fees or charges authorized under Section 3.A above expire. The District shall not take any action that would impact the tax-exempt status of any bonds or other financing instruments issued by Olympia or Lacey for the Regional Centers. No other powers are granted and no other duties are authorized to be performed by the District, unless authorized by the District's Charter and the terms of the contract between the District and Olympia and the contract between the District and Lacey, as applicable.

4. Appointment of District Board ; administrative services and costs. The City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the District Board members pursuant to RCW 35.57.010(3)(c)(i). Of the four members to be appointed under RCW 35.57.010(3)(c)(ii), one each shall be appointed by the City Councils of Olympia, Lacey and Tumwater and by the County Commission. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(c)(ii). Required actions of the City Council of Tumwater shall be satisfied upon confirmation of appointments by the Mayor. All provisions of RCW 35.57.010(3)(c) shall apply to the appointment of board members.

   Board administrative needs, such as storage of minutes and other Board records, and advertising for Board meetings, shall be provided by Olympia via contract. Any Board costs in excess of incidental costs for such administrative services (including but not limited to costs of insurance for Board members) shall be borne pro rata by the jurisdictions receiving funds pursuant to Section 6 below.

5. This Interlocal Agreement shall remain in force as long as the District remains in existence as provided in Section 3.C above. All rights to indemnification under Section 10 of this Amended Interlocal Agreement shall survive the termination of this Amended Interlocal Agreement and remain in force until such fees and costs are paid and such indemnification provision satisfied.

6. Allocation of Sales Tax Proceeds. The Sales Tax proceeds shall be allocated to the two Regional Center projects as follows:

   A. The Capital Area Arts and Conference Center shall receive:

      1. 100% of the Sales Tax proceeds generated by and attributable to taxable events as defined in RCW 82.14.020(9) ("Taxable Events") occurring within the corporate boundaries of the City of Olympia;
      2. 50% of the Sales Tax generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Tumwater;
      3. 50% of the Sales Tax generated by and attributable to Taxable Events occurring within the unincorporated areas of Thurston County.
      4. 100% of any other tax, fee or charge levied by the District within the City of Olympia under Section 3.A above, RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.

   B. The Lacey Area Athletic, Recreation, and Special Events Complex shall receive:

      1. 100% of the of the Sales Tax proceeds generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Lacey;
      2. 50% of the Sales Tax generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Tumwater;
      3. 50% of the Sales Tax generated by and attributable to Taxable Events occurring within the unincorporated areas of Thurston County.
      4. 100% of any other tax, fee or charge levied by the District at the Lacey Area Complex or within the City of Lacey under Section 3.A above, RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.

7. Development of the Lacey Area Athletic, Recreation, and Special Events Complex ("Lacey Area Complex"). The City of Lacey shall enter into a contract with the District, as provided in Section 3 above and in substantially the form attached hereto and incorporated herein as Exhibit B.

   A. Site Ownership and Acquisition. The City of Lacey and Thurston County own a 68-acre parcel on which Phase I of the Lacey Area Complex will be constructed. The County shall acquire an additional 26-acre parcel, located west of Marvin Road NE in proximity to the 68-acre parcel, and convey said parcel to the City of Lacey for Phase II of the Lacey Area Complex, provided that the 26-acre parcel can be acquired for a sum equal to its fair market value. Use of the 26-acre parcel shall be consistent with Chapter 84.34 RCW.

B. Timeline for Development.

1. Lacey shall commence construction of Phase I of the Lacey Area Complex, on the 68-acre parcel currently owned by Lacey and the County, no later than January 1, 2004. Lacey shall not be liable for damages to Tumwater, Olympia, or Thurston County if it is delayed by forces or parties beyond its control and is therefore unable to commence construction by January 1, 2004. Prior to commencing construction, Lacey shall provide an annual accounting of funds allocated to the Lacey Area Complex under Section 6 above to Olympia, Tumwater and the County within 90 days after the end of each fiscal year.

2. Lacey shall commence construction of Phase II as soon as practicable, as other City of Lacey funds become available. Such other funds shall not include additional funds from Thurston County, the District, or the Cities of Tumwater or Olympia. It is estimated that construction of Phase II will likely not occur until several years after the date of this agreement.

C. Permitting and <u>Environmental Law Compliance</u>. Lacey shall be responsible for obtaining all necessary permits and approvals related to the construction and operation of the Lacey Area Complex, and for complying with all environmental laws. The "lead agency" for purposes of SEPA compliance shall be determined as provided in WAC 197-11-924 – 197-11-944.

D. Local Match. The City of Lacey will provide the thirty-three percent (33%) local match required by RCW 82.14.390(4) ("the Local Match"), with respect to the sales and Use Tax levied by the District. Lacey may provide for the Local Match by, inter alia, providing itself or arranging for cash, land, or in-kind contributions to be used for, in or towards the development or improvement of the Lacey Area Complex. Lacey may use whatever funding sources are available. It is anticipated that Lacey may use a variety of funding sources, including, but not limited to bond financing, rental revenues, unrestricted funds, grants, contributions and donations. Funds expended and lands acquired by Thurston County and the City of Lacey pursuant to the contract between such parties for the 68-acre parcel, funds expended by Thurston County for additional lands pursuant to Section 7.A. hereof, and funds expended by Thurston County for development of the Lacey Area Complex shall be considered as part of such Local Match.

E. Responsibility of the Cities of Olympia and Tumwater. The Cities of Olympia and Tumwater shall have no responsibility or obligation, either jointly or severally or through the District, for financing (including the Local Match), construction, ownership, operation, maintenance, debt, construction cost overruns, or any other aspect of the Lacey Area Complex, including revenue

shortfalls (whether for construction cost, construction cost overruns or operation and maintenance costs). The Cities of Olympia and Tumwater shall have no obligation for, and shall not be liable, either jointly, severally, or through the District, for payment of the amounts allocated to the Lacey Area Complex under Section 6 above, and the County and Lacey agree not to seek to collect such amounts from Tumwater or Olympia.

F. Responsibility of Thurston County. Thurston County shall have no responsibility or obligation for financing (including the Local Match), construction, ownership, operation, maintenance, debt, or any other aspect of the Lacey Area Complex with the exception of its obligations set forth in section 7.A above and its obligations pursuant to the terms of its agreement with the City of Lacey for the 68-acre parcel, dated July 23, 1998, as amended by Amendatory Agreement dated March 15, 1999; provided, however, that in determining the responsibility of the City of Lacey and Thurston County for excess costs pursuant to such Agreement, all revenues which exceed operating expenses associated with the use of the 26-acre parcel shall be applied to reduce or eliminate such excess costs.

8. Development of the Capital Area Arts and Conference Center ("Conference and Arts Center"). The City of Olympia shall enter into a contract with the District, as provided in Section 3 above and in substantially the form attached hereto and incorporated herein as Exhibit A.

   A. Site Location, Ownership and Acquisition. The Arts and Conference Center shall be sited in north downtown Olympia on properties that include the site immediately north of the Phoenix Inn. The City of Olympia shall acquire and own the property and the building(s) comprising the Conference and Arts Center.

   B. Timeline for Development. Olympia shall commence construction of the Conference and Arts Center no later than January 1, 2005, unless Olympia is delayed by forces or parties beyond Olympia's control, in which case Olympia may commence construction by January 1, 2007. Prior to commencing construction, the City of Olympia will hold and expend funds allocated to the Arts and Conference Center project under Section 6 above through an account designated as the Arts and Conference Center account. Prior to commencing construction, Olympia shall provide an annual accounting of funds allocated to the Arts and Conference Center under Section 6 above to Lacey, Tumwater and the County within 90 days after the end of each fiscal year.

   C. Permitting and <u>Environmental Law Compliance</u>. Olympia shall be responsible for obtaining all necessary permits and approvals related to the construction and operation of the Arts and Conference Center, and for complying with all environmental laws.

D. Local Match. The City of Olympia will provide for the thirty-three percent (33%) local match required by RCW 82.14.390(4) ("the Local Match"), with respect to the sales and Use Tax levied by the District. Olympia may provide for the Local Match by, inter alia, providing itself or arranging for cash, land, or in-kind contributions to be used for, in or towards the development or improvement of the Conference and Arts Center. Olympia may use whatever funding sources are available. It is anticipated that Olympia may use a variety of funding sources, including, but not limited to bond financing, rental revenues, unrestricted funds, grants, contributions and donations.

E. Responsibility of Thurston County and the Cities of Lacey and Tumwater. The Cities of Lacey and Tumwater, and Thurston County, either jointly, severally, or through the District, shall have no responsibility or obligation for financing (including the Local Match), construction, ownership, operation, maintenance, debt, construction cost overruns, or any other aspect of the Arts and Conference Center, including revenue shortfalls (whether for construction cost, construction cost overruns or operation and maintenance costs). The Cities of Lacey and Tumwater, and Thurston County, either jointly, severally, or through the District, shall have no obligation for, and shall not be liable for, the payment of amounts allocated to the Arts and Conference Center project under Section 6 above, and Olympia agrees not to seek to collect such amounts from Tumwater, Lacey or Thurston County.

9. Alternate Regional Center. In the event that Olympia cannot meet either deadline provided in Section 8.B above, the Sales Tax proceeds allocated to the City of Olympia pursuant to Section 6 above shall be allocated to an alternative Regional Center, to be identified by a majority vote of Olympia, Tumwater, Lacey, and Thurston County, with such vote to be held no later than January 1, 2008. If the vote is a tie (2-2), the District Board shall, by majority vote of a quorum of the Board, cast the tie-breaking vote. The votes of Olympia, Tumwater, Lacey and Thurston County under this Section shall be determined by a majority vote of a quorum of each of their respective governing bodies. Olympia, Lacey, Tumwater and Thurston County shall work in good faith to further amend this Amended Interlocal Agreement as necessary to facilitate the financing, acquisition, construction and/or operation of the alternative Regional Center identified pursuant to this Section.

10. Indemnity and Hold Harmless.

A. The parties shall defend, indemnify and hold each other and their respective elected officials, officers, employees and agents, including its development coordinator (Indemnitees) harmless from all claims, regardless of the nature of the claim, arising directly or indirectly from the planning, permitting, construction and operation of the Regional Centers identified in Section 2 above, except for claims arising from the sole negligence of any Indemnitee. In the case of concurrent negligence of one or more parties and an Indemnitee,

each party shall hold the other party or parties harmless from their proportionate share of the resulting damages.

B. This indemnity and hold harmless obligation shall extend to all claims of whatsoever kind or nature, except for claims brought to enforce this Amended Interlocal Agreement. It shall include attorneys fees, expert witness fees, court costs, arbitration costs, administrative fines and penalties, and any other direct expense that are a direct consequence of a breach of any provision of this Agreement or any negligent act or failure to act. It shall include the duty to promptly accept tender of defense and provide defense to the Indemnitees.

11. Dispute Resolution.

A. Except as provided in Section 9 above, if a dispute arises between the parties with regards to the performance of any provision of this Agreement or the interpretation thereof, the parties agree to follow the procedure set forth in this Section 11. It is the goal of the parties to resolve their differences as early in this four-step process as possible.

B. Step One - Informal Discussions. The Designated Representatives shall meet to see if the matter can be informally resolved. This may involve more than one meeting.

C. Step Two - Written Notification and Resolution. If informal discussions are not successful then a written notice of dispute shall be mailed to all of the addresses for notices set forth in Section 12, as well as to the Designated Representative for the parties to the dispute. The notice shall set forth the nature of the dispute and the desired outcome. A written response shall be provided within ten business days. The response shall provide the responding party's version of the dispute and a proposed resolution. The parties shall meet within ten business days after the response is received in order to see if the matter can be amicably resolved. If the matter is amicably resolved at this stage the affected parties shall sign a memorandum of understanding with regards thereto.

D. Step Three - Mediation. If the parties are unable to resolve their differences at Step Two, the parties will endeavor to settle the dispute by mediation under such mediation rules as shall be mutually agreeable to the parties. Such mediation shall be non-binding but shall be a condition precedent to having said dispute decided in court by a judge or jury. Mediation shall commence, unless otherwise agreed, within 30 days of a party's written request for mediation of a dispute. Any resolution at this stage shall be reduced to writing and, if it involves an interpretation of the Agreement, it shall be considered an addendum to this Agreement without the need for formal adoption by the governing bodies of the jurisdictions that are parties to this Agreement.

E. Litigation. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to exclusive in personam jurisdiction in Thurston County Superior Court or the Superior Court of any adjacent county, and agree that in any such action venue shall lie in Thurston County, Washington or any adjacent county.

12. Notices. All notices and other communications required by this Agreement shall be in writing and, except as expressly provided elsewhere in this Agreement, shall be deemed to have been given at the time of delivery if personally delivered, or at the time of mailing if mailed by first class, postage pre-paid and addressed to the party at its address as stated below or at such address as any party may designate at any time in writing.

To Olympia:	City Manager City of Olympia P.O. Box 1967 Olympia, WA 98501-1967
To Tumwater:	Mayor City of Tumwater 555 Israel Road SW Tumwater WA 98501
To Lacey:	City Manager City of Lacey P.O. Drawer 3400 Lacey WA 98509-3400
To County:	County Administrator Thurston County 2000 Lakeridge Drive, SW Olympia WA 98502

13. Severability. It is the intent of the parties that if any provision of this Agreement or its application is held by a court of competent jurisdiction to be illegal, invalid or void, the validity of the remaining provisions of this Agreement or its application to other entities, or circumstances shall not be affected. The remaining provisions shall continue in full force and effect. The rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular invalid provision. However, if the invalid provision or its application is found by a court of competent jurisdiction to be substantive and to render performance of the remaining provisions unworkable and non-feasible, and is found to seriously affect the consideration and/or is inseparably connected to the remainder of this Agreement, then the entire Agreement shall be null and void.

14. Modification. This Agreement represents the entire agreement between the parties. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding on any of the parties unless executed in writing by each of the parties. After January 1, 2005, the allocation of Sales Tax proceeds specified in Sections 6.A and 6.B above may be revised, upon the mutual and unanimous agreement of Olympia, Lacey, Tumwater and the County. Further, this Agreement shall not be modified, supplemented, or otherwise affected by the course of dealings between the parties.

15. Benefits. This Agreement is entered into for the benefit of the parties to this Agreement only and shall confer no benefits, direct or implied, on any third persons.

16. Assignment. The rights granted by this Amended Interlocal Agreement may not be assigned without the written consent of all the parties hereto.

17. Supplemental Documents. The parties agree to complete and timely execute all supplemental documents necessary or appropriate to fully implement the terms of this Agreement.

18. Filing of Agreement with County Auditor. Within five days from the date of this Amended Interlocal Agreement, as set forth in the first paragraph above, the original of the Agreement shall be filed by the City with the Thurston County Auditor as required by the provisions of RCW 39.34.040.

19. Specific Performance. The parties acknowledge that any party may require specific performance of any of the terms and conditions of this Amended Interlocal Agreement, in addition to any other remedies that may be available as a matter of law.

20. Complete Agreement. This Amended Interlocal Agreement represents the entire agreement between the parties hereto concerning the subject matter hereof, and may not be amended except as provided herein.

21. Execution in Counterparts. This Amended Interlocal Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

DATED this 10 day of March 2003.

CITY OF OLYMPIA

By: Stan Biles

Its MAYOR

APPROVED AS TO FORM:

Bob C Sterbank

Bob C. Sterbank, City Attorney

CITY OF LACEY

By: Greg J Cuoio

Its CITY MANAGER

APPROVED AS TO FORM:

Ken Ahlf, City Attorney

CITY OF TUMWATER

By: Ralph Osgood

Its Mayor

APPROVED AS TO FORM:

Christy a Todd

~~Pat Brock~~, City Attorney (Asst.)

THURSTON COUNTY

By: Cathy Wolfe

Its Board Chair

APPROVED AS TO FORM:

Elizabeth Petrich for

Ed Holm, Thurston County Prosecutor

Y:\calvin\gg\legal\PFD\2003 – A Amended PFD Interlocal Agreement
02/27/03

RETURN ADDRESS

Kenneth R. Ahlf,
Lacey City Attorney
Ahlf Law Office
1230 Ruddell Rd SE, Suite 201
Lacey, WA 98503-5746

Document Title:

SECOND AMENDMENT TO AMENDED INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR REGIONAL CENTERS

Parties:

CITY OF LACEY, A Municipal Corporation

CITY OF OLYMPIA, A Municipal Corporation

CITY OF TUMWATER, A Municipal Corporation

THURSTON COUNTY, Washington

HANDS ON CHILDREN'S MUSEUM

LACEY AREA ATHLETIC, RECREATION, AND SPECIAL EVENTS COMPLEX

SECOND AMENDMENT TO AMENDED INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR REGIONAL CENTERS

THIS AMENDATORY AGREEMENT is made and entered into by and between the City of Olympia, a municipal corporation, herein referred to as "Olympia," the City of Lacey, a municipal corporation, herein referred to as "Lacey," the City of Tumwater, a municipal corporation, herein referred to as "Tumwater," and Thurston County, herein referred to as "the County".

WHEREAS, the parties hereto entered into an Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers dated March 10, 2003, which Agreement was amended by Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers dated August 25, 2004; and

WHEREAS, the parties have determined that the Hands On Children's Museum to be sponsored by Olympia should, together with the Lacey Area Athletic, Recreation, and Special Events Complex, constitute the Regional Centers under said Interlocal Agreement,

NOW, THEREFORE,

It Is Hereby Agreed Between the Parties That The Amended Interlocal Agreement Regarding Creation Of A Public Facilities District For Regional Centers Dated March 10, 2003, As Previously Amended By Amendment To Amended Interlocal Agreement Regarding Creation Of a Public Facilities District For Regional Centers Dated August 25, 2004, Is Further Amended To Read As follows:

1. Olympia, Lacey, Tumwater, and the County hereby, through their respective City Councils and the County Commission, agree to continue the PFD known as the Capital Area Regional Public Facilities District (the "District"), created under the June 26, 2002 Interlocal Agreement for the Creation of a Public Facilities District for a Regional Center. Adoption of this Agreement and amendments thereto shall be by ordinance. The boundaries of the District shall encompass the corporate limits of

Olympia, Lacey, and Tumwater and the unincorporated areas of the County. A copy of the Charter is attached hereto and incorporated herein by reference. Ordinance adoption shall be completed by the parties in a timely manner so that the effective date of each ordinance creating the PFD occurs on or before July 31, 2002, and the effective date of each ordinance adopting this Amended Interlocal Agreement shall occur on or before February 28, 2003.

2. The following projects shall constitute the Regional Centers:

A. Hands On Children's Museum. ~~Capital Area Arts and Conference Center~~.

This project involves a Hands On Children's Museum building and such other elements or amenities that the City of Olympia determines would benefit the project or its public features. The project shall be designed to serve the needs of the greater Thurston region and attract visitors from throughout the state. ~~conference and visual arts center featuring architecturally distinctive design and environmentally sensitive construction methods. The Arts and Conference Center will support groups of 500 attendees with possible exhibits, breakout sessions, meal service, and support areas, and will contain the following project elements:~~

- ~~approximately 10,000 square feet for a main hall~~
- ~~approximately 5,000 square feet of breakout rooms~~
- ~~approximately 4,000 square feet for a visual art gallery/workshop space~~
- ~~Display space for visual arts~~
- ~~Supporting spaces (may be shared with an adjacent lodging facility):~~
  - ~~Kitchen~~
  - ~~Lobby Prefunction~~
  - ~~Storage and Administration~~
- ~~Parking~~
- ~~Future expansion potential.~~

~~The following project elements may also be included:~~

- ~~Public plazas~~
- ~~Water features~~
- ~~Retail~~
- ~~Housing~~
- ~~Other elements or amenities that the City of Olympia determines would benefit the project or its public features~~

B. Lacey Area Athletic, Recreation, and Special Events Complex

This project involves an athletic, recreation and special events complex designed to serve the needs of the greater Thurston region, and attract visitors from throughout the state. It shall include such elements or amenities that the City of Lacey determines would benefit the project or its public features. ~~The proposal involves the development of:~~

- ~~soccer fields~~
- ~~softball/baseball fields (two baseball fields sized for college and semi-professional play~~
- ~~a bike/board and blades complex with BMX track~~
- ~~large gathering and event areas~~
- ~~picnic shelters~~
- ~~children's play areas~~
- ~~outdoor basketball courts~~
- ~~restrooms~~
- ~~concessions~~
- ~~parking for more than 1,000 vehicles~~
- ~~an extensive trail system~~
- ~~performance stage~~
- ~~main entrance gathering plaza~~
- ~~such other elements or amenities that the City of Lacey determines would benefit the project or its public features~~

~~In addition, the project also includes four separate building pads for future development, which may include an indoor ice arena, family fun center, recreation center with racquetball, gymnasium and exercise facilities, an aquatic center, potential space for a YMCA or Boys and Girls Club, or such other elements or amenities that the City of Lacey determines would benefit the project or its public features.~~

3. Powers and Duties of the Public Facilities District.

A. Levy of Sales Tax and Other Taxes, Fees and Charges. The District is authorized to and shall impose the 0.033% sales and use tax authorized pursuant to RCW 82.14.390 ("Sales Tax"). The Sales Tax shall expire twenty-five years after the date the Sales Tax is first collected. ~~.~~If authorized by the resolution of a governing body of a Jurisdiction which is acquiring or constructing a Regional Center, the District is also authorized to and shall impose such taxes, fees or charges at the Regional Center and/or within the corporate boundaries of that Jurisdiction in accordance with the Jurisdiction's resolution and RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.

B. ~~Financing,~~ Construction, Ownership, and Operation of Regional Centers. The District is authorized to and shall enter into a contract with the City of Olympia concerning the ~~financing,~~ construction, ownership and operation of the Hands On Children's Museum, ~~Capital Area Arts and Conference Center,~~ and with the City of Lacey concerning the construction, ownership and operation of the Lacey Area Athletic, Recreation, and Special Events Complex. ~~The form of the contracts shall be substantially in the form attached hereto and incorporated herein as Exhibits A and B, respectively.~~

C. Other Powers/Duties. The District shall file annual financial statements and annual reports with Olympia, Lacey, Tumwater and the County within 90 days after the end of each fiscal year. The District shall stay in existence until the Sales Tax or other taxes, fees or charges authorized under Section 3.A above expire. The District shall not take any action that would impact the tax-exempt status of any bonds or other financing instruments issued by Olympia or Lacey for the Regional Centers. No other powers are granted and no other duties are authorized to be performed by the District, unless authorized by the District's Charter and the terms of the contract between the District and Olympia and the contract between the District and Lacey, as applicable.

4. Appointment of District Board; administrative services and costs. The City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the District Board members pursuant to RCW 35.57.010(3)(c)(i). Of the four members to be appointed under RCW 35.57.010(3)(c)(ii), one each shall be appointed by the City Councils of Olympia, Lacey and Tumwater and by the County Commission. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(c)(ii). Required actions of the City Council of Tumwater shall be satisfied upon confirmation of appointments by the Mayor. All provisions of RCW 35.57.010(3)(c) shall apply to the appointment of board members.

   Board administrative needs, such as storage of minutes and other Board records, and advertising for Board meetings, shall be provided by Lacey ~~Olympia~~ via contract with the Board. ~~Any~~ Board costs ~~in excess of incidental costs for such administrative services (including but not limited to costs of insurance for Board members)~~ shall be borne pro rata by the jurisdictions receiving funds pursuant to Section 6 below.

5. This Interlocal Agreement shall remain in force as long as the District remains in existence as provided in Section 3.C above. All rights to indemnification under Section 10 of this Amended Interlocal Agreement shall survive the termination of this

Amended Interlocal Agreement and remain in force until such fees and costs are paid and such indemnification provision satisfied.

6. Allocation of Sales Tax Proceeds. The Sales Tax proceeds shall be allocated to the two Regional Center projects as follows:

A. Until such time as the Sales Tax proceeds generated by and attributable to taxable events as defined in RCW 82.14.020(9) occurring within the boundaries of the Public Facilities District equal Forty Million Five Hundred Thousand Dollars ($40,500,000.00), such Sales Tax proceeds shall be divided and distributed 28.2258% unto Olympia for the Hands On Children's Museum Project and 71.7742% unto Lacey for the Lacey Area Athletic, Recreation, and Special Events Complex. To determine the total Sales Tax proceeds generated as set forth herein there shall be included any unallocated fund balance as of December 31, 2005, any funds previously allocated to Olympia or Lacey but not spent as of December 31, 2005, and all proceeds received from January 1, 2006 and thereafter. ~~The Capital Area Arts and Conference Center shall receive:~~

1. ~~100% of the Sales Tax proceeds generated by and attributable to taxable events as defined in RCW 82.14.020(9) ("Taxable Events") occurring within the corporate boundaries of the City of Olympia;~~
2. ~~50% of the Sales Tax generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Tumwater;~~
3. ~~50% of the Sales Tax generated by and attributable to Taxable Events occurring within the unincorporated areas of Thurston County.~~
4. ~~100% of any other tax, fee or charge levied by the District within the City of Olympia under Section 3.A above, RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.~~

B. After the sum set forth in Section 6.A hereof has been received, all future Sales Tax proceeds generated by and attributable to taxable events as defined in RCW 82.14.020(9) occurring within the boundaries of the Public Facilities District shall be divided and distributed one-third unto Olympia for the Hands On Children's Museum Project and two-thirds to Lacey for the Lacey Area Athletic, Recreation, and Special Events Complex. ~~The Lacey Area Athletic, Recreation, and Special Events Complex shall receive:~~

1. ~~100% of the of the Sales Tax proceeds generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Lacey;~~
2. ~~50% of the Sales Tax generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Tumwater;~~

3. ~~50% of the Sales Tax generated by and attributable to Taxable Events occurring within the unincorporated areas of Thurston County.~~
4. ~~100% of any other tax, fee or charge levied by the District at the Lacey Area Complex or within the City of Lacey under Section 3.A above, RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.~~

7. Development of the Lacey Area Athletic, Recreation, and Special Events Complex ("Lacey Area Complex"). The City of Lacey shall enter into a contract with the District, as provided in Section 3 above. ~~and in substantially the form attached hereto and incorporated herein as Exhibit B.~~

   A. Site Ownership and Acquisition. The City of Lacey and Thurston County own a 68-acre parcel on which Phase I of the Lacey Area Complex will be constructed. The County shall acquire an additional 26-acre parcel, located west of Marvin Road NE in proximity to the 68-acre parcel, and convey said parcel to the City of Lacey for Phase II of the Lacey Area Complex, provided that the 26-acre parcel can be acquired from a willing seller for a sum no greater than ~~equal to~~ its fair market value as of June 30, 2006. In the event that the owner of such property is unwilling to sell the property at its June 30, 2006 appraised fair market value, the City of Lacey will assume any and all responsibility for negotiating and completing the acquisition of such property, including, if necessary, the use of the power of eminent domain. In such case, Thurston County will pay such portion of the purchase or acquisition price as is equal to the June 30, 2006 appraised fair market value. All other sums, including costs and fees shall be the responsibility of the City of Lacey. The obligation of the County set forth in this paragraph shall apply only if the sales tax proceeds are allocated as set forth in Section 6A of this Amendatory Agreement. If construction on the Hands On Children's Museum does not commence by December 31, 2010 and a completed land use permit application for it is not submitted on or before December 31, 2009, and if Sales Tax proceeds from the Hands On Children's Museum are allocated to the Lacey project in accordance with the procedures in Section 9 below, then Lacey shall reimburse Thurston County for all funds paid by Thurston County for the purchase of the 26-acres referenced herein. So long as funds of Thurston County have been used for the purchase of 26-acre parcel and not reimbursed, the ~~U~~use of the 26-acre parcel shall be consistent with Chapter 84.34 RCW.

   B. Timeline for Development.

1. Lacey shall commence construction of Phase I of the Lacey Area Complex, on the 68-acre parcel currently owned by Lacey and the County, no later than January 1, 2004. Lacey shall not be liable for damages to Tumwater, Olympia, or Thurston County if it is delayed by forces or parties beyond its control and is therefore unable to commence construction by January 1, 2004. Prior to commencing construction, Lacey shall provide an annual accounting of funds allocated to the Lacey Area Complex under Section 6 above to Olympia, Tumwater and the County within 90 days after the end of each fiscal year.

2. Lacey shall commence construction of Phase II as soon as practicable, as other City of Lacey funds become available. Such other funds shall not include additional funds from Thurston County, the District, or the Cities of Tumwater or Olympia. It is estimated that construction of Phase II will likely not occur until several years after the date of this agreement.

C. Permitting and <u>Environmental Law Compliance</u>. Lacey shall be responsible for obtaining all necessary permits and approvals related to the construction and operation of the Lacey Area Complex, and for complying with all environmental laws. The "lead agency" for purposes of SEPA compliance shall be determined as provided in WAC 197-11-924 – 197-11-944.

D. Local Match. The City of Lacey will provide the thirty-three percent (33%) local match required by RCW 82.14.390(4) ("the Local Match"), with respect to the sales and Use Tax levied by the District. Lacey may provide for the Local Match by, inter alia, providing itself or arranging for cash, land, or in-kind contributions to be used for, in or towards the development or improvement of the Lacey Area Complex. Lacey may use whatever funding sources are available. It is anticipated that Lacey may use a variety of funding sources, including, but not limited to bond financing, rental revenues, unrestricted funds, grants, contributions and donations. Funds expended and lands acquired by Thurston County and the City of Lacey pursuant to the contract between such parties for the 68-acre parcel, funds expended by Thurston County for additional lands pursuant to Section 7.A. hereof, and funds expended by Thurston County for development of the Lacey Area Complex shall be considered as part of such Local Match.

E. Responsibility of the Cities of Olympia and Tumwater. The Cities of Olympia and Tumwater shall have no responsibility or obligation, either jointly or severally or through the District, for financing (including the Local Match), construction, ownership, operation, maintenance, debt, construction cost overruns, or any other aspect of the Lacey Area Complex, including revenue shortfalls (whether for construction cost, construction cost overruns or operation and maintenance costs). The Cities of Olympia and Tumwater shall have no obligation for, and shall not be liable, either jointly, severally, or through the District, for payment of the amounts allocated to the Lacey Area Complex under Section 6 above or reimbursement to Thurston County for land acquisition under Section 7.A above, and the County and Lacey agree not to seek to collect such amounts from Tumwater or Olympia.

F. Responsibility of Thurston County. Thurston County shall have no responsibility or obligation for financing (including the Local Match), construction, ownership, operation, maintenance, debt, or any other aspect of the Lacey Area Complex with the exception of its obligations set forth in section 7.A above and its obligations pursuant to the terms of its agreement with the City of Lacey for the 68-acre parcel, dated July 23, 1998, as amended by Amendatory Agreement dated March 15, 1999; provided, however, that in determining the responsibility of the City of Lacey and Thurston County for excess costs pursuant to such Agreement, all revenues which exceed operating expenses associated with the use of the 26-acre parcel shall be applied to reduce or eliminate such excess costs if Thurston County has funded the purchase of such 26-acres as set forth in Section 7A above.

8. Development of the Hands On Children's Museum. ~~Capital Area Arts and Conference Center ("Conference and Arts Center").~~ The City of Olympia shall enter into a contract with the District, as provided in Section 3 above. ~~and in substantially the form attached hereto and incorporated herein as Exhibit A.~~

A. Site Location~~, Ownership and Acquisition~~. The Hands On Children's Museum ~~Arts and Conference Center~~ shall be sited at such location as shall be determined by Olympia. ~~in north downtown Olympia on properties that include the site immediately north of the Phoenix Inn. The City of Olympia shall acquire and own the property and the building(s) comprising the Conference and Arts Center.~~

B. Timeline for Development. Olympia shall commence construction or cause construction to be commenced on or before December 31, 2010, and submit a completed land use permit application for the Hands On Children's Museum ~~Conference and Arts Center~~ no later than ~~January 1~~ December 31, 2009. ~~5, unless Olympia is delayed by forces or parties beyond Olympia's control, in which case Olympia may commence construction by January 1, 2007. Prior to commencing construction, the City of Olympia will hold and expend funds allocated to the Arts and Conference Center project under Section 6 above~~

~~through an account designated as the Arts and Conference Center account. Prior to commencing construction, Olympia shall provide an annual accounting of funds allocated to the Arts and Conference Center under Section 6 above to Lacey, Tumwater and the County within 90 days after the end of each fiscal year.~~

C. Permitting and Environmental Law Compliance. Olympia shall be responsible for obtaining all necessary permits and approvals related to the construction and operation of the Hands On Children's Museum~~Arts and Conference Center~~, and for complying with all environmental laws.

D. Local Match. The City of Olympia will provide for the thirty-three percent (33%) local match required by RCW 82.14.390(4) ("the Local Match"), with respect to the sales and Use Tax levied by the District. Olympia may provide for the Local Match by, inter alia, providing itself or arranging for cash, land, or in-kind contributions to be used for, in or towards the development or improvement of the Hands On Children's Museum ~~Conference and Arts Center~~. Olympia may use whatever funding sources are available. It is anticipated that Olympia may use a variety of funding sources, including, but not limited to bond financing, rental revenues, unrestricted funds, grants, contributions and donations.

E. Responsibility of Thurston County and the Cities of Lacey and Tumwater. The Cities of Lacey and Tumwater, and Thurston County, either jointly, severally, or through the District, shall have no responsibility or obligation for financing (including the Local Match), construction, ownership, operation, maintenance, debt, construction cost overruns, or any other aspect of the Hands On Children's Museum ~~Arts and Conference Center~~, including revenue shortfalls (whether for construction cost, construction cost overruns or operation and maintenance costs). The Cities of Lacey and Tumwater, and Thurston County, either jointly, severally, or through the District, shall have no obligation for, and shall not be liable for, the payment of amounts allocated to the Hands On Children's Museum ~~Arts and Conference Center~~ project under Section 6 above, and Olympia agrees not to seek to collect such amounts from Tumwater, Lacey or Thurston County.

9. ~~Alternate Regional Center.~~ In the event that Olympia does not commence construction or cause construction to be commenced by December 31, 2010, and submit a completed land use permit application for the Hands On Children's Museum by December 31, 2009, ~~cannot meet either deadline provided in Section 8.B above~~or Lacey does not, by December 31, 2010, commence construction of facilities at the Lacey Area Athletic, Recreation, and Special Events Complex beyond those which exist as of the date of this Agreement, the Sales Tax proceeds

allocated to ~~the City~~ the project not meeting this deadline shall, instead, be allocated, after previously incurred expenses are paid, to that project which does proceed by the date specified. If local matching funds for the project which does proceed cannot be obtained as required by Section 7D or Section 8D, the parties to this Agreement, shall, by majority vote, determine an alternate project to receive the remaining funds to be collected. The vote by each of the parties to this Agreement shall be determined by a majority vote of its legislative body. If an alternate project cannot be determined by a majority vote within one year after it is determined that local matching funds cannot be obtained for the project which has met the construction commencement date, the funds allocated to the project which does not proceed shall be returned to the State of Washington. ~~of Olympia pursuant to Section 6 above shall be allocated to an alternative Regional Center, to be identified by a majority vote of Olympia, Tumwater, Lacey, and Thurston County, with such vote to be held no later than January 1, 2008. If the vote is a tie (2-2), the District Board shall, by majority vote of a quorum of the Board, cast the tie-breaking vote. The votes of Olympia, Tumwater, Lacey and Thurston County under this Section shall be determined by a majority vote of a quorum of each of their respective governing bodies. Olympia, Lacey, Tumwater and Thurston County shall work in good faith to further amend this Amended Interlocal Agreement as necessary to facilitate the financing, acquisition, construction and/or operation of the alternative Regional Center identified pursuant to this Section.~~

It is recognized by the parties, in approving this Second Amendment that pursuant to the First Amendment to the Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers, funds have been expended for staff or other technical support or consulting services pursuant to the authorization set forth in said First Amendment.

10. Indemnity and Hold Harmless.

    A. The parties shall defend, indemnify and hold each other and their respective elected officials, officers, employees and agents, including its development coordinator (Indemnitees) harmless from all claims, regardless of the nature of the claim, arising directly or indirectly from the planning, permitting, construction and operation of the Regional Centers identified in Section 2 above, except for claims arising from the sole negligence of any Indemnitee. In the case of concurrent negligence of one or more parties and an Indemnitee, each party shall hold the other party or parties harmless from their proportionate share of the resulting damages.

    B. This indemnity and hold harmless obligation shall extend to all claims of whatsoever kind or nature, except for claims brought to enforce this Amended Interlocal Agreement. It shall include attorneys fees, expert witness fees, court costs, arbitration costs, administrative fines and penalties, and any other direct expense that are a direct consequence of a breach of any provision of this Agreement or any negligent act or failure to act. It shall include the duty to promptly accept tender of defense and provide defense to the Indemnitees.

11. Dispute Resolution.

A. Except as provided in Section 9 above, if a dispute arises between the parties with regards to the performance of any provision of this Agreement or the interpretation thereof, the parties agree to follow the procedure set forth in this Section 11. It is the goal of the parties to resolve their differences as early in this four-step process as possible.

B. Step One - Informal Discussions. The Designated Representatives shall meet to see if the matter can be informally resolved. This may involve more than one meeting.

C. Step Two - Written Notification and Resolution. If informal discussions are not successful then a written notice of dispute shall be mailed to all of the addresses for notices set forth in Section 12, as well as to the Designated Representative for the parties to the dispute. The notice shall set forth the nature of the dispute and the desired outcome. A written response shall be provided within ten business days. The response shall provide the responding party's version of the dispute and a proposed resolution. The parties shall meet within ten business days after the response is received in order to see if the matter can be amicably resolved. If the matter is amicably resolved at this stage the affected parties shall sign a memorandum of understanding with regards thereto.

D. Step Three - Mediation. If the parties are unable to resolve their differences at Step Two, the parties will endeavor to settle the dispute by mediation under such mediation rules as shall be mutually agreeable to the parties. Such mediation shall be non-binding but shall be a condition precedent to having said dispute decided in court by a judge or jury. Mediation shall commence, unless otherwise agreed, within 30 days of a party's written request for mediation of a dispute. Any resolution at this stage shall be reduced to writing and, if it involves an interpretation of the Agreement, it shall be considered an addendum to this Agreement without the need for formal adoption by the governing bodies of the jurisdictions that are parties to this Agreement.

E. Litigation. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to exclusive in personam jurisdiction in Thurston County Superior Court or the Superior Court of any adjacent county, and agree that in any such action venue shall lie in Thurston County, Washington or any adjacent county.

12. Notices. All notices and other communications required by this Agreement shall be in writing and, except as expressly provided elsewhere in this Agreement, shall be deemed to have been given at the time of delivery if personally delivered, or at the time of mailing if mailed by first class, postage pre-paid and addressed to the party at its address as stated below or at such address as any party may designate at any time in writing.

To Olympia:	City Manager City of Olympia P.O. Box 1967 Olympia, WA 98501-1967
To Tumwater:	Mayor City of Tumwater 555 Israel Road SW Tumwater WA 98501
To Lacey:	City Manager City of Lacey P.O. Drawer 3400 Lacey WA 98509-3400
To County:	County Administrator Thurston County 2000 Lakeridge Drive, SW Olympia WA 98502

13. Severability. It is the intent of the parties that if any provision of this Agreement or its application is held by a court of competent jurisdiction to be illegal, invalid or void, the validity of the remaining provisions of this Agreement or its application to other entities, or circumstances shall not be affected. The remaining provisions shall continue in full force and effect. The rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular invalid provision. However, if the invalid provision or its application is found by a court of competent jurisdiction to be substantive and to render performance of the remaining provisions unworkable and non-feasible, and is found to seriously affect the consideration and/or is inseparably connected to the remainder of this Agreement, then the entire Agreement shall be null and void.

14. Modification. This Agreement represents the entire agreement between the parties. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding on any of the parties unless executed in writing by each of the parties. ~~After January 1, 2005, the allocation of Sales Tax proceeds specified in Sections 6.A and 6.B above may be revised, upon the mutual and unanimous agreement of Olympia, Lacey, Tumwater and the County.~~ Further, this Agreement shall not be modified, supplemented, or otherwise affected by the course of dealings between the parties.

15. Benefits. This Agreement is entered into for the benefit of the parties to this Agreement only and shall confer no benefits, direct or implied, on any third persons.

16. Assignment. The rights granted by this Amended Interlocal Agreement may not be assigned without the written consent of all the parties hereto.

17. Supplemental Documents. The parties agree to complete and timely execute all supplemental documents necessary or appropriate to fully implement the terms of this Agreement.

18. Filing of Agreement with County Auditor. Within five days from the date of this Amended Interlocal Agreement, as set forth in the first paragraph above, the original of the Agreement shall be filed by the City with the Thurston County Auditor as required by the provisions of RCW 39.34.040.

19. Specific Performance. The parties acknowledge that any party may require specific performance of any of the terms and conditions of this Amended Interlocal Agreement, in addition to any other remedies that may be available as a matter of law.

20. Complete Agreement. This Amended Interlocal Agreement as amended by this Second Amendment represents the entire agreement between the parties hereto concerning the subject matter hereof and supersedes any conflicting provisions of prior versions of the Interlocal Agreement or Amended Interlocal Agreement. Further amendments hereto may only be made as provided herein. ~~, and may not be amended except as provided herein.~~

21. Execution in Counterparts. This Amended Interlocal Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

DATED this 12th day of July 200~~3~~6.

CITY OF OLYMPIA

By: Mark Foutch
Its Mayor

APPROVED AS TO FORM:

Bob C. Sterbank

Bob C. Sterbank, City Attorney

CITY OF LACEY

By:
Its CITY MANAGER

APPROVED AS TO FORM:

Kenneth R. Ahlf, City Attorney

CITY OF TUMWATER

By: Ralph Osgood
Its MAYOR

APPROVED AS TO FORM:

Christy A. Todd

Christy A. Todd, City Attorney

THURSTON COUNTY

By:
Its

APPROVED AS TO FORM:

Elizabeth Petrich

Edward G. Holm,
Thurston County Prosecutor
By: Elizabeth Petrich, Deputy

CHARTER

CAPITOL AREA REGIONAL PUBLIC FACILITIES DISTRICT

ARTICLE I
NAME AND DISTRICT SEAL

The name of this corporation shall be the Capitol Area Regional Public Facilities District (hereinafter the "District"). The corporate seal of the District shall be a circle with the name of the District and the word "SEAL" inscribed therein.

ARTICLE II
AUTHORITY FOR CAPITOL AREA REGIONAL PUBLIC FACILITIES DISTRICT

The District is a municipal corporation organized pursuant to Chapter 35.57 RCW and Chapter 363, Laws of 2002, as the same now exists or may hereafter be amended, or any successor act or acts and is created pursuant to that certain interlocal agreement dated ____________________ 2002, (hereinafter the "Interlocal Agreement") by and between the Cities of Olympia, Lacey, Tumwater, and Thurston County (hereinafter the "Jurisdictions"), which Jurisdictions comprise the District.

ARTICLE III
DURATION OF DISTRICT

The District shall continue to exist until it is terminated pursuant to the terms of the Interlocal Agreement.

ARTICLE IV
PURPOSE OF DISTRICT

The purpose of the District is to provide an independent legal entity under Chapter 35.57 RCW, to impose and use state sales tax under RCW 82.14.390 to acquire, construct, own, remodel, maintain, equip, re-equip, repair, finance, and operate one or more Regional Centers as defined in RCW 35.57.020(1), as amended by, Chapter 363, Laws of 2002. The District may take actions in furtherance of any of the above stated purposes only as authorized under the Interlocal Agreement. If authorized, the Regional Center(s) would serve essential public purposes by providing one or more

regional facilities for conventions, conferences and/or special events. The District does not have the authority to perform any functions other than that set forth in this Article.

For the purpose of securing the exemption from federal income taxation for interest on obligations of the District, the District constitutes an instrumentality of each of the Jurisdictions that created the District (within the meaning of those terms in regulations of the United States Treasury and rulings of the Internal Revenue Service prescribed pursuant to Section 103 and Section 145 of the Internal Revenue Code of 1986, as amended).

ARTICLE V
POWERS OF DISTRICT

Except as may be otherwise provided in the Charter, the District and the District Board of Directors on its behalf shall have only the power to:

1. Act as authorized under Chapter 35.57 RCW, as limited by the Interlocal Agreement.
2. Sue, and be sued, in its corporate name
3. Accept gifts, funds, or property from the United States, the State, the Jurisdictions, other corporations, associations, individuals, or any other sources, and to use said funds in accordance with the powers set forth in Article IV.
4. Provide the necessary administrative means to carry out its powers set forth in this Charter.
5. Impose a sales and use tax as authorized by RCW 35.57.040(d) and RCW 82.14.390.

ARTICLE VI
LIMITS ON DISTRICT POWERS

1. No part of the revenue of the District shall inure to the benefit of, or be distributable to, the members of the District Board of Directors or officers of the District or other private persons, except that the District is authorized and empowered to:

    (a) Reimburse District Board Members for reasonable expenses actually incurred in performing their duties; and
    (b) Provide the administrative means to carry out the District's powers under Article V.

2. No part of the activities of the District shall include any attempt to influence legislation; and the District shall not participate in, or intervene in (including the

publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

3. The District may not incur or create any liability that permits recourse by any contracting party or members of the public to any assets, services, resources, or credit of the Jurisdictions.

4. The District shall not amend this Charter without the approval of the Jurisdictions.

5. The District shall not issue any debt nor shall it submit to the voters of the District a ballot proposition for imposition of a sales or use tax.

   The District may not exercise its powers as delineated in Article V until such time as it has, in accordance with RCW 35.57.040(d) and RCW 82.14.390, imposed the maximum allowable sales and use tax for the purpose of securing a source of revenue to satisfy the financial obligations of the District.

6. In the event of a conflict between the terms of this Charter and of the Interlocal Agreement dated ________________________, the terms of the Interlocal agreement shall govern.

ARTICLE VII
DUTIES OF THE DISTRICT

In addition to other duties as may be provided herein, the District and the District Board of Directors shall undertake the following:

1. <u>Provide Financial Assistance</u>. The District, through the District Board of Directors during its first or a subsequent meeting, shall, if authorized by the Jurisdictions per the Interlocal Agreement, impose a sales and use tax of not more than .033 percent to be collected from those persons who are taxable by the State of Washington under RCW 82.08 and 82.12, upon the occurrence of any taxable event within the District in accordance with RCW 82.14.390.

2. <u>Enter Into Agreements</u>. The District shall enter into an agreement with the City of Olympia ("Olympia") or such other Jurisdiction as shall be appropriate to perform any administrative functions on behalf of the District as may be necessary to carry out the District's functions as prescribed under Title V of this Charter or the Interlocal Agreement.

3. <u>Revenues</u>. All revenues received by the District which are derived from the imposition of charges, fees, and taxes as authorized by RCW 35.57.040, shall be deposited in such a manner as described in its agreement with Olympia or other appropriate Jurisdiction, which funds may be expended only to satisfy the

financial obligations of the District consistent with this Charter and the Interlocal Agreement. Any matching funds required by RCW 82.14.390 shall be provided by the Jurisdictions under an agreement, or by other private or public sources.

ARTICLE VIII
ORGANIZATION OF DISTRICT

Section 1. District Board of Directors.

The management of all District affairs shall reside with the Board of Directors. The Board shall be composed of seven members appointed in accordance with the terms of RCW 35.57.010(3)(b). The City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the members pursuant to RCW 35.57.010(3)(b)(i). Of the four members to be appointed under RCW 35.57.010(3)(b)(ii), one each shall be appointed by the City Councils of Olympia, Lacey and Tumwater and by the County Commission. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(b)(ii). Required actions of the City Council of Tumwater shall be satisfied upon confirmation of appointments by the Mayor. All provisions of RCW 35.57.010(3)(b) shall apply to the appointment of Board members.

Section 2. Consecutive Absences.

Any Board Member who is absent for three consecutive regular meetings without excuse may, by resolution duly adopted by a majority vote of the whole Board, be deemed to have forfeited his or her position as Board Member.

Section 3. Removal of Board Members.

Any Board Member may be removed at will, with or without cause, by his or her appointing Jurisdiction, which appointing Jurisdiction shall appoint a new Board Member to fill the unexpired term for the vacant position. The term of any Board Member removed pursuant to this Section shall expire when the member receives a copy of the resolution removing him or her.

Section 4. Vacancy on District Board of Directors.

A vacancy, or vacancies, on the District Board of Directors shall be deemed to exist in case of the death, disability, resignation, removal, or forfeiture of membership as provided herein. Vacancies on the Board shall be filled by appointment in the same manner in which members of the Board are regularly appointed. Any person selected to fill a vacancy on the Board shall serve the balance of the term of the person being replaced.

Section 5. Duties of Board Members.

A general or particular authorization or concurrence of the Board by resolution shall be necessary for any of the following transactions:

(a) Adoption of an annual budget;
(b) Certification of annual audited financial statements and other reports and statements to be filed with the chief administrative officers of the Jurisdictions in the Interlocal Agreement as true and correct in the opinion of the District except as noted;
(c) Transfer of tax proceeds authorized by the Charter to the City of Olympia or other appropriate Jurisdiction per an agreement; and
(d) Perform such other transactions, duties, and responsibilities as the Charter shall require of the Members of the Board or the District.

Section 6. Voting Requirements/Quorum.

(a) Action, which requires Board approval, may only be authorized by a vote representing both a majority of the Board Members voting and not less than four members. Four voting members must be present at any regular or special meeting of the Board to comprise a quorum, and for the Board to transact any business.
(b) Proxy voting shall not be allowed.
(c) The adoption and amendment of bylaws shall require an affirmative vote of a majority of the Board's voting membership representing two-thirds of the Board Members voting on the issue and not less than four members.

Section 7. Right to Indemnification.

Each person who was, or is, threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was an official of the District, whether the basis for such proceeding is alleged action in an official capacity as a director, trustee, officer, employee, or agent, or in any other capacity, shall be indemnified and held harmless by the District to the full extent permitted by applicable law as then in effect, against all expense, liability, and loss (including attorneys' fees, judgments, fines, and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be an official and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that except as provided in this Section, with respect to proceedings seeking to enforce rights to indemnification, the District shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person

only if such proceeding (or part thereof) was authorized by the District Board of Directors; provided, further, the right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the District the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the District of an undertaking, by or on behalf of such official, to repay all amounts so advanced if it shall ultimately be determined that such official is not entitled to be indemnified under this Section or otherwise.

Provided, further, that the foregoing indemnity shall not indemnify an person from or on account of:

(a) Acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law; or

(b) Any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which such person was not legally entitled.

If a claim under this Section is not paid in full by the District within 60 days after a written claim has been received by the District, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be 20 days, the claimant may at any time thereafter bring suit against the District to recover the unpaid amount of the claim. The claimant shall be presumed to be entitled to indemnification under this Section upon submission of a written claim (an, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the District), and thereafter the District shall have the burden of proof to overcome the presumption that the claimant is so entitled. Neither the failure of the District to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper nor a determination by the District that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

The right of indemnification and the payment of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Charter, Bylaws, any agreement, or otherwise.

The District may maintain insurance, at its expense, to protect itself and any director of the District against any expense, liability, or loss whether or not the District would have the power to indemnify such person against such expense, liability, or loss.

Section 8. Conflict of Interest and Code of Ethics.

No member of the Board shall have an ownership interest in real or personal property used for or in conjunction with any Regional Center site. Members of the District Board of Directors and the District's staff shall be subject to RCW 42.52.

ARTICLE IX
OFFICERS OF DISTRICT

Section 1. Tenure of Officers.

The members shall elect from among themselves the following District officers: President, Treasurer, and Secretary. The President and the Treasurer may not be the same person. The term of any officer shall expire at such time as such officer's membership on the Board ceases or terminates, or at such sooner time as the term of office expires and the office has been filled by appointment or reappointment.

Section 2. Duties of Officers.

The officers of the District shall have the following duties:

(a) President. Subject to the control of the District Board of Directors, the President shall have general supervision, direction, and control of the business and affairs of the District. On matters decided by the District, unless otherwise required under the Interlocal Agreement or by this Charter, the signature of the President alone is sufficient to bind the corporation.

(b) Treasurer. The Treasurer shall receive and faithfully keep all funds of the District and deposit the same in such accounts as may be designated by the District Board of Directors. The Treasurer shall discharge such other duties as prescribed by the District Board of Directors. Before taking office, the Treasurer shall file a bond in an amount determined by the District with the Secretary of the District, and shall continue in office only so long as such bond continues in effect.

(c) Secretary. The Secretary shall keep or authorize others to keep a full and complete record of the meetings of the District Board of Directors, committees when acting on behalf of the Board and to the extent they are separate, and the meetings of the officers with appropriate minutes; shall keep the seal of the District and affix the same to such papers and such instruments as may be required in the regular course of business; shall make service of such notices as may be necessary or proper; shall supervise the keeping of the books and other records, ledgers, and other written documents comprising the business and purpose of the District, and shall

discharge such other duties as pertain to the office as prescribed by the District Board of Directors.

(d) The District shall contract with Olympia or other appropriate Jurisdiction to provide the services necessary to assist the officers in carrying out the officer's duties under this Section.

ARTICLE X
COMMENCEMENT OF DISTRICT

The District shall come into existence and be authorized to take action at such time as the Interlocal Agreement incorporating this Charter is approved by the legislative authorities of the Jurisdictions that comprise the District.

ARTICLE XI
CONSTITUENCY

There shall be no constituency of the District.

ARTICLE XII
MISCELLANEOUS

Section 1. Public Records.

The public shall have access to records and information of the District to the extent required by applicable law.

Section 2. Public Meetings.

Meetings of the District shall be open to the public as required by state law, and any special meetings shall be called and held in accordance with Section 11, Chapter 250, Laws of 1971, Extraordinary Session, and any subsequent amendments thereto. Members or designees of the legislative authorities of the Jurisdictions that comprise the District are entitled to appear in person or by representative and speak at any meeting of the District called and held pursuant to law.

Notice of meetings and proposed agendas shall be transmitted to the chief administrative officers of the Jurisdictions or their designees. The books and records of the District and agreements or contracts entered into by the District shall be available for inspection by the chief administrative officers of the Jurisdictions or their designee, and such documents shall be open for inspection by the public to the extent required by applicable laws, or as may be directed by agreement of the chief administrative officers of the Jurisdictions signatory to the Interlocal Agreement.

Section 3. Audits, Dissolutions, etc.

Unless waived by the chief administrative officers of the Jurisdictions, the District shall submit to the chief administrative officers of the Jurisdictions, on or before December 31, a report of its activities for the preceding calendar year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such calendar year; as well as such other reports required by applicable state and federal laws, applicable ordinances, and by the chief administrative officers of the Jurisdictions.

Section 4. Operations.

The District shall establish by resolution approved by the chief administrative officers of the Jurisdictions, procedures for the receipt, payment, and investment of District funds, which shall be performed by Olympia under the agreement. Such procedures may be amended by District resolution, subject to the approval of the chief administrative officers of the Jurisdictions.

Section 5. Effect of Legislation.

Should legislation be passed by the Washington State Legislature that conflicts materially with the provisions of this Charter, the PFD shall dissolve upon the effective date of such legislation, unless the Jurisdictions approve any necessary amendments to the Interlocal Agreement within 180 days of notice of the legislation

This Charter is APPROVED and ISSUED as of this _____ day of ______________ 2002.

APPROVED this _____ day of ________________ 2002 as authorized by District Board Resolution No. ________.

____
District President

ATTEST:

____
District Secretary

moe3117c
6/18402

AMENDED CHARTER

OF

CAPITAL AREA REGIONAL

PUBLIC FACILITIES DISTRICT

A Municipal Corporation

CHARTER

CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT

ARTICLE I
NAME AND DISTRICT SEAL

The name of this corporation shall be the Capital Area Regional Public Facilities District (hereinafter the "District"). The corporate seal of the District shall be a circle with the name of the District and the word "SEAL" inscribed therein.

ARTICLE II
AUTHORITY FOR CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT

The District is a municipal corporation organized pursuant to Chapter 35.57 RCW and Chapter 363, Laws of 2002, as the same now exists or may hereafter be amended, or any successor act or acts and is created pursuant to that certain amended interlocal agreement dated March 7, 2003, (hereinafter the "Amended Interlocal Agreement") by and between the Cities of Olympia, Lacey, Tumwater, and the unincorporated portion of Thurston County (hereinafter the "Jurisdictions"), which Jurisdictions comprise the District.

ARTICLE III
DURATION OF DISTRICT

The District shall continue to exist until it is terminated pursuant to the terms of the Interlocal Agreement.

ARTICLE IV
PURPOSE OF DISTRICT

The purpose of the District is to provide an independent legal entity under Chapter 35.57 RCW, and to impose the state sales and use tax under RCW 82.14.390 to further the acquisition, financing, construction, operation and maintenance of one or more Regional Centers as defined in RCW 35.57.020(1), as amended by, Chapter 363, Laws of 2002. The District may take actions in furtherance of any of the above stated purposes only as authorized under the Amended Interlocal Agreement and pursuant to a contract with the Jurisdiction in which the Regional Center is located. The Regional

Centers will serve essential public purposes by providing one or more regional facilities for conventions, conferences and/or special events. The District does not have the authority to perform any functions other than that set forth in Article V.

For the purpose of securing the exemption from federal income taxation for interest on obligations (if any) of the District, the District constitutes an instrumentality of each of the Jurisdictions that created the District (within the meaning of those terms in regulations of the United States Treasury and rulings of the Internal Revenue Service prescribed pursuant to Section 103 and Section 145 of the Internal Revenue Code of 1986, as amended).

ARTICLE V
POWERS OF DISTRICT

Except as may be otherwise provided in the Charter, the District and the District Board of Directors on its behalf shall have only the power to:

1. Act as authorized under Chapter 35.57 RCW and as specified by the Amended Interlocal Agreement.
2. Sue, and be sued, in its corporate name
3. Accept gifts, funds, or property from the United States, the State, the Jurisdictions, other corporations, associations, individuals, or any other sources, and to use said funds in accordance with the powers set forth in Article IV.
4. Provide the necessary administrative means to carry out its powers set forth in this Charter.
5. Impose a sales and use tax and such other charges, fees and taxes as authorized by RCW 35.57.040, RCW 35.57.100, RCW 35.57.110 and/or RCW 82.14.390.
6. Enter into contracts with the City of Lacey, the City of Olympia, the City of Tumwater, or Thurston County, as provided in the Amended Interlocal Agreement, to facilitate the financing, acquisition, construction, and/or operation of one or more Regional Centers.

ARTICLE VI
LIMITS ON DISTRICT POWERS

1. No part of the revenue of the District shall inure to the benefit of, or be distributable to, the members of the District Board of Directors or officers of the District or other private persons, except that the District is authorized and empowered to:

   (a) Reimburse District Board Members for reasonable expenses actually incurred in performing their duties; and

(b) Provide the administrative means to carry out the District's powers under Article V.

2. No part of the activities of the District shall include any attempt to influence legislation; and the District shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

3. The District may not incur or create any liability that permits recourse by any contracting party or members of the public to any assets, services, resources, or credit of the Jurisdictions.

4. The District shall not amend this Charter without the approval of the Jurisdictions.

5. The District shall not issue any debt nor shall it submit to the voters of the District a ballot proposition for imposition of a sales or use tax.

   The District may not exercise its powers as delineated in Article V(1) – (4) until such time as it has, in accordance with Article V(5) – (6) and RCW 35.57.040(d) and RCW 82.14.390: (a) imposed the maximum allowable sales and use tax; and (b) entered into a contract with Lacey, Olympia, Tumwater, and/or Thurston County, as may be provided for in the Amended Interlocal Agreement; all for the purpose of securing a source of revenue to satisfy the financial obligations (if any) of the District and to facilitate the financing, acquisition, construction and/or operation of the Regional Centers as provided in the Amended Interlocal Agreement.

6. In the event of a conflict between the terms of this Amended Charter and of the Amended Interlocal Agreement dated ________________________, the terms of the Amended Interlocal Agreement shall govern.

ARTICLE VII
DUTIES OF THE DISTRICT

In addition to other duties as may be provided herein, the District and the District Board of Directors shall undertake the following:

1. Provide Financial Assistance. In accordance with RCW 82.14.390 the District, through the District Board of Directors during its first meeting, shall, as authorized by the Jurisdictions per the Amended Interlocal Agreement, impose a sales and use tax of not more than .033 percent to be collected from those persons who are taxable by the State of Washington under RCW 82.08 and 82.12, upon the occurrence of any taxable event within the District. In accordance with RCW 35.57.040 the District shall, if authorized by the resolution of a governing body of

a Jurisdiction that is acquiring or constructing a Regional Center, impose such taxes, fees or charges at the Regional Center and/or within the corporate boundaries of that Jurisdiction in accordance with the Jurisdiction's resolution and RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.

2. Enter Into Agreements. The District, through the District Board of Directors at its first meeting shall enter into agreements with the City of Lacey ("Lacey"), and the City of Olympia ("Olympia"), to perform those administrative functions and powers on behalf of the District as prescribed under Article V of this Charter, Article IX, Section 2(d) of this Charter, and the Amended Interlocal Agreement. In the event that an alternate Regional Center is selected pursuant to the provisions of Section 9 of the Amended Interlocal Agreement, the provisions of this subsection shall apply with respect to the Jurisdiction selected to acquire, construct, operate and/or maintain the alternate Regional Center.

3. Revenues. All revenues received by the District which are derived from the imposition of charges, fees, and taxes as authorized by RCW 35.57.040, and/or RCW 84.14.390 shall be allocated as provided in the Amended Interlocal Agreement. Such revenues may be expended only to satisfy the financial obligations of the District and Jurisdictions consistent with this Amended Charter, the Amended Interlocal Agreement, and any contracts entered into by the District under Article VII, Section 2 above. Any matching funds required by RCW 82.14.390 shall be provided by the Jurisdictions as set forth in the Amended Interlocal Agreement, or by other private or public sources.

4. Vote for Selection of an Alternate Regional Center. In the event of a tie vote among the Jurisdictions to select an alternate Regional Center under Section 9 of the Amended Interlocal Agreement, the District Board shall, by a majority vote of a quorum of its members, cast the tie-breaking vote. In casting its vote, the District Board shall limit its consideration to alternatives and options voted on by the Jurisdictions under Section 9 of the Amended Interlocal Agreement. The District Board shall not substitute or add any options or alternatives.

ARTICLE VIII
ORGANIZATION OF DISTRICT

Section 1. District Board of Directors.

The management of all District affairs shall reside with the Board of Directors. The Board shall be composed of seven members appointed in accordance with the terms of RCW 35.57.010(3)(c). The City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the three members pursuant to RCW 35.57.010(3)(c)(i), one of which shall be appointed to a one-year term, one to a two-year term, and one to a three-year term. Of the four members to be appointed under RCW 35.57.010(3)(c)(ii), one each shall be appointed to a four-year term by the City Councils of Olympia, Lacey and Tumwater and by the County Commission. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(c)(ii). Required actions of the City Council of Tumwater shall be satisfied upon confirmation of appointments by the Mayor. All provisions of RCW 35.57.010(3)(c) shall apply to the appointment of Board members.

Section 2. Consecutive Absences.

Any Board Member who is absent for three consecutive regular meetings without excuse may, by resolution duly adopted by a majority vote of the whole Board, be deemed to have forfeited his or her position as Board Member.

Section 3. Removal of Board Members.

Any Board Member may be removed at will, with or without cause, by his or her appointing Jurisdiction, which appointing Jurisdiction shall appoint a new Board Member to fill the unexpired term for the vacant position. The term of any Board Member removed pursuant to this Section shall expire when the member receives a copy of the resolution removing him or her.

Section 4. Vacancy on District Board of Directors.

A vacancy, or vacancies, on the District Board of Directors shall be deemed to exist in case of the end of a Board Member's term, or the death, disability, resignation, or removal a Board Member, or the forfeiture of his or her membership, as provided herein. Vacancies on the Board shall be filled by appointment in the same manner in which members of the Board are regularly appointed. Any person selected to fill a vacancy on the Board shall serve the balance of the term of the person being replaced.

Section 5. Duties of Board Members.

A general or particular authorization or concurrence of the Board by resolution shall be necessary for any of the following transactions:

(a) Adoption of an annual budget;
(b) Certification of annual audited financial statements and other reports and statements to be filed with the chief administrative officers of the Jurisdictions in the Interlocal Agreement as true and correct in the opinion of the District except as noted;
(c) Approval of any contract or agreement with a Jurisdiction, as provided for in the Amended Interlocal Agreement;

(d) Transfer of tax proceeds, fees or charges authorized by the Amended Interlocal Agreement and this Charter to a Jurisdiction per the terms of a contract or agreement; and

(e) Perform such other transactions, duties, and responsibilities as the Charter shall require of the Members of the Board or the District, including but not limited to casting a tie-breaking vote under Article VII, Section 4 for selection of an alternate Regional Center.

Section 6. Voting Requirements/Quorum.

(a) Action, which requires Board approval, may only be authorized by a vote representing both a majority of the Board Members voting and not less than four members. Four voting members must be present at any regular or special meeting of the Board to comprise a quorum, and for the Board to transact any business.

(b) Proxy voting shall not be allowed.

(c) The adoption and amendment of bylaws shall require an affirmative vote of a majority of the Board's voting membership representing two-thirds of the Board Members voting on the issue and not less than four members.

Section 7. Right to Indemnification.

Each person who was, or is, threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was an official of the District, whether the basis for such proceeding is alleged action in an official capacity as a director, trustee, officer, employee, or agent, or in any other capacity, shall be indemnified and held harmless by the District to the full extent permitted by applicable law as then in effect, against all expense, liability, and loss (including attorneys' fees, judgments, fines, and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be an official and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that except as provided in this Section, with respect to proceedings seeking to enforce rights to indemnification, the District shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the District Board of Directors; provided, further, the right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the District the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the District of an undertaking, by or on behalf of such official, to repay all amounts so advanced if it shall ultimately be determined that such official is not entitled to be indemnified under this Section or otherwise.

Provided, further, that the foregoing indemnity shall not indemnify any person from or on account of:

(a) Acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law; or

(b) Any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which such person was not legally entitled.

If a claim under this Section is not paid in full by the District within 60 days after a written claim has been received by the District, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be 20 days, the claimant may at any time thereafter bring suit against the District to recover the unpaid amount of the claim. The claimant shall be presumed to be entitled to indemnification under this Section upon submission of a written claim (and, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the District), and thereafter the District shall have the burden of proof to overcome the presumption that the claimant is so entitled. Neither the failure of the District to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper nor a determination by the District that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

The right of indemnification and the payment of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Charter, Bylaws, any agreement, or otherwise.

The District may maintain insurance, at its expense, to protect itself and any director of the District against any expense, liability, or loss whether or not the District would have the power to indemnify such person against such expense, liability, or loss.

Section 8. <u>Conflict of Interest and Code of Ethics</u>.

No member of the Board shall have an ownership interest in real or personal property used for or in conjunction with any Regional Center site. Members of the District Board of Directors and the District's staff shall be subject to RCW 42.52.

ARTICLE IX
OFFICERS OF DISTRICT

Section 1. Tenure of Officers.

The members shall elect from among themselves the following District officers: President, Treasurer, and Secretary. The President and the Treasurer may not be the same person. The term of any officer shall expire at such time as such officer's membership on the Board ceases or terminates, or at such sooner time as the term of office expires and the office has been filled by appointment or reappointment.

Section 2. Duties of Officers.

The officers of the District shall have the following duties:

(a) President. Subject to the control of the District Board of Directors, the President shall have general supervision, direction, and control of the business and affairs of the District. On matters decided by the District, unless otherwise required under the Interlocal Agreement or by this Charter, the signature of the President alone is sufficient to bind the corporation.

(b) Treasurer. The Treasurer shall receive and faithfully keep all funds of the District and deposit the same in such accounts as may be designated by the District Board of Directors. The Treasurer shall discharge such other duties as prescribed by the District Board of Directors. Before taking office, the Treasurer shall file a bond in an amount determined by the District with the Secretary of the District, and shall continue in office only so long as such bond continues in effect.

(c) Secretary. The Secretary shall keep or authorize others to keep a full and complete record of the meetings of the District Board of Directors, committees when acting on behalf of the Board and to the extent they are separate, and the meetings of the officers with appropriate minutes; shall keep the seal of the District and affix the same to such papers and such instruments as may be required in the regular course of business; shall make service of such notices as may be necessary or proper; shall supervise the keeping of the books and other records, ledgers, and other written documents comprising the business and purpose of the District, and shall discharge such other duties as pertain to the office as prescribed by the District Board of Directors.

(d) The District shall contract with Olympia to provide such services as are reasonable and necessary to assist the officers in carrying out the officer's duties under this Section. Such services, which are not anticipated to be

significant, shall include storage of minutes and other records of the District, providing advertising for District Board meetings, and the like.

ARTICLE X
COMMENCEMENT OF DISTRICT

The District shall come into existence and be authorized to take action at such time as the Amended Interlocal Agreement incorporating this Charter is approved by the legislative authorities of the Jurisdictions that comprise the District.

ARTICLE XI
CONSTITUENCY

There shall be no constituency of the District.

ARTICLE XII
MISCELLANEOUS

Section 1. Public Records.

The public shall have access to records and information of the District to the extent required by applicable law.

Section 2. Public Meetings.

Meetings of the District shall be open to the public as required by state law, and any special meetings shall be called and held in accordance with Section 11, Chapter 250, Laws of 1971, Extraordinary Session, and any subsequent amendments thereto. Members or designees of the legislative authorities of the Jurisdictions that comprise the District are entitled to appear in person or by representative and speak at any meeting of the District called and held pursuant to law.

Notice of meetings and proposed agendas shall be transmitted to the chief administrative officers of the Jurisdictions or their designees. The books and records of the District and agreements or contracts entered into by the District shall be available for inspection by the chief administrative officers of the Jurisdictions or their designee, and such documents shall be open for inspection by the public to the extent required by applicable laws, or as may be directed by agreement of the chief administrative officers of the Jurisdictions signatory to the Interlocal Agreement.

Section 3. Audits, Dissolutions, etc.

Unless waived by the chief administrative officers of the Jurisdictions, the District shall submit to the chief administrative officers of the Jurisdictions, on or before December

31, a report of its activities for the preceding calendar year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such calendar year; as well as such other reports required by applicable state and federal laws, applicable ordinances, and by the chief administrative officers of the Jurisdictions.

Section 4. Operations.

The District shall establish by resolution approved by the chief administrative officers of the Jurisdictions, procedures for the receipt, payment, and investment of District funds, which shall be performed by Olympia, Lacey, Tumwater or Thurston County, as provided for in the Amended Interlocal Agreement and any contracts entered into by the District under Article VII, Section 2 above. Such procedures may be amended by District resolution, subject to the approval of the chief administrative officers of the Jurisdictions.

Section 5. Effect of Legislation.

Should legislation be passed by the Washington State Legislature that conflicts materially with the provisions of this Charter, the PFD shall dissolve upon the effective date of such legislation, unless the Jurisdictions approve any necessary amendments to the Interlocal Agreement within 180 days of notice of the legislation

This Charter is APPROVED and ISSUED as of this 7th day of March 2003.

MODIFICATION TO SECOND AMENDMENT TO AMENDED INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR REGIONAL CENTERS

THIS MODIFICATION to the Second Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers is made and entered into by and between the City of Olympia, a municipal corporation (hereafter "Olympia"), the City of Lacey, a municipal corporation (hereafter "Lacey"), the City of Tumwater, a municipal corporation (hereafter "Tumwater"), and Thurston County (hereafter "the County"). The term "Parties" shall refer to all parties to this modification. The term "Party" shall refer to a party to this modification.

WHEREAS, the Parties hereto previously entered into an Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers dated March 10, 2003, which Agreement was amended by Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers dated August 24, 2004; and

WHEREAS, the Parties have previously determined that the Hands On Children's Museum to be sponsored by Olympia should, together with the Lacey Area Athletic, Recreation, and Special Events Complex (commonly referred to as "the RAC"), constitute the Regional Centers under said Interlocal Agreement; and

WHEREAS, since the Parties executed the Second Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers on July 12, 2006, and said Agreement was recorded with the Thurston County Auditor under No. 3854338 on August 3, 2006, the Washington State Legislature passed Engrossed House Bill 1201 ("EHB 1201"), Chapter 164, Laws of 2017, of the 65th Legislature, 2017 Regular Session; and

WHEREAS, EHB 1201 became effective on July 23, 2017, following signature of Governor Jay Inslee and filing on May 4, 2017, as "An Act Relating to the taxing authority of public facilities districts; and amending RCW 82.14.390 and 82.14.485, and said legislation effects the Public Facilities District to whom the Parties previously entered into an Amended Interlocal Agreement; and

WHEREAS, EHB 1201 amended RCW 82.14.390 to provide in part that "[t]he tax imposed in this section expires when ((~~the~~)) bonds issued ((~~for~~)) <u>to finance or refinance</u> the construction<u>,</u> <u>improvement, rehabilitation, or expansion</u> of the regional center and related parking facilities are retired, but not more than ((~~twenty-five~~)) <u>forty</u> years after the tax is first collected"; and

WHEREAS, EHB 1201 also amended RCW 82.14.485 in part to read that the ". . . tax imposed in this section ((~~shall~~)) expires when ((~~the~~)) bonds issued ((~~for~~)) to finance or refinance the construction, improvement, rehabilitation, or expansion of the regional center and related parking facilities are retired, but not more than ((~~twenty-five~~)) forty years after the tax is first collected; and

NOW THEREFORE, the Parties hereby agree to modify the Second Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers, as follows:

1. Modification. Lacey, Olympia, Tumwater, and the County, through their respective legislative bodies, agree to modify the terms of the Second Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers as provided in Paragraph 14 of the aforesaid Agreement, to incorporate the Legislature's amendments in EHB 1201 to RCW 82.14.390 and 82.14.485.

2. Tax imposed for finance, refinance, construction, improvement, rehabilitation or expansion. RCW 82.14.390 and 82.14.485 currently provide that the "tax imposed in this section expires when bonds issued to finance or refinance the construction, improvement, rehabilitation, or expansion of the regional center and related parking facilities are retired, but not more than forty years after the tax is first collected." The Parties hereby modify and amend their Second Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers to fully incorporate the legislative changes made by EHB 1201 to RCW 82.14.390 and 82.14.485 to permit financing or refinancing of construction, improvement, rehabilitation, or expansion of the Hands On Children's Museum and the Lacey Area Athletic, Recreation, and Special Events Complex ("RAC"), and to extend collection of the tax to no more than forty (40) years after the tax was first collected.

3. All other terms remain in effect. All other terms of the Second Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers remain in full force and effect.

4. Counterparts and digital or electronic signature. This modification to the Second Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Parties may execute this agreement by digital or electronic signature, as permitted by law.

5. Effective date of modification. This modification shall become effective as of the date of the last Party's signature below.

6. Filing of modification with County Auditor. A final, executed Modification To Second Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers shall be filed by Olympia with the Thurston County Auditor as required by RCW 39.34.040.

CITY OF OLYMPIA	**CITY OF LACEY**
Steven J Burney	Rick Walk
Steven J. Burney, City Manager	Rick Walk, City Manager
Dated 12/13/2023	Dated 12/21/2023
Approved as to form:	Approved as to form:
Mark Barber	Dave Schneider
Mark Barber, City Attorney	David Schneider, City Attorney
CITY OF TUMWATER	**THURSTON COUNTY**
Debbie Sullivan	Robin Campbell
Debbie Sullivan, Mayor	Robin Campbell, Interim County Manager
Dated 12/21/2023	Dated 12/26/2023
Approved as to form:	Approved as to form:
Karen Kirkpatrick	
Karen Kirkpatrick, City Attorney	Scott Cushing, Deputy Prosecuting Attorney

INTERLOCAL AGREEMENT THURSTON COUNTY - LACEY

INTERLOCAL AGREEMENT BETWEEN THURSTON COUNTY AND THE CITY OF LACEY REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR A REGIONAL CENTER

THIS INTERLOCAL AGREEMENT is made and entered into this 31st day of July 2002 by and between the City of Lacey, herein called, "Lacey" and Thurston County, herein referred called "County".

WHEREAS, Lacey and County wish to consider constructing and operating a Regional Center under the authority granted by Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002; and

WHEREAS, a public facilities district (PFD) can be created by Lacey and the County for that purpose; and

WHEREAS, in conjunction with creation of a PFD for that purpose, it is desirable that the roles and responsibilities of Lacey and the County be set forth in an interlocal agreement; and

WHEREAS, this Agreement does not create a separate legal entity other than the PFD discussed herein.

IT IS HEREBY AGREED AS FOLLOWS:

1. Lacey and the County hereby, through the Lacey City Council and the County Board of Commissioners, jointly adopt a PFD to be known as the Thurston County and City Of Lacey Joint Public Facilities District (the "District"). This Agreement does not preclude either Party from joining together with the cities of Olympia and Tumwater to create a Capitol Area Regional PFD nor does it preclude either party from creating a separate PFD prior to July 31, 2002. Adoption of this Agreement shall be by ordinance. The boundaries of the District shall encompass the corporate limits of the City Of Lacey and the unincorporated areas of the County. A copy of the Charter is attached hereto and incorporated herein by reference. Ordinance adoption shall be completed by the parties in a timely manner so that the effective date of each ordinance occurs on or before July 31, 2002.

Each party reserves the right to withdraw from this Agreement during its term. In such event, the remaining party may retain the District under an amended interlocal agreement.

2. The parties hereby agree to jointly consider, analyze, and identify a possible Regional Center that may be designed, constructed, and operated under or in conjunction with an amended District. The parties agree to work together in good faith toward that end and shall give due consideration to feasibility studies already existing. The District is authorized to impose the 0.033% sales and use tax authorized pursuant to RCW 82.14.390 and apply tax receipts to pay costs of implementing the terms of this interlocal agreement only after action by both the City Council of Lacey and the Board of Commissioners of the County have authorized such imposition. No other duties are authorized to be performed under the District. Costs associated with the above joint activity may be paid by the District using sales and use tax revenues collected pursuant to Chapter 35.57 RCW as amended and RCW 82.14.390. Said sales and use tax revenues shall be collected by the District, under a contract with either Lacey or the County under the terms of a contract approved by both Lacey and the County.

3. Should Lacey and the County determine to proceed with design, construction, and operation of a Regional Center under the structure of an amended District, an amended interlocal agreement incorporating an amended District Charter shall be executed defining the roles and responsibilities of each jurisdiction. By executing this Agreement, neither party commits itself to any amended interlocal agreement or to participation in a Regional Center facility except as the parties have bound themselves to so participate by agreement executed prior to this interlocal agreement.

4. The City Council of Lacey and the Board of Commissioners of the County shall appoint the District Board members pursuant to RCW 35.57.010(3)(b)(i). Of the four members to be appointed under RCW 35.57.010(3)(b)(ii), two each shall be appointed by the City Council of Lacey and the Board of Commissioners of the County. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(b)(ii). All provisions of RCW 35.57.010(3)(b) shall apply to the appointment of board members.

5. This Interlocal Agreement shall remain in force until either of the following events occur, but no longer.

   a. Upon execution by the cities of Lacey, Olympia and Tumwater and the County of an amended interlocal agreement and an amended charter of the Capitol Area

Regional Public Facilities District calling for the design, construction and/or operation of a Regional Center funded through such Capitol Area Regional Public Facilities District.

b. Upon execution by both parties of an amended interlocal agreement adopting amendments to the District Charter approved herein and calling for the design, construction, and/or operation of a Regional Center funded through the Thurston County and City Of Lacey joint PFD. Such an amended interlocal agreement and District Charter shall supersede this interlocal agreement. Provided, that no such amendment shall be considered to have created a new PFD for purposes of Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002.

c. Withdrawal from the terms of this agreement by either party upon giving thirty days written notice to the other party.

DATED this 31st day of July 2002.

CITY OF LACEY

By:
Its City Manager

APPROVED AS TO FORM:

Ken Ahlf, City Attorney

THURSTON COUNTY

By:
Its Commissioner, Chairman

APPROVED AS TO FORM:

Ed Holm, Thurston County Prosecutor

CHARTER

OF

THURSTON COUNTY AND CITY OF LACEY

JOINT PUBLIC FACILITIES DISTRICT

A Municipal Corporation

CHARTER

THURSTON COUNTY AND CITY OF LACEY JOINT PUBLIC FACILITIES DISTRICT

ARTICLE I

NAME

The name of this corporation shall be the Thurston County and City of Lacey Joint Public Facilities District (hereinafter the "District").

ARTICLE II

AUTHORITY FOR PUBLIC FACILITIES DISTRICT

The District is a municipal corporation organized pursuant to Chapter 35.57 RCW and Chapter 363, Laws of 2002, as the same now exists or may hereafter be amended, or any successor act or acts and is created pursuant to that certain interlocal agreement dated ____________________ 2002, (hereinafter the "Interlocal Agreement") by and between the City of Lacey and Thurston County (hereinafter the "Jurisdictions"), which Jurisdictions comprise the District.

ARTICLE III

DURATION OF DISTRICT

The District shall continue to exist until it is terminated pursuant to the terms of the Interlocal Agreement.

ARTICLE IV
PURPOSE OF DISTRICT

The purpose of the District is to provide an independent legal entity under Chapter 35.57 RCW, to impose and use state sales tax under RCW 82.14.390 to acquire, construct, own, remodel, maintain, equip, re-equip, repair, finance, and operate one or more Regional Centers as defined in RCW 35.57.020(1), as amended by, Chapter 363, Laws of 2002. The District may take actions in furtherance of any of the above stated purposes only as authorized under the Interlocal Agreement The District does not have the authority to perform any functions other than that set forth in this Article.

For the purpose of securing the exemption from federal income taxation for interest on obligations of the District, the District constitutes an instrumentality of each of the Jurisdictions that created the District (within the meaning of those terms in regulations of the United States Treasury and rulings of the Internal Revenue Service prescribed pursuant to Section 103 and Section 145 of the Internal Revenue Code of 1986, as amended).

ARTICLE V
POWERS OF DISTRICT

Except as may be otherwise provided in the Charter, the District and the District Board of Directors on its behalf shall have only the power to:

1. Act as authorized under Chapter 35.57 RCW, as limited by the Interlocal Agreement.
2. Sue, and be sued, in its corporate name
3. Accept gifts, funds, or property from the United States, the State, the Jurisdictions, other corporations, associations, individuals, or any other sources, and to use said funds in accordance with the powers set forth in Article IV.
4. Provide the necessary administrative means to carry out its powers set forth in this Charter.
5. Impose a sales and use tax as authorized by RCW 35.57.040(d) and RCW 82.14.390.

ARTICLE VI

LIMITS ON DISTRICT POWERS

1. No part of the revenue of the District shall inure to the benefit of, or be distributable to, the members of the District Board of Directors or officers of the District or other private persons, except that the District is authorized and empowered to:

   (a) Reimburse District Board Members for reasonable expenses actually incurred in performing their duties; and

   (b) Provide the administrative means to carry out the District's powers under Article V.

2. No part of the activities of the District shall include any attempt to influence legislation; and the District shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

3. The District may not incur or create any liability that permits recourse by any contracting party or members of the public to any assets, services, resources, or credit of the Jurisdictions.

4. The District shall not amend this Charter without the approval of the Jurisdictions.

5. The District shall not issue any debt nor shall it submit to the voters of the District a ballot proposition for imposition of a sales or use tax.

   The District may not exercise its powers as delineated in Article V until such time as it has, in accordance with RCW 35.57.040(d) and RCW 82.14.390, imposed the maximum allowable sales and use tax for the purpose of securing a source of revenue to satisfy the financial obligations of the District.

6. In the event of a conflict between the terms of this Charter and of the Interlocal Agreement dated ______________________, the terms of the interlocal agreement shall govern.

ARTICLE VII

DUTIES OF THE DISTRICT

In addition to other duties as may be provided herein, the District and the District Board of Directors shall undertake the following:

1. Provide Financial Assistance. The District, through the District Board of Directors during its first or a subsequent meeting, shall, if authorized by the Jurisdictions per the Interlocal Agreement, impose a sales and use tax of not more than .033 percent to be collected from those persons who are taxable by the State of Washington under RCW 82.08 and 82.12, upon the occurrence of any taxable event within the District in accordance with RCW 82.14.390.

2. Enter Into An Agreement. The District shall enter into an agreement with one of the Jurisdictions as the Jurisdictions shall deem appropriate to perform any administrative functions on behalf of the District as may be necessary to carry out the District's functions as prescribed under Title V of this Charter or the Interlocal Agreement.

3. Revenues. All revenues received by the District which are derived from the imposition of charges, fees, and taxes as authorized by RCW 35.57.040, shall be deposited in such a manner as described in its agreement with one of the Jurisdictions as deemed appropriate by the Jurisdiction, which funds may be expended only to satisfy the financial obligations of the District consistent with this Charter and the Interlocal Agreement. Any matching funds required by RCW 82.14.390 shall be provided by the Jurisdictions under an agreement, or by other private or public sources.

ARTICLE VIII

ORGANIZATION OF DISTRICT

Section 1. District Board of Directors.

The management of all District affairs shall reside with the Board of Directors. The Board shall be composed of seven members appointed in accordance with the terms of RCW 35.57.010(3)(b). The Lacey City Council and the Thurston County Board of Commissioners shall appoint the members pursuant to RCW 35.57.010(3)(b)(i). Of the four members to be appointed under RCW 35.57.010(3)(b)(ii), two each shall be appointed by the Lacey City Council and by the County Board of Commissioners. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(b). All provisions of RCW 35.57.010(3)(b) shall apply to the appointment of Board members.

Section 2. Consecutive Absences.

Any Board Member who is absent for three consecutive regular meetings without excuse may, by resolution duly adopted by a majority vote of the whole Board, be deemed to have forfeited his or her position as Board Member.

Section 3. Removal of Board Members.

Any Board Member may be removed at will, with or without cause, by his or her appointing Jurisdiction, which appointing Jurisdiction shall appoint a new Board Member to fill the unexpired term for the vacant position. The term of any Board Member removed pursuant to this Section shall expire when the member receives a copy of the resolution removing him or her.

Section 4. Vacancy on District Board of Directors.

A vacancy, or vacancies, on the District Board of Directors shall be deemed to exist in case of the death, disability, resignation, removal, or forfeiture of membership as provided herein. Vacancies on the Board shall be filled by appointment in the same manner in which members of the Board are regularly appointed. Any person selected to fill a vacancy on the Board shall serve the balance of the term of the person being replaced.

Section 5. Duties of Board Members.

A general or particular authorization or concurrence of the Board by resolution shall be necessary for any of the following transactions:

(a) Adoption of an annual budget;
(b) Certification of annual audited financial statements and other reports and statements to be filed with the chief administrative officers of the Jurisdictions in the Interlocal Agreement as true and correct in the opinion of the District except as noted;
(c) Transfer of tax proceeds authorized by the Charter to one of the Jurisdictions per an agreement; and
(d) Perform such other transactions, duties, and responsibilities as the Charter shall require of the Members of the Board or the District.

Section 6. Voting Requirements/Quorum.

(a) Action, which requires Board approval, may only be authorized by a vote representing both a majority of the Board Members voting and not less than four members. Four voting members must be present at any regular or special meeting of the Board to comprise a quorum, and for the Board to transact any business.
(b) Proxy voting shall not be allowed.
(c) The adoption and amendment of bylaws shall require an affirmative vote of a majority of the Board's voting membership representing two-thirds of the Board Members voting on the issue and not less than four members.

Section 7. Right to Indemnification.

Each person who was, or is, threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was an official of the District, whether the basis for such proceeding is alleged action in an official capacity as a director, trustee, officer, employee, or agent, or in any other capacity, shall be indemnified and held harmless by the District to the full extent permitted by applicable law as then in effect, against all expense, liability, and loss (including attorneys' fees, judgments, fines, and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be an official and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that except as provided in this Section, with respect to proceedings seeking to enforce rights to indemnification, the District shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the District Board of Directors; provided, further, the right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the District the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the District of an undertaking, by or on behalf of such official, to repay all amounts so advanced if it shall ultimately be determined that such official is not entitled to be indemnified under this Section or otherwise.

Provided, further, that the foregoing indemnity shall not indemnify an person from or on account of:

(a) Acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law; or

(b) Any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which such person was not legally entitled.

If a claim under this Section is not paid in full by the District within 60 days after a written claim has been received by the District, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be 20 days, the claimant may at any time thereafter bring suit against the District to recover the unpaid amount of the claim. The claimant shall be presumed to be entitled to indemnification under this Section upon submission of a written claim (an, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the District), and thereafter the District shall have the burden of proof to overcome the presumption that the claimant is so entitled. Neither the failure of the District to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper nor a determination by the District that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

The right of indemnification and the payment of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Charter, Bylaws, any agreement, or otherwise.

The District may maintain insurance, at its expense, to protect itself and any director of the District against any expense, liability, or loss whether or not the District would have the power to indemnify such person against such expense, liability, or loss.

Section 8. Conflict of Interest and Code of Ethics.

No member of the Board shall have an ownership interest in real or personal property used for or in conjunction with any Regional Center site. Members of the District Board of Directors and the District's staff shall be subject to RCW 42.52.

ARTICLE IX

OFFICERS OF DISTRICT

Section 1. Tenure of Officers.

The members shall elect from among themselves the following District officers: President, Treasurer, and Secretary. The President and the Treasurer may not be the same person. The term of any officer shall expire at such time as such officer's membership on the Board ceases or terminates, or at such sooner time as the term of office expires and the office has been filled by appointment or reappointment.

Section 2. Duties of Officers.

The officers of the District shall have the following duties:

(a) President. Subject to the control of the District Board of Directors, the President shall have general supervision, direction, and control of the business and affairs of the District. On matters decided by the District, unless otherwise required under the Interlocal Agreement or by this Charter, the signature of the President alone is sufficient to bind the corporation.

(b) Treasurer. The Treasurer shall receive and faithfully keep all funds of the District and deposit the same in such accounts as may be designated by the District Board of Directors. The Treasurer shall discharge such other duties as prescribed by the District Board of Directors. Before taking office, the

Treasurer shall file a bond in an amount determined by the District with the Secretary of the District, and shall continue in office only so long as such bond continues in effect.

(c) Secretary. The Secretary shall keep or authorize others to keep a full and complete record of the meetings of the District Board of Directors, committees when acting on behalf of the Board and to the extent they are separate, and the meetings of the officers with appropriate minutes; shall keep the seal of the District and affix the same to such papers and such instruments as may be required in the regular course of business; shall make service of such notices as may be necessary or proper; shall supervise the keeping of the books and other records, ledgers, and other written documents comprising the business and purpose of the District, and shall discharge such other duties as pertain to the office as prescribed by the District Board of Directors.

(d) The District shall contract with one of the Jurisdictions as the Jurisdiction shall deem appropriate to provide the services necessary to assist the officers in carrying out the officer's duties under this Section.

ARTICLE X

COMMENCEMENT OF DISTRICT

The District shall come into existence and be authorized to take action at such time as the Interlocal Agreement incorporating this Charter is approved by the legislative authorities of the Jurisdictions that comprise the District.

ARTICLE XI

CONSTITUENCY

There shall be no constituency of the District.

ARTICLE XII

MISCELLANEOUS

Section 1. Public Records.

The public shall have access to records and information of the District to the extent required by applicable law.

Section 2. Public Meetings.

Meetings of the District shall be open to the public as required by state law, and any special meetings shall be called and held in accordance with Section 11, Chapter 250, Laws of 1971, Extraordinary Session, and any subsequent amendments thereto. Members or designees of the legislative authorities of the Jurisdictions that comprise the District are entitled to appear in person or by representative and speak at any meeting of the District called and held pursuant to law.

Notice of meetings and proposed agendas shall be transmitted to the chief administrative officers of the Jurisdictions or their designees. The books and records of the District and agreements or contracts entered into by the District shall be available for inspection by the chief administrative officers of the Jurisdictions or their designee, and such documents shall be open for inspection by the public to the extent required by applicable laws, or as may be directed by agreement of the chief administrative officers of the Jurisdictions signatory to the Interlocal Agreement.

Section 3. <u>Audits, Dissolutions, etc.</u>

Unless waived by the chief administrative officers of the Jurisdictions, the District shall submit to the chief administrative officers of the Jurisdictions, on or before December 31, a report of its activities for the preceding calendar year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such calendar year; as well as such other reports required by applicable state and federal laws, applicable ordinances, and by the chief administrative officers of the Jurisdictions.

Section 4. <u>Operations</u>.

The District shall establish by resolution approved by the chief administrative officers of the Jurisdictions, procedures for the receipt, payment, and investment of District funds, which shall be performed by one of the Jurisdictions under the agreement. Such procedures may be amended by District resolution, subject to the approval of the chief administrative officers of the Jurisdictions.

Section 5. <u>Effect of Legislation</u>.

Should legislation be passed by the Washington State Legislature that conflicts materially with the provisions of this Charter, the PFD shall dissolve upon the effective date of such legislation, unless the Jurisdictions approve any necessary amendments to the Interlocal Agreement within 180 days of notice of the legislation

This Charter is APPROVED and ISSUED as of this _____ day of ______________ 2002.

APPROVED this _____ day of _______________ 2002 as authorized by District Board Resolution No. ________.

____

District President

ATTEST:

____

District Secretary

INTERLOCAL AGREEMENT
LACEY-CARPFD

EXHIBIT B

LACEY AREA ATHLETIC, RECREATION, AND SPECIAL EVENTS COMPLEX INTERLOCAL AGREEMENT

1. Date and Parties. This Interlocal Agreement ("Agreement") is dated this 7th day of March, 2003 and is entered into by and between the CITY OF LACEY, ("the City"), a municipal corporation organized and operating pursuant to the Constitution and laws of the State of Washington; and the CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT ("the District"), a municipal corporation duly organized and operating pursuant to the laws of the State of Washington as established by the Interlocal Agreement as entered into by the City of Olympia, a municipal corporation, the City of Lacey, a municipal corporation, the City of Tumwater, a municipal corporation and Thurston County on June 26, 2002.

2. General Recitals.

A. The Cities of Lacey, Olympia and Tumwater and Thurston County established the Capital Area Regional Public Facilities District on or around June 26, 2002 pursuant RCW 35.57 as amended by Chapter 363, Laws of 2002 and pursuant Olympia Municipal Ordinance 6194, City of Lacey Ordinance No. 1183, City of Tumwater Ordinance No. 02002-014, and Thurston County Ordinance No. 12798.

B. The City of Lacey has prepared a plan for development and/or acquisition of the Lacey Area Athletic, Recreation, and Special Events Complex ("The Complex").

C. The Complex is envisioned to consist of an Athletic, Recreation and Special Events Complex designed to serve the needs of the greater Thurston Region, and attract visitors from throughout the State. Such Complex is further envisioned to include the development of:

soccer fields
softball/baseball fields (two baseball fields sized for college and semi-professional play
a bike/board and blades complex with BMX track
large gathering and event areas
picnic shelters
children's play areas
outdoor basketball courts
restrooms

concessions
parking for more than 1,000 vehicles
an extensive trail system
performance stage
main entrance gathering plaza
such other elements or amenities that the City of Lacey determines would benefit the project or its public features

In addition, the project is envisioned to include further development on additional lands acquired pursuant to the Interlocal Agreement referenced above, for the purposes described in such Interlocal Agreement.

D. The cost of the Lacey Area Athletic, Recreation, and Special Events Complex, including financing and debt service costs, will exceed $10 million.

E. The Complex is a regional center within the definition of RCW 35.57, and the jurisdictions forming the District have indicated that it should be pursued by the District; and

F. By virtue of its established credit history, the City of Lacey has ready access to the municipal bond market and other sources of financing necessary to facilitate the acquisition or construction of the Complex; and

G. The City has the ability to provide the local match required by RCW 82.14.390; and,

H. The City has the ability to provide or contract for project management, legal and other services to support development of the Complex; and

I. The District, under RCW 82.14.390 and its Charter, has the authority to impose and collect the Sales Tax to repay any financing obtained to fund the design, construction, acquisition, operation and/or maintenance of the Complex; and

J. The cost of designing, acquiring, constructing operating and/or maintaining the Complex can be reduced through an agreement between the City of Lacey and the District, in which the City and the District provide the services described in the foregoing general recitals.

NOW THEREFORE, in consideration of the mutual promises and covenants contained here, the parties agree as follows:

3. Incorporation of Recitals. The aforementioned recitals are incorporated hereinafter by this reference and made part thereof.

4. Definitions. All words used in this Agreement shall be given their normal and ordinary meaning unless defined in this Section 4. The following are special definitions for the purpose of this Agreement only:

"Bonds"- The bonds to be issued by the City of Lacey to finance the Lacey Area Athletic, Recreation, and Special Events Complex and any other bonds or other evidence of indebtedness of the City the proceeds of which will be used to refund Bonds.

"City"- Area commonly known and referred to as 'Lacey, confined to the legal city limits and/or corporate boundary of such an area, duly organized and operating pursuant to the Constitution and laws of the State of Washington.

"Commencement of Construction" – The commencement of site clearing, demolition, grading, or other work that begins the process of acquisition, development or improvement of the Project.

"Complex" – Lacey Area Athletic, Recreation, and Special Events Complex.

"District"- Capital Area Regional Public Facilities District, a municipal corporation organized and operating pursuant to the laws of the State of Washington.

"Project"- Those improvements to the Lacey Area Athletic, Recreation, and Special Events Complex until such time as it has been officially dedicated by title as the "Lacey Area Athletic, Recreation, and Special Events Complex".

"Sales Tax"- The non-voted sales and use tax to be imposed by the District in accordance with RCW 82.14.390 at a rate not to exceed 0.033% of the selling price in the case of a sales tax or value of the article used in the case of a use tax, which tax shall be deducted from the amount of tax otherwise required to be collected or paid over to the State's Department of Revenue and shall expire when the Bonds (or any additional bonds issued to finance the completion of the Project) are retired, or in any event not later than September 1, 2026.

"Sales Tax Revenue"- All revenue collected by the District from the Sales Tax.

"Lacey Area Athletic, Recreation, and Special Events Complex"- The Lacey Area Athletic, Recreation, and Special Events Complex described in Section 2C of this Agreement.

"State"- The State of Washington.

"Taxable Events" - Taxable events as defined in RCW 82.14.020(9)

5. Agreement Purpose. The parties are entering into this Agreement pursuant to RCW 39.34 and RCW 35.57. The purpose of this Agreement is to set forth the rights and responsibilities of each of the contracting parties with regards to the financing, acquisition, design, construction, operation and/or maintenance of the Complex, meeting the definition of a Regional Complex provided in RCW 35.57.020, while complying with the Internal Revenue Code and Regulations regarding tax exempt municipal bond financing.

6. Commencement of Construction. The City agrees to commence or cause to be commenced the construction of the Project on behalf of the parties, and warrants to the District that Commencement of Construction shall occur by January 1, 2004.

7. Complex Financial Obligations.

A. City.

1. The City may issue the Bonds in such amount (net of the costs of issuing the Bonds) necessary for acquisition, construction, operation and/or maintenance of the Project.

2. The City agrees to provide the one-third local match required by RCW 82.14.390. The City may provide for the Local Match by, inter alia, providing itself or arranging for cash, land, or in-kind contributions to be used for, in or towards the development or improvement of the Lacey Area Complex. The City may use whatever funding sources are available. It is anticipated that the City may use a variety of funding sources, including, but not limited to bond financing, rental revenues, unrestricted funds, grants, contributions and donations. Funds expended and lands acquired by Thurston County and the City of Lacey pursuant to the contract between such parties for the 68-acre parcel, funds expended by Thurston County for additional lands pursuant to Section 7.A. hereof, and funds expended by Thurston County for

development of the Lacey Area Complex shall be considered as part of such Local Match.

3. The City agrees to establish an account designated as the Lacey Area Complex account, in which the City will hold Sales Tax Revenues and other funds allocated to the Project. The City agrees that it will pledge some or all of the Sales Tax Revenues identified in subsection B.1 below to repayment of the Bonds and/or the costs of operation of and maintenance of the Complex. Any Sales Tax Revenues in excess of that pledged for repayment of the Bonds and interest earnings on such Sales Tax Revenues shall be deposited in the Lacey Area Complex account and shall be available for use on future phases of the Project, for operations and/or maintenance of the Complex, or for other uses related to the Complex. Prior to issuance of the Bonds, the City may use the Sales Tax Revenues for any Project costs, including predevelopment or pre-acquisition costs of the Project and Project administrative costs.

B. <u>District.</u>

1. In consideration for the City's agreement to issue the Bonds or issue or provide other financing or cash for the acquisition, construction, operation and/or maintenance of the Complex, provide the local match under RCW 82.14.390, and administer the Project as provided below, the District agrees to impose the Sales Tax and to pay to the City that portion of the Sales Tax Revenue, as follows:

a. 100% of the Sales Tax Revenue generated by and attributable to taxable events as defined in RCW 82.14.020(9) ("Taxable Events") occurring within the corporate boundaries of the City;

b. 50% of the Sales Tax Revenue generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Tumwater;

c. 50% of the Sales Tax Revenue generated by and attributable to Taxable Events occurring within the unincorporated areas of Thurston County.

2. To facilitate the District's agreement to pay those portions of the Sales Tax Revenues identified above, this agreement shall constitute an assignment by the District of the District's right to receive said Sales Tax Revenues from the Department of Revenue to the City. The District shall, upon execution of this agreement,

promptly inform the Department of Revenue that the Sales Tax Revenues identified in subsection B.1 above shall be paid directly to the City.

3. The District acknowledges and agrees that the City may pledge some or all of the Sales Tax Revenue to the repayment of the Bonds.

4. In consideration for the City's agreement to issue the Bonds or issue or provide other financing or cash for the acquisition, construction, operation and/or maintenance of the Complex, provide the local match under RCW 82.14.390, and administer the Project as provided below, the District also agrees to impose any other tax, fee or charge authorized by RCW 35.57.040, RCW 35.57.100, RCW 35.57.110 and the Charter, if and as requested by a resolution of the Lacey City Council. The District agrees to impose such tax, fee or charge according to the terms requested by the City, including but not limited to the duration, amount, and area affected, so long as such terms are consistent with applicable law.

5. The District hereby assigns its right to receive and/or collect any tax, fee or charge imposed pursuant to subsection B.4 above to the City. The District shall, upon imposition of any such tax, fee or charge, promptly inform the Department of Revenue and instruct the Department that the tax, fee or charge shall be paid directly to the City.

6. The District shall file annual financial statements and annual reports with the City within 180 days after the end of each fiscal year.

7. The District agrees to stay in existence as long as the Bonds are outstanding and not to take any action that would impact the tax-exempt status or other provision of any Bonds.

8. <u>Environmental Law Compliance</u>.

A. The City shall be responsible for complying with all applicable environmental laws with regards to the Complex construction, or causing or requiring said applicable environmental laws to be complied with. This may be include but not be limited to, the Lacey Municipal Code, the State Environmental Policy Act

(SEPA), CERCLA (42 U.S.C. 9603), MTCA (RCW 70.105D), and the Clean Water Act (33 U.S.C. §1321).

B. Whether under WAC 197-11-926, -930, or -944, the City shall be the nominal lead agency, and the City shall be responsible for complying with the duties of the lead agency under all applicable SEPA rules.

9. Permits. The City shall be responsible for obtaining, or causing or requiring to be obtained, all necessary permits and approvals related to the acquisition, development, construction and/or operation of the Complex and the Project. The City shall comply with the terms and conditions of all permits, or shall cause or require said terms and conditions to be complied with, and the City shall be responsible for paying any fees related thereto or causing any such fees related thereto to be paid.

10. Complex Design and Construction.

A. The City shall be primarily responsible for the locating, developing, designing, acquiring, constructing, operating, maintaining, and/or managing (as applicable), or for causing said actions to be done, with respect to the Complex and any future expansion of the Complex. The City shall carry out it's responsibilities in cooperation with Thurston County, as required by agreement between Thurston County and the City of Lacey.

B. The City shall perform (or cause to be performed) the construction and development of the Project according to the following standards:

(i) Performance in a good and workmanlike manner and in compliance with all applicable laws;

(ii) Use quality materials and workmanship; and

(iii) Use quality maintenance on all portions of the Project.

11. Administration.

A. The City shall be the administrator, within the meaning of RCW 39.34.030(4), of this cooperative undertaking for the acquisition, development and operation of the Complex, subject to the terms, conditions and limitations of this Agreement. This shall include responsibility for acquiring, designing, constructing, owning, remodeling, maintaining, equipping, repairing, financing and/or operating the Complex, as well as maintaining a budget for the Project and the Complex in operation. The City may use an alternative public works procedure, or other legal mechanism, to provide the most economic and efficient way to assure the success of the Project.

B. The City shall operate and maintain the Complex or cause the Complex to be operated and maintained at all times in a safe and clean condition. The City shall provide (directly or by contract) all management, supervision, personnel, materials, equipment, services and supplies necessary to operate, maintain and repair the Complex and shall take all reasonable precautions to prevent damage, injury or loss by reason of or related to the construction, operation and maintenance of the Complex to any person or property. The City shall comply with all applicable laws and ordinances in acquiring, constructing, operating and maintaining the Complex. The City shall undertake all modifications to the Complex required to comply with all applicable laws, regulations, judgments and orders.

12. Land Ownership. The District shall not be a party to any land ownership contracts involving the Complex.

13. Insurance; Destruction.

A. Insurance Requirements. The City shall maintain and keep in force on the Property the following insurance:

(i) Builder's All Risk Comprehensive Coverage. During construction, the City shall keep or require the developer to keep the Project, including the Complex, insured for Builder's All Risk Comprehensive Coverage (including earthquake and flood) in an amount not less than 100% of the full replacement cost of the Project, including all fixtures, equipment, improvements, and betterments thereto.

(ii) Commercial General Liability Coverage. The City shall carry or require the developer to carry Commercial General Liability insurance providing coverage claims for bodily injury, death, or property damage on the Project with broad form liability and property damage endorsement, written for combined single limits of liability of no less than $10,000,000 per occurrence, said amount to be adjusted from time to time with coverage deemed customary under like conditions.

(iii) Property Damage Insurance. Following substantial completion of construction or acquisition of the Complex, the City shall carry property damage insurance covering the Complex, including all improvements, including earthquake, flood, boiler, machinery insurance in an amount and manner consistent with the insurance carried by the City for properties owned or leased by the City.

B. Insurance Policies. The insurance policies required by the Agreement shall be issued as primary policies and shall carry an endorsement that the policy shall not be cancelled or substantially changed without at least 30 days written notice to the City. The City shall make available to the District copies of all insurance policies within 7 days of any request by the District.

C. Adjustments. The types of policies, risks insured, coverage amounts, deductibles and endorsements may be adjusted from time to time as the City and the District may mutually determine and agree.

D. Destruction.

(i) If the Project or Complex is totally or partially destroyed at any time after the execution of this Agreement and the insurance proceeds (less any deductible) are sufficient to pay the cost of reconstruction or restoration, then the City shall reconstruct or repair the damage consistent with the terms and intent of this Agreement. If the insurance proceeds (less any deductible) are insufficient to reconstruct or repair the Project or Complex, then the City may nonetheless elect to reconstruct or repair the Project or Complex or to terminate this Agreement.

(ii) If the City is unable to reconstruct or restore the damage to the Project or Complex, the District shall be entitled to a pro rata share of the insurance proceeds, based on the amount of the Sales Tax Revenues received by the City in relation to the total construction costs of the City in the Project. The District shall use any proceeds received in a manner that does not impact the tax-exempt status of the Bonds.

14. No Other District Obligation. The District shall not be responsible for any construction or operation funding shortfalls, or any other financial commitments or obligations associated with the Project or the Complex beyond the specific commitments set forth in Section 7.

15. Disposition of Property. Upon termination of this Agreement, all property including but not limited to the Complex shall be retained by or returned to the City with the exception of Sales Tax Revenues, which shall be retained by or returned to the District upon payment in full of the Bonds and all other expenses, fees and maintenance and operation costs incurred by the City in connection with the Project.

16. Indemnity and Hold Harmless.

A. The City shall defend, indemnify and hold the District, and its respective elected officials, officers, employees and agents, including its development coordinator (Indemnitees) harmless from all claims, regardless of the nature of the claim, arising directly or indirectly from the planning, permitting, acquisition, construction and/or operation of the Complex, except for claims arising from the sole negligence of any Indemnitee. In the case of concurrent negligence of the City and an Indemnitee, each party shall hold the other party harmless from their proportionate share of the resulting damages.

B. This indemnity and hold harmless obligation shall extend to all claims of whatsoever kind or nature. It shall include attorneys fees, expert witness fees, court costs, arbitration costs, administrative fines and penalties, and any other direct expense that are a direct consequence of a breach of any provision of this Agreement or any negligent act or failure to act. It shall include the duty to promptly accept tender of defense and provide defense to the Indemnitees.

17. Dispute Resolution.

A. If a dispute arises between the parties with regards to the performance of any provision of this Agreement or the interpretation thereof, the parties agree to follow the procedure set forth in this Section 19. It is the goal of the parties to resolve their differences as early in this step process as possible.

B. Step One - Informal Discussions. The parties shall designate representatives to meet to see if the matter can be informally resolved. This may involve more than one meeting.

C. Step Two - Written Notification and Resolution. If informal discussions are not successful then a written notice of dispute shall be mailed to the address for notices set forth in Section 20, as well as to the designated representatives. The notice shall set forth the nature of the dispute and the desired outcome. A written response shall be provided within ten business days. The response shall provide the responding party's version of the dispute and a proposed resolution. The parties shall meet within ten business days after the response is received in order to see if the matter can be amicably resolved. If the matter is amicably resolved at this stage the affected parties shall sign a memorandum of understanding with regards thereto.

D. Step Three - Mediation. If the parties are unable to resolve their differences at Step Two, the parties will endeavor to settle the dispute by mediation under such mediation rules as shall be mutually agreeable to the parties. Such mediation will be non-binding but a condition precedent to having said dispute decided in court by a judge or jury. Mediation shall commence, unless otherwise agreed, within 30 days of a party's written request for mediation of a dispute. Any resolution at this stage shall be reduced to writing and, if it involves an interpretation of the Agreement, it shall be considered an addendum to this Agreement.

E. Litigation. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to exclusive *in personam* jurisdiction in the Thurston County Superior Court for the State and agree that in any such action venue shall lie exclusively in Thurston County, Washington.

18. Notices. All notices and other written communications required by this Agreement shall be in writing and, except as expressly provided elsewhere in this Agreement, shall be deemed to have been given at the time of delivery if personally delivered, or at the time of mailing if mailed by first class, postage pre-paid and addressed to the party at its address as stated below or at such address as any party may designate at any time in writing.

To District:

To City:

City of Lacey
P.O. Box 3400
Lacey, WA 98509-3400

19. Severability. It is the intent of the parties that if any provision of this Agreement or its application is held by a court of competent jurisdiction to be illegal, invalid or void, the validity of the remaining provisions of this Agreement or its application to other entities, or circumstances shall not be affected. The remaining provisions shall continue in full force and effect. The rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular invalid provision. However, if the invalid provision or its application is found by a court of competent jurisdiction to be substantive and to render performance of the remaining provisions unworkable and non-feasible, and is found to seriously affect the consideration and/or is inseparably connected to the remainder of this Agreement, then the entire Agreement shall be null and void.

20. Modification. This Agreement represents the entire agreement between the parties. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding on any of the parties unless executed in writing by authorized representatives of each of the parties. This Agreement shall not be modified, supplemented, or otherwise affected by the course of dealings between the parties.

21. Benefits. This Agreement is entered into for the benefit of the parties to this Agreement only and shall confer no benefits, direct or implied, on any third persons.

22. Assignment. The rights granted by this Agreement may not be assigned without the written consent of all the parties hereto.

23. Supplemental Documents. The parties agree to complete and timely execute all supplemental documents necessary or appropriate to fully implement the terms of this Agreement.

24. Duration of Agreement. This Agreement shall continue in full force and effect until terminated, or until such time as the Sales Tax and all other taxes, fees or charges imposed by the District expire under Section 7.B.4 above expire. The City will not extend the terms of the Bonds, or refund the Bonds or otherwise extend the term beyond the initial Bond term without the written consent of the District. All rights to indemnification under Section 16 of this Agreement, and all rights and obligations

pertaining to the disposition of property as provided in Section 15 shall survive the termination of this Agreement and remain in force until such expenses, fees and costs are paid and such indemnification provision satisfied.

25. Impossibility of Performance. This Agreement may be terminated if Commencement of Construction does not occur by January 1, 2004, or under circumstances where both contracting parties mutually agree in writing that by operation of law, court order, or as a result of other facts and circumstances whether within the control of the contracting parties or not, it is impossible or impractical to finance, acquire, design, develop, construct, manage, operate or maintain the Complex. Prior to a termination by agreement under this paragraph, in the event the City of Lacey determines it is impossible or impractical to finance, acquire, design, develop, construct, manage, operate or maintain the Complex, the contracting parties agree to meet and enter into good faith negotiations regarding whether or not it has become impossible or impractical to fulfill or satisfy the Project's or Complex's purpose or intent.

26. Filing of Agreement with County Auditor. Within five days from the date of this Agreement, as set forth in Section 1, the original of the Agreement shall be filed by the City with the Thurston County Auditor as required by the provisions of RCW 39.34.040. The City shall provide the District with the Auditor's recording number.

27. Specific Performance. The parties acknowledge that any party may require specific performance of any of the terms and conditions of this Agreement, in addition to any other remedies that may be available as a matter of law.

28. Complete Agreement. This Agreement represents the entire agreement between the parties hereto concerning the subject matter hereof. This Agreement may not be amended except as provided in writing and agreed to and executed by both parties.

29. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

DATED this 7th day of March, 2003.

CAPITAL AREA REGIONAL
PUBLIC FACILITIES DISTRICT

By: Jon W. Halvorson

Its: President

CITY OF LACEY

By: ______________________

Its: City Manager

Approved as to form:

____
City Attorney

Please Return To:
City of Lacey
c/o Kenneth R. Ahlf
Lacey City Attorney
1230 Ruddell Rd SE, Suite 201
Lacey, WA 98503-5747

DOCUMENT TITLE:

LACEY AREA ATHLETIC, RECREATION, AND SPECIAL EVENTS COMPLEX AMENDED INTERLOCAL AGREEMENT

PARTIES:

CITY OF LACEY AND CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT

LACEY AREA ATHLETIC, RECREATION, AND SPECIAL EVENTS COMPLEX AMENDED INTERLOCAL AGREEMENT

This Agreement is made by and between the CITY OF LACEY, ("the City"), a municipal corporation and the CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT ("the District"), a municipal corporation duly organized and operating pursuant to the laws of the State of Washington as established by the Interlocal Agreement as entered into by the City of Olympia, a municipal corporation, the City of Lacey, a municipal corporation, the City of Tumwater, a municipal corporati6nand Thurston County on June 26, 2002.

WHEREAS, the parties hereto entered into the LACEY AREA ATHLETIC, RECREATION, AND SPECIAL EVENTS COMPLEX INTERLOCAL AGREEMENT Dated March 7, 2003, and

WHEREAS, the Cities of Olympia, Lacey, Tumwater and Thurston County have entered into a Second Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers which Amended Agreement calls for two Regional Centers, one being the Children's Hands On Museum sponsored by the City of Olympia and the other being the Lacey Area Athletic, Recreation, and Special Events Complex, sponsored by Lacey, and the allocation of Sales Tax proceeds pursuant to such Agreement between the Olympia Project and the Lacey Project is different from that contemplated at the time of the earlier Agreement between the parties hereto, and, the City will be required to reduce the scope of its project to be financed from such Sales Tax proceeds,

NOW, THEREFORE,

The parties hereby agree to the terms of this Lacey Area Athletic, Recreation, and Special Events Complex Amended Interlocal Agreement reading as follows:

1. A. The City of Lacey has prepared plans for the acquisition and development of the Lacey Area Athletic, Recreation, and Special Events Complex, hereinafter called "The Complex."

   B. The Complex is envisioned to consist of an Athletic, Recreation and Special Events Complex designed to serve the needs of the greater Thurston Region, and attract visitors from throughout the State. It shall include such elements or amenities that the City of Lacey determines would benefit the project or its public features.

   C. The cost of the Lacey Area Athletic, Recreation, and Special Events Complex, including financing and debt service costs, will exceed $10 million.

   D. The Complex is a regional center within the definition of RCW 35.57, and the jurisdictions forming the District have indicated that it should be pursued by the District; and

E. By virtue of its established credit history, the City of Lacey has ready access to the municipal bond market and other sources of financing necessary to facilitate the acquisition or construction of the Complex; and

F. The City has the ability to provide the local match required by RCW 82.14.390; and,

G. The City has the ability to provide or contract for project management, legal and other services to support development of the Complex; and

H. The District, under RCW 82.14.390 and its Charter, has the authority to impose and collect the Sales Tax to repay any financing obtained to fund the design, construction, acquisition, operation and/or maintenance of the Complex provided that it meets the definition of a Regional Complex provided in RCW 35.57.020; and

I. The cost of designing, acquiring, constructing operating and/or maintaining the Complex can be reduced through an agreement between the City of Lacey and the District, in which the City and the District provide the services described herein.

2. Definitions. All words used in this Agreement shall be given their normal and ordinary meaning unless defined in this Section 4. The following are special definitions for the purpose of this Agreement only:

"Bonds"- The bonds to be issued by the City of Lacey to finance the Lacey Area Athletic, Recreation, and Special Events Complex and any other bonds or other evidence of indebtedness of the City the proceeds of which will be used to refund Bonds.

"City"- Area commonly known and referred to as 'Lacey, confined to the legal city limits and/or corporate boundary of such an area, duly organized and operating pursuant to the Constitution and laws of the State of Washington.

"Commencement of Construction" – The commencement of site clearing, demolition, grading, or other work that begins the process of acquisition, development or improvement of the Project.

"Complex" – Lacey Area Athletic, Recreation, and Special Events Complex meeting the definition of a Regional Complex provided in RCW 35.57.020.

"District"- Capital Area Regional Public Facilities District, a municipal corporation organized and operating pursuant to the laws of the State of Washington.

"Project"- Those improvements to the Lacey Area Athletic, Recreation, and Special Events Complex until such time as it has been officially dedicated by title as the "Lacey Area Athletic, Recreation, and Special Events Complex" meeting the definition of a Regional Complex provided in RCW 35.57.020.

"Sales Tax"- The non-voted sales and use tax to be imposed by the District in accordance with RCW 82.14.390 at a rate not to exceed 0.033% of the selling price in the case of a sales tax or value of the article used in the case of a use tax, which tax shall be deducted from the amount of tax otherwise required to be collected or paid over to the State's Department of Revenue and shall expire when the Bonds (or any additional bonds issued to finance the completion of the Project) are retired, or in any event not later than September 1, 2026.

"Sales Tax Revenue"- All revenue collected by the District from the Sales Tax.

"Lacey Area Athletic, Recreation, and Special Events Complex"- The Lacey Area Athletic, Recreation, and Special Events Complex described in Section 1A of this Agreement meeting the definition of a Regional Complex provided in RCW 35.57.020.

"State"- The State of Washington.

"Taxable Events" - Taxable events as defined in RCW 82.14.020(9)

3. Agreement Purpose. The parties are entering into this Agreement pursuant to RCW 39.34 and RCW 35.57. The purpose of this Agreement is to set forth the rights and responsibilities of each of the contracting parties with regards to the financing, acquisition, design, construction, operation and/or maintenance of the Complex, meeting the definition of a Regional Complex provided in RCW 35.57.020, while complying with the Internal Revenue Code and Regulations regarding tax exempt municipal bond financing.

4. Commencement of Construction. The City commenced or caused to be commenced the construction of The Complex prior to January 1, 2004. The City shall, by December 31, 2010, commence construction of additional facilities at The Complex beyond those which exist as of the date of this Agreement.

5. Complex Financial Obligations.

A. City.

1. The City may issue the Bonds in such amount (net of the costs of issuing the Bonds) necessary for acquisition, construction, operation and/or maintenance of the Project.

2. The City agrees to provide the one-third local match required by RCW 82.14.390. The City may provide for the Local Match by, inter alia, providing itself or arranging for cash, land, or in-kind contributions to be used for, in or towards the development or improvement of the Lacey Area Complex. The

City may use whatever funding sources are available. It is anticipated that the City may use a variety of funding sources, including, but not limited to bond financing, rental revenues, unrestricted funds, grants, contributions and donations. Funds expended and lands acquired by Thurston County and the City of Lacey pursuant to the contract between such parties for the 68-acre parcel, funds expended by Thurston County for purchase of an additional 26 acre parcel, and funds expended by Thurston County for development of the Lacey Area Complex shall be considered as part of such Local Match.

3. The City agrees to establish an account designated as the Regional Athletic Complex account, in which the City will hold Sales Tax Revenues and other funds allocated to the Project. The City agrees that it will pledge some or all of the Sales Tax Revenues identified in subsection B.1 below to repayment of the Bonds and/or the costs of operation of and maintenance of the Complex. Any Sales Tax Revenues in excess of that pledged for repayment of the Bonds and interest earnings on such Sales Tax Revenues shall be deposited in the Regional Athletic Complex account and shall be available for use on future phases of the Project, for operations and/or maintenance of the Complex, or for other uses related to the Complex. Prior to issuance of the Bonds, the City may use the Sales Tax Revenues for any Project costs, including predevelopment or pre-acquisition costs of the Project and Project administrative costs. The City shall make no expenditures of sales tax revenues received by the City pursuant to this Agreement for any purpose not related to The Complex.

4. The City shall render quarterly reports to the District setting forth the amount of funds received by the City pursuant to this Agreement and demonstrating the fact that such funds have or will be used in the manner set forth in Section 5.A.3 above.

B. District.

1. In consideration for the City's agreement to issue the Bonds or issue or provide other financing or cash for the acquisition, construction, operation and/or maintenance of the Complex, provide the local match under RCW 82.14.390, and administer the Complex as provided herein, the District agrees to Impose the Sales Tax and to pay to the City that portion of the Sales Tax Revenue, as follows:

a. Until such time as the Sales Tax proceeds generated by and attributable to taxable event as defined in RCW 82.14.020(9) occurring within the boundaries of the Public Facilities District equal Forty Million Five Hundred Thousand Dollars, 71.7742% of such proceeds shall be distributed to the City for the Lacey Area Athletic, Recreation, and Special Events Complex. To determine the total Sales Tax proceeds generated as set forth herein there shall be included any unallocated fund balance as of December 31, 2005, any funds previously allocated to Olympia or Lacey but not spent as of December 31, 2005, and all proceeds received from January 1, 2006 and thereafter.

b. After the sum set forth in Section 7.B.1.a has been received, there shall be distributed to the City for the Lacey Area Athletic, Recreation, and Special Events Complex from Sales Tax proceeds generated by and attributable to taxable events as defined in RCW 82.14.020(9) occurring within the boundaries of the Public Facilities District an amount equal to two-thirds of such tax proceeds received provided that the expenditure of tax proceeds continues to be used for benefit of a Regional Center as defined in RCW 35.57.020.

2. To facilitate the District's agreement to pay those portions of the Sales Tax Revenues identified above, this agreement shall constitute an assignment by the District of the District's right to receive said Sales Tax Revenues from the Department of Revenue to the City.

3. The District acknowledges and agrees that the City may pledge some or all of the Sales Tax Revenue to the repayment of the Bonds.

4. In consideration for the City's agreement to issue the Bonds or issue or provide other financing or cash for the acquisition, construction, operation and/or maintenance of the Complex, provide the local match under RCW 82.14.390, and administer the Project as provided herein, the District also agrees to impose any other tax, fee or charge authorized by RCW 35.57.040, RCW 35.57.100, RCW 35.57.110 and the Charter, if and as requested by a resolution of the Lacey City Council. The District agrees to impose such tax, fee or charge according to the terms requested by the City, including but not limited to the duration, amount, and area affected, so long as such terms are consistent with applicable law.

5. The District hereby assigns its right to receive and/or collect any tax, fee or charge imposed pursuant to subsection B.4 above to the City. The District shall, upon imposition of any such tax, fee or charge, promptly inform the Department of Revenue and instruct the Department that the tax, fee or charge shall be paid directly to the City.

6. The District shall file annual financial statements and annual reports with the City within 180 days after the end of each fiscal year.

7. The District agrees to stay in existence as long as the Bonds are outstanding and not to take any action that would impact the tax-exempt status or other provision of any Bonds.

6. <u>Environmental Law Compliance</u>.

A. The City shall be responsible for complying with all applicable environmental laws with regards to the Complex construction, or causing or requiring said applicable environmental laws to be complied with. This may be include but not be limited to, the Lacey Municipal Code, the State Environmental Policy Act (SEPA), CERCLA (42 U.S.C. 9603), MTCA (RCW 70.105D), and the Clean Water Act (33 U.S.C. §1321).

B. Whether under WAC 197-11-926, -930, or -944, the City shall be the nominal lead agency, and the City shall be responsible for complying with the duties of the lead agency under all applicable SEPA rules.

7. Permits. The City shall be responsible for obtaining, or causing or requiring to be obtained, all necessary permits and approvals related to the acquisition, development, construction and/or operation of the Complex and the Project. The City shall comply with the terms and conditions of all permits, or shall cause or require said terms and conditions to be complied with, and the City shall be responsible for paying any fees related thereto or causing any such fees related thereto to be paid.

8. Complex Design and Construction.

A. The City shall be primarily responsible for the locating, developing, designing, acquiring, constructing, operating, maintaining, and/or managing (as applicable), or for causing said actions to be done, with respect to the Complex and any future expansion of the Complex. The City shall carry out it's responsibilities in cooperation with Thurston County, as required by agreement between Thurston County and the City of Lacey.

B. The City shall perform (or cause to be performed) the construction and development of the Project according to the following standards:

(i) Performance in a good and workmanlike manner and in compliance with all applicable laws;

(ii) Use quality materials and workmanship; and

(iii) Use quality maintenance on all portions of the Project.

9. Administration.

A. The City shall be the administrator, within the meaning of RCW 39.34.030(4), of this cooperative undertaking for the acquisition, development and operation of the Complex, subject to the terms, conditions and limitations of this Agreement. This shall include responsibility for acquiring, designing, constructing, owning, remodeling, maintaining, equipping, repairing, financing and/or operating the Complex, as well as maintaining a budget for the Project and the Complex in operation. The City may use an alternative public works procedure, or other legal mechanism, to provide the most economic and efficient way to assure the success of the Project.

B. The City shall operate and maintain the Complex or cause the Complex to be operated and maintained at all times in a safe and clean condition. The City shall provide (directly or by contract) all management, supervision, personnel, materials, equipment, services and supplies necessary to operate, maintain and repair the Complex and shall take all reasonable precautions to prevent damage, injury or loss by reason of or related to the construction, operation and maintenance of the Complex to any person or property. The City shall comply with all applicable laws and ordinances in acquiring, constructing, operating and maintaining the Complex. The City shall undertake all modifications to the Complex required to comply with all applicable laws, regulations, judgments and orders.

10. Land Ownership. The District shall not be a party to any land ownership contracts involving the Complex.

11. Insurance; Destruction.

A. Insurance Requirements. The City shall maintain and keep in force on the Property the following insurance:

(i) Builder's All Risk Comprehensive Coverage. During construction, the City shall keep or require the developer to keep the Project, including the Complex, insured for Builder's All Risk Comprehensive Coverage (including earthquake and flood) in an amount not less than 100% of the full replacement cost of the Project, including all fixtures, equipment, improvements, and betterments thereto.

(ii) Commercial General Liability Coverage. The City shall carry or require the developer to carry Commercial General Liability insurance providing coverage claims for bodily injury, death, or property damage on the Project with broad form liability and property damage endorsement, written for combined single limits of liability of no less than $10,000,000 per occurrence, said amount to be adjusted from time to time with coverage deemed customary under like conditions.

(iii) Property Damage Insurance. Following substantial completion of construction or acquisition of the Complex, the City shall carry property damage insurance covering the Complex, including all improvements, including earthquake, flood, boiler, machinery insurance in an amount and manner consistent with the insurance carried by the City for properties owned or leased by the City.

B. Insurance Policies. The insurance policies required by the Agreement shall be issued as primary policies and shall carry an endorsement that the policy shall not be cancelled or substantially changed without at least 30 days written notice to the City. The City shall make available to the District copies of all insurance policies within 7 days of any request by the District.

C. Adjustments. The types of policies, risks insured, coverage amounts, deductibles and endorsements may be adjusted from time to time as the City and the District may mutually determine and agree.

D. Destruction.

(i) If the Project or Complex is totally or partially destroyed at any time after the execution of this Agreement and the insurance proceeds (less any deductible) are sufficient to pay the cost of reconstruction or restoration, then the City shall reconstruct or repair the damage consistent with the terms and intent of this Agreement. If the insurance proceeds (less any deductible) are insufficient to reconstruct or repair the Project or Complex, then the City may nonetheless elect to reconstruct or repair the Project or Complex or to terminate this Agreement.

(ii) If the City is unable to reconstruct or restore the damage to the Project or Complex, the District shall be entitled to a pro rata share of the insurance proceeds, based on the amount of the Sales Tax Revenues received by the City in relation to the total construction costs of the City in the Project. The District shall use any proceeds received in a manner that does not impact the tax-exempt status of the Bonds.

12. No Other District Obligation. The District shall not be responsible for any construction or operation funding shortfalls, or any other financial commitments or obligations associated with the Project or the Complex beyond the specific commitments set forth in Section 7.

13. Disposition of Property. Upon termination of this Agreement, all property including but not limited to the Complex shall be retained by or returned to the City with the exception of Sales Tax Revenues, which shall be retained by or returned to the District upon payment in full of the Bonds and all other expenses, fees and maintenance and operation costs incurred by the City in connection with the Project.

14. Indemnity and Hold Harmless.

A. The City shall defend, indemnify and hold the District, and its respective elected officials, officers, employees and agents, including its development coordinator (Indemnitees) harmless from all claims, regardless of the nature of the claim, arising directly or indirectly from the planning, permitting, funding, acquisition, construction and/or operation of the Complex, except for claims arising from the sole negligence of any Indemnitee. In the case of concurrent negligence of the City and an Indemnitee, each party shall hold the other party harmless from their proportionate share of the resulting damages.

B. This indemnity and hold harmless obligation shall extend to all claims of whatsoever kind or nature. It shall include attorneys fees, expert witness fees, court costs, arbitration costs, administrative fines and penalties, and any other direct expense that are a direct consequence of a breach of any provision of this Agreement or any negligent act or failure to act. It shall include the duty to promptly accept tender of defense and provide defense to the Indemnitees.

15. Dispute Resolution.

A. If a dispute arises between the parties with regards to the performance of any provision of this Agreement or the interpretation thereof, the parties agree to follow the procedure set forth in this Section 19. It is the goal of the parties to resolve their differences as early in this step process as possible.

B. Step One - Informal Discussions. The parties shall designate representatives to meet to see if the matter can be informally resolved. This may involve more than one meeting.

C. Step Two - Written Notification and Resolution. If informal discussions are not successful then a written notice of dispute shall be mailed to the address for notices set forth in Section 20, as well as to the designated representatives. The notice shall set forth the nature of the dispute and the desired outcome. A written response shall be provided within ten business days. The response shall provide the responding party's version of the dispute and a proposed resolution. The parties shall meet within ten business days after the response is received in order to see if the matter can be amicably resolved. If the matter is amicably resolved at this stage the affected parties shall sign a memorandum of understanding with regards thereto.

D. Step Three - Mediation. If the parties are unable to resolve their differences at Step Two, the parties will endeavor to settle the dispute by mediation under such mediation rules as shall be mutually agreeable to the parties. Such mediation will be non-binding but a condition precedent to having said dispute decided in court by a judge or jury. Mediation shall commence, unless otherwise agreed, within 30 days of a party's written request for mediation of a dispute. Any resolution at this stage shall be reduced to writing and, if it involves an interpretation of the Agreement, it shall be considered an addendum to this Agreement.

E. Litigation. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to exclusive *in personam* jurisdiction in the Thurston County Superior Court for the State and agree that in any such action venue shall lie exclusively in Thurston County, Washington.

16. Notices. All notices and other written communications required by this Agreement shall be in writing and, except as expressly provided elsewhere in this Agreement, shall be deemed to have been given at the time of delivery if personally delivered, or at the time of mailing if mailed by first class, postage pre-paid and addressed to the party at its address as stated below or at such address as any party may designate at any time in writing.

To District:
Capital Area Public Facilities District
c/o City of Lacey
P.O. Box 3400
Lacey, WA 98509-3400

To City:
City of Lacey
P.O. Box 3400
Lacey, WA 98509-3400

17. Severabilitv. It is the intent of the parties that if any provision of this Agreement or its application is held by a court of competent jurisdiction to be illegal, invalid or void, the validity of the remaining provisions of this Agreement or its application to other entities, or circumstances shall not be affected. The remaining provisions shall continue in full force and effect. The rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular invalid provision. However, if the invalid provision or its application is found by a court of competent jurisdiction to be substantive and to render performance of the remaining provisions unworkable and non-feasible, and is found to seriously affect the consideration and/or is inseparably connected to the remainder of this Agreement, then the entire Agreement shall be null and void.

18. Modification. This Agreement represents the entire agreement between the parties. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding on any of the parties unless executed in writing by authorized representatives of each of the parties. This Agreement shall not be modified, supplemented, or otherwise affected by the course of dealings between the parties.

19. Benefits. This Agreement is entered into for the benefit of the parties to this Agreement only and shall confer no benefits, direct or implied, on any third persons.

20. Assignment. The rights granted by this Agreement may not be assigned without the written consent of all the parties hereto.

21. Supplemental Documents. The parties agree to complete and timely execute all supplemental documents necessary or appropriate to fully implement the terms of this Agreement.

22. Duration of Agreement. This Agreement shall continue in full force and effect until terminated, or until such time as the Sales Tax and all other taxes, fees or charges imposed by the District expire under Section 7.B.4 above expire. The City will not extend the terms of the Bonds, or refund the Bonds or otherwise extend the term beyond the initial Bond term without the written consent of the District. All rights to indemnification under Section 16 of this Agreement, and all rights and obligations pertaining to the disposition of property as provided in Section 15 shall survive the termination of this Agreement and remain in force until such expenses, fees and costs are paid and such indemnification provision satisfied.

23. Impossibility of Performance. This Agreement shall be terminated if Commencement of Construction of additional facilities beyond those existing on the date of this Agreement does not occur by December 31, 2010, or under circumstances where both contracting parties mutually agree in writing that by operation of law, court order, or as a result of other facts and circumstances whether within the control of the contracting parties or not, it is impossible or impractical to finance, acquire, design, develop, construct, manage, operate or maintain the Complex. Prior to a termination by agreement under this paragraph, in the event the City of Lacey determines it is impossible or impractical to finance, acquire, design, develop, construct, manage, operate or maintain the Complex, the contracting parties agree to meet and enter into good faith negotiations regarding whether or not it has become impossible or impractical to fulfill or satisfy the Project's or Complex's purpose or intent. If it is determined that acquisition, construction or operation of the Project cannot continue, after previously incurred expenses are paid any funds not otherwise pledged to Bonds or otherwise needed for the Project, shall be held on behalf of the District and shall be allocated or disbursed at the direction of the District for other Regional Centers as defined in RCW 35.57.020 or returned to the State of Washington, all pursuant to the terms of the Interlocal Agreement between Thurston County and the Cities of Olympia, Lacey and Tumwater.

24. Filing of Agreement with County Auditor. The original of this Agreement shall be filed by the City with the Thurston County Auditor as required by the provisions of RCW 39.34.040. The City shall provide the District with the Auditor's recording number.

25. Specific Performance. The parties acknowledge that any party may require specific performance of any of the terms and conditions of this Agreement, in addition to any other remedies that may be available as a matter of law.

26. Complete Agreement. This Agreement represents the entire agreement between the parties hereto concerning the subject matter hereof. This Agreement may not be amended except as provided in writing and agreed to and executed by both parties.

27. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

DATED this 9th day of November, 2006.

CAPITAL AREA REGIONAL
PUBLIC FACILITIES DISTRICT

By: Jon W. Halvorson

Its: President

CITY OF LACEY

By: _______________

Its: City Manager

Approved as to form:

____
City Attorney

INTERLOCAL AGREEMENT
OLYMPIA-CARPFD
(CONFERENCE CENTER)

Capital Area Arts and Conference Center
Interlocal Agreement

1. Date and Parties. This Interlocal Agreement ("Agreement") is dated this 7th day of March, 2003 and is entered into by and between the CITY OF OLYMPIA, ("the City"), a municipal corporation organized and operating pursuant to the Constitution and laws of the State of Washington; and the CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT ("the District"), a municipal corporation duly organized and operating pursuant to the laws of the State of Washington as established by the Interlocal Agreement as entered into by the City of Olympia, a municipal corporation, the City of Lacey, a municipal corporation, the City of Tumwater, a municipal corporation and Thurston County on June 26, 2002.

2. General Recitals.

A. The Cities of Lacey, Olympia and Tumwater and Thurston County established the Capital Area Regional Public Facilities District on or around June 26, 2002 pursuant RCW 35.57 as amended by Chapter 363, Laws of 2002 and pursuant to Olympia Municipal Ordinance 6194, City of Lacey Ordinance No. 1183, City of Tumwater Ordinance No. 02002-014, and Thurston County Ordinance No. 12798.

B. The City of Olympia has prepared a plan for development and/or acquisition of the Capital Area Arts and Conference Center ("the Center").

C. The Center is envisioned to include at least 19,000 square feet of uses that include but are not limited to; approximately 10,000 square feet of a main hall; approximately 5,000 square feet of breakout rooms; approximately 4,000 square feet of visual art gallery/workshop space; display area for visual arts; a kitchen and storage facilities. The Center may also include public plazas, water features, retail stores, parking and housing, and such other elements and amenities selected by the City of Olympia that benefit the project.

D. The cost of the Center, including financing and debt service costs, will exceed $10 million.

E. The Center is a regional center within the definition of RCW 35.57, and the jurisdictions forming the District have indicated that it should be pursued by the District; and

F. By virtue of its established credit history, the City of Olympia has ready access to the municipal bond market and other sources of financing necessary to facilitate the acquisition or construction of the Center; and

G. The City has the ability to provide the local match required by RCW 82.14.390, in the form of a cash or in-kind contribution to be used in all phases of the Center or an amount attributed to a private sector partner as part of a public-private partner agreement; and

H. The City has the ability to provide or contract for project management, legal and other services to support development of the Center; and

I. The District, under RCW 82.14.390 and its Charter, has the authority to impose and collect the Sales Tax to repay any financing obtained to fund the design, construction, acquisition, operation and/or maintenance of the Center; and

J. The cost of designing, acquiring, constructing, operating and/or maintaining the Center can be reduced through an agreement between the City of Olympia and the District, in which the City and the District provide the services described in the foregoing general recitals.

NOW THEREFORE, in consideration of the mutual promises and covenants contained here, the parties agree as follows:

3. Incorporation of Recitals. The aforementioned recitals are incorporated hereinafter by this reference and made part thereof.

4. Definitions. All words used in this Agreement shall be given their normal and ordinary meaning unless defined in this Section 4. The following are special definitions for the purpose of this Agreement only:

"Bonds"- The bonds to be issued by the City of Olympia to finance the Capital Area Arts and Conference Center and any other bonds or other evidence of indebtedness of the City the proceeds of which will be used to refund Bonds.

"Center" - The Capital Area Arts and Conference Center.

"City"- Area commonly known and referred to as 'Olympia', confined to the legal city limits and/or corporate boundary of such an area, duly organized and operating pursuant to the Constitution and laws of the State of Washington.

"Commencement of Construction" – The commencement of site clearing, demolition, grading, or other work that begins the process of acquisition, development or improvement of the Project.

"District"- Capital Area Regional Public Facilities District, a municipal corporation organized and operating pursuant to the laws of the State of Washington.

"Project"- Those improvements to the Capital Area Arts and Conference Center until such time as it has been officially dedicated by title as the "Capital Area Arts and Conference Center" set forth in 'Exhibit A'.

"Sales Tax"- The non-voted sales and use tax to be imposed by the District in accordance with RCW 82.14.390 at a rate not to exceed 0.033% of the selling price in the case of a sales tax or value of the article used in the case of a use tax, which tax shall be deducted from the amount of tax otherwise required to be collected or paid over to the State's Department of Revenue and shall expire when the Bonds (or any additional bonds issued to finance the completion of the Project) are retired, or in any event not later than September 1, 2026.

"Sales Tax Revenue"- All revenue collected by the District from the Sales Tax.

"Olympia Regional Conference and Arts Center"- The Olympia Regional Conference and Arts Center, which includes (DESCRIPTION OF PROPERTY AND STRUCTURES WITHIN THE AREA).

"State"- The State of Washington.

"Taxable Events" - Taxable events as defined in RCW 82.14.020(9)

5. Agreement Purpose. The parties are entering into this Agreement pursuant to RCW 39.34 and RCW 35.57. The purpose of this Agreement is to set forth the rights and responsibilities of each of the contracting parties with regards to the financing, acquisition, design, construction, operation and/or maintenance of the Center, meeting the definition of a Regional Center provided in RCW 35.57.020, while complying with the Internal Revenue Code and Regulations regarding tax exempt municipal bond financing.

6. Commencement of Construction. The City agrees to commence or cause to be commenced the construction of the Project on behalf of the parties, and warrants to the District that Commencement of Construction shall occur by January 1, 2005, unless Olympia is delayed by forces or parties beyond Olympia's control, in which case Olympia may commence construction or cause construction to be commenced by January 1, 2007. The City further agrees that the construction of Phase I of the Project (as identified in 'Exhibit A') will be substantially complete on or before 3 years after the Commencement of Construction. If Commencement of Construction does not occur by January 1, 2007 and if the Cities of Lacey, Olympia and Tumwater and Thurston County select another, alternate regional center under Section 9 of the Amended Interlocal Agreement dated , this Agreement shall terminate as provided in Section 25, and property shall be disposed of as provided in Section 15.

7. Center Financial Obligations.

A. City.

1. The City will issue the Bonds in such amount (net of the costs of issuing the Bonds) necessary for acquisition, construction, operation and/or maintenance of the Project.

2. The City agrees to provide the one-third local match required by RCW 82.14.390. Olympia may provide for the local match by, inter alia, providing itself or arranging for cash, land, or in-kind contributions to be used for, in or towards the development, acquisition or improvement of the Center. Olympia may use whatever funding sources are available. It is anticipated that Olympia may use a variety of funding sources, including, but not limited to Bond financing, rental revenues, unrestricted funds, grants, contributions and donations, to satisfy the required local match for the collection of the Sales Tax.

3. The City agrees to establish an account designated as the Arts and Conference Center account, in which the City will hold Sales Tax Revenues and other funds allocated to the Project. The City agrees that it will pledge some or all of the Sales Tax Revenues identified in subsection B.1 below to repayment of the Bonds and/or the costs of operation of and maintenance of the Center. Any Sales Tax Revenues in excess of that pledged for repayment of the Bonds and interest earnings on such Sales Tax Revenues shall be deposited in the Arts and Conference Center account and

shall be available for use on future phases of the Project, for operations and/or maintenance of the Center, or for other uses related to the Center. Prior to issuance of the Bonds, the City may use the Sales Tax Revenues for any Project costs, including predevelopment or pre-acquisition costs of the Project and Project administrative costs.

B. District.

1. In consideration for the City's agreement to issue the Bonds or issue or provide other financing or cash for the acquisition, construction, operation and/or maintenance of the Center, provide the local match under RCW 82.14.390, and administer the Project as provided below, the District agrees to impose the Sales Tax and to pay to the City that portion of the Sales Tax Revenue, as follows:

a. 100% of the Sales Tax Revenue generated by and attributable to taxable events as defined in RCW 82.14.020(9) ("Taxable Events") occurring within the corporate boundaries of the City;

b. 50% of the Sales Tax Revenue generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Tumwater;

c. 50% of the Sales Tax Revenue generated by and attributable to Taxable Events occurring within the unincorporated areas of Thurston County.

2. To facilitate the District's agreement to pay those portions of the Sales Tax Revenues identified above, this agreement shall constitute an assignment by the District of the District's right to receive said Sales Tax Revenues from the Department of Revenue to the City. The District shall, upon execution of this agreement, promptly inform the Department of Revenue that the Sales Tax Revenues identified in subsection B.1 above shall be paid directly to the City.

3. The District acknowledges and agrees that the City may pledge some or all of the Sales Tax Revenue to the repayment of the Bonds.

4. In consideration for the City's agreement to issue the Bonds or issue or provide other financing or cash for the acquisition, construction, operation and/or maintenance of the Center, provide

the local match under RCW 82.14.390, and administer the Project as provided below, the District also agrees to impose any other tax, fee or charge authorized by RCW 35.57.040, RCW 35.57.100, RCW 35.57.110 and the Charter, if and as requested by a resolution of the Olympia City Council. The District agrees to impose such tax, fee or charge according to the terms requested by the City, including but not limited to the duration, amount, and area affected, so long as such terms are consistent with applicable law.

5. The District hereby assigns its right to receive and/or collect any tax, fee or charge imposed pursuant to subsection B.4 above to the City. The District shall, upon imposition of any such tax, fee or charge, promptly inform the Department of Revenue and instruct the Department that the tax, fee or charge shall be paid directly to the City.

6. The District shall file annual financial statements and annual reports with the City within 180 days after the end of each fiscal year.

7. The District agrees to stay in existence as long as the Bonds are outstanding and not to take any action that would impact the tax-exempt status or other provision of any Bonds.

8. Environmental Law Compliance.

A. The City shall be responsible for complying with all applicable environmental laws with regards to the Center construction, or causing or requiring said applicable environmental laws to be complied with. This may be include but not be limited to, the Olympia Municipal Code, the State Environmental Policy Act (SEPA), CERCLA (42 U.S.C. 9603), MTCA (RCW 70.105D), and the Clean Water Act (33 U.S.C. §1321).

B. Whether under WAC 197-11-926, -930, or -944, the City shall be the nominal lead agency, and the City shall be responsible for complying with the duties of the lead agency under all applicable SEPA rules.

9. Permits. The City shall be responsible for obtaining, or causing or requiring to be obtained, all necessary permits and approvals related to the acquisition, development, construction and/or operation of the Center and

the Project. The City shall comply with the terms and conditions of all permits, or shall cause or require said terms and conditions to be complied with, and the City shall be responsible for paying any fees related thereto or causing any such fees related thereto to be paid.

10. Center Design and Construction.

A. The City shall be primarily responsible for the locating, developing, designing, acquiring, constructing, operating, maintaining, and/or managing (as applicable), or for causing said actions to be done, with respect to the Center and any future expansion of the Center.

B. The City shall perform (or cause to be performed) the construction and development of the Project according to the following standards:

(i) Performance in a good and workmanlike manner and in compliance with all applicable laws;

(ii) Use quality materials and workmanship; and

(iii) Use quality maintenance on all portions of the Project.

11. Administration.

A. The City shall be the administrator, within the meaning of RCW 39.34.030(4), of this cooperative undertaking for the acquisition, development and operation of the Center, subject to the terms, conditions and limitations of this Agreement. This shall include responsibility for acquiring, designing, constructing, owning, remodeling, maintaining, equipping, repairing, financing and/or operating the Center, as well as maintaining a budget for the Project and the Center in operation. The City may use an alternative public works procedure, or other legal mechanism, to provide the most economic and efficient way to assure the success of the Project.

B. The City shall operate and maintain the Center or cause the Center to be operated and maintained at all times in a safe and clean condition. The City shall provide (directly or by contract) all management, supervision, personnel, materials, equipment, services and supplies necessary to operate, maintain and repair the Center and shall take all reasonable precautions to prevent damage, injury or loss by reason of or related to the construction, operation and maintenance of the Center to any person or property. The City shall comply with all applicable laws and ordinances in acquiring, constructing, operating and maintaining the Center. The City shall undertake all modifications to the Center required to comply with all applicable laws, regulations, judgments and orders.

12. Land Ownership. No later than the commencement of operation of the Center, the City shall acquire the real property that shall serve as the site or sites of the Center. The City further agrees to utilize its eminent domain authority to the extent necessary to acquire such real property. Following acquisition, the City shall own the land and shall remain the owner of the Center for the duration of this Agreement. The District shall not be a party to any land ownership contracts involving the Center

13. Insurance; Destruction.

A. Insurance Requirements. The City shall maintain and keep in force on the Property the following insurance:

(i) Builder's All Risk Comprehensive Coverage. During construction, the City shall keep or require the developer to keep the Project, including the Center, insured for Builder's All Risk Comprehensive Coverage (including earthquake and flood) in an amount not less than 100% of the full replacement cost of the Project, including all fixtures, equipment, improvements, and betterments thereto.

(ii) Commercial General Liability Coverage. The City shall carry or require the developer to carry Commercial General Liability insurance providing coverage claims for bodily injury, death, or property damage on the Project with broad form liability and property damage endorsement, written for combined single limits of liability of no less than $10,000,000 per occurrence, said amount to be adjusted from time to time with coverage deemed customary under like conditions.

(iii) Property Damage Insurance. Following substantial completion of construction or acquisition of the Center, the City shall carry property damage insurance covering the Center, including all improvements, including earthquake, flood, boiler, machinery insurance in an amount and manner consistent with the insurance carried by the City for properties owned or leased by the City.

B. Insurance Policies. The insurance policies required by the Agreement shall be issued as primary policies and shall carry an endorsement that the policy shall not be cancelled or substantially changed without at least 30 days written notice to the City or, if the City provides CGL coverage for the Center construction, to the District. The City shall make available to the District copies of all insurance policies within 7 days of any request by the District.

C. Adjustments. The types of policies, risks insured, coverage amounts, deductibles and endorsements may be adjusted from time to time as the City and the District may mutually determine and agree.

D. Destruction.

(i) If the Project or Center is totally or partially destroyed at any time after the execution of this Agreement and the insurance proceeds (less any deductible) are sufficient to pay the cost of reconstruction or restoration, then the City shall reconstruct to repair the damage consistent with the terms and intent of this Agreement. If the insurance proceeds (less any deductible) are insufficient to reconstruct or repair the Project or Center, then the City may nonetheless elect to reconstruct or repair the Project or Center or to terminate this Agreement.

(ii) If the City is unable to reconstruct or restore the damage to the Project or Center, the District shall be entitled to a pro rata share of the insurance proceeds, based on the amount of the Sales Tax Revenues received by the City in relation to the total construction costs of the City in the Project. The District shall use any proceeds received in a manner that does not impact the tax-exempt status of the Bonds.

14. No Other District Obligation. The District shall not be responsible for any construction or operation funding shortfalls, or any other financial commitments or obligations associated with the Project or the Center beyond the specific commitments set forth in Section 7.

15. Disposition of Property. Upon termination of this Agreement, all property including but not limited to the Center shall be retained by or returned to the City with the exception of Sales Tax Revenues, which shall be retained by or returned to the District upon payment in full of the Bonds and all other expenses, fees and costs incurred by the City in connection with the Project.

16. Indemnity and Hold Harmless.

A. The City shall defend, indemnify and hold the District, and its respective elected officials, officers, employees and agents, including its development coordinator (Indemnitees) harmless from all claims, regardless of the nature of the claim, arising directly or indirectly from the planning, permitting, acquisition, construction and/or operation of the Center, except for claims arising from the sole negligence of any Indemnitee. In the case of concurrent negligence of the City and an Indemnitee, each party shall hold the other party harmless from their proportionate share of the resulting damages.

B. This indemnity and hold harmless obligation shall extend to all claims of whatsoever kind or nature. It shall include attorneys fees, expert witness fees, court costs, arbitration costs, administrative fines and penalties, and any other direct expense that are a direct consequence of a breach of any provision of this Agreement or any negligent act or failure to act. It shall include the duty to promptly accept tender of defense and provide defense to the Indemnitees.

17. Dispute Resolution.

A. If a dispute arises between the parties with regards to the performance of any provision of this Agreement or the interpretation thereof, the parties agree to follow the procedure set forth in this Section 19. It is the goal of the parties to resolve their differences as early in this step process as possible.

B. Step One - Informal Discussions. The parties shall designate representatives to meet to see if the matter can be informally resolved. This may involve more than one meeting.

C. Step Two - Written Notification and Resolution. If informal discussions are not successful then a written notice of dispute shall be mailed to the address for notices set forth in Section 20, as well as to the designated representatives. The notice shall set forth the nature of the dispute and the desired outcome. A written response shall be provided within ten business days. The response shall provide the responding party's version of the dispute and a proposed resolution. The parties shall meet within ten business days after the response is received in order to see if the matter can be amicably resolved. If the matter is amicably resolved at this stage the affected parties shall sign a memorandum of understanding with regards thereto.

D. Step Three - Mediation. If the parties are unable to resolve their differences at Step Two, the parties will endeavor to settle the dispute by mediation under such mediation rules as shall be mutually agreeable to the parties. Such mediation will be non-binding but a condition precedent to having said dispute decided in court by a judge or jury. Mediation shall commence, unless otherwise agreed, within 30 days of a party's written request for mediation of a dispute. Any resolution at this stage shall be reduced to writing and, if it involves an interpretation of the Agreement, it shall be considered an addendum to this Agreement.

E. Litigation. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to exclusive *in personam* jurisdiction in the Thurston County Superior Court for the State and agree that in any such action venue shall lie exclusively in Thurston County, Washington.

18. Notices. All notices and other written communications required by this Agreement shall be in writing and, except as expressly provided elsewhere in this Agreement, shall be deemed to have been given at the time of delivery if personally delivered, or at the time of mailing if mailed by first class, postage pre-paid and addressed to the party at its address as stated below or at such address as any party may designate at any time in writing.

To District:

To City:

City of Olympia
900 Plum Street
Olympia, WA 98507

19. Severabilitv. It is the intent of the parties that if any provision of this Agreement or its application is held by a court of competent jurisdiction to be illegal, invalid or void, the validity of the remaining provisions of this Agreement or its application to other entities, or circumstances shall not be affected. The remaining provisions shall continue in full force and effect. The rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular invalid provision. However, if the invalid provision or its application is found by a court of competent jurisdiction to be substantive and to render performance of the remaining provisions unworkable and non-feasible, and is found to seriously affect the consideration and/or is inseparably connected to the remainder of this Agreement, then the entire Agreement shall be null and void.

20. Modification. This Agreement represents the entire agreement between the parties. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding on any of the parties unless executed in writing by authorized representatives of each of the parties. This Agreement shall not be modified, supplemented, or otherwise affected by the course of dealings between the parties.

21. Benefits. This Agreement is entered into for the benefit of the parties to this Agreement only and shall confer no benefits, direct or implied, on any third persons.

22. Assignment. The rights granted by this Agreement may not be assigned without the written consent of all the parties hereto.

23. Supplemental Documents. The parties agree to complete and timely execute all supplemental documents necessary or appropriate to fully implement the terms of this Agreement.

24. Duration of Agreement. This Agreement shall continue in full force and effect until terminated, or until such time as the Sales Tax and all other taxes, fees or charges imposed by the District expire under Section 7.B.4 above . The City will not extend the terms of the Bonds, or refund the Bonds or otherwise extend the term beyond the initial Bond term without the written consent of the District. All rights to indemnification under Section 16 of this Agreement, and all rights and obligations pertaining to the disposition of property as provided in Section 15 shall survive the termination of this Agreement and remain in force until such expenses, fees and costs are paid and such indemnification provision satisfied.

25. Impossibility of Performance. This Agreement may be terminated if Commencement of Construction does not occur by January 1, 2007, or under circumstances where both contracting parties mutually agree in writing that by operation of law, court order, or as a result of other facts and circumstances whether within the control of the contracting parties or not, it is impossible or impractical to finance, acquire, design, develop, construct, manage, operate or maintain the Center. Prior to a termination by agreement under this paragraph, in the event the City of Olympia determines it is impossible or impractical to finance, acquire, design, develop, construct, manage, operate or maintain the Center, the contracting parties agree to meet and enter into good faith negotiations regarding whether or not it has become impossible or impractical to fulfill or satisfy the Project's or Center's purpose or intent.

26. Filing of Agreement with County Auditor. Within five days from the date of this Agreement, as set forth in Section 1, the original of the Agreement shall be filed by the City with the Thurston County Auditor as required by the provisions of RCW 39.34.040. The City shall provide the District with the Auditor's recording number.

27. Specific Performance. The parties acknowledge that any party may require specific performance of any of the terms and conditions of this Agreement, in addition to any other remedies that may be available as a matter of law.

28. Complete Agreement. This Agreement represents the entire agreement between the parties hereto concerning the subject matter hereof. This Agreement may not be amended except as provided in writing and agreed to and executed by both parties.

29. <u>Execution in Counterparts</u>. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

DATED this 7th day of MARCH, 2003.

CAPITAL AREA REGIONAL
PUBLIC FACILITIES DISTRICT

By: Jon W. Halvorson

Its: President

Approved as to form:

____

Special Counsel

CITY OF OLYMPIA

By: Richard C. Cushing

Its: City Manager

Approved as to form:

Bob C Sterbank

City Attorney

EXHIBIT A

DESCRIPTION OF PROJECT

IMPROVEMENTS PROPOSED FOR PHASE 1:

IMPROVEMENTS PROPOSED FOR FUTURE PHASES:

Y:\Legal\PFD\Oly PFD docs\Olympia Capital Area PFD Interlocal TJ.doc
3/5/03

INTERLOCAL AGREEMENT OLYMPIA-CARPFD (HANDS ON CHILDREN'S MUSEUM)

INTERLOCAL AGREEMENT BETWEEN THE CITY OF OLYMPIA AND THE CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT FOR THE HANDS ON CHILDREN'S MUSEUM PROJECT

1. **Date and Parties**. This Interlocal Agreement ("Agreement") is dated this 30th day of NOVEMBER, 2006 and is entered into by and between the CITY OF OLYMPIA, ("the City"), a municipal corporation organized and operating pursuant to the Constitution and laws of the State of Washington; and the CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT ("the District"), a municipal corporation duly organized and operating pursuant to the laws of the State of Washington as established by the Interlocal Agreement as entered into by the City of Olympia, a municipal corporation, the City of Lacey, a municipal corporation, the City of Tumwater, a municipal corporation and Thurston County on June 26, 2002.

2. **General Recitals**.

   A. The Cities of Lacey, Olympia and Tumwater and Thurston County established the Capital Area Regional Public Facilities District on or around June 26, 2002 pursuant RCW 35.57 as amended by Chapter 363, Laws of 2002 and pursuant to Olympia Municipal Ordinance 6194, City of Lacey Ordinance No. 1183, City of Tumwater Ordinance No. 02002-014, and Thurston County Ordinance No. 12798.

   B. The Cities of Lacey, Olympia and Tumwater and Thurston County have approved the Second Amended Agreement regarding creation of a Public Facilities District for Regional Centers.

C. The Hands On Children's Museum herein called the Museum is one of the two regional centers approved through the interlocal agreement.

D. The project involves the Hands on Children's Museum building and other such amenities that the City of Olympia determines would benefit the project or its public features, and be designed to serve the needs of the greater Thurston region and attract visitors from throughout the state.

E. The cost of the Museum, including financing and debt service costs, will exceed $10 million.

F. The Museum is a regional center within the definition of RCW 35.57, and the jurisdictions forming the District have indicated that it should be pursued by the District; and

G. By virtue of its established credit history, the City of Olympia has ready access to the municipal bond market and other sources of financing necessary to facilitate the acquisition or construction of the Museum; and

H. The City has the ability to provide the local match required by RCW 82.14.390, in the form of a cash or in-kind contribution to be used in all phases of the Museum or an amount attributed to a private sector partner as part of a public-private partner agreement; and

I. The City has the ability to provide or contract for project management, legal and other services to support development of the Museum; and

J. The District, under RCW 82.14.390 and its Charter, has the authority to impose and collect the Sales Tax to repay any financing obtained to fund the design, construction, acquisition, operation and/or maintenance of the Museum; and

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

3. **Incorporation of Recitals**. The aforementioned recitals are incorporated hereinafter by this reference and made part thereof.

4. **Definitions**. All words used in this Agreement shall be given their normal and ordinary meaning unless defined in this Section 4. The following are special definitions for the purpose of this Agreement only:

"Bonds"- The bonds to be issued by the City of Olympia to finance the Museum and any other bonds or other evidence of indebtedness of the City the proceeds of which will be used to refund Bonds.

"City"- Area commonly known and referred to as 'Olympia', confined to the legal city limits and/or corporate boundary of such an area, duly organized and operating pursuant to the Constitution and laws of the State of Washington.

"Commencement of Construction" – The commencement of site clearing, demolition, grading, or other work that begins the process of acquisition, development or improvement of the Project.

"District"- Capital Area Regional Public Facilities District, a municipal corporation organized and operating pursuant to the laws of the State of Washington.

"Museum" - The Hands On Children's Museum.

"Project"- Those improvements to the Hands On Children's Museum.

"Sales Tax"- The non-voted sales and use tax to be imposed by the District in accordance with RCW 82.14.390 at a rate not to exceed 0.033% of the selling price in the case of a sales tax or value of the article used in the case of a use tax, which tax shall be deducted from the amount of tax otherwise required to be collected or paid over to the State's Department of Revenue and shall expire when the Bonds (or any additional bonds issued to finance the completion of the Project) are retired, or in any event not later than September 1, 2026.

"Sales Tax Revenue"- All revenue collected by the District from the Sales Tax.

"State"- The State of Washington.

5. **Agreement Purpose**. The parties are entering into this Agreement pursuant to RCW 39.34 and RCW 35.57. The purpose of this Agreement is to set forth the rights and responsibilities of each of the contracting parties with regards to the financing, acquisition, design, construction,

operation and/or maintenance of the Museum, meeting the definition of a Regional Center provided in RCW 35.57.020, while complying with the Internal Revenue Code and Regulations regarding tax exempt municipal bond financing.

6. **Commencement of Construction**. The City agrees to the timelines as set forth in Section 8.B of the Second Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers.

7. **Museum Financial Obligations**.

   A. City.

      1. The City will issue the Bonds in such amount (net of the costs of issuing the Bonds) necessary for acquisition and construction of the Project.

      2. The City agrees to provide the one-third local match or cause the match to be provided as required by RCW 82.14.390. Olympia may provide for the local match by, inter alia, providing the match itself or arranging for cash, land, or in-kind contributions from a third party to be used for, in or towards the development, acquisition or improvement of the Museum. Olympia may use whatever funding sources are available. It is anticipated that Olympia may use a variety of funding sources, including, but not limited to Bond financing, rental revenues, unrestricted funds, grants, contributions and donations, to satisfy the required local match for the collection of the Sales Tax.

      3. The City agrees to establish an account designated as the Hands On Children's Museum account, in which the City will hold Sales Tax Revenues and other funds allocated to the Project. The City agrees that it will pledge some or all of the Sales Tax Revenues identified in subsection B.1 below to repayment of the Bonds and/or the costs of operation of and maintenance of the Museum. Any Sales Tax Revenues in excess of that pledged for repayment of the Bonds and interest earnings on such Sales Tax Revenues shall be deposited in the Hands On Children's Museum account and shall be available at the sole discretion of the City for use on major replacement and repairs, lease payments, operations and/or maintenance of the

Museum, or for other uses related to the Museum. Prior to issuance of the Bonds, the City may use the Sales Tax Revenues for any Project costs, including predevelopment or pre-acquisition costs of the Project and Project administrative costs. The City shall make no expenditures of sales tax revenues received by the City pursuant to this Agreement for any purpose not related to the Project.

4. The City shall render quarterly reports to the District setting forth the amount of funds received by the City pursuant to this Agreement and demonstrating the fact that such funds have or will be used in the manner set forth in Section 7.A.3 above.

B. <u>District.</u>

1. In consideration for the City's agreement to issue the Bonds or issue or provide other financing or cash for the acquisition, and/or construction, of the Museum, provide the local match under RCW 82.14.390, and administer the Project as provided below, the District agrees to impose the Sales Tax and to pay to the City that portion of the Sales Tax Revenue, as follows:

(i). Until such time as the Sales Tax proceeds generated by and attributable to taxable event as defined in RCW 82.14.020(9) occurring within the boundaries of the Public Facilities District equal Forty Million Five Hundred Thousand Dollars, 28.2258% of such proceeds shall be distributed to the City for the Hands On Children's Museum. To determine the total Sales Tax proceeds generated as set forth herein there shall be included any unallocated fund balance as of December 31, 2005, any funds previously allocated to Olympia or Lacey but not spent as of December 31, 2005, and all proceeds received from January 1, 2006 and thereafter.

(ii). After the sum set forth in Section 7.B.1.a has been received, there shall be distributed to the City for the Hands On Children's Museum from Sales Tax proceeds generated by and attributable to taxable events as defined in RCW 82.14.020 (9) occurring within the boundaries of the Public Facilities District an amount equal to one-thirds of such tax proceeds received.

2. To facilitate the District's agreement to pay those portions of the Sales Tax Revenues identified above, this agreement shall constitute an assignment by the District of the District's right to receive said Sales Tax Revenues from the Department of Revenue to the City. The District shall, upon execution of this agreement, promptly inform the Department of Revenue that the Sales Tax Revenues identified in subsection B.1 above shall be paid directly to the City.

3. The District acknowledges and agrees that the City may pledge some or all of the Sales Tax Revenue to the repayment of the Bonds.

4. In consideration for the City's agreement to issue the Bonds or issue or provide other financing or cash for the acquisition, construction, operation and/or maintenance of the Museum, provide the local match under RCW 82.14.390, and administer the Project as provided below, the District also agrees to impose any other tax, fee or charge authorized by RCW 35.57.040, RCW 35.57.100, RCW 35.57.110 and the Charter, if and as requested by a resolution of the Olympia City Council. The District agrees to impose such tax, fee or charge according to the terms requested by the City, including but not limited to the duration, amount, and area affected, so long as such terms are consistent with applicable law.

5. The District hereby assigns its right to receive and/or collect any tax, fee or charge imposed pursuant to subsection B.4 above to the City. The District shall, upon imposition of any such tax, fee or charge, promptly inform the Department of Revenue and instruct the Department that the tax, fee or charge shall be paid directly to the City.

6. The District shall file annual financial statements and annual reports with the City within 180 days after the end of each fiscal year.

7. The District agrees to stay in existence as long as the Bonds are outstanding and not to take any action that would impact the tax-exempt status or other provision of any Bonds.

8. **Environmental Law Compliance**.

A. The City shall be responsible for complying with all applicable environmental laws with regards to the Museum construction, or causing or requiring said applicable environmental laws to be complied with. This may be include but not be limited to, the Olympia Municipal Code, the State Environmental Policy Act (SEPA), CERCLA (42 U.S.C. 9603), MTCA (RCW 70.105D), and the Clean Water Act (33 U.S.C. §1321).

B. Whether under WAC 197-11-926, -930, or -944, the City shall be the nominal lead agency, and the City shall be responsible for complying with the duties of the lead agency under all applicable SEPA rules.

9. **Permits**. The City shall be responsible for obtaining, or causing or requiring to be obtained, all necessary permits and approvals related to the acquisition, development, construction and/or operation of the Museum and the Project. The City shall comply with the terms and conditions of all permits, or shall cause or require said terms and conditions to be complied with, and the City shall be responsible for paying any fees related thereto or causing any such fees related thereto to be paid.

10. **Museum Design and Construction**.

A. The City shall be primarily responsible for the locating, developing, designing, acquiring, constructing, operating, maintaining, and/or managing (as applicable), or for causing said actions to be done, with respect to the Museum and any future expansion of the Museum.

B. The City shall perform (or cause to be performed) the construction and development of the Project according to the following standards:

(i) Performance in a good and workmanlike manner and in compliance with all applicable laws;

(ii) Use quality materials and workmanship; and

(iii) Use quality maintenance on all portions of the Project.

11. Administration.

A. The City shall be the administrator, within the meaning of RCW 39.34.030(4), of this cooperative undertaking for the acquisition, development and operation of the Museum, subject to the terms, conditions and limitations of this Agreement. This shall include responsibility for acquiring, designing, constructing, owning, remodeling, maintaining, equipping, repairing, financing and/or operating the Museum, as well as maintaining a budget for the Project. The City may use an alternative public works procedure, or other legal mechanism, to provide the most economic and efficient way to assure the success of the Project.

B. The City shall operate and maintain the Museum, or cause the Museum to be operated and maintained, at all times in a safe and clean condition. The City shall provide (directly or by contract) all management, supervision, personnel, materials, equipment, services and supplies necessary to operate, maintain and repair the Museum and shall take all reasonable precautions to prevent damage, injury or loss by reason of or related to the construction, operation and maintenance of the Museum to any person or property. The City shall comply with all applicable laws and ordinances in acquiring, constructing, operating and maintaining the Museum. The City shall undertake all modifications to the Museum required to comply with all applicable laws, regulations, judgments and orders.

12. Land Ownership. No later than the commencement of operation of the Museum, the City shall acquire by lease or purchase the real property that shall serve as the site or sites of the Museum. The District shall not be a party to any land ownership contracts involving the Museum

13. Insurance; Destruction.

A. Insurance Requirements. The City shall maintain and keep in force on the Property the following insurance:

(i) Builder's All Risk Comprehensive Coverage. During construction, the City shall keep or require the developer to keep the Project, including the Museum, insured for Builder's All Risk Comprehensive Coverage (including earthquake and flood) in an amount not less than 100% of the full replacement cost of the Museum, including all fixtures, equipment, improvements, and betterments thereto.

(ii) Commercial General Liability Coverage. The City shall carry or require the developer to carry Commercial General Liability insurance providing coverage claims for bodily injury, death, or property damage on the Project with broad form liability and property damage endorsement, written for combined single limits of liability of no less than $10,000,000 per occurrence, said amount to be adjusted from time to time with coverage deemed customary under like conditions.

(iii) Property Damage Insurance. Following substantial completion of construction or acquisition of the Museum, the City shall carry property damage insurance covering the Museum, including all improvements, including earthquake, flood, boiler, machinery insurance in an amount and manner consistent with the insurance carried by the City for properties owned or leased by the City. The City may cause a third party to keep insurance on the Museum contents and to carry Commercial General Liability coverage during operations and maintenance of the Museum.

B. Insurance Policies. The insurance policies required by the Agreement shall be issued as primary policies and shall carry an endorsement that the policy shall not be cancelled or substantially changed without at least 30 days written notice to the City. The City shall make available to the District copies of all insurance policies within 7 days of any request by the District.

C. Adjustments. The types of policies, risks insured, coverage amounts, deductibles and endorsements may be adjusted from time to time as the City and the District may mutually determine and agree.

D. Destruction.

(i) If the Project or Museum is totally or partially destroyed at any time after the execution of this Agreement and the insurance proceeds (less any deductible) are sufficient to pay the cost of reconstruction or restoration, then the City shall reconstruct to repair the damage consistent with the terms and intent of this Agreement. If the insurance proceeds (less any deductible) are insufficient to reconstruct or repair the Project or Museum, then the City may nonetheless elect to reconstruct or repair the Project or Museum or to terminate this Agreement.

(ii) If the City is unable to reconstruct or restore the damage to the Project or Museum, the District shall be entitled to a pro rata share of the insurance proceeds, based on the amount of the Sales Tax Revenues received by the City in relation to the total construction costs of the City in the Project. The District shall use any proceeds received in a manner that does not impact the tax-exempt status of the Bonds.

14. **No Other District Obligation**. The District shall not be responsible for any construction or operation funding shortfalls, or any other financial commitments or obligations associated with the Project or the Museum beyond the specific commitments set forth in Section 7.

15. **Disposition of Property**. Upon termination of this Agreement, all property including but not limited to the Museum shall be retained by or returned to the City with the exception of Sales Tax Revenues, which shall be retained by or returned to the District upon payment in full of the Bonds and all other expenses, fees and costs incurred by the City in connection with the Project.

16. **Indemnity and Hold Harmless**.

A. The City shall defend, indemnify and hold the District, and its respective elected officials, officers, employees and agents, including its development coordinator (Indemnitees) harmless from all claims, regardless of the nature of the claim, arising directly or indirectly from the planning, permitting, acquisition, construction and/or operation of the Museum, except for claims arising from the sole negligence of any Indemnitee. In the case of concurrent negligence of the City and an Indemnitee, each party shall hold the other party harmless from their proportionate share of the resulting damages.

B. This indemnity and hold harmless obligation shall extend to all claims of whatsoever kind or nature. It shall include attorneys fees, expert witness fees, court costs, arbitration costs, administrative fines and penalties, and any other direct expense that are a direct consequence of a breach of any provision of this Agreement or any negligent act or failure to act. It shall include the duty to promptly accept tender of defense and provide defense to the Indemnitees.

17. **<u>Dispute Resolution</u>**.

A. If a dispute arises between the parties with regards to the performance of any provision of this Agreement or the interpretation thereof, the parties agree to follow the procedure set forth in this Section 19. It is the goal of the parties to resolve their differences as early in this step process as possible.

B. <u>Step One - Informal Discussions</u>. The parties shall designate representatives to meet to see if the matter can be informally resolved. This may involve more than one meeting.

C. <u>Step Two - Written Notification and Resolution</u>. If informal discussions are not successful then a written notice of dispute shall be mailed to the address for notices set forth in Section 20, as well as to the designated representatives. The notice shall set forth the nature of the dispute and the desired outcome. A written response shall be provided within ten business days. The response shall provide the responding party's version of the dispute and a proposed resolution. The parties shall meet within ten business days after the response is received in order to see if the matter can be amicably resolved. If the matter is amicably resolved at this stage the affected parties shall sign a memorandum of understanding with regards thereto.

D. <u>Step Three - Mediation</u>. If the parties are unable to resolve their differences at Step Two, the parties will endeavor to settle the dispute by mediation under such mediation rules as shall be mutually agreeable to the parties. Such mediation will be non-binding but a condition precedent to having said dispute decided in court by a judge or jury. Mediation shall commence, unless otherwise agreed, within 30 days of a party's written request for mediation of a dispute. Any resolution at this stage shall be reduced to writing and, if it involves an interpretation of the Agreement, it shall be considered an addendum to this Agreement.

E. <u>Litigation</u>. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to exclusive *in personam* jurisdiction in the Thurston County Superior

Court for the State and agree that in any such action venue shall lie exclusively in Thurston County, Washington.

18. **Notices**. All notices and other written communications required by this Agreement shall be in writing and, except as expressly provided elsewhere in this Agreement, shall be deemed to have been given at the time of delivery if personally delivered, or at the time of mailing if mailed by first class, postage pre-paid and addressed to the party at its address as stated below or at such address as any party may designate at any time in writing.

To District:	President Capital Area Regional Public Facilities District City of Lacey P.O. Drawer 3400 Lacey, WA 98509-3400
To City:	City Manager City of Olympia 900 Plum Street Olympia, WA 98507

19. **Severabilitv**. It is the intent of the parties that if any provision of this Agreement or its application is held by a court of competent jurisdiction to be illegal, invalid or void, the validity of the remaining provisions of this Agreement or its application to other entities, or circumstances shall not be affected. The remaining provisions shall continue in full force and effect. The rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular invalid provision. However, if the invalid provision or its application is found by a court of competent jurisdiction to be substantive and to render performance of the remaining provisions unworkable and non-feasible, and is found to seriously affect the consideration and/or is inseparably connected to the remainder of this Agreement, then the entire Agreement shall be null and void.

20. **Modification**. This Agreement represents the entire agreement between the parties. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding on any of the parties unless executed in writing by authorized representatives of each of the parties. This Agreement shall not be modified, supplemented, or otherwise affected by the course of dealings between the parties.

21. **Benefits**. This Agreement is entered into for the benefit of the parties to this Agreement only and shall confer no benefits, direct or implied, on any third persons.

22. **Assignment**. The rights granted by this Agreement may not be assigned without the written consent of all the parties hereto.

23. **Supplemental Documents**. The parties agree to complete and timely execute all supplemental documents necessary or appropriate to fully implement the terms of this Agreement.

24. **Duration of Agreement**. This Agreement shall continue in full force and effect until terminated, or until such time as the Sales Tax and all other taxes, fees or charges imposed by the District expire under Section 7.B.4 above. The City will not extend the terms of the Bonds, or refund the Bonds or otherwise extend the term beyond the initial Bond term without the written consent of the District. All rights to indemnification under Section 16 of this Agreement, and all rights and obligations pertaining to the disposition of property as provided in Section 15 shall survive the termination of this Agreement and remain in force until such expenses, fees and costs are paid and such indemnification provision satisfied.

25. **Impossibility of Performance**. This Agreement may be terminated if Commencement of Construction does not occur by December 31, 2010, or under circumstances where both contracting parties mutually agree in writing that by operation of law, court order, or as a result of other facts and circumstances whether within the control of the contracting parties or not, it is impossible or impractical to finance, acquire, design, develop, construct, manage, operate or maintain the Museum. Prior to a termination by agreement under this paragraph, in the event the City of Olympia determines it is impossible or impractical to finance, acquire, design, develop, construct, manage, operate or maintain the Museum, the contracting parties agree to meet and enter into good faith negotiations regarding whether or not it has become impossible or impractical to fulfill or satisfy the Project's or Museum's purpose or intent. If it is determined that acquisition, construction or operation of the Museum cannot continue, after previously incurred expenses are paid any funds not otherwise pledged to Bonds or otherwise needed for the Project, shall be allocated or disbursed for other Regional Centers as defined in RCW 35.57.020 or returned to the State of Washington, all pursuant to the Interlocal Agreement between Thurston County and the Cities of Olympia, Lacey and Tumwater.

26. **Filing of Agreement with County Auditor**. Within five days from the date of this Agreement, as set forth in Section 1, the original of the Agreement shall be filed by the City with the Thurston County Auditor as required by the provisions of RCW 39.34.040. The City shall provide the District with the Auditor's recording number.

27. **Specific Performance**. The parties acknowledge that any party may require specific performance of any of the terms and conditions of this Agreement, in addition to any other remedies that may be available as a matter of law.

28. **Complete Agreement**. This Agreement represents the entire agreement between the parties hereto concerning the subject matter hereof. This Agreement may not be amended except as provided in writing and agreed to and executed by both parties.

29. **Execution in Counterparts**. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

DATED this 30th day of November, 2006.

CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT

By: Jon W. Halvorson
Its: President

Approved as to form:

____
Special Counsel

CITY OF OLYMPIA

By: Mark Foutch
Its: MAYOR

Approved as to form:
Bob C. Sterbank
City Attorney

\\murphy\documents$\Contracts\Interlocal Agreement\06-1321\2537.doc

Washington State Department of Commerce

DocuSign Routing Form

Research and Development Services Unit

Contract Number: 26-65810-003 Contract End Date: Oct 15, 2025
Contractor Name: Capital Area Regional Public Facilities District
Project Name: Independent Financial Feasibility Review for CAR PFD
Budget: $25,000

DocuSign Admin for Research Services: Angie Hong

Review by (Title):	Name:	Date:	Initials:
Contract Manager	Angie Hong	7/21/2025 | 2:54 PM PDT	DS AMH
Budget Specialist	Kari Newitt	7/22/2025 | 2:23 PM PDT	DS KN
FACESHEET SIGNED BY CONTRACTOR			
Managing Director	Alice Zillah		
Deputy Assistant Director	Tony Hanson		
FACESHEET SIGNED BY ASSISTANT DIRECTOR			

Washington State Department of Commerce

Interagency Agreement with

Capital Area Regional Public Facilities District

through

Research Services
Public Facilities Districts Financial Feasibility Review Program

For

The
Capital Area Regional Public Facilities District will provide funding ($25K) to COMMERCE for a financial feasibility review of the Hands On Children's Museum expansion debt repayment plan/project, in accordance with RCW 36.100.025 and RCW 35.57.025.

Start date: July 21, 2025

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Special Terms and Conditions

General Terms and Conditions

FACE SHEET

Contract Number: 26-65810-003

Washington State Department of Commerce
Local Government Division
Research and Development Services Unit
Public Facilities District Financial Feasibility Review Program

1. Local Government	**2. Doing Business As:**
Capital Area Regional Public Facility District 420 College Street SE Lacey, WA 98503	Attn: City Clerk 420 College Street SE Lacey, WA 98503

3. Local Government Representative	**4. COMMERCE Representative**	
David Brine President, CAR-PFD 360-280-9898 d.brine@comcast.net	Angie Hong Program Manager 360-506-1706 Angie.hong@commerce.wa.gov	PO Box 42525 1011 Plum St SE Olympia, WA 98504-2525

5. Contract Amount	**6. Funding Source**	**7. Start Date**	**8. End Date**
$25,000	**Federal:** ☐ **State:** ☐ **Other:** ☒ **N/A:** ☐	July 21, 2025	October 15, 2025

9. Federal Funds (as applicable)	**Federal Agency:**	**CFDA Number**
N/A	N/A	N/A

10. Tax ID #	**11. SWV #**	**12. UBI #**	**13. UEI #**
91-0819427	SWV0003100	349-001-275	F3Q7BEH9DFK4

14. Contract Purpose

In accordance with RCW 35.57.025 and RCW 36.100.025, the Capital Area Regional Public Facilities District will provide funding ($25,000) to COMMERCE for an independent financial feasibility review of the Hands On Children's Museum expansion debt repayment plan/project.

15. Signing Statement

COMMERCE, defined as the Department of Commerce, and the Local Government as defined above, acknowledge and accept the terms of this Contract and Attachments and have executed this Contract on the date below and warrant they are authorized to bind their respective agencies. The rights and obligations of both parties to this Contract are governed by this Contract and the following documents hereby incorporated by reference: Attachment "A" – Scope of Work, Attachment "B" – Budget.

FOR LOCAL GOVERNMENT	**FOR COMMERCE**
Signed by: William David Brine ED7BD59662184F6... David Brine, Board President	Mark Barkley, Assistant Director
7/23/2025 | 7:29 AM PDT Date	Date
	APPROVED AS TO FORM ONLY **Sandra Adix** **ASSISTANT ATTORNEY GENERAL**

SPECIAL TERMS AND CONDITIONS
INTERAGENCY AGREEMENT
STATE FUNDS

1. AUTHORITY

COMMERCE and Local Government enter into this Contract pursuant to the authority granted by Chapter 39.34 RCW.

2. CONTRACT MANAGEMENT

The Representative for each of the parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Contract.

The Representative for COMMERCE and their contact information are identified on the Face Sheet of this Contract.

The Representative for the Local Government and their contact information are identified on the Face Sheet of this Contract.

3. COMPENSATION

Local Government shall pay an amount not to exceed ($25,000) for the performance of all things necessary for or incidental to the performance of work under this Contract as set forth in the Scope of Work.

4. EXPENSES

The maximum amount to be paid to the COMMERCE for authorized expenses shall not exceed ($25,000), which amount is included in the Contract total above.

5. BILLING PROCEDURES AND PAYMENT

Local Government will pay COMMERCE upon receipt of properly completed invoices, which shall be submitted to the Local Government upon completion of the financial feasibility review.

Payment shall be considered timely if made by Local Government within thirty (30) calendar days after receipt of properly completed invoices. Payment shall be sent to the address designated by COMMERCE.

6. INSURANCE

Each party certifies that it is self-insured under the State's or local government self-insurance liability program, and shall be responsible for losses for which it is found liable.

7. FRAUD AND OTHER LOSS REPORTING

Local Government and COMMERCE/ shall report in writing all known or suspected fraud or other loss of any funds or other property furnished under this Contract immediately or as soon as practicable to the other party's Representative identified on the Face Sheet.

8. ORDER OF PRECEDENCE

In the event of an inconsistency in this Contract, the inconsistency shall be resolved by giving precedence in the following order:

- Applicable federal and state of Washington statutes and regulations
- Special Terms and Conditions
- General Terms and Conditions
- Attachment A – Scope of Work
- Attachment B – Budget
- add any other attachments incorporated by reference on the Face Sheet

GENERAL TERMS AND CONDITIONS
INTERAGENCY AGREEMENT
STATE FUNDS

1. DEFINITIONS

As used throughout this Contract, the following terms shall have the meaning set forth below:

A. "Authorized Representative" shall mean the Director and/or the designee authorized in writing to act on the Director's behalf.

B. "COMMERCE" shall mean the Department of Commerce.

C. "Contract" or "Agreement" means the entire written agreement between COMMERCE and the Local Government, including any attachments, documents, or materials incorporated by reference. E-mail or facsimile transmission of a signed copy of this contract shall be the same as delivery of an original.

D. "Local Government" shall mean the entity identified on the face sheet performing service(s) under this Contract, and shall include all employees and agents of the Local Government.

E. "Personal Information" shall mean information identifiable to any person, including, but not limited to, information that relates to a person's name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, telephone numbers, social security numbers, driver license numbers, other identifying numbers, and any financial identifiers.

F. "State" shall mean the state of Washington.

2. ALL WRITINGS CONTAINED HEREIN

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

3. AMENDMENTS

This Contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

4. ASSIGNMENT

Neither this Contract, obligations thereunder, nor any claim arising under this Contract, shall be transferred or assigned by the Local Government without prior written consent of COMMERCE.

5. CONFIDENTIALITY AND SAFEGUARDING OF INFORMATION

A. "Confidential Information" as used in this section includes:

i. All material provided to the Local Government by COMMERCE that is designated as "confidential" by COMMERCE;

ii. All material provided by the Local Government to COMMERCE for purposes of the Independent Financial Feasibility Review contemplated under this Contract, that is designated as "confidential" by Local Government and

iii. All personal information in the possession of the Local Government that may not be disclosed under state or federal law.

B. The Local Government and COMMERCE shall each comply with all state and federal laws related to the use, sharing, transfer, sale, or disclosure of Confidential Information. The COMMERCE shall use Confidential Information solely for the purposes of this Contract and shall not use, share, transfer, sell or disclose any Confidential Information to any third party except for purposes of obtaining the PFD financial feasibility review under this Contract. or as may be required by law. The Local Government and COMMERCE shall take all necessary steps to assure that Confidential Information is safeguarded to prevent unauthorized use, sharing, transfer, sale or disclosure of Confidential Information or violation of any state or federal laws related thereto.

C. Unauthorized Use or Disclosure. The Local Government and COMMERCE shall each notify the other within five (5) working days of any unauthorized use or disclosure of any confidential information, and shall take necessary steps to mitigate the harmful effects of such use or disclosure.

D. The parties acknowledge that they are public entities subject to the Public Records Act, Chapter 42.56 RCW, and that the Independent Financial Feasibility Review to be produced under this Contract is intended to be, and must be,a public document and must be submitted to the governor, the state treasurer, the state auditor, the public facility [facilities] district and participating local political subdivisions, and appropriate committees of the legislature.

6. COPYRIGHT

Unless otherwise provided, all Materials produced under this Contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by COMMERCE. COMMERCE shall be considered the author of such Materials. In the event the Materials are not considered “works for hire” under the U.S. Copyright laws, the Local Government hereby irrevocably assigns all right, title, and interest in all Materials, including all intellectual property rights, moral rights, and rights of publicity to COMMERCE effective from the moment of creation of such Materials.

“Materials” means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. “Ownership” includes the right to copyright, patent, register and the ability to transfer these rights.

7. DISPUTES

In the event that a dispute arises under this Agreement, it shall be determined by a Dispute Board in the following manner: Each party to this Agreement shall appoint one member to the Dispute Board. The members so appointed shall jointly appoint an additional member to the Dispute Board. The Dispute Board shall review the facts, Agreement terms and applicable statutes and rules and make a determination of the dispute. The Dispute Board shall thereafter decide the dispute with the majority prevailing. The determination of the Dispute Board shall be final and binding on the parties hereto. As an alternative to this process, either of the parties may request intervention by the Governor, as provided by RCW 43.17.330, in which event the Governor's process will control.

8. GOVERNING LAW AND VENUE

This Contract shall be construed and interpreted in accordance with the laws of the state of Washington, and any applicable federal laws, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

9. INDEMNIFICATION

Each party shall be solely responsible for the acts of its employees, officers, and agents.

THIS SECTION INTENTIONALLY DELETED

10. PAYMENT

In the event that the Local Government fails to pay COMMERCE for the Independent Financial Feasibility Review in accordance with state laws, federal laws, and/or the provisions of this Contract, COMMERCE reserves the right to demand immediate payment of funds in an amount to compensate COMMERCE for the noncompliance in addition to any other remedies available at law or in equity.

Payment by the Local Government of funds under this provision shall occur within the time period specified by COMMERCE.

11. RECORDS MAINTENANCE

The COMMERCE and Local Government shall maintain books, records, documents, data and other evidence relating to this contract and performance of the Scope of Work described herein, including but not limited to accounting procedures and practices that sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this contract.

The COMMERCE and Local Government shall retain such records for a period of six (6) years following the date of final payment. At no additional cost, these records, including materials generated under the contract, shall be subject at all reasonable times to inspection, review or audit by COMMERCE, personnel duly authorized by COMMERCE, the Office of the State Auditor, and federal and state officials so authorized by law, regulation or agreement.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

THIS SECTION INTENTIONALLY DELETED

The provisions of this contract are intended to be severable. If any term or provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the contract.

THIS SECTION INTENTIONALLY DELETED

12. SURVIVAL

The terms, conditions, and warranties contained in this Contract that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Contract shall so survive.

13. TERMINATION FOR CAUSE

In the event COMMERCE determines the Local Government has failed to comply with the conditions of this contract in a timely manner, COMMERCE has the right to suspend or terminate this contract. Before suspending or terminating the contract, COMMERCE shall notify the Local Government in writing of the need to take corrective action. If corrective action is not taken within 30 calendar days, the contract may be terminated or suspended.

In the event of termination or suspension, the Local Government shall be liable for damages as authorized by law including, but not limited to, any amounts owed to the independent consultant for work performed prior to suspension or termination , and all administrative costs directly related to the termination.

The rights and remedies of COMMERCE provided in this contract are not exclusive and are in addition to any other rights and remedies provided by law.

14. TERMINATION FOR CONVENIENCE

Except as otherwise provided in this Contract, COMMERCE may, by ten (10) business days written notice, beginning on the second day after the mailing, terminate this Contract, in whole or in part. If this Contract is so terminated, Local Government shall be liable only for payment required under the terms of this Contract for services rendered or goods delivered prior to the effective date of termination, including but not limited to any draft versions of the Independent Financial Feasibility Review.

15. TERMINATION PROCEDURES

Upon termination of this contract Local Government shall pay to COMMERCE the agreed upon price, if separately stated, for completed work and services provided by COMMERCE, and the amount agreed upon by the Local Government and COMMERCE for (i) completed work and services for which no separate price is stated, and (ii) partially completed work and services.

The rights and remedies of COMMERCE provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

After receipt of a notice of termination, and except as otherwise directed by the Authorized Representative, the COMMERCE shall:

A. Stop work under the contract on the date, and to the extent specified, in the notice;

B. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract that is not terminated;

THIS SECTION INTENTIONALLY DELETED

16. WAIVER

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Contract unless stated to be such in writing and signed by Authorized Representative of COMMERCE.

Attachment A

Scope of Work

The Capital Area Regional Public Facilities District provides $25,000 to Commerce to contract with an independent consultant in order to conduct an independent financial feasibility review on behalf of the Capital Area Regional Public Facilities District proposing to repay bonds associated with the Hands On Children's Museum expansion project. Public Facility District, per RCW 36.100.025/35.57.025. The independent financial feasibility review "is required to be performed prior to the issuance of indebtedness or the long-term development of a facility" and "must examine the potential costs to be incurred by the public facility district and the adequacy of revenues or expected revenues to meet those costs."

Describe the project PFD intends to undertake: the CAR PFD plans to repay bonds issued by the City of Olympia for the Hands On Children's Museum's expansion project.

The CAR PFD and local government partners will provide additional information/documentation as may be requested by the consultant. All communications between the consultant and the CAR PFD and local government partners must include (Cc) the Public Facility District Financial Feasibility Review Program at Commerce (PFDreview@commerce.wa.gov).

Attachment B

Budget

The Capital Area Regional Public Facilities District provides $25,000 to Commerce to contract with an independent consultant.

Commerce will retain $5,000 of this total for administration of the independent contracting process.

Foster Garvey

Direct Phone (206) 447-6278
Direct Facsimile (206) 749-2057
stacie.amasaki@foster.com

August 26, 2025

VIA EMAIL
Board of Directors
Capital Area Region Public Facilities District

Re: Special Legal Counsel Engagement Letter

Dear Board of Directors:

Foster Garvey P.C. greatly appreciates the opportunity to provide legal services as special counsel to the Capital Area Region Public Facilities District (the "PFD"). The purpose of this engagement letter is to set forth certain matters concerning our role as special counsel to the PFD in connection with the review of the Financing Agreement and other documentation relating to the City of Olympia's bond issue to finance the expansion of the Hands on Children's Museum. This letter serves as a contract between the PFD and Foster Garvey P.C.

SCOPE OF ENGAGEMENT

In this engagement, our duties as special legal counsel include reviewing the documents and agreements relating to the Hands on Children's Museum financing and assisting with any additional documents as necessary. Our engagement is limited to performance of services related to these matters. Of course, we can expand or modify the scope of our representation if the PFD's needs require. We will confirm such further engagement by separate written agreement. Our engagement as special legal counsel may include legal services previously performed for the listed services prior to the date of this engagement letter. During the course of this engagement, we rely on the PFD to provide us with complete and timely information. We understand that officials and employees of the PFD will cooperate with us in this regard.

CONFLICTS

We are very conscious of the need to avoid and/or properly manage actual and potential conflicts of interest throughout our representation, and we will promptly communicate with the PFD if any such issues become apparent. At this time, there do not appear to be any conflicts of interest that impact our expected work with the PFD. We are not bond counsel to the City of Olympia; however, Foster Garvey does represent the Cities of Lacey, Olympia and Tumwater and Thurston County, including for some in bond matters.

Our firm represents many political subdivisions, companies and individuals. It is possible that during the time that we are representing the PFD, one or more of our present or future clients will have transactions with the PFD. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities comprising the PFD. We do not foresee, however, that any such prior or future representation will adversely affect our ability to represent the PFD as provided in this letter, either because such matters were or will be sufficiently different from the scope of the current work so as to make such representations not adverse to our representation of the PFD, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of this representation. Execution of this letter will signify the PFD's consent to our representation of others consistent with the circumstances described in this paragraph. To the extent we believe such future representation may adversely affect our representation of the PFD, we will disclose such representation to the PFD and, if required by ethical rules, seek the appropriate PFD consent.

ATTORNEY-CLIENT RELATIONSHIP

Our attorneys and staff recognize our duty to maintain confidentiality. The attorney-client privilege protects communications between us, whether oral or written, as long as neither of us discloses those communications to anyone else. Privileged communications cannot be used in court without PFD consent. Therefore, to preserve the privilege and confidentiality of our communications, the PFD should not show our written communications or discuss any oral communications between us with anyone. Furthermore, certain communications and documents prepared in anticipation of litigation are also privileged even if no attorney is involved. Because disputes can arise as to whether certain communications are privileged, if you have any questions regarding PFD practices, be sure to seek advice from the lawyer with whom you are working.

We are not acting as the PFD's counsel with respect to the provisions of this letter and to do so would be a conflict of interest. If the PFD wishes to seek advice from independent counsel of its choice about whether the PFD should agree to these terms, please do so. In addition, if you have any questions or would like additional information, we are happy to discuss this letter with you further. This letter will govern our relationship, however, unless we reach a different agreement in writing.

Further, the application of the State's Public Records Act may provide for disclosure of certain, but not all, records relating to our services to the PFD.

The PFD may terminate our representation at any time and for any reason, with notice. In addition, we may withdraw from the representation, but only in accordance with applicable Washington Supreme Court Rules of Professional Conduct. If we choose to withdraw from this engagement, we will notify the PFD in writing. At termination or withdrawal, the PFD remains obligated to pay us promptly for all charges for legal services rendered as well as charges resulting from the termination or withdrawal, including working with any successor special legal counsel. We will cooperate with any such successor legal counsel to assure a smooth transfer of the representation. In the event of termination or withdrawal, we reserve the right to make withdrawals against any advance fee payment or retainer we may hold.

STAFFING

Marc Greenough and I will have primary responsibility for PFD representation related to this representation. However, we will involve other firm lawyers and legal assistants as we believe appropriate in the circumstances. We will provide special legal counsel to the PFD in accordance with this letter and in reliance upon information and guidance provided by the PFD, will keep the PFD reasonably informed of progress and developments, and will promptly respond to the PFD's inquiries about the matter.

FEES FOR SERVICES

We expect to charge on an hourly basis for time expended for the PFD relating to review of documents. This includes, for example, telephone conversations, face-to-face conferences, strategy development and planning, document preparation and review, research, drafting, negotiating and travel. Through hourly billing, the PFD pays only for work performed. We maintain daily time records that include a brief description of the work done to assist in PFD understanding of the basis for the bill. We record our time in units of tenths of an hour. Marc's currently hourly rate is $785 and mine is $625. Generally, our rates are revised annually and adjustments will be reflected in our invoices in the month following any adjustment. We strive to keep fees and charges at a level appropriate to the task.

Upon request, we will work with the PFD to produce a written estimate of the anticipated legal fees and costs for a particular assignment related to the review of the documentation for the Hands on Children's Museum financing. Any such estimate will be based on our prior experience with similar engagements as well as information the PFD provides to us. Unless we reach a clear, written understanding that the fee will be a fixed amount, any estimate we make may be revised based upon the facts and circumstances we encounter during the representation.

EXPENSES

In addition to fees for legal services, the PFD will be charged for expenses advanced for the PFD and ancillary costs incurred by us during the course of the representation. Such charges may be revised from time to time without notice and will be reflected in our invoice in the month following any revision. These charges include such things as external messenger service, electronic records searches and special mailing or courier services.

BILLING POLICY

The PFD will typically be billed on a monthly basis. For PFD convenience, the billing statements will describe briefly the matter and legal services performed and will set forth the fees and expenses relating to the legal services provided. The bill typically will contain charges incurred during the prior month. Charges for some expense items such as copy and delivery charges may not be processed and billed until some time after the expense has been incurred. Any past due amounts will bear interest at twelve percent per year. We strive to provide clear and prompt billing statements. If the PFD has any questions regarding an invoice, please promptly call me. However, if preferred, we can bill the PFD for all time worked upon the closing of the City of Olympia bond issue for the Hands on Children's Museum expansion.

RECORDS RETENTION

We maintain policies regarding retention and destruction of records. Records include our files and related electronic documentation, including e-mails. Records (including materials provided by the PFD to us and all electronic documentation) relating to this engagement will be destroyed according to our policies unless the PFD requests that they be returned. We normally retain client files for ten years after a matter is closed. If the PFD wishes records to be returned when the matter is closed, the PFD must inform the responsible attorney in writing of the request. We will endeavor to remind the PFD of this policy on completion of the engagement, but we retain the right to destroy records in accordance with our policy without further notice. We are not responsible for maintaining records for the PFD for purposes of compliance with the State Public Records Act.

If the foregoing terms are acceptable to the Board of Directors, please countersign this letter and have an electronic .pdf copy returned to me via email. Please retain the original executed copy for the PFD's files. We are thrilled to have the opportunity to work with you and the PFD. Thank you.

Sincerely,

FOSTER GARVEY P.C.

By [signature]
Stacie L. Amasaki

Accepted and approved by the PFD this
3 day of September 2025.

CAPITAL AREA REGIONAL
PUBLIC FACILITIES DISTRICT

[signature]
Name: W. DAVID BRINE
Title: PRESIDENT

Attachment C

Interagency agreement (PFD and City of Lacey) for administrative services

AGREEMENT FOR ADMINISTRATIVE AND FINANCIAL SERVICES

THIS AGREEMENT is made this 9th day of November, 2006, by and between the City of Lacey ("the City"), a municipal corporation of the State of Washington and the Capital Area Regional Public Facilities District ("the District"), a municipal corporation duly organized and operating pursuant to the laws of the State of Washington as established by the Interlocal Agreement as entered into by Thurston County and the Cities of Lacey, Olympia and Tumwater.

WHEREAS, the District is in need of financial and administrative services to aid in carrying out the responsibilities of the District under its charter and the Interlocal Agreement between Thurston County and the Cities of Lacey, Olympia and Tumwater, and

WHEREAS, the City of Lacey has the expertise and personnel to provide such services,

NOW, THEREFORE,

It is hereby agreed between the parties as follows:

1. Financial Services.

The City shall receive from the Washington State Department of Revenue sales tax proceeds generated by and attributable to taxable events as defined in RCW 82.14.020(9) occurring within the boundaries of the Public Facilities District upon distribution of such funds by said department. The City shall create such fund or funds as shall be necessary pursuant to the provisions of law and the regulations of the Washington State Auditor for the purpose of receiving and utilizing such funds in a manner specified in this Agreement. The City shall pay from such funds the reasonable and necessary expenses of the District, including but not limited to the costs for insurance for members of the District's Board and the financial and administrative services performed by the City. The City shall account for such expenditures in a manner which will result in the Cities of Lacey and Olympia bearing a share of such expenses equal to the ratio of the distribution of tax proceeds between such Cities. The balance of said funds shall be distributed unto the Cities of Lacey and Olympia in accordance with the provisions of the Second Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers Between Thurston County and the Cities of Olympia, Lacey and Tumwater and the terms of the Agreements between the District and the Cities of Lacey and Olympia. The City shall further, on behalf of and at the direction of the District, file annual financial statements and annual reports with Olympia, Lacey, Tumwater and Thurston County, which reports shall be filed within 90 days after the end of each fiscal year.

2. Administrative Services.

The City shall provide facilities for meetings of the Board of the District and for the storage of minutes and other records of the District. The City shall provide personnel and equipment for the recording of minutes of the District Board, shall conduct necessary advertising for Board meetings and provide such other reasonable and necessary services as shall be requested by the Board of the District.

3. Compensation for Services.

The District shall pay the City for the reasonable costs of services performed pursuant to the requirements of Sections 1 and 2 of this Agreement by authorizing payment from the sales tax proceeds as received as set forth in Section 1 hereof. Such payments shall be authorized to be made by the City only after submission by the City, to the Board, of appropriate invoices, vouchers or description of services which will allow the Board to be informed prior to approving such payment. The City agrees to maintain such books, records and practices which will accurately reflect all direct and indirect costs related to the performance of services under this contract and such records shall be made available for both review by the District and for audit by the Washington State Auditor.

4. Independent Contractor Relationship.

The parties intend that an independent contractor relationship shall be created by this contract. The District is interested primarily in the results to be achieved and the implementation of the services will lie solely with the City. No employee or representative of the City shall, for any purpose, be deemed to be an employee of the District. The City will be solely and entirely responsible for its acts and for the acts of its agents and employees during the performance of the services called for in this Agreement.

5. Duration of Agreement.

This Agreement shall remain in force as long as the District remains in existence unless earlier terminated by mutual agreement of the parties.

DATED this day and date first above written.

CITY OF LACEY

By: ______________________

Its CITY MANAGER

CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT

By: ______________________

Its President

APPROVED AS TO FORM:

____

Kenneth R. Ahlf, City Attorney

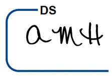
Certificate Of Completion

Envelope Id: E10E5DAE-9FD6-4220-B684-6A907EAAB76F
Status: Sent
Subject: Complete with DocuSign: Financial Feasibility Review for CAR PFD
Division:
Local Government
Program: PFD Feasibility Review Program
ContractNumber: 26-65810-003
DocumentType: Contract
Source Envelope:

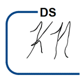
Document Pages: 13	Signatures: 1	Envelope Originator:
Certificate Pages: 5	Initials: 2	Angie Hong
AutoNav: Enabled		1011 Plum Street SE
EnvelopeId Stamping: Enabled		MS 42525
Time Zone: (UTC-08:00) Pacific Time (US & Canada)		Olympia, WA 98504-2525
		angie.hong@commerce.wa.gov
		IP Address: 198.239.106.151

Record Tracking

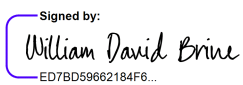
Status: Original 7/21/2025 2:47:56 PM	Holder: Angie Hong angie.hong@commerce.wa.gov	Location: DocuSign
Security Appliance Status: Connected	Pool: StateLocal	
Storage Appliance Status: Connected	Pool: Washington State Department of Commerce	Location: Docusign

Signer Events	Signature	Timestamp
Angie Hong angie.hong@commerce.wa.gov Contracts and Procurement Lead Washington State Dept. of Commerce Security Level: Email, Account Authentication (None)	 Signature Adoption: Pre-selected Style Using IP Address: 198.239.106.151	Sent: 7/21/2025 2:54:21 PM Viewed: 7/21/2025 2:54:42 PM Signed: 7/21/2025 2:54:47 PM

Electronic Record and Signature Disclosure:
Not Offered via Docusign

Kari Newitt kari.newitt@commerce.wa.gov Security Level: Email, Account Authentication (None), Login with SSO	 Signature Adoption: Drawn on Device Using IP Address: 147.55.149.134	Sent: 7/21/2025 2:54:49 PM Resent: 7/22/2025 10:22:53 AM Viewed: 7/22/2025 2:23:36 PM Signed: 7/22/2025 2:23:47 PM

Electronic Record and Signature Disclosure:
Not Offered via Docusign

William David Brine d.brine@comcast.net Security Level: Email, Account Authentication (None)	 Signature Adoption: Pre-selected Style Using IP Address: 2601:603:5202:9690::2117	Sent: 7/22/2025 2:23:48 PM Resent: 7/22/2025 4:22:59 PM Viewed: 7/23/2025 7:25:16 AM Signed: 7/23/2025 7:29:15 AM

Electronic Record and Signature Disclosure:
Accepted: 7/23/2025 7:25:16 AM
ID: 09b90ea7-0600-4edf-9876-25006a321c50

Signer Events	Signature	Timestamp
Alice Zillah Alice.zillah@commerce.wa.gov Program Manager ABC Consulting Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign		Sent: 7/23/2025 7:29:17 AM
Tony Hanson tony.hanson@commerce.wa.gov Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign		
Mark Barkley mark.barkley@commerce.wa.gov Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign		

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	7/21/2025 2:54:21 PM

Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Washington State Department of Commerce (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a $0.15 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Washington State Department of Commerce:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:
To contact us by email send messages to: docusign@commerce.wa.gov

To advise Washington State Department of Commerce of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at docusign@commerce.wa.gov and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from Washington State Department of Commerce

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to docusign@commerce.wa.gov and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Washington State Department of Commerce

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to docusign@commerce.wa.gov and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: https://support.docusign.com/guides/signer-guide-signing-system-requirements.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Washington State Department of Commerce as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Washington State Department of Commerce during the course of your relationship with Washington State Department of Commerce.

CHARTER
CAR-PFD

CHARTER

CAPITOL AREA REGIONAL PUBLIC FACILITIES DISTRICT

ARTICLE I
NAME AND DISTRICT SEAL

The name of this corporation shall be the Capitol Area Regional Public Facilities District (hereinafter the "District"). The corporate seal of the District shall be a circle with the name of the District and the word "SEAL" inscribed therein.

ARTICLE II
AUTHORITY FOR CAPITOL AREA REGIONAL PUBLIC FACILITIES DISTRICT

The District is a municipal corporation organized pursuant to Chapter 35.57 RCW and Chapter 363, Laws of 2002, as the same now exists or may hereafter be amended, or any successor act or acts and is created pursuant to that certain interlocal agreement dated ____________________ 2002, (hereinafter the "Interlocal Agreement") by and between the Cities of Olympia, Lacey, Tumwater, and Thurston County (hereinafter the "Jurisdictions"), which Jurisdictions comprise the District.

ARTICLE III
DURATION OF DISTRICT

The District shall continue to exist until it is terminated pursuant to the terms of the Interlocal Agreement.

ARTICLE IV
PURPOSE OF DISTRICT

The purpose of the District is to provide an independent legal entity under Chapter 35.57 RCW, to impose and use state sales tax under RCW 82.14.390 to acquire, construct, own, remodel, maintain, equip, re-equip, repair, finance, and operate one or more Regional Centers as defined in RCW 35.57.020(1), as amended by, Chapter 363, Laws of 2002. The District may take actions in furtherance of any of the above stated purposes only as authorized under the Interlocal Agreement. If authorized, the Regional Center(s) would serve essential public purposes by providing one or more

regional facilities for conventions, conferences and/or special events. The District does not have the authority to perform any functions other than that set forth in this Article.

For the purpose of securing the exemption from federal income taxation for interest on obligations of the District, the District constitutes an instrumentality of each of the Jurisdictions that created the District (within the meaning of those terms in regulations of the United States Treasury and rulings of the Internal Revenue Service prescribed pursuant to Section 103 and Section 145 of the Internal Revenue Code of 1986, as amended).

ARTICLE V
POWERS OF DISTRICT

Except as may be otherwise provided in the Charter, the District and the District Board of Directors on its behalf shall have only the power to:

1. Act as authorized under Chapter 35.57 RCW, as limited by the Interlocal Agreement.
2. Sue, and be sued, in its corporate name
3. Accept gifts, funds, or property from the United States, the State, the Jurisdictions, other corporations, associations, individuals, or any other sources, and to use said funds in accordance with the powers set forth in Article IV.
4. Provide the necessary administrative means to carry out its powers set forth in this Charter.
5. Impose a sales and use tax as authorized by RCW 35.57.040(d) and RCW 82.14.390.

ARTICLE VI
LIMITS ON DISTRICT POWERS

1. No part of the revenue of the District shall inure to the benefit of, or be distributable to, the members of the District Board of Directors or officers of the District or other private persons, except that the District is authorized and empowered to:

   (a) Reimburse District Board Members for reasonable expenses actually incurred in performing their duties; and

   (b) Provide the administrative means to carry out the District's powers under Article V.

2. No part of the activities of the District shall include any attempt to influence legislation; and the District shall not participate in, or intervene in (including the

publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

3. The District may not incur or create any liability that permits recourse by any contracting party or members of the public to any assets, services, resources, or credit of the Jurisdictions.

4. The District shall not amend this Charter without the approval of the Jurisdictions.

5. The District shall not issue any debt nor shall it submit to the voters of the District a ballot proposition for imposition of a sales or use tax.

   The District may not exercise its powers as delineated in Article V until such time as it has, in accordance with RCW 35.57.040(d) and RCW 82.14.390, imposed the maximum allowable sales and use tax for the purpose of securing a source of revenue to satisfy the financial obligations of the District.

6. In the event of a conflict between the terms of this Charter and of the Interlocal Agreement dated ______________________, the terms of the interlocal agreement shall govern.

ARTICLE VII
DUTIES OF THE DISTRICT

In addition to other duties as may be provided herein, the District and the District Board of Directors shall undertake the following:

1. <u>Provide Financial Assistance</u>. The District, through the District Board of Directors during its first or a subsequent meeting, shall, if authorized by the Jurisdictions per the Interlocal Agreement, impose a sales and use tax of not more than .033 percent to be collected from those persons who are taxable by the State of Washington under RCW 82.08 and 82.12, upon the occurrence of any taxable event within the District in accordance with RCW 82.14.390.

2. <u>Enter Into Agreements</u>. The District shall enter into an agreement with the City of Olympia ("Olympia") or such other Jurisdiction as shall be appropriate to perform any administrative functions on behalf of the District as may be necessary to carry out the District's functions as prescribed under Title V of this Charter or the Interlocal Agreement.

3. <u>Revenues</u>. All revenues received by the District which are derived from the imposition of charges, fees, and taxes as authorized by RCW 35.57.040, shall be deposited in such a manner as described in its agreement with Olympia or other appropriate Jurisdiction, which funds may be expended only to satisfy the

financial obligations of the District consistent with this Charter and the Interlocal Agreement. Any matching funds required by RCW 82.14.390 shall be provided by the Jurisdictions under an agreement, or by other private or public sources.

ARTICLE VIII
ORGANIZATION OF DISTRICT

Section 1. District Board of Directors.

The management of all District affairs shall reside with the Board of Directors. The Board shall be composed of seven members appointed in accordance with the terms of RCW 35.57.010(3)(b). The City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the members pursuant to RCW 35.57.010(3)(b)(i). Of the four members to be appointed under RCW 35.57.010(3)(b)(ii), one each shall be appointed by the City Councils of Olympia, Lacey and Tumwater and by the County Commission. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(b)(ii). Required actions of the City Council of Tumwater shall be satisfied upon confirmation of appointments by the Mayor. All provisions of RCW 35.57.010(3)(b) shall apply to the appointment of Board members.

Section 2. Consecutive Absences.

Any Board Member who is absent for three consecutive regular meetings without excuse may, by resolution duly adopted by a majority vote of the whole Board, be deemed to have forfeited his or her position as Board Member.

Section 3. Removal of Board Members.

Any Board Member may be removed at will, with or without cause, by his or her appointing Jurisdiction, which appointing Jurisdiction shall appoint a new Board Member to fill the unexpired term for the vacant position. The term of any Board Member removed pursuant to this Section shall expire when the member receives a copy of the resolution removing him or her.

Section 4. Vacancy on District Board of Directors.

A vacancy, or vacancies, on the District Board of Directors shall be deemed to exist in case of the death, disability, resignation, removal, or forfeiture of membership as provided herein. Vacancies on the Board shall be filled by appointment in the same manner in which members of the Board are regularly appointed. Any person selected to fill a vacancy on the Board shall serve the balance of the term of the person being replaced.

Section 5. Duties of Board Members.

A general or particular authorization or concurrence of the Board by resolution shall be necessary for any of the following transactions:

(a) Adoption of an annual budget;
(b) Certification of annual audited financial statements and other reports and statements to be filed with the chief administrative officers of the Jurisdictions in the Interlocal Agreement as true and correct in the opinion of the District except as noted;
(c) Transfer of tax proceeds authorized by the Charter to the City of Olympia or other appropriate Jurisdiction per an agreement; and
(d) Perform such other transactions, duties, and responsibilities as the Charter shall require of the Members of the Board or the District.

Section 6. Voting Requirements/Quorum.

(a) Action, which requires Board approval, may only be authorized by a vote representing both a majority of the Board Members voting and not less than four members. Four voting members must be present at any regular or special meeting of the Board to comprise a quorum, and for the Board to transact any business.
(b) Proxy voting shall not be allowed.
(c) The adoption and amendment of bylaws shall require an affirmative vote of a majority of the Board's voting membership representing two-thirds of the Board Members voting on the issue and not less than four members.

Section 7. Right to Indemnification.

Each person who was, or is, threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was an official of the District, whether the basis for such proceeding is alleged action in an official capacity as a director, trustee, officer, employee, or agent, or in any other capacity, shall be indemnified and held harmless by the District to the full extent permitted by applicable law as then in effect, against all expense, liability, and loss (including attorneys' fees, judgments, fines, and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be an official and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that except as provided in this Section, with respect to proceedings seeking to enforce rights to indemnification, the District shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person

only if such proceeding (or part thereof) was authorized by the District Board of Directors; provided, further, the right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the District the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the District of an undertaking, by or on behalf of such official, to repay all amounts so advanced if it shall ultimately be determined that such official is not entitled to be indemnified under this Section or otherwise.

Provided, further, that the foregoing indemnity shall not indemnify an person from or on account of:

(a) Acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law; or

(b) Any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which such person was not legally entitled.

If a claim under this Section is not paid in full by the District within 60 days after a written claim has been received by the District, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be 20 days, the claimant may at any time thereafter bring suit against the District to recover the unpaid amount of the claim. The claimant shall be presumed to be entitled to indemnification under this Section upon submission of a written claim (an, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the District), and thereafter the District shall have the burden of proof to overcome the presumption that the claimant is so entitled. Neither the failure of the District to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper nor a determination by the District that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

The right of indemnification and the payment of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Charter, Bylaws, any agreement, or otherwise.

The District may maintain insurance, at its expense, to protect itself and any director of the District against any expense, liability, or loss whether or not the District would have the power to indemnify such person against such expense, liability, or loss.

Section 8. Conflict of Interest and Code of Ethics.

No member of the Board shall have an ownership interest in real or personal property used for or in conjunction with any Regional Center site. Members of the District Board of Directors and the District's staff shall be subject to RCW 42.52.

ARTICLE IX
OFFICERS OF DISTRICT

Section 1. Tenure of Officers.

The members shall elect from among themselves the following District officers: President, Treasurer, and Secretary. The President and the Treasurer may not be the same person. The term of any officer shall expire at such time as such officer's membership on the Board ceases or terminates, or at such sooner time as the term of office expires and the office has been filled by appointment or reappointment.

Section 2. Duties of Officers.

The officers of the District shall have the following duties:

(a) President. Subject to the control of the District Board of Directors, the President shall have general supervision, direction, and control of the business and affairs of the District. On matters decided by the District, unless otherwise required under the Interlocal Agreement or by this Charter, the signature of the President alone is sufficient to bind the corporation.

(b) Treasurer. The Treasurer shall receive and faithfully keep all funds of the District and deposit the same in such accounts as may be designated by the District Board of Directors. The Treasurer shall discharge such other duties as prescribed by the District Board of Directors. Before taking office, the Treasurer shall file a bond in an amount determined by the District with the Secretary of the District, and shall continue in office only so long as such bond continues in effect.

(c) Secretary. The Secretary shall keep or authorize others to keep a full and complete record of the meetings of the District Board of Directors, committees when acting on behalf of the Board and to the extent they are separate, and the meetings of the officers with appropriate minutes; shall keep the seal of the District and affix the same to such papers and such instruments as may be required in the regular course of business; shall make service of such notices as may be necessary or proper; shall supervise the keeping of the books and other records, ledgers, and other written documents comprising the business and purpose of the District, and shall

discharge such other duties as pertain to the office as prescribed by the District Board of Directors.

(d) The District shall contract with Olympia or other appropriate Jurisdiction to provide the services necessary to assist the officers in carrying out the officer's duties under this Section.

ARTICLE X
COMMENCEMENT OF DISTRICT

The District shall come into existence and be authorized to take action at such time as the Interlocal Agreement incorporating this Charter is approved by the legislative authorities of the Jurisdictions that comprise the District.

ARTICLE XI
CONSTITUENCY

There shall be no constituency of the District.

ARTICLE XII
MISCELLANEOUS

Section 1. Public Records.

The public shall have access to records and information of the District to the extent required by applicable law.

Section 2. Public Meetings.

Meetings of the District shall be open to the public as required by state law, and any special meetings shall be called and held in accordance with Section 11, Chapter 250, Laws of 1971, Extraordinary Session, and any subsequent amendments thereto. Members or designees of the legislative authorities of the Jurisdictions that comprise the District are entitled to appear in person or by representative and speak at any meeting of the District called and held pursuant to law.

Notice of meetings and proposed agendas shall be transmitted to the chief administrative officers of the Jurisdictions or their designees. The books and records of the District and agreements or contracts entered into by the District shall be available for inspection by the chief administrative officers of the Jurisdictions or their designee, and such documents shall be open for inspection by the public to the extent required by applicable laws, or as may be directed by agreement of the chief administrative officers of the Jurisdictions signatory to the Interlocal Agreement.

Section 3. Audits, Dissolutions, etc.

Unless waived by the chief administrative officers of the Jurisdictions, the District shall submit to the chief administrative officers of the Jurisdictions, on or before December 31, a report of its activities for the preceding calendar year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such calendar year; as well as such other reports required by applicable state and federal laws, applicable ordinances, and by the chief administrative officers of the Jurisdictions.

Section 4. Operations.

The District shall establish by resolution approved by the chief administrative officers of the Jurisdictions, procedures for the receipt, payment, and investment of District funds, which shall be performed by Olympia under the agreement. Such procedures may be amended by District resolution, subject to the approval of the chief administrative officers of the Jurisdictions.

Section 5. Effect of Legislation.

Should legislation be passed by the Washington State Legislature that conflicts materially with the provisions of this Charter, the PFD shall dissolve upon the effective date of such legislation, unless the Jurisdictions approve any necessary amendments to the Interlocal Agreement within 180 days of notice of the legislation

This Charter is APPROVED and ISSUED as of this ____ day of _____________ 2002.

APPROVED this _____ day of _______________ 2002 as authorized by District Board Resolution No. ________.

____

District President

ATTEST:

____

District Secretary

moe3117c
6/18402

AMENDED CHARTER

OF

CAPITAL AREA REGIONAL

PUBLIC FACILITIES DISTRICT

A Municipal Corporation

CHARTER

CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT

ARTICLE I
NAME AND DISTRICT SEAL

The name of this corporation shall be the Capital Area Regional Public Facilities District (hereinafter the "District"). The corporate seal of the District shall be a circle with the name of the District and the word "SEAL" inscribed therein.

ARTICLE II
AUTHORITY FOR CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT

The District is a municipal corporation organized pursuant to Chapter 35.57 RCW and Chapter 363, Laws of 2002, as the same now exists or may hereafter be amended, or any successor act or acts and is created pursuant to that certain amended interlocal agreement dated March 7, 2003, (hereinafter the "Amended Interlocal Agreement") by and between the Cities of Olympia, Lacey, Tumwater, and the unincorporated portion of Thurston County (hereinafter the "Jurisdictions"), which Jurisdictions comprise the District.

ARTICLE III
DURATION OF DISTRICT

The District shall continue to exist until it is terminated pursuant to the terms of the Interlocal Agreement.

ARTICLE IV
PURPOSE OF DISTRICT

The purpose of the District is to provide an independent legal entity under Chapter 35.57 RCW, and to impose the state sales and use tax under RCW 82.14.390 to further the acquisition, financing, construction, operation and maintenance of one or more Regional Centers as defined in RCW 35.57.020(1), as amended by, Chapter 363, Laws of 2002. The District may take actions in furtherance of any of the above stated purposes only as authorized under the Amended Interlocal Agreement and pursuant to a contract with the Jurisdiction in which the Regional Center is located. The Regional

Centers will serve essential public purposes by providing one or more regional facilities for conventions, conferences and/or special events. The District does not have the authority to perform any functions other than that set forth in Article V.

For the purpose of securing the exemption from federal income taxation for interest on obligations (if any) of the District, the District constitutes an instrumentality of each of the Jurisdictions that created the District (within the meaning of those terms in regulations of the United States Treasury and rulings of the Internal Revenue Service prescribed pursuant to Section 103 and Section 145 of the Internal Revenue Code of 1986, as amended).

ARTICLE V
POWERS OF DISTRICT

Except as may be otherwise provided in the Charter, the District and the District Board of Directors on its behalf shall have only the power to:

1. Act as authorized under Chapter 35.57 RCW and as specified by the Amended Interlocal Agreement.
2. Sue, and be sued, in its corporate name
3. Accept gifts, funds, or property from the United States, the State, the Jurisdictions, other corporations, associations, individuals, or any other sources, and to use said funds in accordance with the powers set forth in Article IV.
4. Provide the necessary administrative means to carry out its powers set forth in this Charter.
5. Impose a sales and use tax and such other charges, fees and taxes as authorized by RCW 35.57.040, RCW 35.57.100, RCW 35.57.110 and/or RCW 82.14.390.
6. Enter into contracts with the City of Lacey, the City of Olympia, the City of Tumwater, or Thurston County, as provided in the Amended Interlocal Agreement, to facilitate the financing, acquisition, construction, and/or operation of one or more Regional Centers.

ARTICLE VI
LIMITS ON DISTRICT POWERS

1. No part of the revenue of the District shall inure to the benefit of, or be distributable to, the members of the District Board of Directors or officers of the District or other private persons, except that the District is authorized and empowered to:

   (a) Reimburse District Board Members for reasonable expenses actually incurred in performing their duties; and

(b) Provide the administrative means to carry out the District's powers under Article V.

2. No part of the activities of the District shall include any attempt to influence legislation; and the District shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

3. The District may not incur or create any liability that permits recourse by any contracting party or members of the public to any assets, services, resources, or credit of the Jurisdictions.

4. The District shall not amend this Charter without the approval of the Jurisdictions.

5. The District shall not issue any debt nor shall it submit to the voters of the District a ballot proposition for imposition of a sales or use tax.

   The District may not exercise its powers as delineated in Article V(1) – (4) until such time as it has, in accordance with Article V(5) – (6) and RCW 35.57.040(d) and RCW 82.14.390: (a) imposed the maximum allowable sales and use tax; and (b) entered into a contract with Lacey, Olympia, Tumwater, and/or Thurston County, as may be provided for in the Amended Interlocal Agreement; all for the purpose of securing a source of revenue to satisfy the financial obligations (if any) of the District and to facilitate the financing, acquisition, construction and/or operation of the Regional Centers as provided in the Amended Interlocal Agreement.

6. In the event of a conflict between the terms of this Amended Charter and of the Amended Interlocal Agreement dated ______________________, the terms of the Amended Interlocal Agreement shall govern.

ARTICLE VII
DUTIES OF THE DISTRICT

In addition to other duties as may be provided herein, the District and the District Board of Directors shall undertake the following:

1. Provide Financial Assistance. In accordance with RCW 82.14.390 the District, through the District Board of Directors during its first meeting, shall, as authorized by the Jurisdictions per the Amended Interlocal Agreement, impose a sales and use tax of not more than .033 percent to be collected from those persons who are taxable by the State of Washington under RCW 82.08 and 82.12, upon the occurrence of any taxable event within the District. In accordance with RCW 35.57.040 the District shall, if authorized by the resolution of a governing body of

a Jurisdiction that is acquiring or constructing a Regional Center, impose such taxes, fees or charges at the Regional Center and/or within the corporate boundaries of that Jurisdiction in accordance with the Jurisdiction's resolution and RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.

2. Enter Into Agreements. The District, through the District Board of Directors at its first meeting shall enter into agreements with the City of Lacey ("Lacey"), and the City of Olympia ("Olympia"), to perform those administrative functions and powers on behalf of the District as prescribed under Article V of this Charter, Article IX, Section 2(d) of this Charter, and the Amended Interlocal Agreement. In the event that an alternate Regional Center is selected pursuant to the provisions of Section 9 of the Amended Interlocal Agreement, the provisions of this subsection shall apply with respect to the Jurisdiction selected to acquire, construct, operate and/or maintain the alternate Regional Center.

3. Revenues. All revenues received by the District which are derived from the imposition of charges, fees, and taxes as authorized by RCW 35.57.040, and/or RCW 84.14.390 shall be allocated as provided in the Amended Interlocal Agreement. Such revenues may be expended only to satisfy the financial obligations of the District and Jurisdictions consistent with this Amended Charter, the Amended Interlocal Agreement, and any contracts entered into by the District under Article VII, Section 2 above. Any matching funds required by RCW 82.14.390 shall be provided by the Jurisdictions as set forth in the Amended Interlocal Agreement, or by other private or public sources.

4. Vote for Selection of an Alternate Regional Center. In the event of a tie vote among the Jurisdictions to select an alternate Regional Center under Section 9 of the Amended Interlocal Agreement, the District Board shall, by a majority vote of a quorum of its members, cast the tie-breaking vote. In casting its vote, the District Board shall limit its consideration to alternatives and options voted on by the Jurisdictions under Section 9 of the Amended Interlocal Agreement. The District Board shall not substitute or add any options or alternatives.

ARTICLE VIII
ORGANIZATION OF DISTRICT

Section 1. District Board of Directors.

The management of all District affairs shall reside with the Board of Directors. The Board shall be composed of seven members appointed in accordance with the terms of RCW 35.57.010(3)(c). The City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the three members pursuant to RCW 35.57.010(3)(c)(i), one of which shall be appointed to a one-year term, one to a two-year term, and one to a three-year term. Of the four members to be appointed under RCW 35.57.010(3)(c)(ii), one each shall be appointed to a four-year term by the City Councils of Olympia, Lacey and Tumwater and by the County Commission. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(c)(ii). Required actions of the City Council of Tumwater shall be satisfied upon confirmation of appointments by the Mayor. All provisions of RCW 35.57.010(3)(c) shall apply to the appointment of Board members.

Section 2. Consecutive Absences.

Any Board Member who is absent for three consecutive regular meetings without excuse may, by resolution duly adopted by a majority vote of the whole Board, be deemed to have forfeited his or her position as Board Member.

Section 3. Removal of Board Members.

Any Board Member may be removed at will, with or without cause, by his or her appointing Jurisdiction, which appointing Jurisdiction shall appoint a new Board Member to fill the unexpired term for the vacant position. The term of any Board Member removed pursuant to this Section shall expire when the member receives a copy of the resolution removing him or her.

Section 4. Vacancy on District Board of Directors.

A vacancy, or vacancies, on the District Board of Directors shall be deemed to exist in case of the end of a Board Member's term, or the death, disability, resignation, or removal a Board Member, or the forfeiture of his or her membership, as provided herein. Vacancies on the Board shall be filled by appointment in the same manner in which members of the Board are regularly appointed. Any person selected to fill a vacancy on the Board shall serve the balance of the term of the person being replaced.

Section 5. Duties of Board Members.

A general or particular authorization or concurrence of the Board by resolution shall be necessary for any of the following transactions:

(a) Adoption of an annual budget;
(b) Certification of annual audited financial statements and other reports and statements to be filed with the chief administrative officers of the Jurisdictions in the Interlocal Agreement as true and correct in the opinion of the District except as noted;
(c) Approval of any contract or agreement with a Jurisdiction, as provided for in the Amended Interlocal Agreement;

(d) Transfer of tax proceeds, fees or charges authorized by the Amended Interlocal Agreement and this Charter to a Jurisdiction per the terms of a contract or agreement; and

(e) Perform such other transactions, duties, and responsibilities as the Charter shall require of the Members of the Board or the District, including but not limited to casting a tie-breaking vote under Article VII, Section 4 for selection of an alternate Regional Center.

Section 6. Voting Requirements/Quorum.

(a) Action, which requires Board approval, may only be authorized by a vote representing both a majority of the Board Members voting and not less than four members. Four voting members must be present at any regular or special meeting of the Board to comprise a quorum, and for the Board to transact any business.

(b) Proxy voting shall not be allowed.

(c) The adoption and amendment of bylaws shall require an affirmative vote of a majority of the Board's voting membership representing two-thirds of the Board Members voting on the issue and not less than four members.

Section 7. Right to Indemnification.

Each person who was, or is, threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was an official of the District, whether the basis for such proceeding is alleged action in an official capacity as a director, trustee, officer, employee, or agent, or in any other capacity, shall be indemnified and held harmless by the District to the full extent permitted by applicable law as then in effect, against all expense, liability, and loss (including attorneys' fees, judgments, fines, and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be an official and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that except as provided in this Section, with respect to proceedings seeking to enforce rights to indemnification, the District shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the District Board of Directors; provided, further, the right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the District the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the District of an undertaking, by or on behalf of such official, to repay all amounts so advanced if it shall ultimately be determined that such official is not entitled to be indemnified under this Section or otherwise.

Provided, further, that the foregoing indemnity shall not indemnify any person from or on account of:

(a) Acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law; or

(b) Any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which such person was not legally entitled.

If a claim under this Section is not paid in full by the District within 60 days after a written claim has been received by the District, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be 20 days, the claimant may at any time thereafter bring suit against the District to recover the unpaid amount of the claim. The claimant shall be presumed to be entitled to indemnification under this Section upon submission of a written claim (and, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the District), and thereafter the District shall have the burden of proof to overcome the presumption that the claimant is so entitled. Neither the failure of the District to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper nor a determination by the District that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

The right of indemnification and the payment of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Charter, Bylaws, any agreement, or otherwise.

The District may maintain insurance, at its expense, to protect itself and any director of the District against any expense, liability, or loss whether or not the District would have the power to indemnify such person against such expense, liability, or loss.

Section 8. <u>Conflict of Interest and Code of Ethics</u>.

No member of the Board shall have an ownership interest in real or personal property used for or in conjunction with any Regional Center site. Members of the District Board of Directors and the District's staff shall be subject to RCW 42.52.

ARTICLE IX
OFFICERS OF DISTRICT

Section 1. Tenure of Officers.

The members shall elect from among themselves the following District officers: President, Treasurer, and Secretary. The President and the Treasurer may not be the same person. The term of any officer shall expire at such time as such officer's membership on the Board ceases or terminates, or at such sooner time as the term of office expires and the office has been filled by appointment or reappointment.

Section 2. Duties of Officers.

The officers of the District shall have the following duties:

(a) President. Subject to the control of the District Board of Directors, the President shall have general supervision, direction, and control of the business and affairs of the District. On matters decided by the District, unless otherwise required under the Interlocal Agreement or by this Charter, the signature of the President alone is sufficient to bind the corporation.

(b) Treasurer. The Treasurer shall receive and faithfully keep all funds of the District and deposit the same in such accounts as may be designated by the District Board of Directors. The Treasurer shall discharge such other duties as prescribed by the District Board of Directors. Before taking office, the Treasurer shall file a bond in an amount determined by the District with the Secretary of the District, and shall continue in office only so long as such bond continues in effect.

(c) Secretary. The Secretary shall keep or authorize others to keep a full and complete record of the meetings of the District Board of Directors, committees when acting on behalf of the Board and to the extent they are separate, and the meetings of the officers with appropriate minutes; shall keep the seal of the District and affix the same to such papers and such instruments as may be required in the regular course of business; shall make service of such notices as may be necessary or proper; shall supervise the keeping of the books and other records, ledgers, and other written documents comprising the business and purpose of the District, and shall discharge such other duties as pertain to the office as prescribed by the District Board of Directors.

(d) The District shall contract with Olympia to provide such services as are reasonable and necessary to assist the officers in carrying out the officer's duties under this Section. Such services, which are not anticipated to be

significant, shall include storage of minutes and other records of the District, providing advertising for District Board meetings, and the like.

ARTICLE X
COMMENCEMENT OF DISTRICT

The District shall come into existence and be authorized to take action at such time as the Amended Interlocal Agreement incorporating this Charter is approved by the legislative authorities of the Jurisdictions that comprise the District.

ARTICLE XI
CONSTITUENCY

There shall be no constituency of the District.

ARTICLE XII
MISCELLANEOUS

Section 1. Public Records.

The public shall have access to records and information of the District to the extent required by applicable law.

Section 2. Public Meetings.

Meetings of the District shall be open to the public as required by state law, and any special meetings shall be called and held in accordance with Section 11, Chapter 250, Laws of 1971, Extraordinary Session, and any subsequent amendments thereto. Members or designees of the legislative authorities of the Jurisdictions that comprise the District are entitled to appear in person or by representative and speak at any meeting of the District called and held pursuant to law.

Notice of meetings and proposed agendas shall be transmitted to the chief administrative officers of the Jurisdictions or their designees. The books and records of the District and agreements or contracts entered into by the District shall be available for inspection by the chief administrative officers of the Jurisdictions or their designee, and such documents shall be open for inspection by the public to the extent required by applicable laws, or as may be directed by agreement of the chief administrative officers of the Jurisdictions signatory to the Interlocal Agreement.

Section 3. Audits, Dissolutions, etc.

Unless waived by the chief administrative officers of the Jurisdictions, the District shall submit to the chief administrative officers of the Jurisdictions, on or before December

31, a report of its activities for the preceding calendar year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such calendar year; as well as such other reports required by applicable state and federal laws, applicable ordinances, and by the chief administrative officers of the Jurisdictions.

Section 4. Operations.

The District shall establish by resolution approved by the chief administrative officers of the Jurisdictions, procedures for the receipt, payment, and investment of District funds, which shall be performed by Olympia, Lacey, Tumwater or Thurston County, as provided for in the Amended Interlocal Agreement and any contracts entered into by the District under Article VII, Section 2 above. Such procedures may be amended by District resolution, subject to the approval of the chief administrative officers of the Jurisdictions.

Section 5. Effect of Legislation.

Should legislation be passed by the Washington State Legislature that conflicts materially with the provisions of this Charter, the PFD shall dissolve upon the effective date of such legislation, unless the Jurisdictions approve any necessary amendments to the Interlocal Agreement within 180 days of notice of the legislation

This Charter is APPROVED and ISSUED as of this 7th day of March 2003.

AGREEMENT FOR ADMINISTRATIVE & FINANCIAL SERVICES

AGREEMENT FOR ADMINISTRATIVE AND FINANCIAL SERVICES

THIS AGREEMENT is made this 9th day of November, 2006, by and between the City of Lacey ("the City"), a municipal corporation of the State of Washington and the Capital Area Regional Public Facilities District ("the District"), a municipal corporation duly organized and operating pursuant to the laws of the State of Washington as established by the Interlocal Agreement as entered into by Thurston County and the Cities of Lacey, Olympia and Tumwater.

WHEREAS, the District is in need of financial and administrative services to aid in carrying out the responsibilities of the District under its charter and the Interlocal Agreement between Thurston County and the Cities of Lacey, Olympia and Tumwater, and

WHEREAS, the City of Lacey has the expertise and personnel to provide such services,

NOW, THEREFORE,

It is hereby agreed between the parties as follows:

1. Financial Services.

The City shall receive from the Washington State Department of Revenue sales tax proceeds generated by and attributable to taxable events as defined in RCW 82.14.020(9) occurring within the boundaries of the Public Facilities District upon distribution of such funds by said department. The City shall create such fund or funds as shall be necessary pursuant to the provisions of law and the regulations of the Washington State Auditor for the purpose of receiving and utilizing such funds in a manner specified in this Agreement. The City shall pay from such funds the reasonable and necessary expenses of the District, including but not limited to the costs for insurance for members of the District's Board and the financial and administrative services performed by the City. The City shall account for such expenditures in a manner which will result in the Cities of Lacey and Olympia bearing a share of such expenses equal to the ratio of the distribution of tax proceeds between such Cities. The balance of said funds shall be distributed unto the Cities of Lacey and Olympia in accordance with the provisions of the Second Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers Between Thurston County and the Cities of Olympia, Lacey and Tumwater and the terms of the Agreements between the District and the Cities of Lacey and Olympia. The City shall further, on behalf of and at the direction of the District, file annual financial statements and annual reports with Olympia, Lacey, Tumwater and Thurston County, which reports shall be filed within 90 days after the end of each fiscal year.

2. Administrative Services.

The City shall provide facilities for meetings of the Board of the District and for the storage of minutes and other records of the District. The City shall provide personnel and equipment for the recording of minutes of the District Board, shall conduct necessary advertising for Board meetings and provide such other reasonable and necessary services as shall be requested by the Board of the District.

3. Compensation for Services.

The District shall pay the City for the reasonable costs of services performed pursuant to the requirements of Sections 1 and 2 of this Agreement by authorizing payment from the sales tax proceeds as received as set forth in Section 1 hereof. Such payments shall be authorized to be made by the City only after submission by the City, to the Board, of appropriate invoices, vouchers or description of services which will allow the Board to be informed prior to approving such payment. The City agrees to maintain such books, records and practices which will accurately reflect all direct and indirect costs related to the performance of services under this contract and such records shall be made available for both review by the District and for audit by the Washington State Auditor.

4. Independent Contractor Relationship.

The parties intend that an independent contractor relationship shall be created by this contract. The District is interested primarily in the results to be achieved and the implementation of the services will lie solely with the City. No employee or representative of the City shall, for any purpose, be deemed to be an employee of the District. The City will be solely and entirely responsible for its acts and for the acts of its agents and employees during the performance of the services called for in this Agreement.

5. Duration of Agreement.

This Agreement shall remain in force as long as the District remains in existence unless earlier terminated by mutual agreement of the parties.

DATED this day and date first above written.

CITY OF LACEY	CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT
By:	By:
Its City Manager	Its President

APPROVED AS TO FORM:

Kenneth R. Ahlf, City Attorney

SUPPORTING DOCUMENTS
(ORDINANCES & RESOLUTIONS)

ORDINANCE NO. 1183

CITY OF LACEY

AN ORDINANCE RELATING TO PUBLIC FACILITIES DISTRICTS, ADOPTING AN "INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR A REGIONAL CENTER" AND THE CHARTER THEREFORE; ADOPTING AN "INTERLOCAL AGREEMENT BETWEEN THURSTON COUNTY AND THE CITY OF LACEY REGARDING CREATION OF A JOINT PUBLIC FACILITIES DISTRICT FOR A REGIONAL CENTER" AND THE CHARTER THEREFORE; ADOPTING A "CHARTER OF A LACEY PUBLIC FACILITIES DISTRICT" AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002, allows the creation by cities and a county or by a city and a county of a joint public facilities district (PFD) to design, construct, and operate a Regional Center as defined in state law, and

WHEREAS, the City of Lacey has the authority under state statute to create its own single-city PFD for the same purposes stated above,

WHEREAS, the Legislature by Chapters 363, Laws of 2002, required that to qualify for state sales tax funds under RCW 82.14.390, a joint or single PFD must be created by July 31, 2002, and

WHEREAS, the Legislature also required that construction of a PFD facility must commence on or before January 1, 2004, and

WHEREAS, the cities of Olympia, Lacey, and Tumwater and Thurston County are interested in working together to form a joint PFD to consider design, construction, and operation of a convention center, conference center, or special events center (Regional Center) as defined in Chapter 363, Laws of 2002, as the same now exists or may hereafter be amended, and

WHEREAS, the jurisdictions desire to enter into an Interlocal Agreement creating a joint PFD, and

WHEREAS, the joint PFD so created would be for the purpose of jointly considering, analyzing, and identifying a possible Regional Center that may be designed, constructed, and operated under or in conjunction with an amended Interlocal Agreement and PFD, and

WHEREAS, it is the intent of the parties that sales and use tax funds authorized pursuant to RCW 82.14.390 should be imposed during this initial phase of the PFD to fund activities necessary to jointly consider, analyze, and identify a possible regional center, and

WHEREAS, the parties have agreed, under the Interlocal Agreement, to work together in good faith to identify a Regional Center to be designed, constructed, and operated under an amended PFD and Interlocal Agreement, and

WHEREAS, the Agreement provides that this collaboration must be completed by December 31, 2002 or the Interlocal Agreement will terminate, and

WHEREAS, it is necessary for the City Council to also establish a joint Thurston County and City of Lacey PFD and a single City PFD for Lacey, either of which could be used in the event considerations and discussions with the other jurisdictions do not prove fruitful and Lacey wishes to pursue a Regional Center either pursuant to a joint PFD with Thurston County or through a PFD of its own, and

WHEREAS, it is necessary and proper for the Lacey City Council to adopt the above-referenced Interlocal Agreement and the Charter for the Capitol Area Regional Public Facilities District attached thereto and, as alternatives, An Interlocal Agreement and a Charter for a Joint Thurston County and City of Lacey PFD and to create a City of Lacey, single City PFD, should either of the latter be necessary,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, AS FOLLOWS:

Section 1. The Lacey City Council hereby approves and adopts that document entitled as the "Interlocal Agreement Regarding creation of a Public Facilities District for a Regional Center" and the "Charter of the Capitol Area Regional Conference Center Public Facilities," attached thereto. The City Manager is hereby authorized to execute that Interlocal Agreement on behalf of the City Council and may so bind the City Council. A copy of the Interlocal Agreement with its "Charter of Capitol Area Regional Public Facilities District" is attached hereto as Exhibit A.

Section 2. The Lacey City Council hereby approves and adopts that document entitled "Interlocal Agreement Between Thurston County and the City of Lacey Regarding Creation of a Joint Public Facilities District For a Regional Center", and the "Charter of

Thurston County and City of Lacey Joint Public Facilities District," attached thereto. The City Manager is hereby authorized to execute such Interlocal Agreement on behalf of the City Council and may so bind the City Council. A copy of the Interlocal Agreement with its "Charter of Thurston County and City of Lacey Joint Public Facilities District" is attached hereto as Exhibit B. Such District shall be deemed to be created as of the effective date of this ordinance. While deemed created by this ordinance, the Thurston County and City of Lacey joint Public Facilities District is authorized to take action only when authorized by official action by the Board of Commissioners of Thurston County and the City Council of the City of Lacey and only after dissolution of the "Interlocal Agreement Regarding creation of a Public Facilities District for a Regional Center", or upon withdrawal by Thurston County and the City of Lacey from that Interlocal Agreement.

Section 3. The Lacey City Council hereby further adopts a Charter for the "City of Lacey Public Facilities District" in the form attached hereto as Exhibit C. The Lacey Public Facilities District shall be deemed to be created as of the effective date of this ordinance. While deemed created by this ordinance, the Lacey Public Facilities District is authorized to take action only after official action to do so is taken by the City Council of the City of Lacey and only after the dissolution of the "Interlocal Agreement Regarding creation of a Public Facilities District for a Regional Center", or upon withdrawal from the City of Lacey from that Interlocal Agreement.

Section 4. The summary attached hereto is approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this 11th day of July 2002.

CITY COUNCIL

By [signature]
Mayor

Attest:

[signature]
City Clerk

Approved as to form:

[signature]
City Attorney

Published: ~~July 15, 2002~~
Monday

SUMMARY FOR PUBLICATION

ORDINANCE 1183

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on July 11, 2002, Ordinance No. 1183, entitled "AN ORDINANCE RELATING TO PUBLIC FACILITIES DISTRICTS, ADOPTING AN,"INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR A REGIONAL CENTER" AND THE CHARTER THEREFORE; ADOPTING AN "INTERLOCAL AGREEMENT BETWEEN THURSTON COUNTY AND THE CITY OF LACEY REGARDING CREATION OF A JOINT PUBLIC FACILITIES DISTRICT FOR A REGIONAL CENTER" AND THE CHARTER THEREFORE; ADOPTING A "CHARTER OF A LACEY PUBLIC FACILITIES DISTRICT" AND APPROVING A SUMMARY FOR PUBLICATION.

The main points of the Ordinance are described as follows:

1. The Ordinance approves an Interlocal Agreement regarding Creation of a Public Facilities District for a Regional Center between the Cities of Olympia, Lacey and Tumwater and Thurston County including a Charter creating the "Capitol Area Regional Public Facilities District."

2. The Ordinance approves an Interlocal Agreement Regarding Creation of a Public Facilities District for a Regional Center between Thurston County and the City of Lacey including a Charter of a Thurston County and City Of Lacey Joint Public Facilities District. Creation of the District is to be effective as of the date of passage of the Ordinance but activation of the District is not to take place until the Agreement for the Capitol Area Regional Public Facilities District ends or Thurston County and the City of Lacey withdraw from such agreement.

3. The Ordinance creates a City of Lacey Public Facilities District with creation to be effective as of the date of passage of the Ordinance but activation of the District is not to take place until the Agreement for

the Capitol Area Regional Public Facilities District terminates or the City of Lacey withdraws from that agreement.

4. The Ordinance approves this summary for publication.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: Monday, July 15, 2002.

Charlotte M. Taylor

Charlotte M. Taylor, City Clerk

CHARTER

OF

CAPITOL AREA REGIONAL

PUBLIC FACILITIES DISTRICT

A Municipal Corporation

EXHIBIT A

CHARTER

CAPITOL AREA REGIONAL PUBLIC FACILITIES DISTRICT

ARTICLE I
NAME AND DISTRICT SEAL

The name of this corporation shall be the Capitol Area Regional Public Facilities District (hereinafter the "District"). The corporate seal of the District shall be a circle with the name of the District and the word "SEAL" inscribed therein.

ARTICLE II
AUTHORITY FOR CAPITOL AREA REGIONAL PUBLIC FACILITIES DISTRICT

The District is a municipal corporation organized pursuant to Chapter 35.57 RCW and Chapter 363, Laws of 2002, as the same now exists or may hereafter be amended, or any successor act or acts and is created pursuant to that certain interlocal agreement dated ____________________ 2002, (hereinafter the "Interlocal Agreement") by and between the Cities of Olympia, Lacey, Tumwater, and Thurston County (hereinafter the "Jurisdictions"), which Jurisdictions comprise the District.

ARTICLE III
DURATION OF DISTRICT

The District shall continue to exist until it is terminated pursuant to the terms of the Interlocal Agreement.

ARTICLE IV
PURPOSE OF DISTRICT

The purpose of the District is to provide an independent legal entity under Chapter 35.57 RCW, to impose and use state sales tax under RCW 82.14.390 to acquire, construct, own, remodel, maintain, equip, re-equip, repair, finance, and operate one or more Regional Centers as defined in RCW 35.57.020(1), as amended by, Chapter 363, Laws of 2002. The District may take actions in furtherance of any of the above stated purposes only as authorized under the Interlocal Agreement. If authorized, the Regional Center(s) would serve essential public purposes by providing one or more

regional facilities for conventions, conferences and/or special events. The District does not have the authority to perform any functions other than that set forth in this Article.

For the purpose of securing the exemption from federal income taxation for interest on obligations of the District, the District constitutes an instrumentality of each of the Jurisdictions that created the District (within the meaning of those terms in regulations of the United States Treasury and rulings of the Internal Revenue Service prescribed pursuant to Section 103 and Section 145 of the Internal Revenue Code of 1986, as amended).

ARTICLE V
POWERS OF DISTRICT

Except as may be otherwise provided in the Charter, the District and the District Board of Directors on its behalf shall have only the power to:

1. Act as authorized under Chapter 35.57 RCW, as limited by the Interlocal Agreement.
2. Sue, and be sued, in its corporate name
3. Accept gifts, funds, or property from the United States, the State, the Jurisdictions, other corporations, associations, individuals, or any other sources, and to use said funds in accordance with the powers set forth in Article IV.
4. Provide the necessary administrative means to carry out its powers set forth in this Charter.
5. Impose a sales and use tax as authorized by RCW 35.57.040(d) and RCW 82.14.390.

ARTICLE VI
LIMITS ON DISTRICT POWERS

1. No part of the revenue of the District shall inure to the benefit of, or be distributable to, the members of the District Board of Directors or officers of the District or other private persons, except that the District is authorized and empowered to:

   (a) Reimburse District Board Members for reasonable expenses actually incurred in performing their duties; and
   (b) Provide the administrative means to carry out the District's powers under Article V.

2. No part of the activities of the District shall include any attempt to influence legislation; and the District shall not participate in, or intervene in (including the

publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

3. The District may not incur or create any liability that permits recourse by any contracting party or members of the public to any assets, services, resources, or credit of the Jurisdictions.

4. The District shall not amend this Charter without the approval of the Jurisdictions.

5. The District shall not issue any debt nor shall it submit to the voters of the District a ballot proposition for imposition of a sales or use tax.

   The District may not exercise its powers as delineated in Article V until such time as it has, in accordance with RCW 35.57.040(d) and RCW 82.14.390, imposed the maximum allowable sales and use tax for the purpose of securing a source of revenue to satisfy the financial obligations of the District.

6. In the event of a conflict between the terms of this Charter and of the Interlocal Agreement dated ________________________, the terms of the interlocal agreement shall govern.

ARTICLE VII
DUTIES OF THE DISTRICT

In addition to other duties as may be provided herein, the District and the District Board of Directors shall undertake the following:

1. Provide Financial Assistance. The District, through the District Board of Directors during its first or a subsequent meeting, shall, if authorized by the Jurisdictions per the Interlocal Agreement, impose a sales and use tax of not more than .033 percent to be collected from those persons who are taxable by the State of Washington under RCW 82.08 and 82.12, upon the occurrence of any taxable event within the District in accordance with RCW 82.14.390.

2. Enter Into Agreements. The District shall enter into an agreement with the City of Olympia ("Olympia") or such other Jurisdiction as shall be appropriate to perform any administrative functions on behalf of the District as may be necessary to carry out the District's functions as prescribed under Title V of this Charter or the Interlocal Agreement.

3. Revenues. All revenues received by the District which are derived from the imposition of charges, fees, and taxes as authorized by RCW 35.57.040, shall be deposited in such a manner as described in its agreement with Olympia or other appropriate Jurisdiction, which funds may be expended only to satisfy the

financial obligations of the District consistent with this Charter and the Interlocal Agreement. Any matching funds required by RCW 82.14.390 shall be provided by the Jurisdictions under an agreement, or by other private or public sources.

ARTICLE VIII
ORGANIZATION OF DISTRICT

Section 1. District Board of Directors.

The management of all District affairs shall reside with the Board of Directors. The Board shall be composed of seven members appointed in accordance with the terms of RCW 35.57.010(3)(b). The City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the members pursuant to RCW 35.57.010(3)(b)(i). Of the four members to be appointed under RCW 35.57.010(3)(b)(ii), one each shall be appointed by the City Councils of Olympia, Lacey and Tumwater and by the County Commission. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(b)(ii). Required actions of the City Council of Tumwater shall be satisfied upon confirmation of appointments by the Mayor. All provisions of RCW 35.57.010(3)(b) shall apply to the appointment of Board members.

Section 2. Consecutive Absences.

Any Board Member who is absent for three consecutive regular meetings without excuse may, by resolution duly adopted by a majority vote of the whole Board, be deemed to have forfeited his or her position as Board Member.

Section 3. Removal of Board Members.

Any Board Member may be removed at will, with or without cause, by his or her appointing Jurisdiction, which appointing Jurisdiction shall appoint a new Board Member to fill the unexpired term for the vacant position. The term of any Board Member removed pursuant to this Section shall expire when the member receives a copy of the resolution removing him or her.

Section 4. Vacancy on District Board of Directors.

A vacancy, or vacancies, on the District Board of Directors shall be deemed to exist in case of the death, disability, resignation, removal, or forfeiture of membership as provided herein. Vacancies on the Board shall be filled by appointment in the same manner in which members of the Board are regularly appointed. Any person selected to fill a vacancy on the Board shall serve the balance of the term of the person being replaced.

Section 5. Duties of Board Members.

A general or particular authorization or concurrence of the Board by resolution shall be necessary for any of the following transactions:

(a) Adoption of an annual budget;
(b) Certification of annual audited financial statements and other reports and statements to be filed with the chief administrative officers of the Jurisdictions in the Interlocal Agreement as true and correct in the opinion of the District except as noted;
(c) Transfer of tax proceeds authorized by the Charter to the City of Olympia or other appropriate Jurisdiction per an agreement; and
(d) Perform such other transactions, duties, and responsibilities as the Charter shall require of the Members of the Board or the District.

Section 6. Voting Requirements/Quorum.

(a) Action, which requires Board approval, may only be authorized by a vote representing both a majority of the Board Members voting and not less than four members. Four voting members must be present at any regular or special meeting of the Board to comprise a quorum, and for the Board to transact any business.
(b) Proxy voting shall not be allowed.
(c) The adoption and amendment of bylaws shall require an affirmative vote of a majority of the Board's voting membership representing two-thirds of the Board Members voting on the issue and not less than four members.

Section 7. Right to Indemnification.

Each person who was, or is, threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was an official of the District, whether the basis for such proceeding is alleged action in an official capacity as a director, trustee, officer, employee, or agent, or in any other capacity, shall be indemnified and held harmless by the District to the full extent permitted by applicable law as then in effect, against all expense, liability, and loss (including attorneys' fees, judgments, fines, and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be an official and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that except as provided in this Section, with respect to proceedings seeking to enforce rights to indemnification, the District shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person

only if such proceeding (or part thereof) was authorized by the District Board of Directors; provided, further, the right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the District the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the District of an undertaking, by or on behalf of such official, to repay all amounts so advanced if it shall ultimately be determined that such official is not entitled to be indemnified under this Section or otherwise.

Provided, further, that the foregoing indemnity shall not indemnify an person from or on account of:

(a) Acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law; or

(b) Any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which such person was not legally entitled.

If a claim under this Section is not paid in full by the District within 60 days after a written claim has been received by the District, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be 20 days, the claimant may at any time thereafter bring suit against the District to recover the unpaid amount of the claim. The claimant shall be presumed to be entitled to indemnification under this Section upon submission of a written claim (an, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the District), and thereafter the District shall have the burden of proof to overcome the presumption that the claimant is so entitled. Neither the failure of the District to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper nor a determination by the District that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

The right of indemnification and the payment of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Charter, Bylaws, any agreement, or otherwise.

The District may maintain insurance, at its expense, to protect itself and any director of the District against any expense, liability, or loss whether or not the District would have the power to indemnify such person against such expense, liability, or loss.

Section 8. <u>Conflict of Interest and Code of Ethics</u>.

No member of the Board shall have an ownership interest in real or personal property used for or in conjunction with any Regional Center site. Members of the District Board of Directors and the District's staff shall be subject to RCW 42.52.

ARTICLE IX
OFFICERS OF DISTRICT

Section 1. <u>Tenure of Officers</u>.

The members shall elect from among themselves the following District officers: President, Treasurer, and Secretary. The President and the Treasurer may not be the same person. The term of any officer shall expire at such time as such officer's membership on the Board ceases or terminates, or at such sooner time as the term of office expires and the office has been filled by appointment or reappointment.

Section 2. <u>Duties of Officers</u>.

The officers of the District shall have the following duties:

(a) President. Subject to the control of the District Board of Directors, the President shall have general supervision, direction, and control of the business and affairs of the District. On matters decided by the District, unless otherwise required under the Interlocal Agreement or by this Charter, the signature of the President alone is sufficient to bind the corporation.

(b) Treasurer. The Treasurer shall receive and faithfully keep all funds of the District and deposit the same in such accounts as may be designated by the District Board of Directors. The Treasurer shall discharge such other duties as prescribed by the District Board of Directors. Before taking office, the Treasurer shall file a bond in an amount determined by the District with the Secretary of the District, and shall continue in office only so long as such bond continues in effect.

(c) Secretary. The Secretary shall keep or authorize others to keep a full and complete record of the meetings of the District Board of Directors, committees when acting on behalf of the Board and to the extent they are separate, and the meetings of the officers with appropriate minutes; shall keep the seal of the District and affix the same to such papers and such instruments as may be required in the regular course of business; shall make service of such notices as may be necessary or proper; shall supervise the keeping of the books and other records, ledgers, and other written documents comprising the business and purpose of the District, and shall

discharge such other duties as pertain to the office as prescribed by the District Board of Directors.

(d) The District shall contract with Olympia or other appropriate Jurisdiction to provide the services necessary to assist the officers in carrying out the officer's duties under this Section.

ARTICLE X
COMMENCEMENT OF DISTRICT

The District shall come into existence and be authorized to take action at such time as the Interlocal Agreement incorporating this Charter is approved by the legislative authorities of the Jurisdictions that comprise the District.

ARTICLE XI
CONSTITUENCY

There shall be no constituency of the District.

ARTICLE XII
MISCELLANEOUS

Section 1. Public Records.

The public shall have access to records and information of the District to the extent required by applicable law.

Section 2. Public Meetings.

Meetings of the District shall be open to the public as required by state law, and any special meetings shall be called and held in accordance with Section 11, Chapter 250, Laws of 1971, Extraordinary Session, and any subsequent amendments thereto. Members or designees of the legislative authorities of the Jurisdictions that comprise the District are entitled to appear in person or by representative and speak at any meeting of the District called and held pursuant to law.

Notice of meetings and proposed agendas shall be transmitted to the chief administrative officers of the Jurisdictions or their designees. The books and records of the District and agreements or contracts entered into by the District shall be available for inspection by the chief administrative officers of the Jurisdictions or their designee, and such documents shall be open for inspection by the public to the extent required by applicable laws, or as may be directed by agreement of the chief administrative officers of the Jurisdictions signatory to the Interlocal Agreement.

Section 3. Audits, Dissolutions, etc.

Unless waived by the chief administrative officers of the Jurisdictions, the District shall submit to the chief administrative officers of the Jurisdictions, on or before December 31, a report of its activities for the preceding calendar year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such calendar year; as well as such other reports required by applicable state and federal laws, applicable ordinances, and by the chief administrative officers of the Jurisdictions.

Section 4. Operations.

The District shall establish by resolution approved by the chief administrative officers of the Jurisdictions, procedures for the receipt, payment, and investment of District funds, which shall be performed by Olympia under the agreement. Such procedures may be amended by District resolution, subject to the approval of the chief administrative officers of the Jurisdictions.

Section 5. Effect of Legislation.

Should legislation be passed by the Washington State Legislature that conflicts materially with the provisions of this Charter, the PFD shall dissolve upon the effective date of such legislation, unless the Jurisdictions approve any necessary amendments to the Interlocal Agreement within 180 days of notice of the legislation

This Charter is APPROVED and ISSUED as of this _____ day of ______________ 2002.

APPROVED this _____ day of ________________ 2002 as authorized by District Board Resolution No. ________.

____
District President

ATTEST:

____
District Secretary

moe3117c
6/18402

INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR A REGIONAL CENTER

THIS INTERLOCAL AGREEMENT is made and entered into this _____ day of __________________ 2002 by and between the City of Olympia, a municipal corporation, herein referred to as "Olympia," the City of Lacey, a municipal corporation, herein referred to as "Lacey," the City of Tumwater, a municipal corporation, herein referred to as "Tumwater," and Thurston County, herein referred to as "the County".

WHEREAS, Olympia, Lacey, Tumwater and the County wish to consider constructing and operating a Regional Center under the authority granted by Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002; and

WHEREAS, a public facilities district (PFD) can be created by Olympia, Lacey, Tumwater and the County for that purpose; and

WHEREAS, in conjunction with creation of a PFD for that purpose, it is desirable that the roles and responsibilities of the three cities and the County be set forth in an interlocal agreement; and

WHEREAS, this Agreement does not create a separate legal entity other than the PFD discussed herein.

IT IS HEREBY AGREED AS FOLLOWS:

1. Olympia, Lacey, Tumwater, and the County hereby, through their respective City Councils and the County Commission, jointly adopt a PFD to be known as the Capitol Area Regional Public Facilities District (the "District"). This Agreement does not preclude any Party from creating a separate PFD either singularly or jointly with another Party prior to July 31, 2002 to be activated if and when the District is terminated per Section 5(a) of this Agreement. Adoption of this Agreement shall be by ordinance. The boundaries of the District shall encompass the corporate limits of Olympia, Lacey, and Tumwater and the unincorporated areas of the County. A copy of the Charter is attached hereto and incorporated herein by reference. Ordinance adoption shall be completed by the parties in a timely manner so that the effective date of each ordinance occurs on or before July 31, 2002.

Each jurisdiction reserves the right to withdraw from this Agreement during its term. In such event, the remaining jurisdictions may retain the District under an amended interlocal agreement.

2. The parties hereby agree to jointly consider, analyze, and identify a possible Regional Center that may be designed, constructed, and operated under or in conjunction with an amended District. The parties agree to work together in good faith toward that end and shall give due consideration to feasibility studies already existing. The District is authorized to impose the 0.033% sales and use tax authorized pursuant to RCW 82.14.390 and apply tax receipts to pay costs of implementing the terms of this interlocal agreement. No other duties are authorized to be performed under the District. Costs associated with the above joint activity may be paid by the District using sales and use tax revenues collected pursuant to Chapter 35.57 RCW as amended and RCW 82.14.390. Said sales and use tax revenues shall be collected by the District, under a contract with Olympia, or other appropriate Jurisdiction, and the terms of such contract shall be approved by Olympia, Lacey, Tumwater, and the County.

3. Should Olympia, Lacey, Tumwater and the County determine to proceed with design, construction, and operation of a Regional Center under the structure of an amended District, an amended interlocal agreement incorporating an amended District Charter shall be executed defining the roles and responsibilities of each jurisdiction. By executing this Agreement, no jurisdiction commits itself to any amended interlocal agreement or to participation in a Regional Center facility.

4. The City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the District Board members pursuant to RCW 35.57.010(3)(b)(i). Of the four members to be appointed under RCW 35.57.010(3)(b)(ii), one each shall be appointed by the City Councils of Olympia Lacey and Tumwater and by the County Commission. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(b)(ii). Required actions of the City Council of Tumwater shall be satisfied upon confirmation of appointments by the Mayor. All provisions of RCW 35.57.010(3)(b) shall apply to the appointment of board members.

5. This Interlocal Agreement shall remain in force until either of the following events occur, but no longer.

   a. Failure by the cities and the County, by December 31, 2002, to agree to proceed with the design, construction, or operation of a Regional Center through an amended District; or

b. Upon execution by all three cities and the County of an amended District and amended interlocal agreement to design, construct, and/or operate a Regional Center funded through a PFD. The amended interlocal agreement and District shall supercede this interlocal agreement. Provided, that no such amendment shall be considered to have created a new PFD for purposes of Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002.

DATED this _____ day of ___________________________ 2002.

CITY OF OLYMPIA	CITY OF LACEY
By:______________________________	By:______________________________
Its ______________________________	Its ______________________________
APPROVED AS TO FORM:	APPROVED AS TO FORM:
______________________________	______________________________
Mark Erickson, City Attorney	Ken Ahlf, City Attorney
CITY OF TUMWATER	THURSTON COUNTY
By:______________________________	By:______________________________
Its ______________________________	Its ______________________________
APPROVED AS TO FORM:	APPROVED AS TO FORM:
______________________________	______________________________
Pat Brock, City Attorney	Ed Holm, Thurston County Prosecutor

moe3119c
6/18/02

INTERLOCAL AGREEMENT
BETWEEN THURSTON COUNTY
AND THE CITY OF LACEY
REGARDING CREATION OF A
PUBLIC FACILITIES DISTRICT FOR A
REGIONAL CENTER

THIS INTERLOCAL AGREEMENT is made and entered into this _____ day of __________________ 2002 by and between the City of Lacey, herein called, "Lacey" and Thurston County, herein referred called "County".

WHEREAS, Lacey and County wish to consider constructing and operating a Regional Center under the authority granted by Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002; and

WHEREAS, a public facilities district (PFD) can be created by Lacey and the County for that purpose; and

WHEREAS, in conjunction with creation of a PFD for that purpose, it is desirable that the roles and responsibilities of Lacey and the County be set forth in an interlocal agreement; and

WHEREAS, this Agreement does not create a separate legal entity other than the PFD discussed herein.

IT IS HEREBY AGREED AS FOLLOWS:

1. Lacey and the County hereby, through the Lacey City Council and the County Board of Commissioners, jointly adopt a PFD to be known as the Thurston County and City Of Lacey Joint Public Facilities District (the "District"). This Agreement does not preclude either Party from joining together with the cities of Olympia and Tumwater to create a Capitol Area Regional PFD nor does it preclude either party from creating a separate PFD prior to July 31, 2002. Adoption of this Agreement shall be by ordinance. The boundaries of the District shall encompass the corporate limits of the City Of Lacey and the unincorporated areas of the County. A copy of the Charter is attached hereto and incorporated herein by reference. Ordinance adoption shall be completed by the parties in a timely manner so that the effective date of each ordinance occurs on or before July 31, 2002.

Each party reserves the right to withdraw from this Agreement during its term. In such event, the remaining party may retain the District under an amended interlocal agreement.

2. The parties hereby agree to jointly consider, analyze, and identify a possible Regional Center that may be designed, constructed, and operated under or in conjunction with an amended District. The parties agree to work together in good faith toward that end and shall give due consideration to feasibility studies already existing. The District is authorized to impose the 0.033% sales and use tax authorized pursuant to RCW 82.14.390 and apply tax receipts to pay costs of implementing the terms of this interlocal agreement only after action by both the City Council of Lacey and the Board of Commissioners of the County have authorized such imposition. No other duties are authorized to be performed under the District. Costs associated with the above joint activity may be paid by the District using sales and use tax revenues collected pursuant to Chapter 35.57 RCW as amended and RCW 82.14.390. Said sales and use tax revenues shall be collected by the District, under a contract with either Lacey or the County under the terms of a contract approved by both Lacey and the County.

3. Should Lacey and the County determine to proceed with design, construction, and operation of a Regional Center under the structure of an amended District, an amended interlocal agreement incorporating an amended District Charter shall be executed defining the roles and responsibilities of each jurisdiction. By executing this Agreement, neither party commits itself to any amended interlocal agreement or to participation in a Regional Center facility except as the parties have bound themselves to so participate by agreement executed prior to this interlocal agreement.

4. The City Council of Lacey and the Board of Commissioners of the County shall appoint the District Board members pursuant to RCW 35.57.010(3)(b)(i). Of the four members to be appointed under RCW 35.57.010(3)(b)(ii), two each shall be appointed by the City Council of Lacey and the Board of Commissioners of the County. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(b)(ii). All provisions of RCW 35.57.010(3)(b) shall apply to the appointment of board members.

5. This Interlocal Agreement shall remain in force until either of the following events occur, but no longer.

    a. Upon execution by the cities of Lacey, Olympia and Tumwater and the County of an amended interlocal agreement and an amended charter of the Capitol Area

Regional Public Facilities District calling for the design, construction and/or operation of a Regional Center funded through such Capitol Area Regional Public Facilities District.

b. Upon execution by both parties of an amended interlocal agreement adopting amendments to the District Charter approved herein and calling for the design, construction, and/or operation of a Regional Center funded through the Thurston County and City Of Lacey joint PFD. Such an amended interlocal agreement and District Charter shall supersede this interlocal agreement. Provided, that no such amendment shall be considered to have created a new PFD for purposes of Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002.

c. Withdrawal from the terms of this agreement by either party upon giving thirty days written notice to the other party.

DATED this _____ day of __________________________ 2002.

CITY OF LACEY	THURSTON COUNTY
By:______________________________	By:______________________________
Its ______________________________	Its ______________________________
APPROVED AS TO FORM:	APPROVED AS TO FORM:
______________________________	______________________________
Ken Ahlf, City Attorney	Ed Holm, Thurston County Prosecutor

EXHIBIT B

CHARTER

OF

THURSTON COUNTY AND CITY OF LACEY

JOINT PUBLIC FACILITIES DISTRICT

A Municipal Corporation

EXHIBIT B

CHARTER

THURSTON COUNTY AND CITY OF LACEY JOINT PUBLIC FACILITIES DISTRICT

ARTICLE I

NAME

The name of this corporation shall be the Thurston County and City of Lacey Joint Public Facilities District (hereinafter the "District").

ARTICLE II

AUTHORITY FOR PUBLIC FACILITIES DISTRICT

The District is a municipal corporation organized pursuant to Chapter 35.57 RCW and Chapter 363, Laws of 2002, as the same now exists or may hereafter be amended, or any successor act or acts and is created pursuant to that certain interlocal agreement dated ____________________ 2002, (hereinafter the "Interlocal Agreement") by and between the City of Lacey and Thurston County (hereinafter the "Jurisdictions"), which Jurisdictions comprise the District.

ARTICLE III

DURATION OF DISTRICT

The District shall continue to exist until it is terminated pursuant to the terms of the Interlocal Agreement.

ARTICLE IV
PURPOSE OF DISTRICT

The purpose of the District is to provide an independent legal entity under Chapter 35.57 RCW, to impose and use state sales tax under RCW 82.14.390 to acquire, construct, own, remodel, maintain, equip, re-equip, repair, finance, and operate one or more Regional Centers as defined in RCW 35.57.020(1), as amended by, Chapter 363, Laws of 2002. The District may take actions in furtherance of any of the above stated purposes only as authorized under the Interlocal Agreement The District does not have the authority to perform any functions other than that set forth in this Article.

For the purpose of securing the exemption from federal income taxation for interest on obligations of the District, the District constitutes an instrumentality of each of the Jurisdictions that created the District (within the meaning of those terms in regulations of the United States Treasury and rulings of the Internal Revenue Service prescribed pursuant to Section 103 and Section 145 of the Internal Revenue Code of 1986, as amended).

ARTICLE V
POWERS OF DISTRICT

Except as may be otherwise provided in the Charter, the District and the District Board of Directors on its behalf shall have only the power to:

1. Act as authorized under Chapter 35.57 RCW, as limited by the Interlocal Agreement.
2. Sue, and be sued, in its corporate name
3. Accept gifts, funds, or property from the United States, the State, the Jurisdictions, other corporations, associations, individuals, or any other sources, and to use said funds in accordance with the powers set forth in Article IV.
4. Provide the necessary administrative means to carry out its powers set forth in this Charter.
5. Impose a sales and use tax as authorized by RCW 35.57.040(d) and RCW 82.14.390.

ARTICLE VI

LIMITS ON DISTRICT POWERS

1. No part of the revenue of the District shall inure to the benefit of, or be distributable to, the members of the District Board of Directors or officers of the District or other private persons, except that the District is authorized and empowered to:

   (a) Reimburse District Board Members for reasonable expenses actually incurred in performing their duties; and

   (b) Provide the administrative means to carry out the District's powers under Article V.

2. No part of the activities of the District shall include any attempt to influence legislation; and the District shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

3. The District may not incur or create any liability that permits recourse by any contracting party or members of the public to any assets, services, resources, or credit of the Jurisdictions.

4. The District shall not amend this Charter without the approval of the Jurisdictions.

5. The District shall not issue any debt nor shall it submit to the voters of the District a ballot proposition for imposition of a sales or use tax.

   The District may not exercise its powers as delineated in Article V until such time as it has, in accordance with RCW 35.57.040(d) and RCW 82.14.390, imposed the maximum allowable sales and use tax for the purpose of securing a source of revenue to satisfy the financial obligations of the District.

6. In the event of a conflict between the terms of this Charter and of the Interlocal Agreement dated ________________________, the terms of the interlocal agreement shall govern.

ARTICLE VII

DUTIES OF THE DISTRICT

In addition to other duties as may be provided herein, the District and the District Board of Directors shall undertake the following:

1. Provide Financial Assistance. The District, through the District Board of Directors during its first or a subsequent meeting, shall, if authorized by the Jurisdictions per the Interlocal Agreement, impose a sales and use tax of not more than .033 percent to be collected from those persons who are taxable by the State of Washington under RCW 82.08 and 82.12, upon the occurrence of any taxable event within the District in accordance with RCW 82.14.390.

2. Enter Into An Agreement. The District shall enter into an agreement with one of the Jurisdictions as the Jurisdictions shall deem appropriate to perform any administrative functions on behalf of the District as may be necessary to carry out the District's functions as prescribed under Title V of this Charter or the Interlocal Agreement.

3. Revenues. All revenues received by the District which are derived from the imposition of charges, fees, and taxes as authorized by RCW 35.57.040, shall be deposited in such a manner as described in its agreement with one of the Jurisdictions as deemed appropriate by the Jurisdiction, which funds may be expended only to satisfy the financial obligations of the District consistent with this Charter and the Interlocal Agreement. Any matching funds required by RCW 82.14.390 shall be provided by the Jurisdictions under an agreement, or by other private or public sources.

ARTICLE VIII

ORGANIZATION OF DISTRICT

Section 1. District Board of Directors.

The management of all District affairs shall reside with the Board of Directors. The Board shall be composed of seven members appointed in accordance with the terms of RCW 35.57.010(3)(b). The Lacey City Council and the Thurston County Board of Commissioners shall appoint the members pursuant to RCW 35.57.010(3)(b)(i). Of the four members to be appointed under RCW 35.57.010(3)(b)(ii), two each shall be appointed by the Lacey City Council and by the County Board of Commissioners. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(b). All provisions of RCW 35.57.010(3)(b) shall apply to the appointment of Board members.

Section 2. Consecutive Absences.

Any Board Member who is absent for three consecutive regular meetings without excuse may, by resolution duly adopted by a majority vote of the whole Board, be deemed to have forfeited his or her position as Board Member.

Section 3. Removal of Board Members.

Any Board Member may be removed at will, with or without cause, by his or her appointing Jurisdiction, which appointing Jurisdiction shall appoint a new Board Member to fill the unexpired term for the vacant position. The term of any Board Member removed pursuant to this Section shall expire when the member receives a copy of the resolution removing him or her.

Section 4. Vacancy on District Board of Directors.

A vacancy, or vacancies, on the District Board of Directors shall be deemed to exist in case of the death, disability, resignation, removal, or forfeiture of membership as provided herein. Vacancies on the Board shall be filled by appointment in the same manner in which members of the Board are regularly appointed. Any person selected to fill a vacancy on the Board shall serve the balance of the term of the person being replaced.

Section 5. Duties of Board Members.

A general or particular authorization or concurrence of the Board by resolution shall be necessary for any of the following transactions:

(a) Adoption of an annual budget;

(b) Certification of annual audited financial statements and other reports and statements to be filed with the chief administrative officers of the Jurisdictions in the Interlocal Agreement as true and correct in the opinion of the District except as noted;

(c) Transfer of tax proceeds authorized by the Charter to one of the Jurisdictions per an agreement; and

(d) Perform such other transactions, duties, and responsibilities as the Charter shall require of the Members of the Board or the District.

Section 6. Voting Requirements/Quorum.

(a) Action, which requires Board approval, may only be authorized by a vote representing both a majority of the Board Members voting and not less than four members. Four voting members must be present at any regular or special meeting of the Board to comprise a quorum, and for the Board to transact any business.

(b) Proxy voting shall not be allowed.

(c) The adoption and amendment of bylaws shall require an affirmative vote of a majority of the Board's voting membership representing two-thirds of the Board Members voting on the issue and not less than four members.

Section 7. Right to Indemnification.

Each person who was, or is, threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was an official of the District, whether the basis for such proceeding is alleged action in an official capacity as a director, trustee, officer, employee, or agent, or in any other capacity, shall be indemnified and held harmless by the District to the full extent permitted by applicable law as then in effect, against all expense, liability, and loss (including attorneys' fees, judgments, fines, and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be an official and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that except as provided in this Section, with respect to proceedings seeking to enforce rights to indemnification, the District shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the District Board of Directors; provided, further, the right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the District the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the District of an undertaking, by or on behalf of such official, to repay all amounts so advanced if it shall ultimately be determined that such official is not entitled to be indemnified under this Section or otherwise.

Provided, further, that the foregoing indemnity shall not indemnify an person from or on account of:

(a) Acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law; or

(b) Any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which such person was not legally entitled.

If a claim under this Section is not paid in full by the District within 60 days after a written claim has been received by the District, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be 20 days, the claimant may at any time thereafter bring suit against the District to recover the unpaid amount of the claim. The claimant shall be presumed to be entitled to indemnification under this Section upon submission of a written claim (an, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the District), and thereafter the District shall have the burden of proof to overcome the presumption that the claimant is so entitled. Neither the failure of the District to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper nor a determination by the District that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

The right of indemnification and the payment of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Charter, Bylaws, any agreement, or otherwise.

The District may maintain insurance, at its expense, to protect itself and any director of the District against any expense, liability, or loss whether or not the District would have the power to indemnify such person against such expense, liability, or loss.

Section 8. Conflict of Interest and Code of Ethics.

No member of the Board shall have an ownership interest in real or personal property used for or in conjunction with any Regional Center site. Members of the District Board of Directors and the District's staff shall be subject to RCW 42.52.

ARTICLE IX

OFFICERS OF DISTRICT

Section 1. Tenure of Officers.

The members shall elect from among themselves the following District officers: President, Treasurer, and Secretary. The President and the Treasurer may not be the same person. The term of any officer shall expire at such time as such officer's membership on the Board ceases or terminates, or at such sooner time as the term of office expires and the office has been filled by appointment or reappointment.

Section 2. Duties of Officers.

The officers of the District shall have the following duties:

(a) President. Subject to the control of the District Board of Directors, the President shall have general supervision, direction, and control of the business and affairs of the District. On matters decided by the District, unless otherwise required under the Interlocal Agreement or by this Charter, the signature of the President alone is sufficient to bind the corporation.

(b) Treasurer. The Treasurer shall receive and faithfully keep all funds of the District and deposit the same in such accounts as may be designated by the District Board of Directors. The Treasurer shall discharge such other duties as prescribed by the District Board of Directors. Before taking office, the

Treasurer shall file a bond in an amount determined by the District with the Secretary of the District, and shall continue in office only so long as such bond continues in effect.

(c) Secretary. The Secretary shall keep or authorize others to keep a full and complete record of the meetings of the District Board of Directors, committees when acting on behalf of the Board and to the extent they are separate, and the meetings of the officers with appropriate minutes; shall keep the seal of the District and affix the same to such papers and such instruments as may be required in the regular course of business; shall make service of such notices as may be necessary or proper; shall supervise the keeping of the books and other records, ledgers, and other written documents comprising the business and purpose of the District, and shall discharge such other duties as pertain to the office as prescribed by the District Board of Directors.

(d) The District shall contract with one of the Jurisdictions as the Jurisdiction shall deem appropriate to provide the services necessary to assist the officers in carrying out the officer's duties under this Section.

ARTICLE X

COMMENCEMENT OF DISTRICT

The District shall come into existence and be authorized to take action at such time as the Interlocal Agreement incorporating this Charter is approved by the legislative authorities of the Jurisdictions that comprise the District.

ARTICLE XI

CONSTITUENCY

There shall be no constituency of the District.

ARTICLE XII

MISCELLANEOUS

Section 1. Public Records.

The public shall have access to records and information of the District to the extent required by applicable law.

Section 2. Public Meetings.

Meetings of the District shall be open to the public as required by state law, and any special meetings shall be called and held in accordance with Section 11, Chapter 250, Laws of 1971, Extraordinary Session, and any subsequent amendments thereto. Members or designees of the legislative authorities of the Jurisdictions that comprise the District are entitled to appear in person or by representative and speak at any meeting of the District called and held pursuant to law.

Notice of meetings and proposed agendas shall be transmitted to the chief administrative officers of the Jurisdictions or their designees. The books and records of the District and agreements or contracts entered into by the District shall be available for inspection by the chief administrative officers of the Jurisdictions or their designee, and such documents shall be open for inspection by the public to the extent required by applicable laws, or as may be directed by agreement of the chief administrative officers of the Jurisdictions signatory to the Interlocal Agreement.

Section 3. Audits, Dissolutions, etc.

Unless waived by the chief administrative officers of the Jurisdictions, the District shall submit to the chief administrative officers of the Jurisdictions, on or before December 31, a report of its activities for the preceding calendar year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such calendar year; as well as such other reports required by applicable state and federal laws, applicable ordinances, and by the chief administrative officers of the Jurisdictions.

Section 4. Operations.

The District shall establish by resolution approved by the chief administrative officers of the Jurisdictions, procedures for the receipt, payment, and investment of District funds, which shall be performed by one of the Jurisdictions under the agreement. Such procedures may be amended by District resolution, subject to the approval of the chief administrative officers of the Jurisdictions.

Section 5. Effect of Legislation.

Should legislation be passed by the Washington State Legislature that conflicts materially with the provisions of this Charter, the PFD shall dissolve upon the effective date of such legislation, unless the Jurisdictions approve any necessary amendments to the Interlocal Agreement within 180 days of notice of the legislation

This Charter is APPROVED and ISSUED as of this _____ day of ______________ 2002.

APPROVED this _____ day of ________________ 2002 as authorized by District Board Resolution No. ________.

____
District President

ATTEST:

____
District Secretary

CHARTER

OF

LACEY

PUBLIC FACILITIES DISTRICT

A MUNICIPAL CORPORATION

EXHIBIT C

CHARTER

LACEY
PUBLIC FACILITIES DISTRICT

ARTICLE I

NAME

The name of this corporation shall be the Lacey Public Facilities District (hereinafter referred to as the "District").

ARTICLE II

AUTHORITY FOR LACEY PUBLIC FACILITIES DISTRICT

The district is a municipal corporation organized pursuant to Chapter 35.57 RCW and Chapter 363, Laws of 2002, as the same now exists or may hereafter be amended, or any successor act or acts. The limits of the PFD shall be coterminous with the corporate limits of the City Of Lacey.

ARTICLE III

DURATION OF DISTRICT

The District shall continue to exist until the City Council of the City of Lacey shall determine that the functions of the District have been completed.

ARTICLE IV
PURPOSE OF DISTRICT

The purpose of the District is to provide an independent legal entity under Chapter 35.57 RCW, as amended by Chapter 363, Laws of 2002, to impose and use state sales tax under RCW 82.14.390 to consider, analyze, and identify a possible Regional Center that my be designed, constructed and operated. The District may take actions in furtherance of any of the above stated purposes only as authorized by the Lacey City Council. If authorized , the Regional Center would serve essential public purposes by providing a regional facility for conventions, exhibitions, public meetings, and/or gatherings and by generally stimulating economic development within the boundaries of the District. The District does not have the authority to perform any functions other than those set forth in this Article or granted to it by Lacey under an agreement.

For the purpose of securing the exemption from federal income taxation for interest on obligations of the District, the District constitutes an instrumentality of the City of Lacey, which created the District (within the meaning of those terms in regulations of the United States Treasury and rulings of the Internal Revenue Service prescribed pursuant to Section 103 and Section 145 of the Internal Revenue Code of 1986, as amended).

ARTICLE V
POWERS OF DISTRICT

Except as may be otherwise provided in this Charter, the District and the District board of Directors on its behalf shall have only the power to:

1. Consider, analyze, and identify a possible regional center that may be designed, constructed and operated. This power shall be exercised under the terms of an agreement with the City Of Lacey.
2. Sue, and be sued, in its corporate name
3. Accept gifts, funds, or property from the United States, the State, other corporations, associations, individuals, or any other sources, and to use said funds in accordance with the powers set forth herein.
4. Provide the necessary administrative means to carry out its powers set forth in this Charter under an agreement with the City Of Lacey.
5. Impose a sales and use tax as authorized by RCW 35.57.404(d) and RCW 82.14.390.

ARTICLE VI

LIMITS ON DISTRICT POWERS

1. No part of the revenue of the District shall inure to the benefit of, or be distributable to, the members of the District Board of Directors or officers of the District or other private persons, except that the District is authorized and empowered to:

   (a) Reimburse District Board Members for reasonable expenses actually incurred in performing their duties; and

   (b) Provide the administrative means to carry out the District's powers under Article V under an agreement with the City of Lacey.

2. No part of the activities of the District shall include any attempt to influence legislation; and the District shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

3. The District may not incur or create any liability that permits recourse by any contracting party or members of the public to any assets, services, resources, or credit of the City of Lacey.

4. The District shall not amend this Charter without the approval of the City Council of the City of Lacey.

5. The District shall not issue any debt nor shall it submit to the voters of the District a ballot proposition for imposition of a sales or use tax.

   The District may not exercise its powers as delineated in Article V until such time as it has, in accordance with RCW 35.57.040(d) and RCW 82.14.390, imposed the maximum allowable sales and use tax for the purpose of securing a source of revenue to satisfy the financial obligations of the District.

ARTICLE VII

DUTIES OF THE DISTRICT

In addition to other duties as may be provided herein, the District and the District Board of Directors shall undertake the following:

1. <u>Provide Financial Assistance</u>. The District, through the District Board of Directors during its first or a subsequent meeting, shall, if authorized by the Lacey City Council, impose a sales and use tax of not more than .033 percent to be collected from those persons who are taxable by the State of Washington under RCW 82.08 and 82.12, upon

the occurrence of any taxable event within the District in accordance with RCW 82.14.390.

2. Enter Into Agreements. The District shall enter into an agreement with the City of Lacey ("Lacey") for Lacey to perform any administrative functions on behalf of the District as may be necessary to carry out the District's functions as prescribed under Title V of this Charter.

3. Revenues. All revenues received by the District which are derived from the imposition of charges, fees, and taxes as authorized by RCW 35.57.040, shall be deposited in such a manner as determined by the City Council of the City of Lacey, which funds may be expended only to satisfy the financial obligations of the District. Any matching funds required by RCW 82.14.390 shall be provided by the City of Lacey or by other private or public sources.

ARTICLE VIII

ORGANIZATION OF DISTRICT

Section 1. District Board of Directors.

The management of all District affairs shall reside with the Board of Directors. The Board shall be composed of five members appointed in accordance with the terms of RCW 35.57.010(3)(a).

Section 2. Consecutive Absences.

Any Board Member who is absent for three consecutive regular meetings without excuse may, by resolution duly adopted by a majority vote of the whole Board, be deemed to have forfeited his or her position as Board Member.

Section 3. Removal of Board Members.

Any Board Member may be removed at will, with or without cause, by the City Council of the City of Lacey, which Council shall appoint a new Board Member to fill the unexpired term for the vacant position. The term of any Board Member removed pursuant to this Section shall expire when the member receives a copy of the resolution removing him or her.

Section 4. Vacancy on District Board of Directors.

A vacancy, or vacancies, on the District Board of Directors shall be deemed to exist in case of the death, disability, resignation, removal, or forfeiture of membership as provided herein. Vacancies on the Board shall be filled by appointment in the same manner in which members of the Board are regularly appointed. Any person selected to fill a vacancy on the Board shall serve the balance of the term of the person being replaced.

Section 5. Duties of Board Members.

A general or particular authorization or concurrence of the Board by resolution shall be necessary for any of the following transactions:

(a) Adoption of an annual budget;

(b) Certification of annual audited financial statements and other reports and statements to be filed with the City Manager of the City of Lacey.

(c) Transfer of tax proceeds authorized by the Charter to the City of Lacey per an agreement; and

(d) Perform such other transactions, duties, and responsibilities as the Charter shall require of the Members of the Board or the District.

Section 6. Voting Requirements/Quorum.

(a) Action, which requires Board approval, may only be authorized by a vote representing both a majority of the Board Members voting and not less than four members. Four voting members must be present at any regular or special meeting of the Board to comprise a quorum, and for the Board to transact any business.

(b) Proxy voting shall not be allowed.

(c) The adoption and amendment of bylaws shall require an affirmative vote of a majority of the Board's voting membership representing two-thirds of the Board Members voting on the issue and not less than four members.

Section 7. Right to Indemnification.

Each person who was, or is, threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was an official of the District, whether the basis for such proceeding is alleged action in an official capacity as a director, trustee, officer, employee, or agent, or in any other capacity, shall be indemnified and held harmless by the District to the full extent permitted by applicable law as then in effect, against all expense, liability, and loss (including attorneys' fees, judgments, fines, and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be an official and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that except as provided in this Section, with respect to proceedings seeking to enforce rights to indemnification, the District shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the District Board of Directors; provided, further, the right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the District the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the District of an undertaking, by or on behalf of such official, to repay all amounts so advanced if it shall ultimately be determined that such official is not entitled to be indemnified under this Section or otherwise.

Provided, further, that the foregoing indemnity shall not indemnify an person from or on account of:

(a) Acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law; or

(b) Any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which such person was not legally entitled.

If a claim under this Section is not paid in full by the District within 60 days after a written claim has been received by the District, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be 20 days, the claimant may at any time thereafter bring suit against the District to recover the unpaid amount of the claim. The claimant shall be presumed to be entitled to indemnification under this Section upon submission of a written claim (an, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the District), and thereafter the District shall have the burden of proof to overcome the presumption that the claimant is so entitled. Neither the failure of the District to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper nor a determination by the District that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

The right of indemnification and the payment of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Charter, Bylaws, any agreement, or otherwise.

The District may maintain insurance, at its expense, to protect itself and any director of the District against any expense, liability, or loss whether or not the District would have the power to indemnify such person against such expense, liability, or loss.

Section 8. Conflict of Interest and Code of Ethics.

No member of the Board shall have an ownership interest in real or personal property used for or in conjunction with any Regional Center site. Members of the District Board of Directors and the District's staff shall be subject to RCW 42.52.

ARTICLE IX

OFFICERS OF DISTRICT

Section 1. Tenure of Officers.

The members shall elect from among themselves the following District officers: President, Treasurer, and Secretary. The President and the Treasurer may not be the same person. The term of any officer shall expire at such time as such officer's membership on the Board ceases or terminates, or at such sooner time as the term of office expires and the office has been filled by appointment or reappointment.

Section 2. Duties of Officers.

The officers of the District shall have the following duties:

(a) President. Subject to the control of the District Board of Directors, the President shall have general supervision, direction, and control of the business and affairs of the District. On matters decided by the District, unless otherwise required under the an agreement with the City Of Lacey or by this Charter, the signature of the President alone is sufficient to bind the corporation.

(b) Treasurer. The Treasurer shall receive and faithfully keep all funds of the District and deposit the same in such accounts as may be designated by the District Board of Directors. The Treasurer shall discharge such other duties as prescribed by the District Board of Directors. Before taking office, the Treasurer shall file a bond in an amount determined by the District with the Secretary of the District, and shall continue in office only so long as such bond continues in effect.

(c) Secretary. The Secretary shall keep or authorize others to keep a full and complete record of the meetings of the District Board of Directors, committees when acting on behalf of the Board and to the extent they are separate, and the meetings of the officers with appropriate minutes; shall keep the seal of the District and affix the same to such papers and such instruments as may be required in the regular course of business; shall make service of such notices as may be necessary or proper; shall supervise the keeping of the books and other records, ledgers, and other written documents comprising the business and purpose of the District, and shall discharge such other duties as pertain to the office as prescribed by the District Board of Directors.

(d) The District shall contract with Lacey to provide the services necessary to assist the officers in carrying out the officer's duties under this Section.

ARTICLE X

COMMENCEMENT OF DISTRICT

The District shall come into existence upon the effective date of Ordinance No. ____ of the City Of Lacey. The District shall be empowered to take action upon being authorized to do so by the Lacey City Council.

ARTICLE XI

CONSTITUENCY

There shall be no constituency of the District.

ARTICLE XII

MISCELLANEOUS

Section 1. Public Records.

The public shall have access to records and information of the District to the extent required by applicable law.

Section 2. Public Meetings.

Meetings of the District shall be open to the public as required by state law, and any special meetings shall be called and held in accordance with Section 11, Chapter 250, Laws of 1971, Extraordinary Session, and any subsequent amendments thereto. Members or designees of the legislative authority of the City of Lacey that are entitled to appear in person or by representative and speak at any meeting of the District called and held pursuant to law.

Notice of meetings and proposed agendas shall be transmitted to the City Manager of the City of Lacey or its designees. The books and records of the District and agreements or contracts entered into by the District shall be available for inspection by the City Manager of the City Of Lacey or its designee, and such documents shall be open for inspection by the public to the extent required by applicable laws, or as may be directed by agreement of the City Manager of the City Of Lacey signatory to the Interlocal Agreement.

Section 3. Audits, Dissolutions, etc.

Unless waived by the City Manager of the City Of Lacey, the District shall submit to the City Manager of the City Of Lacey, on or before December 31, a report of its activities for the preceding calendar year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such calendar year; as well as such other reports required by applicable state and federal laws, applicable ordinances, and by the City Manager of the City Of Lacey.

Section 4. Operations.

The District shall establish by resolution approved by the City Manager of the City of Lacey, procedures for the receipt, payment, and investment of District funds, which shall be performed by Lacey under the agreement. Such procedures may be amended by District resolution, subject to the approval of the City Manager of the City Of Lacey.

5. Effect of Legislation.

Should legislation be passed by the Washington State Legislature that conflicts materially with the provisions of this Charter, the PFD shall dissolve upon the effective date of such legislation, unless the Lacey City Council shall approve any necessary amendments to this Charter within 180 days of notice of the legislation

This Charter is APPROVED and ISSUED as of this _____ day of _______________ 2002.

APPROVED this _____ day of ________________ 2002 as authorized by District Board Resolution No. ________.

____
District President

ATTEST:

____
District Secretary

ORDINANCE NO. 1196

CITY OF LACEY

AN ORDINANCE APPROVING AN AMENDMENT TO THE "INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR A REGIONAL CENTER" ADOPTED BY SECTION 1 OF ORDINANCE 1183.

WHEREAS, Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002, allows the creation by cities and a county of a joint public facilities district (PFD) to design, construct, and operate a Regional Center as defined in state law, and

WHEREAS, in Ordinance No. 1183, the City of Lacey approved and adopted an Interlocal Agreement, along with the City of Tumwater, the City of Olympia, and Thurston County, to create such a joint Public Facilities District, known as the Capitol Area Regional Public Facilities District; and

WHEREAS, the joint PFD so created is for the purpose of jointly considering, analyzing, and identifying a possible Regional Center that may be designed, constructed, and operated under or in conjunction with an amended Interlocal Agreement and PFD, and

WHEREAS, the parties have agreed, under the Interlocal Agreement, to work together in good faith to identify a Regional Center to be designed, constructed, and operated under an amended PFD and Interlocal Agreement, and

WHEREAS, the Agreement provides that this collaboration must be completed by December 31, 2002 or the Interlocal Agreement will terminate; and

WHEREAS, the cities of Olympia, Lacey, and Tumwater and Thurston County have been working together in good faith pursuant to the Interlocal Agreement to select a specific convention center, conference center, or recreational / special events center (Regional Center) as defined in Chapter 363, Laws of 2002, and

WHEREAS, the cities of Olympia, Lacey, and Tumwater and Thurston County desire to extend the December 31, 2002 deadline in the Interlocal Agreement, to allow additional time to finalize selection of a Regional Center project and site;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, AS FOLLOWS:

Section 1. The Lacey City Council hereby approves and adopts the following amendment to Section 5 of the "Interlocal Agreement Regarding Creation of a Public Facilities District for a Regional Center" dated June 26, 2002:

5. This Interlocal Agreement shall remain in force until either of the following events occur, but no longer.

a. Failure by the cities and the County, by January ~~December~~ 31, 20032, to agree to proceed with the design, construction, or operation of a Regional Center through an amended District; or

b. Upon execution by all three cities and the County of an amended District and amended interlocal agreement to design, construct, and/or operate a Regional Center funded through a PFD. The amended interlocal agreement and District shall supercede this interlocal agreement. Provided, that no such amendment shall be considered to have created a new PFD for purposes of Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002.

Section 2. Except as specifically amended above, the "Interlocal Agreement Regarding Creation of a Public Facilities District for a Regional Center" dated June 26, 2002, shall remain in full force and effect according to its terms. The Charter attached as Exhibit A to said Interlocal Agreement, the Interlocal Agreement between Thurston County and the City of Lacey regarding creation of a Joint Public Facilities District for a Regional Center and the Charter of Thurston County and City of Lacey Joint Public Facilities District and the Charter for the City of Lacey Public Facilities District which were also adopted and approved by Ordinance No. 1183 are not affected by the amendment in Section 1 above, and shall also remain in full force and effect, according to their terms.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, at a regularly-called meeting thereof, held this 19th day of DECEMBER, 2002.

CITY COUNCIL

By: Graeme Sackrison

Mayor

Approved as to form:

City Attorney

Attest:

Carol Litten

Deputy City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE NO. 1196

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on DECEMBER 19, 2002, Ordinance No. 1196, entitled "AN ORDINANCE APPROVING AN AMENDMENT TO THE "INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR A REGIONAL CENTER" ADOPTED BY SECTION 1 OF ORDINANCE 1183.

The main points of the Ordinance are described as follows:

1. The Ordinance approves an extension of the time period set forth in the Agreement between the City of Lacey, City of Tumwater, City of Olympia and Thurston County regarding the creation of a Public Facilities District for a Regional Center from December 31, 2002 until January 31, 2003.

2. The Ordinance states that this action will not effect the Interlocal Agreement between Thurston County and the City of Lacey for a Joint Public Facilities District nor will it effect any of the three Charters adopted by the City of Lacey in Ordinance No. 1183.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: DECEMBER 23, 2002.

ORDINANCE NO. 1199

CITY OF LACEY

AN ORDINANCE APPROVING AN AMENDMENT TO THE "INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR A REGIONAL CENTER" ADOPTED BY SECTION 1 OF ORDINANCE 1183, AS AMENDED PURSUANT TO APPROVAL GRANTED BY ORDINANCE NO. 1196.

WHEREAS, Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002, allows the creation by cities and a county of a joint public facilities district (PFD) to design, construct, and operate a Regional Center as defined in state law, and

WHEREAS, in Ordinance No. 1183, the City of Lacey approved and adopted an Interlocal Agreement, along with the City of Tumwater, the City of Olympia, and Thurston County, to create such a joint Public Facilities District, known as the Capitol Area Regional Public Facilities District; and

WHEREAS, the joint PFD so created is for the purpose of jointly considering, analyzing, and identifying a possible Regional Center that may be designed, constructed, and operated under or in conjunction with an amended Interlocal Agreement and PFD, and

WHEREAS, the parties have agreed, under the Interlocal Agreement, to work together in good faith to identify a Regional Center to be designed, constructed, and operated under an amended PFD and Interlocal Agreement, and

WHEREAS, the Agreement provides as amended, that this collaboration must be completed by January 31, 2003 or the Interlocal Agreement will terminate; and

WHEREAS, the cities of Olympia, Lacey, and Tumwater and Thurston County have been working together in good faith pursuant to the Interlocal Agreement to select a specific convention center, conference center, or recreational / special events center (Regional Center) as defined in Chapter 363, Laws of 2002, and

WHEREAS, the cities of Olympia, Lacey, and Tumwater and Thurston County desire to extend the January 31, 2003 deadline, to allow additional time to finalize an Amended Interlocal Agreement and an Amended Charter for such District;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, AS FOLLOWS:

Section 1. The Lacey City Council hereby approves and adopts the following amendment to Section 5 of the "Interlocal Agreement Regarding Creation of a Public Facilities District for a Regional Center" dated June 26, 2002, as amended pursuant to the authority of Ordinance No. 1196:

5. This Interlocal Agreement shall remain in force until either of the following events occur, but no longer.

a. Failure by the cities and the County, by February 28, 2003, to agree to proceed with the design, construction, or operation of a Regional Center through an amended District; or

b. Upon execution by all three cities and the County of an amended District and amended interlocal agreement to design, construct, and/or operate a Regional Center funded through a PFD. The amended interlocal agreement and District shall supercede this interlocal agreement. Provided, that no such amendment shall be considered to have created a new PFD for purposes of Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002.

Section 2. Except as specifically amended above, the "Interlocal Agreement Regarding Creation of a Public Facilities District for a Regional Center" dated June 26, 2002, shall remain in full force and effect according to its terms. The Charter attached as Exhibit A to said Interlocal Agreement, the Interlocal Agreement between Thurston County and the City of Lacey regarding creation of a Joint Public Facilities District for a Regional Center and the Charter of Thurston County and City of Lacey Joint Public Facilities District and the Charter for the City of Lacey Public Facilities District which were also adopted and approved by Ordinance No. 1183 are not affected by the amendment in Section 1 above, and shall also remain in full force and effect, according to their terms.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, at a regularly-called meeting thereof, held this 23 day of January, 2002.

CITY COUNCIL

By: ____________________
Mayor

Approved as to form:

____
City Attorney

Attest:

____
City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE 1199

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on January 23, 2003 Ordinance No. 1199, entitled "AN ORDINANCE APPROVING AN AMENDMENT TO THE "INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR A REGIONAL CENTER" ADOPTED BY SECTION 1 OF ORDINANCE 1183.

The main points of the Ordinance are described as follows:

1. The Ordinance approves an additional extension of the time period set forth in the Agreement between the City of Lacey, City of Tumwater, City of Olympia and Thurston County regarding the creation of a Public Facilities District for a Regional Center from January 31, 2003 until February 28, 2003.

2. The Ordinance states that this action will not effect the Interlocal Agreement between Thurston County and the City of Lacey for a Joint Public Facilities District nor will it effect any of the three Charters adopted by the City of Lacey in Ordinance No. 1183.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: January 27, [illegible], 2003.

ORDINANCE NO. 1200

CITY OF LACEY

AN ORDINANCE APPROVING AN AMENDED INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR REGIONAL CENTERS AND AN AMENDED CHARTER FOR THE CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT ALL AS APPROVED AND CREATED PURSUANT TO ORDINANCE 1183, AS AMENDED BY ORDINANCE NUMBERS 1196 AND 1199.

WHEREAS, Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002, allows the creation by cities and a county of a joint public facilities district (PFD) to design, construct, and operate a Regional Center as defined in state law, and

WHEREAS, in Ordinance No. 1183, the City of Lacey approved and adopted an Interlocal Agreement, along with the City of Tumwater, the City of Olympia, and Thurston County, to create such a joint Public Facilities District, known as the Capitol Area Regional Public Facilities District which Interlocal Agreement was amended pursuant to authority granted by Ordinance No. 1196 and 1199; and

WHEREAS, the joint PFD so created was for the purpose of jointly considering, analyzing, and identifying a possible Regional Center or Centers to be designed, constructed, and operated under or in conjunction with an amended Interlocal Agreement and PFD, and

WHEREAS, the cities of Olympia, Lacey, and Tumwater and Thurston County have been working together in good faith pursuant to the Interlocal Agreement and have agreed to the terms of an Amended Interlocal Agreement and an Amended Charter for the Capital Area Regional Public Facilities District calling for the acquisition, construction and operation of the Lacey Area Athlectic, Recreation, and Special Events Complex and the Capital Area Arts and Conference Center;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, AS FOLLOWS:

<u>Section 1.</u> The Lacey City Council hereby approves and adopts the "Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers" in substantially the form attached hereto and the "Charter of the Capital Area Regional Public Facilities District" in substantially the form attached hereto which Agreement and Charter constitute an amendment of the Agreement and Charter approved and adopted pursuant to authority granted by Ordinance 1183. The City Manager is hereby authorized to execute such Interlocal Agreement in substantially the form attached hereto.

Section 2. The Lacey City Council hereby approves and adopts the "Lacey Area Athletic, Recreation, and Special Events Complex Interlocal Agreement" between the City and the Capital Area Regional Public Facilities District in substantially the form attached as Exhibit B to the Interlocal Agreement approved pursuant to Section 1 of this Ordinance. The City Manager is hereby authorized to execute such Agreement in substantially the form attached and referenced herein.

Section 3. The Summary attached hereto is approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, at a regularly-called meeting thereof, held this 27th day of February, 2003.

CITY COUNCIL

By Graeme Sackrison
Mayor

Approved as to form:

City Attorney

Attest:

Charlotte M Taylor
City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE 1200

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on February 27, 2003, Ordinance No. 1200, entitled AN ORDINANCE APPROVING AN AMENDED INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR REGIONAL CENTERS AND AN AMENDED CHARTER FOR THE CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT ALL AS APPROVED AND CREATED PURSUANT TO ORDINANCE 1183, AS AMENDED BY ORDINANCE NUMBERS 1196 AND 1199.

The main points of the Ordinance are described as follows:

1. The Ordinance approves the Amended Interlocal Agreement regarding creation of a Public Facilities District for Regional Centers and the Charter for the Capital Area Public Facilities District. Such Agreement calls for the acquisition and construction of both the Lacey Area Athletic, Recreation, and Special Events Complex and the Capital Area Arts and Conference Center.

2. The Ordinance approves the terms of a proposed Interlocal Agreement between the City of Lacey and the Capital Area Regional Public Facilities District calling for the acquisition, development, operation and maintenance of the Lacey Area Athletic, Recreation, and Special Events Complex by the City of Lacey.

3. The Ordinance approves this Summary for publication.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: ~~March 3,~~ , 2003.

Monday

Charlotte M. Taylor

Charlotte M. Taylor, City Clerk

1.0333

**AMENDED INTERLOCAL AGREEMENT
REGARDING CREATION OF A
PUBLIC FACILITIES DISTRICT FOR
REGIONAL CENTERS**

THIS AMENDED INTERLOCAL AGREEMENT is made and entered into this 10 day of March 2003 by and between the City of Olympia, a municipal corporation, herein referred to as "Olympia," the City of Lacey, a municipal corporation, herein referred to as "Lacey," the City of Tumwater, a municipal corporation, herein referred to as "Tumwater," and Thurston County, herein referred to as "the County".

WHEREAS, RCW 35.57 as amended by Chapter 363, Laws of 2002 authorizes the legislative authorities of any contiguous group of towns or cities together with the legislative authority of a contiguous county to create a public facilities district for the purpose of financing, acquiring, constructing, owning, and operating one or more regional centers, defined in RCW 35.57.020 as a convention, conference, or special events center, or any combination of such facilities, and related parking facilities serving a regional population at a development cost of at least Ten Million Dollars ($10,000,000), including debt service; and

WHEREAS, Olympia, Lacey, Tumwater and the County wish to consider constructing and operating one or more Regional Centers under the authority granted by Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002; and
WHEREAS, a public facilities district (PFD) can be created by Olympia, Lacey, Tumwater and the County for that purpose, and the Capital Area Regional Public Facilities District ("the PFD") was created on June 26, 2002 pursuant to City of Olympia Ordinance No. 6194, City of Lacey Ordinance No. 1183, City of Tumwater Ordinance No. 02002-014, and County Ordinance No. 12798; and

WHEREAS, in conjunction with creation of a PFD for that purpose, it is desirable that an interlocal agreement be adopted among Olympia, Lacey, Tumwater and the County to set forth the specific regional centers to be constructed, the division of sales taxes and/or other funds raised by the PFD, the powers and responsibilities of the PFD, and the roles and responsibilities of the three cities and the County; and

WHEREAS, the Interlocal Agreement for the Creation of a Public Facilities District for a Regional Center dated June 26, 2002 provided that Olympia, Lacey, Tumwater and the County would amend the Interlocal Agreement to address such topics and govern the design, construction, and/or operation of a Regional Center funded through a PFD; and
WHEREAS, this Agreement does not create a separate legal entity other than the PFD previously created;

NOW, THEREFORE,

IT IS HEREBY AGREED AS FOLLOWS:

1. Olympia, Lacey, Tumwater, and the County hereby, through their respective City Councils and the County Commission, agree to continue the PFD known as the Capital Area Regional Public Facilities District (the "District"), created under the June 26, 2002 Interlocal Agreement for the Creation of a Public Facilities District for a Regional Center. Adoption of this Agreement and amendments thereto shall be by ordinance. The boundaries of the District shall encompass the corporate limits of Olympia, Lacey, and Tumwater and the unincorporated areas of the County. A copy of the Charter is attached hereto and incorporated herein by reference. Ordinance adoption shall be completed by the parties in a timely manner so that the effective date of each ordinance creating the PFD occurs on or before July 31, 2002, and the effective date of each ordinance adopting this Amended Interlocal Agreement shall occur on or before February 28, 2003.

2. The following projects shall constitute the Regional Centers:

   A. Capital Area Arts and Conference Center.

   This project involves a conference and visual arts center featuring architecturally distinctive design and environmentally sensitive construction methods. The Arts and Conference Center will support groups of 500 attendees with possible exhibits, breakout sessions, meal service, and support areas, and will contain the following project elements:

   - approximately 10,000 square feet for a main hall
   - approximately 5,000 square feet of breakout rooms
   - approximately 4,000 square feet for a visual art gallery/workshop space
   - Display space for visual arts
   - Supporting spaces (may be shared with an adjacent lodging facility):
     - Kitchen
     - Lobby Prefunction
     - Storage and Administration
   - Parking
   - Future expansion potential.

   The following project elements may also be included:

   - Public plazas
   - Water features
   - Retail
   - Housing

- Other elements or amenities that the City of Olympia determines would benefit the project or its public features

B. Lacey Area Athletic, Recreation, and Special Events Complex

This project involves an athletic, recreation and special events complex designed to serve the needs of the greater Thurston region, and attract visitors from throughout the state. The proposal involves the development of:

- soccer fields
- softball/baseball fields (two baseball fields sized for college and semi-professional play
- a bike/board and blades complex with BMX track
- large gathering and event areas
- picnic shelters
- children's play areas
- outdoor basketball courts
- restrooms
- concessions
- parking for more than 1,000 vehicles
- an extensive trail system
- performance stage
- main entrance gathering plaza
- such other elements or amenities that the City of Lacey determines would benefit the project or its public features

In addition, the project also includes four separate building pads for future development, which may include an indoor ice arena, family fun center, recreation center with racquetball, gymnasium and exercise facilities, an aquatic center, potential space for a YMCA or Boys and Girls Club, or such other elements or amenities that the City of Lacey determines would benefit the project or its public features.

3. Powers and Duties of the Public Facilities District.

A. Levy of Sales Tax and Other Taxes, Fees and Charges. The District is authorized to and shall impose the 0.033% sales and use tax authorized pursuant to RCW 82.14.390 ("Sales Tax"). The Sales Tax shall expire twenty-five years after the date the Sales Tax is first collected. . If authorized by the resolution of a governing body of a Jurisdiction which is acquiring or constructing a Regional Center, the District is also authorized to and shall impose such taxes, fees or charges at the Regional Center and/or within the corporate boundaries of that Jurisdiction in accordance with the Jurisdiction's resolution and RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.

B. Financing, Construction, Ownership, and Operation of Regional Centers. The District is authorized to and shall enter into a contract with the City of Olympia concerning the financing, construction, ownership and operation of the Capital Area Arts and Conference Center, and with the City of Lacey concerning the construction, ownership and operation of the Lacey Area Athletic, Recreation, and Special Events Complex. The form of the contracts shall be substantially in the form attached hereto and incorporated herein as Exhibits A and B, respectively.

C. Other Powers/Duties. The District shall file annual financial statements and annual reports with Olympia, Lacey, Tumwater and the County within 90 days after the end of each fiscal year. The District shall stay in existence until the Sales Tax or other taxes, fees or charges authorized under Section 3.A above expire. The District shall not take any action that would impact the tax-exempt status of any bonds or other financing instruments issued by Olympia or Lacey for the Regional Centers. No other powers are granted and no other duties are authorized to be performed by the District, unless authorized by the District's Charter and the terms of the contract between the District and Olympia and the contract between the District and Lacey, as applicable.

4. Appointment of District Board ; administrative services and costs. The City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the District Board members pursuant to RCW 35.57.010(3)(c)(i). Of the four members to be appointed under RCW 35.57.010(3)(c)(ii), one each shall be appointed by the City Councils of Olympia, Lacey and Tumwater and by the County Commission. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(c)(ii). Required actions of the City Council of Tumwater shall be satisfied upon confirmation of appointments by the Mayor. All provisions of RCW 35.57.010(3)(c) shall apply to the appointment of board members.

   Board administrative needs, such as storage of minutes and other Board records, and advertising for Board meetings, shall be provided by Olympia via contract. Any Board costs in excess of incidental costs for such administrative services (including but not limited to costs of insurance for Board members) shall be borne pro rata by the jurisdictions receiving funds pursuant to Section 6 below.

5. This Interlocal Agreement shall remain in force as long as the District remains in existence as provided in Section 3.C above. All rights to indemnification under Section 10 of this Amended Interlocal Agreement shall survive the termination of this Amended Interlocal Agreement and remain in force until such fees and costs are paid and such indemnification provision satisfied.

6. Allocation of Sales Tax Proceeds. The Sales Tax proceeds shall be allocated to the two Regional Center projects as follows:

   A. The Capital Area Arts and Conference Center shall receive:

      1. 100% of the Sales Tax proceeds generated by and attributable to taxable events as defined in RCW 82.14.020(9) ("Taxable Events") occurring within the corporate boundaries of the City of Olympia;
      2. 50% of the Sales Tax generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Tumwater;
      3. 50% of the Sales Tax generated by and attributable to Taxable Events occurring within the unincorporated areas of Thurston County.
      4. 100% of any other tax, fee or charge levied by the District within the City of Olympia under Section 3.A above, RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.

   B. The Lacey Area Athletic, Recreation, and Special Events Complex shall receive:

      1. 100% of the of the Sales Tax proceeds generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Lacey;
      2. 50% of the Sales Tax generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Tumwater;
      3. 50% of the Sales Tax generated by and attributable to Taxable Events occurring within the unincorporated areas of Thurston County.
      4. 100% of any other tax, fee or charge levied by the District at the Lacey Area Complex or within the City of Lacey under Section 3.A above, RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.

7. Development of the Lacey Area Athletic, Recreation, and Special Events Complex ("Lacey Area Complex"). The City of Lacey shall enter into a contract with the District, as provided in Section 3 above and in substantially the form attached hereto and incorporated herein as Exhibit B.

   A. Site Ownership and Acquisition. The City of Lacey and Thurston County own a 68-acre parcel on which Phase I of the Lacey Area Complex will be constructed. The County shall acquire an additional 26-acre parcel, located west of Marvin Road NE in proximity to the 68-acre parcel, and convey said parcel to the City of Lacey for Phase II of the Lacey Area Complex, provided that the 26-acre parcel can be acquired for a sum equal to its fair market value. Use of the 26-acre parcel shall be consistent with Chapter 84.34 RCW.

B. Timeline for Development.

1. Lacey shall commence construction of Phase I of the Lacey Area Complex, on the 68-acre parcel currently owned by Lacey and the County, no later than January 1, 2004. Lacey shall not be liable for damages to Tumwater, Olympia, or Thurston County if it is delayed by forces or parties beyond its control and is therefore unable to commence construction by January 1, 2004. Prior to commencing construction, Lacey shall provide an annual accounting of funds allocated to the Lacey Area Complex under Section 6 above to Olympia, Tumwater and the County within 90 days after the end of each fiscal year.

2. Lacey shall commence construction of Phase II as soon as practicable, as other City of Lacey funds become available. Such other funds shall not include additional funds from Thurston County, the District, or the Cities of Tumwater or Olympia. It is estimated that construction of Phase II will likely not occur until several years after the date of this agreement.

C. Permitting and Environmental Law Compliance. Lacey shall be responsible for obtaining all necessary permits and approvals related to the construction and operation of the Lacey Area Complex, and for complying with all environmental laws. The "lead agency" for purposes of SEPA compliance shall be determined as provided in WAC 197-11-924 – 197-11-944.

D. Local Match. The City of Lacey will provide the thirty-three percent (33%) local match required by RCW 82.14.390(4) ("the Local Match"), with respect to the sales and Use Tax levied by the District. Lacey may provide for the Local Match by, inter alia, providing itself or arranging for cash, land, or in-kind contributions to be used for, in or towards the development or improvement of the Lacey Area Complex. Lacey may use whatever funding sources are available. It is anticipated that Lacey may use a variety of funding sources, including, but not limited to bond financing, rental revenues, unrestricted funds, grants, contributions and donations. Funds expended and lands acquired by Thurston County and the City of Lacey pursuant to the contract between such parties for the 68-acre parcel, funds expended by Thurston County for additional lands pursuant to Section 7.A. hereof, and funds expended by Thurston County for development of the Lacey Area Complex shall be considered as part of such Local Match.

E. Responsibility of the Cities of Olympia and Tumwater. The Cities of Olympia and Tumwater shall have no responsibility or obligation, either jointly or severally or through the District, for financing (including the Local Match), construction, ownership, operation, maintenance, debt, construction cost overruns, or any other aspect of the Lacey Area Complex, including revenue

shortfalls (whether for construction cost, construction cost overruns or operation and maintenance costs). The Cities of Olympia and Tumwater shall have no obligation for, and shall not be liable, either jointly, severally, or through the District, for payment of the amounts allocated to the Lacey Area Complex under Section 6 above, and the County and Lacey agree not to seek to collect such amounts from Tumwater or Olympia.

F. Responsibility of Thurston County. Thurston County shall have no responsibility or obligation for financing (including the Local Match), construction, ownership, operation, maintenance, debt, or any other aspect of the Lacey Area Complex with the exception of its obligations set forth in section 7.A above and its obligations pursuant to the terms of its agreement with the City of Lacey for the 68-acre parcel, dated July 23, 1998, as amended by Amendatory Agreement dated March 15, 1999; provided, however, that in determining the responsibility of the City of Lacey and Thurston County for excess costs pursuant to such Agreement, all revenues which exceed operating expenses associated with the use of the 26-acre parcel shall be applied to reduce or eliminate such excess costs.

8. Development of the Capital Area Arts and Conference Center ("Conference and Arts Center"). The City of Olympia shall enter into a contract with the District, as provided in Section 3 above and in substantially the form attached hereto and incorporated herein as Exhibit A.

   A. Site Location, Ownership and Acquisition. The Arts and Conference Center shall be sited in north downtown Olympia on properties that include the site immediately north of the Phoenix Inn. The City of Olympia shall acquire and own the property and the building(s) comprising the Conference and Arts Center.

   B. Timeline for Development. Olympia shall commence construction of the Conference and Arts Center no later than January 1, 2005, unless Olympia is delayed by forces or parties beyond Olympia's control, in which case Olympia may commence construction by January 1, 2007. Prior to commencing construction, the City of Olympia will hold and expend funds allocated to the Arts and Conference Center project under Section 6 above through an account designated as the Arts and Conference Center account. Prior to commencing construction, Olympia shall provide an annual accounting of funds allocated to the Arts and Conference Center under Section 6 above to Lacey, Tumwater and the County within 90 days after the end of each fiscal year.

   C. Permitting and <u>Environmental Law Compliance</u>. Olympia shall be responsible for obtaining all necessary permits and approvals related to the construction and operation of the Arts and Conference Center, and for complying with all environmental laws.

D. Local Match. The City of Olympia will provide for the thirty-three percent (33%) local match required by RCW 82.14.390(4) ("the Local Match"), with respect to the sales and Use Tax levied by the District. Olympia may provide for the Local Match by, inter alia, providing itself or arranging for cash, land, or in-kind contributions to be used for, in or towards the development or improvement of the Conference and Arts Center. Olympia may use whatever funding sources are available. It is anticipated that Olympia may use a variety of funding sources, including, but not limited to bond financing, rental revenues, unrestricted funds, grants, contributions and donations.

E. Responsibility of Thurston County and the Cities of Lacey and Tumwater. The Cities of Lacey and Tumwater, and Thurston County, either jointly, severally, or through the District, shall have no responsibility or obligation for financing (including the Local Match), construction, ownership, operation, maintenance, debt, construction cost overruns, or any other aspect of the Arts and Conference Center, including revenue shortfalls (whether for construction cost, construction cost overruns or operation and maintenance costs). The Cities of Lacey and Tumwater, and Thurston County, either jointly, severally, or through the District, shall have no obligation for, and shall not be liable for, the payment of amounts allocated to the Arts and Conference Center project under Section 6 above, and Olympia agrees not to seek to collect such amounts from Tumwater, Lacey or Thurston County.

9. Alternate Regional Center. In the event that Olympia cannot meet either deadline provided in Section 8.B above, the Sales Tax proceeds allocated to the City of Olympia pursuant to Section 6 above shall be allocated to an alternative Regional Center, to be identified by a majority vote of Olympia, Tumwater, Lacey, and Thurston County, with such vote to be held no later than January 1, 2008. If the vote is a tie (2-2), the District Board shall, by majority vote of a quorum of the Board, cast the tie-breaking vote. The votes of Olympia, Tumwater, Lacey and Thurston County under this Section shall be determined by a majority vote of a quorum of each of their respective governing bodies. Olympia, Lacey, Tumwater and Thurston County shall work in good faith to further amend this Amended Interlocal Agreement as necessary to facilitate the financing, acquisition, construction and/or operation of the alternative Regional Center identified pursuant to this Section.

10. Indemnity and Hold Harmless.

A. The parties shall defend, indemnify and hold each other and their respective elected officials, officers, employees and agents, including its development coordinator (Indemnitees) harmless from all claims, regardless of the nature of the claim, arising directly or indirectly from the planning, permitting, construction and operation of the Regional Centers identified in Section 2 above, except for claims arising from the sole negligence of any Indemnitee. In the case of concurrent negligence of one or more parties and an Indemnitee,

each party shall hold the other party or parties harmless from their proportionate share of the resulting damages.

B. This indemnity and hold harmless obligation shall extend to all claims of whatsoever kind or nature, except for claims brought to enforce this Amended Interlocal Agreement. It shall include attorneys fees, expert witness fees, court costs, arbitration costs, administrative fines and penalties, and any other direct expense that are a direct consequence of a breach of any provision of this Agreement or any negligent act or failure to act. It shall include the duty to promptly accept tender of defense and provide defense to the Indemnitees.

11. Dispute Resolution.

A. Except as provided in Section 9 above, if a dispute arises between the parties with regards to the performance of any provision of this Agreement or the interpretation thereof, the parties agree to follow the procedure set forth in this Section 11. It is the goal of the parties to resolve their differences as early in this four-step process as possible.

B. Step One - Informal Discussions. The Designated Representatives shall meet to see if the matter can be informally resolved. This may involve more than one meeting.

C. Step Two - Written Notification and Resolution. If informal discussions are not successful then a written notice of dispute shall be mailed to all of the addresses for notices set forth in Section 12, as well as to the Designated Representative for the parties to the dispute. The notice shall set forth the nature of the dispute and the desired outcome. A written response shall be provided within ten business days. The response shall provide the responding party's version of the dispute and a proposed resolution. The parties shall meet within ten business days after the response is received in order to see if the matter can be amicably resolved. If the matter is amicably resolved at this stage the affected parties shall sign a memorandum of understanding with regards thereto.

D. Step Three - Mediation. If the parties are unable to resolve their differences at Step Two, the parties will endeavor to settle the dispute by mediation under such mediation rules as shall be mutually agreeable to the parties. Such mediation shall be non-binding but shall be a condition precedent to having said dispute decided in court by a judge or jury. Mediation shall commence, unless otherwise agreed, within 30 days of a party's written request for mediation of a dispute. Any resolution at this stage shall be reduced to writing and, if it involves an interpretation of the Agreement, it shall be considered an addendum to this Agreement without the need for formal adoption by the governing bodies of the jurisdictions that are parties to this Agreement.

E. Litigation. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to exclusive in personam jurisdiction in Thurston County Superior Court or the Superior Court of any adjacent county, and agree that in any such action venue shall lie in Thurston County, Washington or any adjacent county.

12. Notices. All notices and other communications required by this Agreement shall be in writing and, except as expressly provided elsewhere in this Agreement, shall be deemed to have been given at the time of delivery if personally delivered, or at the time of mailing if mailed by first class, postage pre-paid and addressed to the party at its address as stated below or at such address as any party may designate at any time in writing.

To Olympia:	City Manager City of Olympia P.O. Box 1967 Olympia, WA 98501-1967
To Tumwater:	Mayor City of Tumwater 555 Israel Road SW Tumwater WA 98501
To Lacey:	City Manager City of Lacey P.O. Drawer 3400 Lacey WA 98509-3400
To County:	County Administrator Thurston County 2000 Lakeridge Drive, SW Olympia WA 98502

13. Severability. It is the intent of the parties that if any provision of this Agreement or its application is held by a court of competent jurisdiction to be illegal, invalid or void, the validity of the remaining provisions of this Agreement or its application to other entities, or circumstances shall not be affected. The remaining provisions shall continue in full force and effect. The rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular invalid provision. However, if the invalid provision or its application is found by a court of competent jurisdiction to be substantive and to render performance of the remaining provisions unworkable and non-feasible, and is found to seriously affect the consideration and/or is inseparably connected to the remainder of this Agreement, then the entire Agreement shall be null and void.

14. Modification. This Agreement represents the entire agreement between the parties. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding on any of the parties unless executed in writing by each of the parties. After January 1, 2005, the allocation of Sales Tax proceeds specified in Sections 6.A and 6.B above may be revised, upon the mutual and unanimous agreement of Olympia, Lacey, Tumwater and the County. Further, this Agreement shall not be modified, supplemented, or otherwise affected by the course of dealings between the parties.

15. Benefits. This Agreement is entered into for the benefit of the parties to this Agreement only and shall confer no benefits, direct or implied, on any third persons.

16. Assignment. The rights granted by this Amended Interlocal Agreement may not be assigned without the written consent of all the parties hereto.

17. Supplemental Documents. The parties agree to complete and timely execute all supplemental documents necessary or appropriate to fully implement the terms of this Agreement.

18. Filing of Agreement with County Auditor. Within five days from the date of this Amended Interlocal Agreement, as set forth in the first paragraph above, the original of the Agreement shall be filed by the City with the Thurston County Auditor as required by the provisions of RCW 39.34.040.

19. Specific Performance. The parties acknowledge that any party may require specific performance of any of the terms and conditions of this Amended Interlocal Agreement, in addition to any other remedies that may be available as a matter of law.

20. Complete Agreement. This Amended Interlocal Agreement represents the entire agreement between the parties hereto concerning the subject matter hereof, and may not be amended except as provided herein.

21. Execution in Counterparts. This Amended Interlocal Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

DATED this 10 day of March 2003.

CITY OF OLYMPIA

By: [signature]
Its MAYOR

APPROVED AS TO FORM:

Bob C. Sterbank [signature]
Bob C. Sterbank, City Attorney

CITY OF LACEY

By: [signature]
Its CITY MANAGER

APPROVED AS TO FORM:

[signature]
Ken Ahlf, City Attorney

CITY OF TUMWATER

By: [signature]
Its Mayor

APPROVED AS TO FORM:

Christopher Todd
~~Pat Brock~~, City Attorney (Asst.)

THURSTON COUNTY

By: [signature]
Its Board Chair

APPROVED AS TO FORM:

Elizabeth Petrich for
Ed Holm, Thurston County Prosecutor

Y:\calvin\gg\legal\PFD\2003 – A Amended PFD Interlocal Agreement
02/27/03

Capital Area Arts and Conference Center Interlocal Agreement

1. Date and Parties. This Interlocal Agreement ("Agreement") is dated this ____ day of ___________, 2003 and is entered into by and between the CITY OF OLYMPIA, ("the City"), a municipal corporation organized and operating pursuant to the Constitution and laws of the State of Washington; and the CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT ("the District"), a municipal corporation duly organized and operating pursuant to the laws of the State of Washington as established by the Interlocal Agreement as entered into by the City of Olympia, a municipal corporation, the City of Lacey, a municipal corporation, the City of Tumwater, a municipal corporation and Thurston County on June 26, 2002.

2. General Recitals.

A. The Cities of Lacey, Olympia and Tumwater and Thurston County established the Capital Area Regional Public Facilities District on or around June 26, 2002 pursuant RCW 35.57 as amended by Chapter 363, Laws of 2002 and pursuant Olympia Municipal Ordinance 6194, City of Lacey Ordinance No. , City of Tumwater Ordinance No. , and Thurston County Ordinance .

B. The City of Olympia has prepared a plan for development and/or acquisition of the Capital Area Arts and Arts Center ("the Center").

C. The Center is envisioned to include at least 19,000 square feet of uses that include but are not limited to; approximately 10,000 square feet of a main hall; approximately 5,000 square feet of breakout rooms; approximately 4,000 square feet of visual art gallery/workshop space; display area for visual arts; a kitchen and storage facilities. The Center may also include public plazas, water features, retail stores, parking and housing, and such other elements and amenities selected by the City of Olympia that benefit the project.

D. The cost of the Olympia Regional Conference and Arts Center, including financing and debt service costs, will exceed $10 million.

E. The Center is a regional center within the definition of RCW 35.57, and the jurisdictions forming the District have indicated that it should be pursued by the District; and

F. By virtue of its established credit history, the City of Olympia has ready access to the municipal bond market and other sources of financing necessary to facilitate the acquisition or construction of the Center; and

G. The City has the ability to provide the local match required by RCW 82.14.390, in the form of a cash or in-kind contribution to be used in all phases of the Center or an amount attributed to a private sector partner as part of a public-private partner agreement; and

H. The City has the ability to provide or contract for project management, legal and other services to support development of the Center; and

I. The District, under RCW 82.14.390 and its Charter, has the authority to impose and collect the Sales Tax to repay any financing obtained to fund the design, construction, acquisition, operation and/or maintenance of the Center; and

J. The cost of designing, acquiring, constructing operating and/or maintaining the Center can be reduced through an agreement between the City of Olympia and the District, in which the City and the District provide the services described in the foregoing general recitals.

NOW THEREFORE, in consideration of the mutual promises and covenants contained here, the parties agree as follows:

3. Incorporation of Recitals. The aforementioned recitals are incorporated hereinafter by this reference and made part thereof.

4. Definitions. All words used in this Agreement shall be given their normal and ordinary meaning unless defined in this Section 4. The following are special definitions for the purpose of this Agreement only:

"Bonds"- The bonds to be issued by the City of Olympia to finance the Capital Area Arts and Conference Center and any other bonds or other evidence of indebtedness of the City the proceeds of which will be used to refund Bonds.

"Center" - The Capital Area Arts and Conference Center.

"City"- Area commonly known and referred to as 'Olympia', confined to the legal city limits and/or corporate boundary of such an area, duly organized and operating pursuant to the Constitution and laws of the State of Washington.

"Commencement of Construction" – The commencement of site clearing, demolition, grading, or other work that begins the process of acquisition, development or improvement of the Project.

"District"- Capital Area Regional Public Facilities District, a municipal corporation organized and operating pursuant to the laws of the State of Washington.

"Project"- Those improvements to the Capital Area Arts and Center until such time as it has been officially dedicated by title as the "Capital Area Arts and Conference Center" set forth in 'Exhibit A'.

"Sales Tax"- The non-voted sales and use tax to be imposed by the District in accordance with RCW 82.14.390 at a rate not to exceed 0.033% of the selling price in the case of a sales tax or value of the article used in the case of a use tax, which tax shall be deducted from the amount of tax otherwise required to be collected or paid over to the State's Department of Revenue and shall expire when the Bonds (or any additional bonds issued to finance the completion of the Project) are retired, or in any event not later than September 1, 2026.

"Sales Tax Revenue"- All revenue collected by the District from the Sales Tax.

"Olympia Regional Conference and Arts Center"- The Olympia Regional Conference and Arts Center, which includes (DESCRIPTION OF PROPERTY AND STRUCTURES WITHIN THE AREA).

"State"- The State of Washington.

"Taxable Events" - Taxable events as defined in RCW 82.14.020(9)

5. Agreement Purpose. The parties are entering into this Agreement pursuant to RCW 39.34 and RCW 35.57. The purpose of this Agreement is to set forth the rights and responsibilities of each of the contracting parties with regards to the financing, acquisition, design, construction, operation and/or maintenance of the Center, meeting the definition of a Regional Center provided in RCW 35.57.020, while complying with the Internal Revenue Code and Regulations regarding tax exempt municipal bond financing.

6. Commencement of Construction. The City agrees to commence or cause to be commenced the construction of the Project on behalf of the parties, and warrants to the District that Commencement of Construction shall occur by January 1, 2005, unless Olympia is delayed by forces or parties beyond Olympia's control, in which case Olympia may commence construction or cause construction to be commenced by January 1, 2007. The City further agrees that the construction of Phase I of the Project (as identified in 'Exhibit A') will be substantially complete on or before 3 years after the Commencement of Construction. If Commencement of Construction does not occur by January 1, 2007 and if the Cities of Lacey, Olympia and Tumwater and Thurston County select another, alternate regional center under Section 9 of the Amended Interlocal Agreement dated , this Agreement shall terminate as provided in Section 25, and property shall be disposed of as provided in Section 15.

7. Center Financial Obligations.

A. City.

1. The City will issue the Bonds in such amount (net of the costs of issuing the Bonds) necessary for acquisition, construction, operation and/or maintenance of the Project.

2. The City agrees to provide the one-third local match required by RCW 82.14.390. Olympia may provide for the local match by, inter alia, providing itself or arranging for cash, land, or in-kind contributions to be used for, in or towards the development, acquisition or improvement of the Center. Olympia may use whatever funding sources are available. It is anticipated that Olympia may use a variety of funding sources, including, but not limited to Bond financing, rental revenues, unrestricted funds, grants, contributions and donations, to satisfy the required local match for the collection of the Sales Tax.

3. The City agrees to establish an account designated as the Arts and Conference Center account, in which the City will hold Sales Tax Revenues and other funds allocated to the Project. The City agrees that it will pledge some or all of the Sales Tax Revenues identified in subsection B.1 below to repayment of the Bonds and/or the costs of operation of and maintenance of the Center. Any Sales Tax Revenues in excess of that pledged for repayment of the Bonds and interest earnings on such Sales Tax Revenues shall be deposited in the Arts and Conference Center account and

shall be available for use on future phases of the Project, for operations and/or maintenance of the Center, or for other uses related to the Center. Prior to issuance of the Bonds, the City may use the Sales Tax Revenues for any Project costs, including predevelopment or pre-acquisition costs of the Project and Project administrative costs.

B. District.

1. In consideration for the City's agreement to issue the Bonds or issue or provide other financing or cash for the acquisition, construction, operation and/or maintenance of the Center, provide the local match under RCW 82.14.390, and administer the Project as provided below, the District agrees to impose the Sales Tax and to pay to the City that portion of the Sales Tax Revenue, as follows:

a. 100% of the Sales Tax Revenue generated by and attributable to taxable events as defined in RCW 82.14.020(9) ("Taxable Events") occurring within the corporate boundaries of the City;

b. 50% of the Sales Tax Revenue generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Tumwater;

c. 50% of the Sales Tax Revenue generated by and attributable to Taxable Events occurring within the unincorporated areas of Thurston County.

2. To facilitate the District's agreement to pay those portions of the Sales Tax Revenues identified above, this agreement shall constitute an assignment by the District of the District's right to receive said Sales Tax Revenues from the Department of Revenue to the City. The District shall, upon execution of this agreement, promptly inform the Department of Revenue that the Sales Tax Revenues identified in subsection B.1 above shall be paid directly to the City.

3. The District acknowledges and agrees that the City may pledge some or all of the Sales Tax Revenue to the repayment of the Bonds.

4. In consideration for the City's agreement to issue the Bonds or issue or provide other financing or cash for the acquisition, construction, operation and/or maintenance of the Center, provide

the local match under RCW 82.14.390, and administer the Project as provided below, the District also agrees to impose any other tax, fee or charge authorized by RCW 35.57.040, RCW 35.57.100, RCW 35.57.110 and the Charter, if and as requested by a resolution of the Olympia City Council. The District agrees to impose such tax, fee or charge according to the terms requested by the City, including but not limited to the duration, amount, and area affected, so long as such terms are consistent with applicable law.

5. The District hereby assigns its right to receive and/or collect any tax, fee or charge imposed pursuant to subsection B.4 above to the City. The District shall, upon imposition of any such tax, fee or charge, promptly inform the Department of Revenue and instruct the Department that the tax, fee or charge shall be paid directly to the City.

5. The District shall file annual financial statements and annual reports with the City within 180 days after the end of each fiscal year.

6. The District agrees to stay in existence as long as the Bonds are outstanding and not to take any action that would impact the tax-exempt status or other provision of any Bonds.

8. Environmental Law Compliance.

A. The City shall be responsible for complying with all applicable environmental laws with regards to the Center construction, or causing or requiring said applicable environmental laws to be complied with. This may be include but not be limited to, the Olympia Municipal Code, the State Environmental Policy Act (SEPA), CERCLA (42 U.S.C. 9603), MTCA (RCW 70.105D), and the Clean Water Act (33 U.S.C. §1321).

B. Whether under WAC 197-11-926, -930, or -944, the City shall be the nominal lead agency, and the City shall be responsible for complying with the duties of the lead agency under all applicable SEPA rules.

9. Permits. The City shall be responsible for obtaining, or causing or requiring to be obtained, all necessary permits and approvals related to the acquisition, development, construction and/or operation of the Center and

the Project. The City shall comply with the terms and conditions of all permits, or shall cause or require said terms and conditions to be complied with, and the City shall be responsible for paying any fees related thereto or causing any such fees related thereto to be paid.

10. <u>Center Design and Construction.</u>

A. The City shall be primarily responsible for the locating, developing, designing, acquiring, constructing, operating, maintaining, and/or managing (as applicable), or for causing said actions to be done, with respect to the Center and any future expansion of the Center.

B. The City shall perform (or cause to be performed) the construction and development of the Project according to the following standards:

(i) Performance in a good and workmanlike manner and in compliance with all applicable laws;

(ii) Use quality materials and workmanship; and

(iii) Use quality maintenance on all portions of the Project.

11. <u>Administration.</u>

A. The City shall be the administrator, within the meaning of RCW 39.34.030(4), of this cooperative undertaking for the acquisition, development and operation of the Center, subject to the terms, conditions and limitations of this Agreement. This shall include responsibility for acquiring, designing, constructing, owning, remodeling, maintaining, equipping, repairing, financing and/or operating the Center, as well as maintaining a budget for the Project and the Center in operation. The City may use an alternative public works procedure, or other legal mechanism, to provide the most economic and efficient way to assure the success of the Project.

B. The City shall operate and maintain the Center or cause the Center to be operated and maintained at all times in a safe and clean condition. The City shall provide (directly or by contract) all management, supervision, personnel, materials, equipment, services and supplies necessary to operate, maintain and repair the Center and shall take all reasonable precautions to prevent damage, injury or loss by reason of or related to the construction, operation and maintenance of the Center to any person or property. The City shall comply with all applicable laws and ordinances in acquiring, constructing, operating and maintaining the Center. The City shall undertake all modifications to the Center required to comply with all applicable laws, regulations, judgments and orders.

12. Land Ownership. No later than the commencement of operation of the Center, the City shall acquire the real property that shall serve as the site or sites of the Center. The City further agrees to utilize its eminent domain authority to the extent necessary to acquire such real property. Following acquisition, the City shall own the land and shall remain the owner of the Center for the duration of this Agreement. The District shall not be a party to any land ownership contracts involving the Center

13. Insurance; Destruction.

A. Insurance Requirements. The City shall maintain and keep in force on the Property the following insurance:

(i) Builder's All Risk Comprehensive Coverage. During construction, the City shall keep or require the developer to keep the Project, including the Center, insured for Builder's All Risk Comprehensive Coverage (including earthquake and flood) in an amount not less than 100% of the full replacement cost of the Project, including all fixtures, equipment, improvements, and betterments thereto.

(ii) Commercial General Liability Coverage. The City shall carry or require the developer to carry Commercial General Liability insurance providing coverage claims for bodily injury, death, or property damage on the Project with broad form liability and property damage endorsement, written for combined single limits of liability of no less than $10,000,000 per occurrence, said amount to be adjusted from time to time with coverage deemed customary under like conditions.

(iii) Property Damage Insurance. Following substantial completion of construction or acquisition of the Center, the City shall carry property damage insurance covering the Center, including all improvements, including earthquake, flood, boiler, machinery insurance in an amount and manner consistent with the insurance carried by the City for properties owned or leased by the City.

B. Insurance Policies. The insurance policies required by the Agreement shall be issued as primary policies and shall carry an endorsement that the policy shall not be cancelled or substantially changed without at least 30 days written notice to the City or, if the City provides CGL coverage for the Center construction, to the District. The City shall make available to the District copies of all insurance policies within 7 days of any request by the District.

C. Adjustments. The types of policies, risks insured, coverage amounts, deductibles and endorsements may be adjusted from time to time as the City and the District may mutually determine and agree.

D. Destruction.

(i) If the Project or Center is totally or partially destroyed at any time after the execution of this Agreement and the insurance proceeds (less any deductible) are sufficient to pay the cost of reconstruction or restoration, then the City shall reconstruct to repair the damage consistent with the terms and intent of this Agreement. If the insurance proceeds (less any deductible) are insufficient to reconstruct or repair the Project or Center, then the City may nonetheless elect to reconstruct or repair the Project or Center or to terminate this Agreement.

(ii) If the City is unable to reconstruct or restore the damage to the Project or Center, the District shall be entitled to a pro rata share of the insurance proceeds, based on the amount of the Sales Tax Revenues received by the City in relation to the total construction costs of the City in the Project. The District shall use any proceeds received in a manner that does not impact the tax-exempt status of the Bonds.

14. No Other District Obligation. The District shall not be responsible for any construction or operation funding shortfalls, or any other financial commitments or obligations associated with the Project or the Center beyond the specific commitments set forth in Section 7.

15. Disposition of Property. Upon termination of this Agreement, all property including but not limited to the Center shall be retained by or returned to the City with the exception of Sales Tax Revenues, which shall be retained by or returned to the District upon payment in full of the Bonds and all other expenses, fees and costs incurred by the City in connection with the Project.

16. Indemnity and Hold Harmless.

A. The City shall defend, indemnify and hold the District, and its respective elected officials, officers, employees and agents, including its development coordinator (Indemnitees) harmless from all claims, regardless of the nature of the claim, arising directly or indirectly from the planning, permitting, acquisition, construction and/or operation of the Center, except for claims arising from the sole negligence of any Indemnitee. In the case of concurrent negligence of the City and an Indemnitee, each party shall hold the other party harmless from their proportionate share of the resulting damages.

B. This indemnity and hold harmless obligation shall extend to all claims of whatsoever kind or nature. It shall include attorneys fees, expert witness fees, court costs, arbitration costs, administrative fines and penalties, and any other direct expense that are a direct consequence of a breach of any provision of this Agreement or any negligent act or failure to act. It shall include the duty to promptly accept tender of defense and provide defense to the Indemnitees.

17. Dispute Resolution.

A. If a dispute arises between the parties with regards to the performance of any provision of this Agreement or the interpretation thereof, the parties agree to follow the procedure set forth in this Section 19. It is the goal of the parties to resolve their differences as early in this step process as possible.

B. Step One - Informal Discussions. The parties shall designate representatives to meet to see if the matter can be informally resolved. This may involve more than one meeting.

C. Step Two - Written Notification and Resolution. If informal discussions are not successful then a written notice of dispute shall be mailed to the address for notices set forth in Section 20, as well as to the designated representatives. The notice shall set forth the nature of the dispute and the desired outcome. A written response shall be provided within ten business days. The response shall provide the responding party's version of the dispute and a proposed resolution. The parties shall meet within ten business days after the response is received in order to see if the matter can be amicably resolved. If the matter is amicably resolved at this stage the affected parties shall sign a memorandum of understanding with regards thereto.

D. Step Three - Mediation. If the parties are unable to resolve their differences at Step Two, the parties will endeavor to settle the dispute by mediation under such mediation rules as shall be mutually agreeable to the parties. Such mediation will be non-binding but a condition precedent to having said dispute decided in court by a judge or jury. Mediation shall commence, unless otherwise agreed, within 30 days of a party's written request for mediation of a dispute. Any resolution at this stage shall be reduced to writing and, if it involves an interpretation of the Agreement, it shall be considered an addendum to this Agreement.

E. Litigation. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to exclusive *in personam* jurisdiction in the Thurston County Superior Court for the State and agree that in any such action venue shall lie exclusively in Thurston County, Washington.

18. Notices. All notices and other written communications required by this Agreement shall be in writing and, except as expressly provided elsewhere in this Agreement, shall be deemed to have been given at the time of delivery if personally delivered, or at the time of mailing if mailed by first class, postage pre-paid and addressed to the party at its address as stated below or at such address as any party may designate at any time in writing.

To District:

To City:

City of Olympia
900 Plum Street
Olympia, WA 98507

19. Severability. It is the intent of the parties that if any provision of this Agreement or its application is held by a court of competent jurisdiction to be illegal, invalid or void, the validity of the remaining provisions of this Agreement or its application to other entities, or circumstances shall not be affected. The remaining provisions shall continue in full force and effect. The rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular invalid provision. However, if the invalid provision or its application is found by a court of competent jurisdiction to be substantive and to render performance of the remaining provisions unworkable and non-feasible, and is found to seriously affect the consideration and/or is inseparably connected to the remainder of this Agreement, then the entire Agreement shall be null and void.

20. Modification. This Agreement represents the entire agreement between the parties. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding on any of the parties unless executed in writing by authorized representatives of each of the parties. This Agreement shall not be modified, supplemented, or otherwise affected by the course of dealings between the parties.

21. Benefits. This Agreement is entered into for the benefit of the parties to this Agreement only and shall confer no benefits, direct or implied, on any third persons.

22. Assignment. The rights granted by this Agreement may not be assigned without the written consent of all the parties hereto.

23. Supplemental Documents. The parties agree to complete and timely execute all supplemental documents necessary or appropriate to fully implement the terms of this Agreement.

24. Duration of Agreement. This Agreement shall continue in full force and effect until terminated, or until such time as the Sales Tax and all other taxes, fees or charges imposed by the District expire under Section 7.B.4 above expire. The City will not extend the terms of the Bonds, or refund the Bonds or otherwise extend the term beyond the initial Bond term without the written consent of the District. All rights to indemnification under Section 16 of this Agreement, and all rights and obligations pertaining to the disposition of property as provided in Section 15 shall survive the termination of this Agreement and remain in force until such expenses, fees and costs are paid and such indemnification provision satisfied.

25. Impossibility of Performance. This Agreement may be terminated if Commencement of Construction does not occur by January 1, 2007, or under circumstances where both contracting parties mutually agree in writing that by operation of law, court order, or as a result of other facts and circumstances whether within the control of the contracting parties or not, it is impossible or impractical to finance, acquire, design, develop, construct, manage, operate or maintain the Center. Prior to a termination by agreement under this paragraph, in the event the City of Olympia determines it is impossible or impractical to finance, acquire, design, develop, construct, manage, operate or maintain the Center, the contracting parties agree to meet and enter into good faith negotiations regarding whether or not it has become impossible or impractical to fulfill or satisfy the Project's or Center's purpose or intent.

26. Filing of Agreement with County Auditor. Within five days from the date of this Agreement, as set forth in Section 1, the original of the Agreement shall be filed by the City with the Thurston County Auditor as required by the provisions of RCW 39.34.040. The City shall provide the District with the Auditor's recording number.

27. Specific Performance. The parties acknowledge that any party may require specific performance of any of the terms and conditions of this Agreement, in addition to any other remedies that may be available as a matter of law.

28. Complete Agreement. This Agreement represents the entire agreement between the parties hereto concerning the subject matter hereof. This Agreement may not be amended except as provided in writing and agreed to and executed by both parties.

29. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

DATED this _____ day of ____________________, 2003.

CAPITAL AREA REGIONAL
PUBLIC FACILITIES DISTRICT

By:______________________________

Its: ______________________________

Approved as to form:

____
Special Counsel

CITY OF OLYMPIA

By: ______________________________

Its: ______________________________

Approved as to form:

____
City Attorney

EXHIBIT A

DESCRIPTION OF PROJECT

<u>IMPROVEMENTS PROPOSED FOR PHASE 1:</u>

<u>IMPROVEMENTS PROPOSED FOR FUTURE PHASES:</u>

Y:\Legal\PFD\PFD Interlocal Agreement TJ Martin 020303.doc

EXHIBIT B

LACEY AREA ATHLETIC, RECREATION, AND SPECIAL EVENTS COMPLEX INTERLOCAL AGREEMENT

1. Date and Parties. This Interlocal Agreement ("Agreement") is dated this ____ day of ___________, 2003 and is entered into by and between the CITY OF LACEY, ("the City"), a municipal corporation organized and operating pursuant to the Constitution and laws of the State of Washington; and the CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT ("the District"), a municipal corporation duly organized and operating pursuant to the laws of the State of Washington as established by the Interlocal Agreement as entered into by the City of Olympia, a municipal corporation, the City of Lacey, a municipal corporation, the City of Tumwater, a municipal corporation and Thurston County on June 26, 2002.

2. General Recitals.

A. The Cities of Lacey, Olympia and Tumwater and Thurston County established the Capital Area Regional Public Facilities District on or around June 26, 2002 pursuant RCW 35.57 as amended by Chapter 363, Laws of 2002 and pursuant Olympia Municipal Ordinance 6194, City of Lacey Ordinance No. 1183, City of Tumwater Ordinance No. 02002-014, and Thurston County Ordinance No. 12798.

B. The City of Lacey has prepared a plan for development and/or acquisition of the Lacey Area Athletic, Recreation, and Special Events Complex ("The Complex").

C. The Complex is envisioned to consist of an Athletic, Recreation and Special Events Complex designed to serve the needs of the greater Thurston Region, and attract visitors from throughout the State. Such Complex is further envisioned to include the development of:

soccer fields
softball/baseball fields (two baseball fields sized for college and semi-professional play
a bike/board and blades complex with BMX track
large gathering and event areas
picnic shelters
children's play areas
outdoor basketball courts
restrooms

concessions
parking for more than 1,000 vehicles
an extensive trail system
performance stage
main entrance gathering plaza
such other elements or amenities that the City of Lacey determines would benefit the project or its public features

In addition, the project is envisioned to include further development on additional lands acquired pursuant to the Interlocal Agreement referenced above, for the purposes described in such Interlocal Agreement.

D. The cost of the Lacey Area Athletic, Recreation, and Special Events Complex, including financing and debt service costs, will exceed $10 million.

E. The Complex is a regional center within the definition of RCW 35.57, and the jurisdictions forming the District have indicated that it should be pursued by the District; and

F. By virtue of its established credit history, the City of Lacey has ready access to the municipal bond market and other sources of financing necessary to facilitate the acquisition or construction of the Complex; and

G. The City has the ability to provide the local match required by RCW 82.14.390; and,

H. The City has the ability to provide or contract for project management, legal and other services to support development of the Complex; and

I. The District, under RCW 82.14.390 and its Charter, has the authority to impose and collect the Sales Tax to repay any financing obtained to fund the design, construction, acquisition, operation and/or maintenance of the Complex; and

J. The cost of designing, acquiring, constructing operating and/or maintaining the Complex can be reduced through an agreement between the City of Lacey and the District, in which the City and the District provide the services described in the foregoing general recitals.

NOW THEREFORE, in consideration of the mutual promises and covenants contained here, the parties agree as follows:

3. Incorporation of Recitals. The aforementioned recitals are incorporated hereinafter by this reference and made part thereof.

4. Definitions. All words used in this Agreement shall be given their normal and ordinary meaning unless defined in this Section 4. The following are special definitions for the purpose of this Agreement only:

"Bonds"- The bonds to be issued by the City of Lacey to finance the Lacey Area Athletic, Recreation, and Special Events Complex and any other bonds or other evidence of indebtedness of the City the proceeds of which will be used to refund Bonds.

"City"- Area commonly known and referred to as 'Lacey, confined to the legal city limits and/or corporate boundary of such an area, duly organized and operating pursuant to the Constitution and laws of the State of Washington.

"Commencement of Construction" – The commencement of site clearing, demolition, grading, or other work that begins the process of acquisition, development or improvement of the Project.

"Complex" – Lacey Area Athletic, Recreation, and Special Events Complex.

"District"- Capital Area Regional Public Facilities District, a municipal corporation organized and operating pursuant to the laws of the State of Washington.

"Project"- Those improvements to the Lacey Area Athletic, Recreation, and Special Events Complex until such time as it has been officially dedicated by title as the "Lacey Area Athletic, Recreation, and Special Events Complex".

"Sales Tax"- The non-voted sales and use tax to be imposed by the District in accordance with RCW 82.14.390 at a rate not to exceed 0.033% of the selling price in the case of a sales tax or value of the article used in the case of a use tax, which tax shall be deducted from the amount of tax otherwise required to be collected or paid over to the State's Department of Revenue and shall expire when the Bonds (or any additional bonds issued to finance the completion of the Project) are retired, or in any event not later than September 1, 2026.

"Sales Tax Revenue"- All revenue collected by the District from the Sales Tax.

"Lacey Area Athletic, Recreation, and Special Events Complex"- The Lacey Area Athletic, Recreation, and Special Events Complex described in Section 2C of this Agreement.

"State"- The State of Washington.

"Taxable Events" - Taxable events as defined in RCW 82.14.020(9)

5. Agreement Purpose. The parties are entering into this Agreement pursuant to RCW 39.34 and RCW 35.57. The purpose of this Agreement is to set forth the rights and responsibilities of each of the contracting parties with regards to the financing, acquisition, design, construction, operation and/or maintenance of the Complex, meeting the definition of a Regional Complex provided in RCW 35.57.020, while complying with the Internal Revenue Code and Regulations regarding tax exempt municipal bond financing.

6. Commencement of Construction. The City agrees to commence or cause to be commenced the construction of the Project on behalf of the parties, and warrants to the District that Commencement of Construction shall occur by January 1, 2004.

7. Complex Financial Obligations.

A. City.

1. The City may issue the Bonds in such amount (net of the costs of issuing the Bonds) necessary for acquisition, construction, operation and/or maintenance of the Project.

2. The City agrees to provide the one-third local match required by RCW 82.14.390. The City may provide for the Local Match by, inter alia, providing itself or arranging for cash, land, or in-kind contributions to be used for, in or towards the development or improvement of the Lacey Area Complex. The City may use whatever funding sources are available. It is anticipated that the City may use a variety of funding sources, including, but not limited to bond financing, rental revenues, unrestricted funds, grants, contributions and donations. Funds expended and lands acquired by Thurston County and the City of Lacey pursuant to the contract between such parties for the 68-acre parcel, funds expended by Thurston County for additional lands pursuant to Section 7.A. hereof, and funds expended by Thurston County for

development of the Lacey Area Complex shall be considered as part of such Local Match.

3. The City agrees to establish an account designated as the Lacey Area Complex account, in which the City will hold Sales Tax Revenues and other funds allocated to the Project. The City agrees that it will pledge some or all of the Sales Tax Revenues identified in subsection B.1 below to repayment of the Bonds and/or the costs of operation of and maintenance of the Complex. Any Sales Tax Revenues in excess of that pledged for repayment of the Bonds and interest earnings on such Sales Tax Revenues shall be deposited in the Lacey Area Complex account and shall be available for use on future phases of the Project, for operations and/or maintenance of the Complex, or for other uses related to the Complex. Prior to issuance of the Bonds, the City may use the Sales Tax Revenues for any Project costs, including predevelopment or pre-acquisition costs of the Project and Project administrative costs.

B. <u>District.</u>

1. In consideration for the City's agreement to issue the Bonds or issue or provide other financing or cash for the acquisition, construction, operation and/or maintenance of the Complex, provide the local match under RCW 82.14.390, and administer the Project as provided below, the District agrees to impose the Sales Tax and to pay to the City that portion of the Sales Tax Revenue, as follows:

a. 100% of the Sales Tax Revenue generated by and attributable to taxable events as defined in RCW 82.14.020(9) ("Taxable Events") occurring within the corporate boundaries of the City;

b. 50% of the Sales Tax Revenue generated by and attributable to Taxable Events occurring within the corporate boundaries of the City of Tumwater;

c. 50% of the Sales Tax Revenue generated by and attributable to Taxable Events occurring within the unincorporated areas of Thurston County.

2. To facilitate the District's agreement to pay those portions of the Sales Tax Revenues identified above, this agreement shall constitute an assignment by the District of the District's right to receive said Sales Tax Revenues from the Department of Revenue to the City. The District shall, upon execution of this agreement,

promptly inform the Department of Revenue that the Sales Tax Revenues identified in subsection B.1 above shall be paid directly to the City.

3. The District acknowledges and agrees that the City may pledge some or all of the Sales Tax Revenue to the repayment of the Bonds.

4. In consideration for the City's agreement to issue the Bonds or issue or provide other financing or cash for the acquisition, construction, operation and/or maintenance of the Complex, provide the local match under RCW 82.14.390, and administer the Project as provided below, the District also agrees to impose any other tax, fee or charge authorized by RCW 35.57.040, RCW 35.57.100, RCW 35.57.110 and the Charter, if and as requested by a resolution of the Lacey City Council. The District agrees to impose such tax, fee or charge according to the terms requested by the City, including but not limited to the duration, amount, and area affected, so long as such terms are consistent with applicable law.

5. The District hereby assigns its right to receive and/or collect any tax, fee or charge imposed pursuant to subsection B.4 above to the City. The District shall, upon imposition of any such tax, fee or charge, promptly inform the Department of Revenue and instruct the Department that the tax, fee or charge shall be paid directly to the City.

6. The District shall file annual financial statements and annual reports with the City within 180 days after the end of each fiscal year.

7. The District agrees to stay in existence as long as the Bonds are outstanding and not to take any action that would impact the tax-exempt status or other provision of any Bonds.

8. <u>Environmental Law Compliance</u>.

A. The City shall be responsible for complying with all applicable environmental laws with regards to the Complex construction, or causing or requiring said applicable environmental laws to be complied with. This may be include but not be limited to, the Lacey Municipal Code, the State Environmental Policy Act

(SEPA), CERCLA (42 U.S.C. 9603), MTCA (RCW 70.105D), and the Clean Water Act (33 U.S.C. §1321).

B. Whether under WAC 197-11-926, -930, or -944, the City shall be the nominal lead agency, and the City shall be responsible for complying with the duties of the lead agency under all applicable SEPA rules.

9. Permits. The City shall be responsible for obtaining, or causing or requiring to be obtained, all necessary permits and approvals related to the acquisition, development, construction and/or operation of the Complex and the Project. The City shall comply with the terms and conditions of all permits, or shall cause or require said terms and conditions to be complied with, and the City shall be responsible for paying any fees related thereto or causing any such fees related thereto to be paid.

10. Complex Design and Construction.

A. The City shall be primarily responsible for the locating, developing, designing, acquiring, constructing, operating, maintaining, and/or managing (as applicable), or for causing said actions to be done, with respect to the Complex and any future expansion of the Complex. The City shall carry out it's responsibilities in cooperation with Thurston County, as required by agreement between Thurston County and the City of Lacey.

B. The City shall perform (or cause to be performed) the construction and development of the Project according to the following standards:

(i) Performance in a good and workmanlike manner and in compliance with all applicable laws;

(ii) Use quality materials and workmanship; and

(iii) Use quality maintenance on all portions of the Project.

11. Administration.

A. The City shall be the administrator, within the meaning of RCW 39.34.030(4), of this cooperative undertaking for the acquisition, development and operation of the Complex, subject to the terms, conditions and limitations of this Agreement. This shall include responsibility for acquiring, designing, constructing, owning, remodeling, maintaining, equipping, repairing, financing and/or operating the Complex, as well as maintaining a budget for the Project and the Complex in operation. The City may use an alternative public works procedure, or other legal mechanism, to provide the most economic and efficient way to assure the success of the Project.

B. The City shall operate and maintain the Complex or cause the Complex to be operated and maintained at all times in a safe and clean condition. The City shall provide (directly or by contract) all management, supervision, personnel, materials, equipment, services and supplies necessary to operate, maintain and repair the Complex and shall take all reasonable precautions to prevent damage, injury or loss by reason of or related to the construction, operation and maintenance of the Complex to any person or property. The City shall comply with all applicable laws and ordinances in acquiring, constructing, operating and maintaining the Complex. The City shall undertake all modifications to the Complex required to comply with all applicable laws, regulations, judgments and orders.

12. Land Ownership. The District shall not be a party to any land ownership contracts involving the Complex.

13. Insurance; Destruction.

A. Insurance Requirements. The City shall maintain and keep in force on the Property the following insurance:

(i) Builder's All Risk Comprehensive Coverage. During construction, the City shall keep or require the developer to keep the Project, including the Complex, insured for Builder's All Risk Comprehensive Coverage (including earthquake and flood) in an amount not less than 100% of the full replacement cost of the Project, including all fixtures, equipment, improvements, and betterments thereto.

(ii) Commercial General Liability Coverage. The City shall carry or require the developer to carry Commercial General Liability insurance providing coverage claims for bodily injury, death, or property damage on the Project with broad form liability and property damage endorsement, written for combined single limits of liability of no less than $10,000,000 per occurrence, said amount to be adjusted from time to time with coverage deemed customary under like conditions.

(iii) Property Damage Insurance. Following substantial completion of construction or acquisition of the Complex, the City shall carry property damage insurance covering the Complex, including all improvements, including earthquake, flood, boiler, machinery insurance in an amount and manner consistent with the insurance carried by the City for properties owned or leased by the City.

B. Insurance Policies. The insurance policies required by the Agreement shall be issued as primary policies and shall carry an endorsement that the policy shall not be cancelled or substantially changed without at least 30 days written notice to the City. The City shall make available to the District copies of all insurance policies within 7 days of any request by the District.

C. Adjustments. The types of policies, risks insured, coverage amounts, deductibles and endorsements may be adjusted from time to time as the City and the District may mutually determine and agree.

D. Destruction.

(i) If the Project or Complex is totally or partially destroyed at any time after the execution of this Agreement and the insurance proceeds (less any deductible) are sufficient to pay the cost of reconstruction or restoration, then the City shall reconstruct or repair the damage consistent with the terms and intent of this Agreement. If the insurance proceeds (less any deductible) are insufficient to reconstruct or repair the Project or Complex, then the City may nonetheless elect to reconstruct or repair the Project or Complex or to terminate this Agreement.

(ii) If the City is unable to reconstruct or restore the damage to the Project or Complex, the District shall be entitled to a pro rata share of the insurance proceeds, based on the amount of the Sales Tax Revenues received by the City in relation to the total construction costs of the City in the Project. The District shall use any proceeds received in a manner that does not impact the tax-exempt status of the Bonds.

14. No Other District Obligation. The District shall not be responsible for any construction or operation funding shortfalls, or any other financial commitments or obligations associated with the Project or the Complex beyond the specific commitments set forth in Section 7.

15. Disposition of Property. Upon termination of this Agreement, all property including but not limited to the Complex shall be retained by or returned to the City with the exception of Sales Tax Revenues, which shall be retained by or returned to the District upon payment in full of the Bonds and all other expenses, fees and maintenance and operation costs incurred by the City in connection with the Project.

16. Indemnity and Hold Harmless.

A. The City shall defend, indemnify and hold the District, and its respective elected officials, officers, employees and agents, including its development coordinator (Indemnitees) harmless from all claims, regardless of the nature of the claim, arising directly or indirectly from the planning, permitting, acquisition, construction and/or operation of the Complex, except for claims arising from the sole negligence of any Indemnitee. In the case of concurrent negligence of the City and an Indemnitee, each party shall hold the other party harmless from their proportionate share of the resulting damages.

B. This indemnity and hold harmless obligation shall extend to all claims of whatsoever kind or nature. It shall include attorneys fees, expert witness fees, court costs, arbitration costs, administrative fines and penalties, and any other direct expense that are a direct consequence of a breach of any provision of this Agreement or any negligent act or failure to act. It shall include the duty to promptly accept tender of defense and provide defense to the Indemnitees.

17. Dispute Resolution.

A. If a dispute arises between the parties with regards to the performance of any provision of this Agreement or the interpretation thereof, the parties agree to follow the procedure set forth in this Section 19. It is the goal of the parties to resolve their differences as early in this step process as possible.

B. Step One - Informal Discussions. The parties shall designate representatives to meet to see if the matter can be informally resolved. This may involve more than one meeting.

C. Step Two - Written Notification and Resolution. If informal discussions are not successful then a written notice of dispute shall be mailed to the address for notices set forth in Section 20, as well as to the designated representatives. The notice shall set forth the nature of the dispute and the desired outcome. A written response shall be provided within ten business days. The response shall provide the responding party's version of the dispute and a proposed resolution. The parties shall meet within ten business days after the response is received in order to see if the matter can be amicably resolved. If the matter is amicably resolved at this stage the affected parties shall sign a memorandum of understanding with regards thereto.

D. Step Three - Mediation. If the parties are unable to resolve their differences at Step Two, the parties will endeavor to settle the dispute by mediation under such mediation rules as shall be mutually agreeable to the parties. Such mediation will be non-binding but a condition precedent to having said dispute decided in court by a judge or jury. Mediation shall commence, unless otherwise agreed, within 30 days of a party's written request for mediation of a dispute. Any resolution at this stage shall be reduced to writing and, if it involves an interpretation of the Agreement, it shall be considered an addendum to this Agreement.

E. Litigation. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to exclusive *in personam* jurisdiction in the Thurston County Superior Court for the State and agree that in any such action venue shall lie exclusively in Thurston County, Washington.

18. Notices. All notices and other written communications required by this Agreement shall be in writing and, except as expressly provided elsewhere in this Agreement, shall be deemed to have been given at the time of delivery if personally delivered, or at the time of mailing if mailed by first class, postage pre-paid and addressed to the party at its address as stated below or at such address as any party may designate at any time in writing.

To District:

To City:

City of Lacey
P.O. Box 3400
Lacey, WA 98509-3400

19. Severabilitv. It is the intent of the parties that if any provision of this Agreement or its application is held by a court of competent jurisdiction to be illegal, invalid or void, the validity of the remaining provisions of this Agreement or its application to other entities, or circumstances shall not be affected. The remaining provisions shall continue in full force and effect. The rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular invalid provision. However, if the invalid provision or its application is found by a court of competent jurisdiction to be substantive and to render performance of the remaining provisions unworkable and non-feasible, and is found to seriously affect the consideration and/or is inseparably connected to the remainder of this Agreement, then the entire Agreement shall be null and void.

20. Modification. This Agreement represents the entire agreement between the parties. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding on any of the parties unless executed in writing by authorized representatives of each of the parties. This Agreement shall not be modified, supplemented, or otherwise affected by the course of dealings between the parties.

21. Benefits. This Agreement is entered into for the benefit of the parties to this Agreement only and shall confer no benefits, direct or implied, on any third persons.

22. Assignment. The rights granted by this Agreement may not be assigned without the written consent of all the parties hereto.

23. Supplemental Documents. The parties agree to complete and timely execute all supplemental documents necessary or appropriate to fully implement the terms of this Agreement.

24. Duration of Agreement. This Agreement shall continue in full force and effect until terminated, or until such time as the Sales Tax and all other taxes, fees or charges imposed by the District expire under Section 7.B.4 above expire. The City will not extend the terms of the Bonds, or refund the Bonds or otherwise extend the term beyond the initial Bond term without the written consent of the District. All rights to indemnification under Section 16 of this Agreement, and all rights and obligations

pertaining to the disposition of property as provided in Section 15 shall survive the termination of this Agreement and remain in force until such expenses, fees and costs are paid and such indemnification provision satisfied.

25. Impossibility of Performance. This Agreement may be terminated if Commencement of Construction does not occur by January 1, 2004, or under circumstances where both contracting parties mutually agree in writing that by operation of law, court order, or as a result of other facts and circumstances whether within the control of the contracting parties or not, it is impossible or impractical to finance, acquire, design, develop, construct, manage, operate or maintain the Complex. Prior to a termination by agreement under this paragraph, in the event the City of Lacey determines it is impossible or impractical to finance, acquire, design, develop, construct, manage, operate or maintain the Complex, the contracting parties agree to meet and enter into good faith negotiations regarding whether or not it has become impossible or impractical to fulfill or satisfy the Project's or Complex's purpose or intent.

26. Filing of Agreement with County Auditor. Within five days from the date of this Agreement, as set forth in Section 1, the original of the Agreement shall be filed by the City with the Thurston County Auditor as required by the provisions of RCW 39.34.040. The City shall provide the District with the Auditor's recording number.

27. Specific Performance. The parties acknowledge that any party may require specific performance of any of the terms and conditions of this Agreement, in addition to any other remedies that may be available as a matter of law.

28. Complete Agreement. This Agreement represents the entire agreement between the parties hereto concerning the subject matter hereof. This Agreement may not be amended except as provided in writing and agreed to and executed by both parties.

29. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

DATED this _____ day of ____________________, 2003.

CAPITAL AREA REGIONAL
PUBLIC FACILITIES DISTRICT

By:______________________________

Its: ______________________________

CITY OF LACEY

By: ______________________________

Its: ______________________________

Approved as to form:

____
City Attorney

AMENDED CHARTER

OF

CAPITAL AREA REGIONAL

PUBLIC FACILITIES DISTRICT

A Municipal Corporation

CHARTER

CAPITAL AREA REGIONAL PUBLIC FACILITIES DISTRICT

ARTICLE I
NAME AND DISTRICT SEAL

The name of this corporation shall be the Capital Area Regional Public Facilities District (hereinafter the "District"). The corporate seal of the District shall be a circle with the name of the District and the word "SEAL" inscribed therein.

ARTICLE II
AUTHORITY FOR CAPITOL AREA REGIONAL PUBLIC FACILITIES DISTRICT

The District is a municipal corporation organized pursuant to Chapter 35.57 RCW and Chapter 363, Laws of 2002, as the same now exists or may hereafter be amended, or any successor act or acts and is created pursuant to that certain amended interlocal agreement dated ___________________ 2003, (hereinafter the "Amended Interlocal Agreement") by and between the Cities of Olympia, Lacey, Tumwater, and the unincorporated portion of Thurston County (hereinafter the "Jurisdictions"), which Jurisdictions comprise the District.

ARTICLE III
DURATION OF DISTRICT

The District shall continue to exist until it is terminated pursuant to the terms of the Interlocal Agreement.

ARTICLE IV
PURPOSE OF DISTRICT

The purpose of the District is to provide an independent legal entity under Chapter 35.57 RCW, and to impose the state sales and use tax under RCW 82.14.390 to further the acquisition, financing, construction, operation and maintenance of one or more Regional Centers as defined in RCW 35.57.020(1), as amended by, Chapter 363, Laws of 2002. The District may take actions in furtherance of any of the above stated purposes only as authorized under the Amended Interlocal Agreement and pursuant to a contract with the Jurisdiction in which the Regional Center is located. The Regional Centers will serve essential public purposes by providing one or more regional facilities for conventions, conferences and/or special events. The District does not have the authority to perform any functions other than that set forth in Article V.

For the purpose of securing the exemption from federal income taxation for interest on obligations (if any) of the District, the District constitutes an instrumentality of each of the Jurisdictions that created the District (within the meaning of those terms in regulations of the United States Treasury and rulings of the Internal Revenue Service prescribed pursuant to Section 103 and Section 145 of the Internal Revenue Code of 1986, as amended).

ARTICLE V
POWERS OF DISTRICT

Except as may be otherwise provided in the Charter, the District and the District Board of Directors on its behalf shall have only the power to:

1. Act as authorized under Chapter 35.57 RCW and as specified by the Amended Interlocal Agreement.
2. Sue, and be sued, in its corporate name
3. Accept gifts, funds, or property from the United States, the State, the Jurisdictions, other corporations, associations, individuals, or any other sources, and to use said funds in accordance with the powers set forth in Article IV.
4. Provide the necessary administrative means to carry out its powers set forth in this Charter.
5. Impose a sales and use tax and such other charges, fees and taxes as authorized by RCW 35.57.040, RCW 35.57.100, RCW 35.57.110 and/or RCW 82.14.390.
6. Enter into contracts with the City of Lacey, the City of Olympia, the City of Tumwater, or Thurston County, as provided in the Amended Interlocal Agreement, to facilitate the financing, acquisition, construction, and/or operation of one or more Regional Centers.

ARTICLE VI
LIMITS ON DISTRICT POWERS

1. No part of the revenue of the District shall inure to the benefit of, or be distributable to, the members of the District Board of Directors or officers of the District or other private persons, except that the District is authorized and empowered to:

(a) Reimburse District Board Members for reasonable expenses actually incurred in performing their duties; and
(b) Provide the administrative means to carry out the District's powers under Article V.

2. No part of the activities of the District shall include any attempt to influence legislation; and the District shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

3. The District may not incur or create any liability that permits recourse by any contracting party or members of the public to any assets, services, resources, or credit of the Jurisdictions.

4. The District shall not amend this Charter without the approval of the Jurisdictions.

5. The District shall not issue any debt nor shall it submit to the voters of the District a ballot proposition for imposition of a sales or use tax.

   The District may not exercise its powers as delineated in Article V(1) – (4) until such time as it has, in accordance with Article V(5) – (6) and RCW 35.57.040(d) and RCW 82.14.390: (a) imposed the maximum allowable sales and use tax; and (b) entered into a contract with Lacey, Olympia, Tumwater, and/or Thurston County, as may be provided for in the Amended Interlocal Agreement; all for the purpose of securing a source of revenue to satisfy the financial obligations (if any) of the District and to facilitate the financing, acquisition, construction and/or operation of the Regional Centers as provided in the Amended Interlocal Agreement.

6. In the event of a conflict between the terms of this Amended Charter and of the Amended Interlocal Agreement dated ________________________, the terms of the Amended Interlocal Agreement shall govern.

ARTICLE VII
DUTIES OF THE DISTRICT

In addition to other duties as may be provided herein, the District and the District Board of Directors shall undertake the following:

1. Provide Financial Assistance. In accordance with RCW 82.14.390 the District, through the District Board of Directors during its first meeting, shall, as authorized by the Jurisdictions per the Amended Interlocal Agreement, impose a sales and use tax of not more than .033 percent to be collected from those persons who are taxable by the State of Washington under RCW 82.08 and 82.12, upon the

occurrence of any taxable event within the District. In accordance with RCW 35.57.040 the District shall, if authorized by the resolution of a governing body of a Jurisdiction that is acquiring or constructing a Regional Center, impose such taxes, fees or charges at the Regional Center and/or within the corporate boundaries of that Jurisdiction in accordance with the Jurisdiction's resolution and RCW 35.57.040, RCW 35.57.100, and/or RCW 35.57.110.

2. Enter Into Agreements. The District, through the District Board of Directors its first meeting shall enter into agreements with the City of Lacey ("Lacey"), and the City of Olympia ("Olympia"), to perform those administrative functions and powers on behalf of the District as prescribed under Article V of this Charter, Article IX, Section 2(d) of this Charter, and the Amended Interlocal Agreement. In the event that an alternate Regional Center is selected pursuant to the provisions of Section 9 of the Amended Interlocal Agreement, the provisions of this subsection shall apply with respect to the Jurisdiction selected to acquire, construct, operate and/or maintain the alternate Regional Center.

3. Revenues. All revenues received by the District which are derived from the imposition of charges, fees, and taxes as authorized by RCW 35.57.040, and/or RCW 84.14.390 shall be allocated as provided in the Amended Interlocal Agreement Such revenues may be expended only to satisfy the financial obligations of the District and Jurisdictions consistent with this Amended Charter, the Amended Interlocal Agreement, and any contracts entered into by the District under Article VII, Section 2 above. Any matching funds required by RCW 82.14.390 shall be provided by the Jurisdictions as set forth in the Amended Interlocal Agreement, or by other private or public sources.

4. Vote for Selection of an Alternate Regional Center. In the event of a tie vote among the Jurisdictions to select an alternate Regional Center under Section 9 of the Amended Interlocal Agreement, the District Board shall, by a majority vote of a quorum of its members, cast the tie-breaking vote. In casting its vote, the District Board shall limit its consideration to alternatives and options voted on by the Jurisdictions under Section 9 of the Amended Interlocal Agreement. The District Board shall not substitute or add any options or alternatives.

ARTICLE VIII
ORGANIZATION OF DISTRICT

Section 1. District Board of Directors.

The management of all District affairs shall reside with the Board of Directors. The Board shall be composed of seven members appointed in accordance with the terms of RCW 35.57.010(3)(c). The City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the three members pursuant to

RCW 35.57.010(3)(c)(i), one of which shall be appointed to a one-year term, one to a two-year term, and one to a three-year term. Of the four members to be appointed under RCW 35.57.010(3)(c)(ii), one each shall be appointed to a four-year term by the City Councils of Olympia, Lacey and Tumwater and by the County Commission. Each of the latter appointments shall be subject to the recommendations from local organizations required by RCW 35.57.010(3)(c)(ii). Required actions of the City Council of Tumwater shall be satisfied upon confirmation of appointments by the Mayor. All provisions of RCW 35.57.010(3)(c) shall apply to the appointment of Board members.

Section 2. Consecutive Absences.

Any Board Member who is absent for three consecutive regular meetings without excuse may, by resolution duly adopted by a majority vote of the whole Board, be deemed to have forfeited his or her position as Board Member.

Section 3. Removal of Board Members.

Any Board Member may be removed at will, with or without cause, by his or her appointing Jurisdiction, which appointing Jurisdiction shall appoint a new Board Member to fill the unexpired term for the vacant position. The term of any Board Member removed pursuant to this Section shall expire when the member receives a copy of the resolution removing him or her.

Section 4. Vacancy on District Board of Directors.

A vacancy, or vacancies, on the District Board of Directors shall be deemed to exist in case of the end of a Board Member's term, or the death, disability, resignation, or removal a Board Member, or the forfeiture of his or her membership, as provided herein. Vacancies on the Board shall be filled by appointment in the same manner in which members of the Board are regularly appointed. Any person selected to fill a vacancy on the Board shall serve the balance of the term of the person being replaced.

Section 5. Duties of Board Members.

A general or particular authorization or concurrence of the Board by resolution shall be necessary for any of the following transactions:

(a) Adoption of an annual budget;
(b) Certification of annual audited financial statements and other reports and statements to be filed with the chief administrative officers of the Jurisdictions in the Interlocal Agreement as true and correct in the opinion of the District except as noted;

(c) Approval of any contract or agreement with a Jurisdiction, as provided for in the Amended Interlocal Agreement;

(d) Transfer of tax proceeds, fees or charges authorized by the Amended Interlocal Agreement and this Charter to a Jurisdiction per the terms of a contract or agreement; and

(e) Perform such other transactions, duties, and responsibilities as the Charter shall require of the Members of the Board or the District, including but not limited to casting a tie-breaking vote under Article VII, Section 4 for selection of an alternate Regional Center.

Section 6. Voting Requirements/Quorum.

(a) Action, which requires Board approval, may only be authorized by a vote representing both a majority of the Board Members voting and not less than four members. Four voting members must be present at any regular or special meeting of the Board to comprise a quorum, and for the Board to transact any business.

(b) Proxy voting shall not be allowed.

(c) The adoption and amendment of bylaws shall require an affirmative vote of a majority of the Board's voting membership representing two-thirds of the Board Members voting on the issue and not less than four members.

Section 7. Right to Indemnification.

Each person who was, or is, threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was an official of the District, whether the basis for such proceeding is alleged action in an official capacity as a director, trustee, officer, employee, or agent, or in any other capacity, shall be indemnified and held harmless by the District to the full extent permitted by applicable law as then in effect, against all expense, liability, and loss (including attorneys' fees, judgments, fines, and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be an official and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that except as provided in this Section, with respect to proceedings seeking to enforce rights to indemnification, the District shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the District Board of Directors; provided, further, the right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the District the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the District of an undertaking, by or on behalf of such official, to repay all amounts so advanced if it shall ultimately be determined that such official is not entitled to be indemnified under this Section or otherwise.

Provided, further, that the foregoing indemnity shall not indemnify an person from or on account of:

(a) Acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law; or

(b) Any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which such person was not legally entitled.

If a claim under this Section is not paid in full by the District within 60 days after a written claim has been received by the District, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be 20 days, the claimant may at any time thereafter bring suit against the District to recover the unpaid amount of the claim. The claimant shall be presumed to be entitled to indemnification under this Section upon submission of a written claim (and, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the District), and thereafter the District shall have the burden of proof to overcome the presumption that the claimant is so entitled. Neither the failure of the District to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper nor a determination by the District that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

The right of indemnification and the payment of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Charter, Bylaws, any agreement, or otherwise.

The District may maintain insurance, at its expense, to protect itself and any director of the District against any expense, liability, or loss whether or not the District would have the power to indemnify such person against such expense, liability, or loss.

Section 8. Conflict of Interest and Code of Ethics.

No member of the Board shall have an ownership interest in real or personal property used for or in conjunction with any Regional Center site. Members of the District Board of Directors and the District's staff shall be subject to RCW 42.52.

ARTICLE IX
OFFICERS OF DISTRICT

Section 1. <u>Tenure of Officers</u>.

The members shall elect from among themselves the following District officers: President, Treasurer, and Secretary. The President and the Treasurer may not be the same person. The term of any officer shall expire at such time as such officer's membership on the Board ceases or terminates, or at such sooner time as the term of office expires and the office has been filled by appointment or reappointment.

Section 2. <u>Duties of Officers</u>.

The officers of the District shall have the following duties:

(a) President. Subject to the control of the District Board of Directors, the President shall have general supervision, direction, and control of the business and affairs of the District. On matters decided by the District, unless otherwise required under the Interlocal Agreement or by this Charter, the signature of the President alone is sufficient to bind the corporation.

(b) Treasurer. The Treasurer shall receive and faithfully keep all funds of the District and deposit the same in such accounts as may be designated by the District Board of Directors. The Treasurer shall discharge such other duties as prescribed by the District Board of Directors. Before taking office, the Treasurer shall file a bond in an amount determined by the District with the Secretary of the District, and shall continue in office only so long as such bond continues in effect.

(c) Secretary. The Secretary shall keep or authorize others to keep a full and complete record of the meetings of the District Board of Directors, committees when acting on behalf of the Board and to the extent they are separate, and the meetings of the officers with appropriate minutes; shall keep the seal of the District and affix the same to such papers and such instruments as may be required in the regular course of business; shall make service of such notices as may be necessary or proper; shall supervise the keeping of the books and other records, ledgers, and other written documents comprising the business and purpose of the District, and shall discharge such other duties as pertain to the office as prescribed by the District Board of Directors.

(d) The District shall contract with Olympia to provide such services as are reasonable and necessary to assist the officers in carrying out the officer's duties under this Section. Such services, which are not anticipated to be

significant, shall include storage of minutes and other records of the District, providing advertising for District Board meetings, and the like.

ARTICLE X
COMMENCEMENT OF DISTRICT

The District shall come into existence and be authorized to take action at such time as the Amended Interlocal Agreement incorporating this Charter is approved by the legislative authorities of the Jurisdictions that comprise the District.

ARTICLE XI
CONSTITUENCY

There shall be no constituency of the District.

ARTICLE XII
MISCELLANEOUS

Section 1. Public Records.

The public shall have access to records and information of the District to the extent required by applicable law.

Section 2. Public Meetings.

Meetings of the District shall be open to the public as required by state law, and any special meetings shall be called and held in accordance with Section 11, Chapter 250, Laws of 1971, Extraordinary Session, and any subsequent amendments thereto. Members or designees of the legislative authorities of the Jurisdictions that comprise the District are entitled to appear in person or by representative and speak at any meeting of the District called and held pursuant to law.

Notice of meetings and proposed agendas shall be transmitted to the chief administrative officers of the Jurisdictions or their designees. The books and records of the District and agreements or contracts entered into by the District shall be available for inspection by the chief administrative officers of the Jurisdictions or their designee, and such documents shall be open for inspection by the public to the extent required by applicable laws, or as may be directed by agreement of the chief administrative officers of the Jurisdictions signatory to the Interlocal Agreement.

Section 3. Audits, Dissolutions, etc.

Unless waived by the chief administrative officers of the Jurisdictions, the District shall submit to the chief administrative officers of the Jurisdictions, on or before December

31, a report of its activities for the preceding calendar year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such calendar year; as well as such other reports required by applicable state and federal laws, applicable ordinances, and by the chief administrative officers of the Jurisdictions.

Section 4. Operations.

The District shall establish by resolution approved by the chief administrative officers of the Jurisdictions, procedures for the receipt, payment, and investment of District funds, which shall be performed by Olympia, Lacey, Tumwater or Thurston County, as provided for in the Amended Interlocal Agreement and any contracts entered into by the District under Article VII, Section 2 above. Such procedures may be amended by District resolution, subject to the approval of the chief administrative officers of the Jurisdictions.

Section 5. Effect of Legislation.

Should legislation be passed by the Washington State Legislature that conflicts materially with the provisions of this Charter, the PFD shall dissolve upon the effective date of such legislation, unless the Jurisdictions approve any necessary amendments to the Interlocal Agreement within 180 days of notice of the legislation

This Charter is APPROVED and ISSUED as of this _____ day of ______________ 2003.

APPROVED this _____ day of _______________ 2003 as authorized by District Board Resolution No. ________.

____
District President

ATTEST:

____
District Secretary

moe3117c
6/18402

ORDINANCE NO. 12798

AN ORDINANCE RELATING TO PUBLIC FACILITIES DISTRICTS, ADOPTING AN "INTERLOCAL AGREEMENT REGARDING CREATION OF A PUBLIC FACILITIES DISTRICT FOR A REGIONAL CENTER" AND THE CHARTER THEREFORE; ADOPTING AN "INTERLOCAL AGREEMENT BETWEEN THURSTON COUNTY AND THE CITY OF LACEY REGARDING CREATION OF A JOINT PUBLIC FACILITIES DISTRICT FOR A REGIONAL CENTER" AND THE CHARTER THEREFORE.

WHEREAS, Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002, allows the creation by cities and a county or by a city and a county of a joint public facilities district (PFD) to design, construct, and operate a Regional Center as defined in state law, and

WHEREAS, the Legislature by Chapters 363, Laws of 2002, required that to qualify for state sales tax funds under RCW 82.14.390, a joint or single PFD must be created by July 31, 2002, and

WHEREAS, the Legislature also required that construction of a PFD facility must commence on or before January 1, 2004, and

WHEREAS, the cities of Olympia, Lacey, and Tumwater and Thurston County are interested in working together to form a joint PFD to consider design, construction, and operation of a convention center, conference center, or special events center (Regional Center) as defined in Chapter 363, Laws of 2002, as the same now exists or may hereafter be amended, and

WHEREAS, the jurisdictions desire to enter into an Interlocal Agreement creating a joint PFD, and

WHEREAS, the joint PFD so created would be for the purpose of jointly considering, analyzing, and identifying a possible Regional Center that may be designed, constructed, and operated under or in conjunction with an amended Interlocal Agreement and PFD, and

WHEREAS, it is the intent of the parties that sales and use tax funds authorized pursuant to RCW 82.14.390 should be imposed during this initial phase of the PFD to fund activities necessary to jointly consider, analyze, and identify a possible regional center, and

WHEREAS, the parties have agreed, under the Interlocal Agreement, to work together in good faith to identify a Regional Center to be designed, constructed, and operated under an amended PFD and Interlocal Agreement, and

WHEREAS, the Agreement provides that this collaboration must be completed by December 31, 2002 or the Interlocal Agreement will terminate, and

WHEREAS, it is necessary for Thurston County to also establish a joint Thurston County and City of Lacey PFD which could be used in the event considerations and discussions with the other jurisdictions do not prove fruitful and Thurston County wishes to pursue a Regional Center pursuant to a joint PFD with Lacey, and

WHEREAS, it is necessary and proper for Thurston County to adopt the above-referenced Interlocal Agreement and the Charter for the Capitol Area Regional Public Facilities District attached and incorporated herein by reference, as an alternative, An Interlocal Agreement and a Charter for a Joint Thurston County and City of Lacey PFD, should the latter be necessary,

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF THURSTON COUNTY as follows:

Section 1. Thurston County Board of Commissioners (Board) hereby approves and adopts that document entitled as the "Interlocal Agreement Regarding creation of a Public Facilities District for a Regional Center" and the "Charter of the Capitol Area Regional Conference Center Public Facilities" incorporated herein by reference. The chairman of the Board is authorized to execute such Interlocal Agreement on behalf of the Board. A copy of the Interlocal Agreement with its "Charter of Capitol Area Regional Public Facilities District" is attached hereto as Exhibit A.

Section 2. Thurston County Board of Commissioners (Board) hereby approves and adopts that document entitled "Interlocal Agreement Between Thurston County and the City of Lacey Regarding Creation of a Joint Public Facilities District For a Regional Center", and the "Charter of Thurston County and City of Lacey Joint Public Facilities District". The chairman of the Board is authorized to execute such Interlocal Agreement on behalf of the Board. A copy of the Interlocal Agreement with its "Charter of Thurston County and City of Lacey Joint Public Facilities District" is attached hereto as Exhibit B. Such District shall be deemed to be created as of the effective date of this ordinance. While deemed created by this ordinance, the Thurston County and City of Lacey joint Public Facilities District is authorized to take action only when authorized by official action by the Board of Commissioners of Thurston County and the City Council of the City of Lacey and only after dissolution of the "Interlocal Agreement Regarding creation of a Public Facilities District for a Regional Center", or upon withdrawal by Thurston County and the City of Lacey from that Interlocal Agreement.

ADOPTED: July 22, 2002

ATTEST:

LaBonita P. Bowman
Clerk of the Board

APPROVED AS TO FORM:

EDWARD G. HOLM
PROSECUTING ATTORNEY

By: [signature]
for : Elizabeth Petrich
Senior Deputy Prosecuting Attorney

Board of County Commissioners
Thurston County, Washington

[signature]
Chairman

[signature]
Commissioner

[signature]
Commissioner

RESOLUTION NO. 872

A RESOLUTION appointing and concurring in the selection of members of the Board of Directors of the Capital Area Regional Public Facilities District Board.

WHEREAS, Chapter 35.57 RCW as amended by Chapter 363, Laws of 2002, allows the creation by cities and a county of a joint public facilities district (PFD) to design, construct, and operate a Regional Center as defined in state law, and

WHEREAS, on July 11, 2002 via Ordinance No. 1183, the City Council of the City of Lacey approved and adopted an Interlocal Agreement, along with the City of Tumwater, the City of Olympia, and Thurston County, to create such a joint Public Facilities District, known as the Capital Area Regional Public Facilities District ("the District"); and

WHEREAS, the Interlocal Agreement incorporated by reference the Charter of the District; and

WHEREAS, pursuant to RCW 35.57.010(3)(c) and Article VIII, Section 1 of the Charter, the Board of Directors of the District shall have seven members; and

WHEREAS, pursuant to RCW 35.57.010(3)(c) and Article VIII, Section 1 of the Charter, the City Councils of Olympia, Lacey, and Tumwater and the Thurston County Board of Commissioners shall appoint the three members called for by RCW 35.57.010(3)(c)(i), one of which shall be appointed to a one-year term, one to a two-year term, and one to a three-year term; and

WHEREAS, pursuant to RCW 35.57.010(3)(c) and Article VIII, Section 1 of the Charter, of the four members to be appointed under RCW 35.57.010(3)(c)(ii), one each shall be appointed to a four-year term by the City Councils of Olympia, Lacey and Tumwater and by the County Commission, with each of these appointments subject to the recommendations from local organizations required by RCW 35.57.010(3)(c)(ii); and

WHEREAS, the Lacey City Council has previously received and reviewed recommendations for Board members from local organizations as required by RCW 35.57.010(3)(c)(ii); and

WHEREAS, the Public Facilities District Steering Committee, comprised of elected officials from the City Councils of Lacey, Olympia and Tumwater, and from the Board of County Commissioners, has recommended individuals and their corresponding term lengths to be appointed under RCW 35.57.010(3)(c)(i) to the County and the cities; and

WHEREAS, the Lacey City Council has reviewed the qualifications of the individuals recommended by the Steering Committee; and

WHEREAS, the Lacey City Council wishes to appoint a Board member under RCW 35.57.010(3)(c)(ii) and concur in the joint appointment of three other Board members under RCW 35.57.010(3)(c)(i);

NOW, THEREFORE, THE CITY OF LACEY DOES RESOLVE as follows:

1. Dennis Reed is hereby appointed under RCW 35.57.010(3)(c)(ii) as a member of the Board of Directors of the Capital Area Regional Public Facilities District, to serve a four-year term commencing March 1, 2003.

2. The City of Lacey hereby appoints (and concurs in the appointment by Thurston County and the Cities of Olympia and Tumwater under RCW 35.57.010(3)(c)(i)) Jon Halvorson as a member of the Board of Directors of the Capital Area Regional Public Facilities District, to serve a one-year term commencing March 1, 2003.

3. The City of Lacey hereby appoints (and concurs in the appointment by Thurston County and the Cities of Olympia and Tumwater under RCW 35.57.010(3)(c)(i)) Sandra Miller as a member of the Board of Directors of the Capital Area Regional Public Facilities District, to serve a two-year term commencing March 1, 2003.

4. The City of Lacey hereby appoints (and concurs in the appointment by Thurston County and the Cities of Olympia and Tumwater under RCW 35.57.010(3)(c)(i)) Robert Wohlers as a member of the Board of Directors of the Capital Area Regional Public Facilities District, to serve a three-year term commencing March 1, 2003.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this 27th day of February, 2003.

CITY COUNCIL

By ______________________
Mayor

Attest:

Charlotte M. Taylor
City Clerk

Approved as to form:

____
City Attorney

Capital Area Regional Public Facilities District

2024 Annual Financial Report

For the Year Ended December 31, 2024

Capital Area Regional
Public Facilities District

2024 Board of Directors

President
John Grausam

Secretary/Treasurer
Ken Parsons

Board Members
Chris Leicht, Regional
David Nicandri, Tumwater
David Brine, Olympia
Whitney Godby, Lacey

Capital Area Regional Public Facilities District
Report for the year ended December 31, 2024

March 31, 2025

Board of Directors
Capital Area Regional Public Facilities District

I am submitting this report on the financial activities of the Capital Area Regional Public Facilities District (CARPFD), for the period January 1, 2024 – December 31, 2024. CARPFD funds are accounted for by the City in an Agency Fund, which is a separate fund within the financial system of the City. Sales tax revenues are received from the State of Washington by the City on behalf of the CARPFD and distributed to the two approved projects based on the proportionate share determined by the Interlocal Agreements between the CARPFD and the cities of Olympia and Lacey.

The CARPFD revenues totaled $2,642,220, which included sales tax revenue of $2,625,845, interest earned of $11,329 and reimbursements of $5,046. The CARPFD expenditures and distributions were $2,639,072, of which $1,890,551 was for support of the City of Lacey project, $743,475 for the City of Olympia project and $5,046 for administrative expenses, which are reimbursed by the cities of Olympia and Lacey.

The accompanying financial report displays further information regarding the financial activities of the CARPFD. Financial information presented in this report is un-audited. The CARPFD is subject to audit by the Office of the Washington State Auditor.

Respectfully,

Alix Turcotte
Senior Accountant
City of Lacey

Capital Area Regional Public Facilities District
Balance Sheet/Statement of Net Position
As of December 31, 2024

		General Fund / Governmental Activities
Assets		
Cash	$	21,580
Investments		58,644
Interest receivable		446
Due from other governmental units		466,876
Total assets		547,546
Liabilities		
Due to other governmental units		466,876
Total liabilities		466,876
Fund balance/net position:		
Unreserved/unrestricted		80,670
Fund balance/net position	$	80,670

See accompanying notes to the financial statements

Capital Area Regional Public Facilities District
Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances/Net Position
For the period ended December 31, 2024

		General Fund / Governmental Activities
Revenues		
Sales taxes	$	2,625,845
Interest on sales tax		8,181
Investment earnings		3,148
Total revenues		2,637,174
Expenditures		
PFD project payments		2,634,026
Insurance		5,046
Total expenditures		2,639,072
Excess (deficiency) of revenues over (under) expenditures		(1,898)
Other financing sources		
Contributions in - administrative support reimbursement		5,046
Net change in fund balance/net position		3,148
Fund balance/net position January 1, 2024		77,522
Fund balance/net position December 31, 2024	$	80,670

See accompanying notes to the financial statements

Capital Area Regional Public Facilities
Notes to the Financial Statements December 31, 2024

Note 1 – Summary of significant accounting policies

The financial statements of the Capital Area Regional Public Facilities District (PFD) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting entity

The Capital Area Regional Public Facilities District, a municipal corporation, was organized June 26, 2002 by an Interlocal Agreement entered into by the City of Olympia, the City of Lacey, the City of Tumwater and Thurston County and operates pursuant to the laws of the State of Washington. The Capital Area Regional Public Facilities District is served by members appointed by the City Councils of Olympia, Lacey, Tumwater and the Thurston County Board of Commissioners. The PFD was created for the purpose of financing, acquiring, constructing, owning and/or operating one or more regional centers. These centers are defined as a convention, conference, museum or special events center, or any combination of such facilities and related parking facilities serving a regional population at a development cost of at least ten million dollars, including debt service. The Cities of Olympia and Lacey prepare a separate report on the use of PFD funds for their projects.

In 2003, the PFD contracted with the City of Lacey to develop an Athletic, Recreation and Special Events complex and the City of Olympia to build an Arts and Conference center. During 2004, the City of Olympia terminated the Arts and Conference center project. In 2006, the PFD agreed to contract with the City of Olympia to develop the Hands On Children's Museum project. In November of 2006, amended Interlocal agreements were entered into with the cities of Olympia and Lacey to provide funding for both projects and divide the balance of unallocated funds as of the amended agreement date, as well as future PFD revenues between Lacey at 71.77% and Olympia at 28.23%.

B. Government-wide fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information for all fiduciary activities of the PFD. There is no interfund activity or component units within these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The PFD has no indirect costs. Program revenues include only sales tax collected.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered collectible within the current period or soon enough thereafter to pay for liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

There are no reconciling differences between "Net Position" or "Changes in Fund Balance" as presented in the fund statements and the "Net Position" or "Changes in Fund Balance". As a result, one set of statements presents information for the fund statements and government-wide activity.

Note 2 – Budget, compliance and accountability

The PFD is not statutorily required to adopt a budget.

Note 3 – Cash, deposits and investments

The PFD's deposits at December 31, 2024 are entirely covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPC). The WPDPC is a statutory authority established under Chapter 39.58 of the Revised Code of Washington (RCW).

The PFD's investments are in compliance with all applicable state investment laws and the City of Lacey's investment policies. As required by state law, all investments of the PFD's funds (except as noted below) are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, the State Treasurer's Local Government Investment Pool (LGIP), or certificates of deposit with commercial banks and savings and loan associations that are approved by the WPDPC.

As of December 31 2024, the PFD held the following investments at amortized cost:

Investment Type	Maturity	Investments	Total
WA State Local Government Investment Pool	60 Days	$ 11,237	$ 11,237
Total		$ 11,237	$ 11,237

The LGIP operates in accordance with appropriate state laws and regulations (RCW 43.250.020). Investments or deposits held by the LGIP are either insured or held by a third-party custody provider in the LGIP's name. For bank deposits and repurchase agreements, this cost-based measure equals their carrying value amount. Fair value is determined monthly. The reported value of the PFD's investment in the LGIP is dollar-for-dollar equal to the fair value of pool shares.

The LGIP transacts with its participants at a stable net asset value per share of $1.00, the same method used for reporting. Participants may contribute and withdraw funds on a daily basis. Participants must inform the Office of the State Treasurer (OST) of any contribution or withdrawal over one million dollars no later than 9 a.m. on the same day the transaction is made. Contributions or withdrawals for one million dollars or less can be requested at any time prior to 10 a.m. on the day of the transaction. However, participants may complete transactions greater than one million dollars when notification is made between 9 a.m. and 10 a.m. at the sole discretion of OST. All participants are required to file documentation with OST containing the names and titles of the officials authorized to contribute or withdraw funds. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the LGIP will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. Investments held as deposits in financial institutions are insured by the FDIC and/or collateralized. Collateral protection is administered by the WPDPC. The WPDPC constitutes a multiple financial institution collateral pool comprised of securities pledged to secure uninsured public deposits. Pledged securities are held by the WPDPC's agent in the name of the collateral pool.

The LGIP investment policy requires that securities purchased be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the LGIP's exposure to risk and ensure the safety of the investment. All securities utilized in repurchase agreements were rated Aaa by Moody's and AA+ by Standard & Poor's. The fair value of securities utilized in repurchase agreements must be at least 102 percent of the value of the repurchase agreement. The PFD does not have a specific deposit policy for custodial risk.

Interest rate risk: Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. In accordance with its investment policy, the City of Lacey manages the PFD's exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five (5) years or less from the date of purchase, unless matched to a specific cash flow or bond reserve funds. The interest rate risks of participants' balances in the LGIP are limited as the weighted average maturity of the portfolio will not exceed 60 days. As of December 31, 2024, the LGIP had a weighted average maturity of 24 days. The PFD does not have a specific deposit policy for custodial risk.

		Investment Maturities (in Years)			
	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10
Investment Type					
Debt Securities					
U.S. Treasury Obligations	$ 24,263	$ 6,987	$ 16,104	$ 1,172	$ -
U.S. Agency Obligations	19,771	767	19,004	-	-
Municipal Debt Obligations	5,012	1,544	3,468	-	-
Supranational Bonds	3,882	-	3,882	-	-
Commercial Paper	5,716	1,827	3,889	-	-
Total Debt Securities	58,644	11,125	46,347	1,172	-
Other Securities					
WA State Local Government Investment Pool	11,237	11,237	-	-	-
Total Other Securities	11,237	11,237	-	-	-
Total Investments	$ 69,881	$ 22,362	$ 46,347	$ 1,172	$ -

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As required by state law, it is the PFD's policy, under the City of Lacey's investment policy, to limit its investments in debt securities to the obligations of U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities and the LGIP. The credit risk of LGIP is limited as most investments are either obligations of the U.S. government or State of Washington or its political subdivisions, government-sponsored enterprises, certain limited banker's acceptances or commercial papers, or insured demand deposit accounts and certificates of deposits. The LGIP is not rated by an outside agency. The PFD does not have a specific credit risk policy.

As of December 31, 2024, the PFD's investments had the following credit quality distribution for securities with credit exposure:

	Fair Value	AAA Aaa	AA Aa	A	Unrated
U.S. Treasury Obligations	$ 24,263	$ 24,263	$ -	$ -	$ -
U.S. Agency Obligations	19,771	19,771	-	-	-
Municipal Debt Obligations	5,012	-	5,012	-	-
Supranational Bonds	3,882	3,882	-	-	-
Commercial Paper	5,716	1,057	4,221	438	-
Total	$ 58,644	$ 48,973	$ 9,233	$ 438	$ -

Concentration of credit risk: Concentration risk is the risk of loss attributed to the magnitude of the PFD's investment in a single issuer. The PFD's policy, under the City of Lacey's investment policy, states with the exception of U.S. Treasury securities and authorized pools, no more than five (5) percent of the total portfolio may be invested in a single security or with a single financial institution. The PFD does not have a formal policy for concentration of credit risk.

Fair Value: The PFD measures and reports investments at fair value using the valuation input hierarchy established by GAAP, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable;
- Level 3: Unobservable inputs for an asset or liability.

As of December 31, 2024, the PFD had the following investments measured at fair value:

		Fair Value Measurements Using		
	12/31/2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Treasury Obligations	$ 24,263	$ 24,263	$ -	$ -
U.S. Agency Obligations	19,771	-	19,771	-
Municipal Debt Obligations	5,012	-	5,012	-
Supranational Bonds	3,882	-	3,882	-
Commercial Paper	5,716	-	5,716	-
Total Investments Reported at Fair Value	58,644	24,263	34,381	-
Investments Measured at Amortized Cost				
WA State Local Government Investment Pool	11,237			
Total Investments Measured at Amortized Cost	11,237			
Total Investments	$ 69,881			

Cash, deposits and investments for the year ended December 31, 2024 are as follows:

Checking	$ 5,610
Investment <90days	4,733
Washington State Investment Pool (LGIP)	11,237
Cash & Deposits Subtotal	21,580
Investments	58,644
Cash, Deposits & Investment Total	$ 80,224

Note 4 – Risk management

Capital Area Regional PFD is a member of the Enduris Washington risk-sharing pool (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance and to contract for risk management, claims and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ended August 31, 2024, there were 507 Enduris members representing a broad array of special purpose districts throughout the state.

Enduris provides various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement policy. Pollution and Cyber coverage are provided on a claims-made coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays (1)
Liability:				
General Liability	Per Occurrence	$1 million	$20 million	$1,000 - $100,000
Automobile Liability	Per Occurrence	$1 million	$20 million	$1,000 - $100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	$1 million	$20 million $20 million	$1,000 - $100,000

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays [1]
Terrorism Liability[2]	Per Occurrence Pool Aggregate	$500,000 $1 million	None	$1,000 - $100,000
Employment Practices Liability	Per Occurrence Member Aggregate	$1 million	$20 million $20 million	20% Copay[3]
Property [4]:				
Buildings and Contents	Per Occurrence	$500,000	$1 billion	$1,000 - $250,000
Mobile Equipment	Per Occurrence	$500,000	$1 billion	$1,000 - $250,000
Boiler and Machinery	Per Occurrence	$500,000	$100 million	$1,000 - $250,000
Business Interruption (BI)/ Extra Expense (EE) [5]	Per Occurrence	$500,000	$100 million (BI)/ $50 million (EE)	$1,000 - $250,000
Sublimit [6]:				
Flood	Per Occurrence	$500,000	$50 million (shared by Pool members)	$1,000 - $250,000
Earthquake	Per Occurrence	5% of indemnity, subject to a $500,000 minimum	$10 million (shared by Pool members)	$1,000 - $250,000
Terrorism Primary	Per Occurrence Pool Aggregate	$250,000	$100 million per occurrence $200 million aggregate	$1,000 - $250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	$500,000	$600 million/ Pool aggregate $1.1 billion/ per occurrence APIP program $1.4 billion/ APIP program aggregate	$0
Automobile Physical Damage [7]	Per Occurrence	$500,000 with exceptions	$1 billion	$250 - $1,000
Cyber [8]	Each Claim APIP Aggregate	$50,000 to $100,000 with waiting period	$2 million $45 million	20% Copay
Pollution [9]	Each Claim APIP Aggregate	$250,000 with exceptions	$2 million $25 million	$1,000 - $250,000
Crime Blanket [10]	Per Occurrence	$50,000	$1 million	$1,000
Named Position [11]	Per Occurrence	$50,000	$1 million	$1,000
Identity Fraud Expense Reimbursement [12]	Member Aggregate	$0	$25,000	$0

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage, and certain types of losses require a specific co-pay or deductible.

(2) Terrorism liability is fully funded by the Pool, i.e., no excess/reinsurance is procured.

(3) Members are responsible for a 20% co-pay for Employment Practices Liability coverage claim costs. However, the co-pay may be waived if they meet established guidelines.

(4) Property coverage for each member is based on a detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement according to the excess/reinsurance policy terms. Under the Alliant Property Insurance

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays (1)

Program (APIP), reinsurance carriers cover insured losses over $500,000 to the limit of $1 billion, except for certain types of sub-limited property losses such as floods, earthquakes, and terrorism.

(5) Business Interruption(BI)/Extra Expense (EE) coverage is based on scheduled revenue-generating locations/operations. A limited number of members are scheduled; the rest are limited to $500,000 of coverage with a $2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours, but there are exceptions specific to the type of exposure covered.

(6) This Property Program sub-limit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.

(7) Auto Physical Damage coverage includes comprehensive, collision, and additional coverage (i.e., rental reimbursement, towing, and personal property). Each member's coverage is based on a detailed vehicle schedule. The Pool's Auto Physical Damage coverage deductible is $500,000 per occurrence with certain exceptions: $25,000 for on-premises comprehensive and collision; a $100,000 minimum for emergency vehicles and all other vehicles with an RCV of $250,000 to $750,000; $250,000 for all vehicles with an RCV above $750,000.

(8) Cyber coverage is included under the Pool's Property program on an optional basis. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between $50,000 and $100,000 depending on the insured/member's property TIV with an 8-hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is $2 million, with various declared sub-limits.

(9) Pollution coverage is included under the Pool's Property program on an optional basis. Members are subject to a 20% co-pay per loss. The Pool's SIR is $250,000, with certain specific deductibles ranging from $250,000 to $1 million. The reinsurance maximum limit of liability is $2 million, with various declared sub-limits.

(10) Each member is provided with $2,500 of Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance"). Members may elect to "buy up" the coverage from $2,500 to $1 million.

(11) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between $5,000 and $1 million.

(12) Enduris purchases Identity Fraud Expense Reimbursement coverage. Member claims are not subject to a deductible; the limit is $25,000 per member.

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Any member terminated or withdrawing from the Pool shall be liable pro-rata for any assessments levied against members for any year in which that member belonged to the Pool as if they were still a member.

Its member participants fully fund Enduris. Members file claims with the Pool, which determines coverage and administers the claims.

A seven-member Board of Directors governs the Pool. The Pool's members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly, oversees Enduris' business affairs and provides policy direction to the Pool's Executive Director.

STATE OF WASHINGTON
DEPARTMENT OF COMMERCE
1011 Plum Street SE • *PO Box 42525 • Olympia, Washington 98504-2525 • (360) 725-4000*

October 7, 2025

Honorable Bob Ferguson
Washington State Governor
PO Box 40002
Olympia, WA 98504-0002

Dear Governor Ferguson:

In accordance with RCW 35.57.025(3) and RCW 36.100.025(3), the Department of Commerce is electronically submitting the independent financial feasibility review for the Capital Area Regional Public Facilities District's Museum Expansion Financing project. This review is available at:

Report: https://deptofcommerce.box.com/s/joo919ngmcoqnmfars7yh5eadiyybhb6

Commerce's primary role in this process is to contract for an independent review to provide objective and timely analysis of the financial feasibility of the proposed project. The statute further directs Commerce to make the review public and to submit it to the governor, the state treasurer, the state auditor, the public facility district and participating local political subdivisions, and appropriate committees of the legislature.

We hope this review is helpful to the Capital Area Regional Public Facilities District and participating local governments in informing decisions about their project.

Sincerely,

DocuSigned by:
Mark Barkley 10/7/2025 | 4:46 PM PDT
80312B04865C458...

Mark Barkley
Assistant Director, Local Government Division

cc: Mike Pellicciotti, Washington State Treasurer
Pat McCarthy, Washington State Auditor
David Brine, CAR PFD Board President
Dontae Payne, Olympia Mayor
Andy Ryder, Lacey Mayor
Amy Davis, Thurston County Commissioner's Clerk

October 2025

Financial Feasibility Review:

Capital Area Regional Public Facilities District and Hands on Children's Museum Expansion

Prepared for: Washington State Department of Commerce

ECOnorthwest

920 SW 6th Ave • Suite 1400 • Portland, OR 97204 • 503-222-6060

Acknowledgments

ECOnorthwest prepared this report with the guidance and input of several partners, including staff and leadership from the Capital Area Regional Public Facilities District, the City of Olympia, and the Hands On Children's Museum.

This work was commissioned and financially supported by the Washington State Department of Commerce, consistent with requirements under RCW 36.100.025 and RCW 35.57.025. That assistance notwithstanding, ECOnorthwest is solely responsible for the content of this report.

The staff at ECOnorthwest prepared this report based on their expertise in municipal finance, tax policy, and regional economics, with specific focus on public facility districts and debt financing strategies. ECOnorthwest staff contributing to this study included Morgan Shook, Will Terry, and Nathanial Trull. In preparing this report, ECOnorthwest also relied on information from government agencies, public records, private statistical services, reports of others, and interviews with key individuals. While we believe these sources to be reliable, ECOnorthwest has not independently verified all information and makes no representation regarding its accuracy or completeness. Any statements of opinion reflect the authors' current professional judgment, which may evolve as new information becomes available.

For more information about this report please contact:

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ECOnorthwest
206-388-0082

Table of Contents

Executive Summary

The Charge

Under RCW 36.100.025 and RCW 35.57.025, the Department of Commerce is required to commission an independent financial feasibility review before a Public Facilities District (PFD) issues debt. This review must determine whether the proposed project has reasonable cost estimates and whether pledged revenues are adequate to meet debt obligations over time.

Our Review

ECOnorthwest conducted an independent assessment of the Hands On Children's Museum (HOCM) Expansion Project, sponsored by the Capital Area Regional Public Facilities District (CAR PFD) and the City of Olympia (City of Olympia or City). Our work included:

- Profiling the HOCM's financial history and capacity to provide reserves and backstop support for the benefit of the City of Olympia.
- Evaluating long-run trends and elasticity of PFD sales tax revenues relative to regional taxable retail sales.
- Reviewing the City of Olympia's debt capacity, existing obligations, and credit strength.
- Analyzing projected cash flows under baseline assumptions and stress-tested scenarios, including historical volatility and severe economic downturns.

Assessment

Our review finds that the proposed financing plan is reasonable and feasible under baseline assumptions and conditions comparable to the past two decades. Specifically:

1. HOCM has demonstrated consistent operating surpluses and diversified revenues, supporting its ability to contribute to reserves and honor backstop obligations made for the benefit of the City of Olympia.
2. PFD sales tax revenues for the CAR PFD have grown at an average annual rate of 4.6 percent since 2004, showing both long-term robustness and short-term vulnerability to economic cycles.
3. The City of Olympia retains ample statutory debt capacity and high credit ratings, positioning it to issue the bonds at favorable terms and serve as the ultimate guarantor of repayment.

4. Cash flow testing shows that under the plan's assumptions, CAR PFD revenues cover debt service while maintaining surpluses, with the $2.2 million HOCM reserve providing a credible buffer.

5. Stress testing against historic business cycles confirms the plan's resilience, requiring only minimal incremental support. However, under a severe early recession scenario, reserves would be exhausted within the first decade and the City of Olympia could be required to advance up to $14.5 million to maintain debt repayment thresholds. While HOCM has pledged to reimburse the City, repayment would depend on long-term surpluses, making the timing uncertain.

Conclusion

The expansion plan is supported by strong partners and a layered reserve structure that make it financially feasible under baseline and moderate stress scenarios. The principal area of risk is exposure under extreme downturns, which shifts to the City of Olympia. For that reason, additional clarity between the City and HOCM regarding repayment expectations and mitigation mechanisms would strengthen the overall plan.

1. Project Understanding

Purpose of This Review

This report has been prepared pursuant to RCW 36.100.025 and RCW 35.57.025, which establish the requirement that any qualifying Public Facilities District (PFD) project must undergo an independent financial feasibility review commissioned by the Washington State Department of Commerce prior to the issuance of debt. The legislature created this requirement to ensure that projects financed under the PFD statute are grounded in a clear and objective assessment of their financial viability.

The statute requires that:

> *"The review must examine the potential costs to be incurred by the public facility district and the adequacy of revenues or expected revenues to meet those costs."*

In practice, this means the review must determine:

1. **Capital and Operating Costs** – All anticipated costs associated with constructing, financing, and operating the PFD project, including capital expenses, debt service, operations, maintenance, and lifecycle obligations.
2. **Adequacy of Revenues** – Whether the district's current and projected revenues—such as the dedicated sales tax credit, fundraising, or other pledged sources—are sufficient to meet these obligations over the financing horizon.

Scope of Work

This feasibility review provides an independent assessment of the Hands On Children's Museum (HOCM) Expansion Project, as proposed by the Capital Area Regional Public Facilities District (CAR PFD) and the City of Olympia. Specifically, the review:

- Profiles the HOCM's financial position and balance sheet to understand its capacity to provide reserves and backstop support.
- Evaluates the history and performance of PFD sales tax revenues of the CAR PFD, including their relationship to broader economic conditions and revenue elasticity.
- Examines the timing and structure of the proposed debt issuance, including repayment sources, reserve contingencies, and the role of partner entities.

Role of the Independent Review

This report is not a business plan for the project; rather, it is an independent, third-party evaluation of the financial feasibility of the proposed expansion under statutory requirements. It provides Commerce, the PFD, and project partners with an impartial assessment of the adequacy of revenues to support the proposed obligations, the associated risks, and the safeguards that have been built into the financing plan.

Understanding of the Project Partnership

The Hands On Children's Museum (HOCM), the City of Olympia, and the Capital Area Regional Public Facilities District (CAR PFD) are the principal parties involved in the proposed $30.6 million expansion of the Hands On Children's Museum (Project). Each plays a distinct role in the financing and risk structure.

City of Olympia

The City of Olympia is the issuer of the new bonds for the expansion Project. Consistent with its role in the original facility, the City owns the land and building and will carry the legal responsibility for issuing and servicing the debt. While PFD revenues of the CAR PFD are pledged for repayment, the City of Olympia ultimately bears the financial risk should revenues fall short. Per communication from HOCM, the City has agreed to cover debt service shortfalls, with the understanding that HOCM will reimburse the City if such support is triggered. This agreement is part of the City of Olympia's covenant to bondholders to pay for its bond debt service and uphold the City's full faith and credit.[1,2,3]

Hands On Children's Museum (HOCM)

HOCM is a 501(c)(3) nonprofit organization. Pursuant to a long-term lease with the City of Olympia, the HOCM operates the existing Hands On Children's Museum (Museum), and is expected to continue to operate the Museum after the Project expansion. HOCM is leading the capital campaign to raise $10.1 million for exhibits, labs, and fit-out, of which roughly $4 million is already secured through a direct legislative appropriation and a Building for the Arts grant. HOCM has also committed to reserve contributions and will retire its existing $500,000 per year loan as part of the fundraising program, aiming to be debt-free going into the expansion. The reserves and other funds of the HOCM are for the benefit of the City of Olympia in the event that there is a shortfall of CAR PFD sales tax revenue; funds of HOCM are not pledged to bondholders or to the repayment of the bonds issued by the City of Olympia. Operationally, HOCM will continue to fund its own routine maintenance and programming, while phasing exhibits or using net operating income if necessary to cover shortfalls.

Capital Area Regional Public Facilities District (CAR PFD)

The CAR PFD encompasses Thurston County, Olympia, Lacey, and Tumwater. It was originally formed to fund the Regional Athletic Complex (RAC), and under an amended interlocal

[1] Personal Communication with HOCM Team.
[2] City of Olympia. Ordinance No. 7432 on July 8th, 2025.
[3] City of Olympia and HOCM. October 6th, 2025. Contribution Agreement Between the City of Olympia and the Hands On Children's Museum.

agreement, CAR PFD revenues are now split, with 71.77% dedicated to the RAC and 28.23% to HOCM. The split is contractually required to change with two-thirds dedicated to the RAC and one-third to HOCM when total sales taxes reach $40.5 million. The projections reflect the split increase to HOCM in 2028.[4] The CAR PFD and the participating parties, including the City of Olympia, have designated the RAC and the HOCM as "regional centers" within the definition of chapter 35.57 RCW. The CAR PFD's role is to collect and allocate the dedicated sales tax revenues that are pledged to repay the City of Olympia's bonds. The sales tax to be imposed by the CAR PFD in accordance with RCW 82.14.390 is at a rate not to exceed 0.033% of the selling price in the case of a sales tax or value of the article used in the case of a use tax, which tax is deducted from the amount of tax otherwise required to be collected or paid over to the State Department of Revenue and expires when the bonds (or any additional bonds issued to finance and/or refinance the regional centers) are retired, or in any event not later than 55 years (under current law) after the date the sales tax is first imposed. Sales taxes collected by the CAR PFD and remitted to the City of Olympia will be pledged to the payment of the City of Olympia's bonds. The City of Lacey provides administrative overhead support for the CAR PFD.

Replicating the Original Partnership

This structure replicates the arrangement under which the original Museum facility was built: the City of Olympia issued and backed the debt, HOCM operated the facility and leveraged private fundraising, and the CAR PFD provided a dedicated sales tax stream to support repayment. The expansion Project follows the same model with updated terms, longer debt authority under the PFD statute, and a layered reserve and contingency approach by the HOCM for the benefit of the City of Olympia to manage financial risk.

[4] City of Lacey, City of Olympia, City of Tumwater, Thurston County, HOCM, and RAC. (n.d.). Second Amendment to Amended Interlocal Agreement Regarding Creation of a Public Facilities District for Regional Centers.

2. How the Assessment is Organized

This independent financial feasibility review was designed to follow the statutory charge under RCW 36.100.025 and RCW 35.57.025: to evaluate the potential costs of a Public Facilities District (PFD) project and the adequacy of revenues to meet those costs. To answer this charge, the report is organized into three main sections, each addressing a different dimension of feasibility.

EXISTING CONDITIONS

We begin by profiling the financial position of the HOCM, the recent performance of CAR PFD sales tax revenues, and the City of Olympia's debt capacity. This establishes the baseline context for assessing the ability of partners to finance and support the project.

ANALYSIS OF CASH FLOWS

We then evaluate the financing plan itself. This includes a detailed cash flow analysis of projected revenues, debt service obligations, and reserve requirements. We test whether the plan can maintain statutory surplus requirements under baseline assumptions and under stress-tested scenarios that reflect historic volatility in sales tax revenues.

CONCLUSIONS

Finally, we summarize the overall feasibility of the project, highlighting where the financing plan appears sustainable, where risks are concentrated, and what contingency measures are in place.

This structure allows the review to move from context to quantitative analysis, to findings—mirroring the way policymakers and bond issuers typically evaluate projects. The goal is to provide a clear, transparent, and objective assessment that can support decision-making by the City of Olympia, the CAR PFD, and HOCM.

3. Existing Conditions

Introduction to Existing Conditions

The Existing Conditions section establishes the foundation for assessing the financial feasibility of the Museum expansion Project. The charge under statute is to determine whether the proposed CAR PFD project has adequate revenues to meet its costs. To answer that question, the review first examines the current financial capacity of the project's principal parties and the stability of the revenue sources being pledged.

This section is organized around three core lines of inquiry:

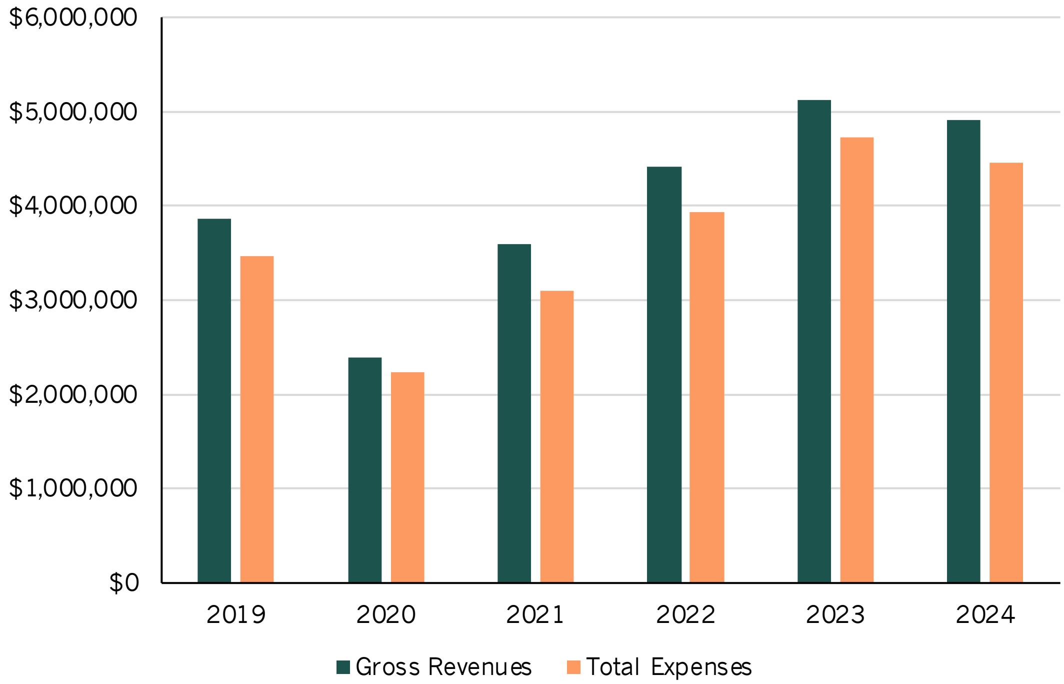
1. **HOCM Financial Position** – Because HOCM is committing reserves and has pledged to serve as a backstop in partnership with the City of Olympia, it is necessary to evaluate its historical financial performance, balance sheet strength, and capacity to absorb risk.
2. **CAR PFD Sales Tax Revenues** – Since repayment of the City's bonded debt depends on CAR PFD sales tax receipts, the review examines the history of those revenues and their elasticity relative to regional economic conditions. This helps test the reasonableness of the growth assumptions in the financing plan.
3. **City of Olympia Debt Capacity** – As the issuer of the bonds, the City must have sufficient debt capacity and credit strength to assume the financing role. Reviewing Olympia's statutory debt limits and outstanding obligations provides clarity on the City's ability to carry this risk.

By structuring the existing conditions analysis in this way, the report builds a clear picture of the underlying financial position of the partners and the resilience of the pledged revenue stream. This provides the baseline context for the subsequent cash flow analysis and scenario testing that determine the adequacy of the financing plan.

HOCM's Historical Financial Profile

HOCM's gross revenues and total expenses have steadily grown over the previous six years—with the exception of COVID (2020-2021)—and HOCM has maintained an operating surplus over this time. Gross revenues reached their lowest point in 2020 at $2.4 million and peaked in 2023 at $5.1 million. Total expenses were at their lowest in 2020 at $2.2 million and peaked in 2023 at $4.7 million.

Exhibit 1. HOCM Gross Revenues and Total Expenses (2019-2024)

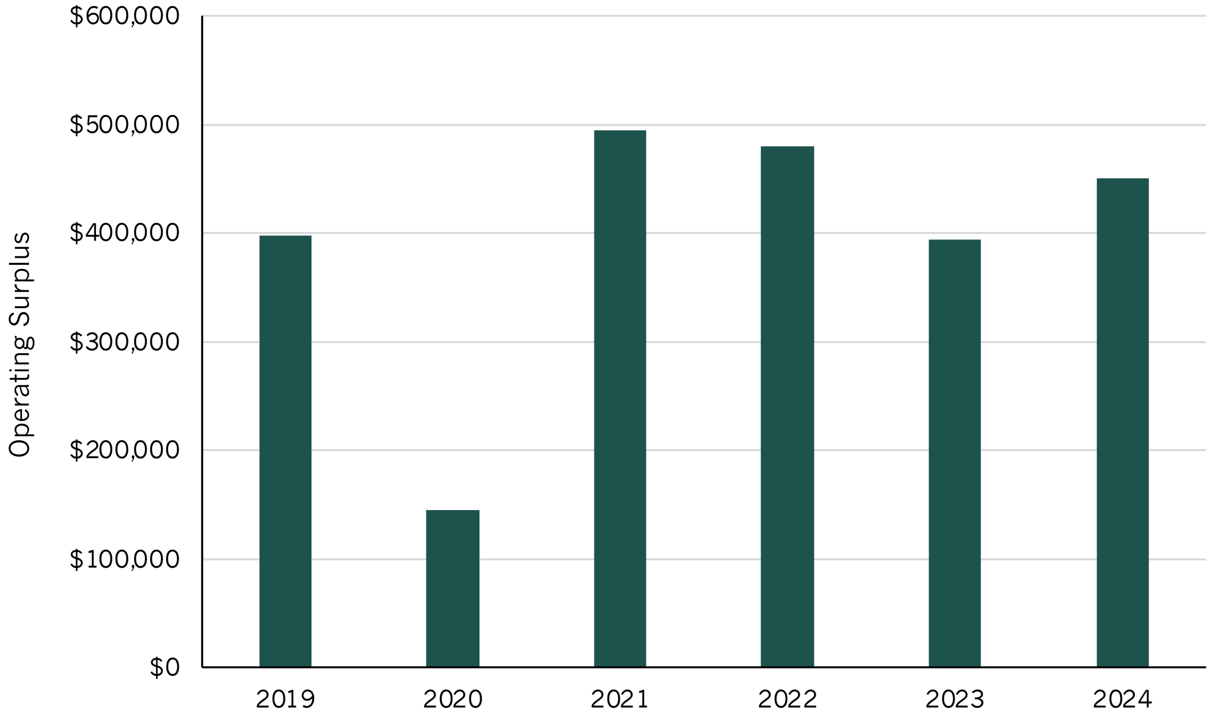


Source: Operating Budget History and Projections, Hands On Children's Museum[5]

From 2019 – 2024, HOCM has maintained an operating surplus between $145,000 and $494,000 (see Exhibit 2) with the lowest operating surplus occurred in 2020 and its highest in 2021 which both occurred during the COVID pandemic. HOCM's highest post-COVID operating surplus was in 2022 at $480,000. According to HOCM's annual operating budget, operating surpluses are transferred to capital loan principal payments and savings.[6]

[5] Hands On Children's Museum. (2025). Operating Budget History and Projections.
[6] Hands On Children's Museum. (2025). Operating Budget History and Projections.

Exhibit 2. HOCM Operating Surplus (2019-2024).

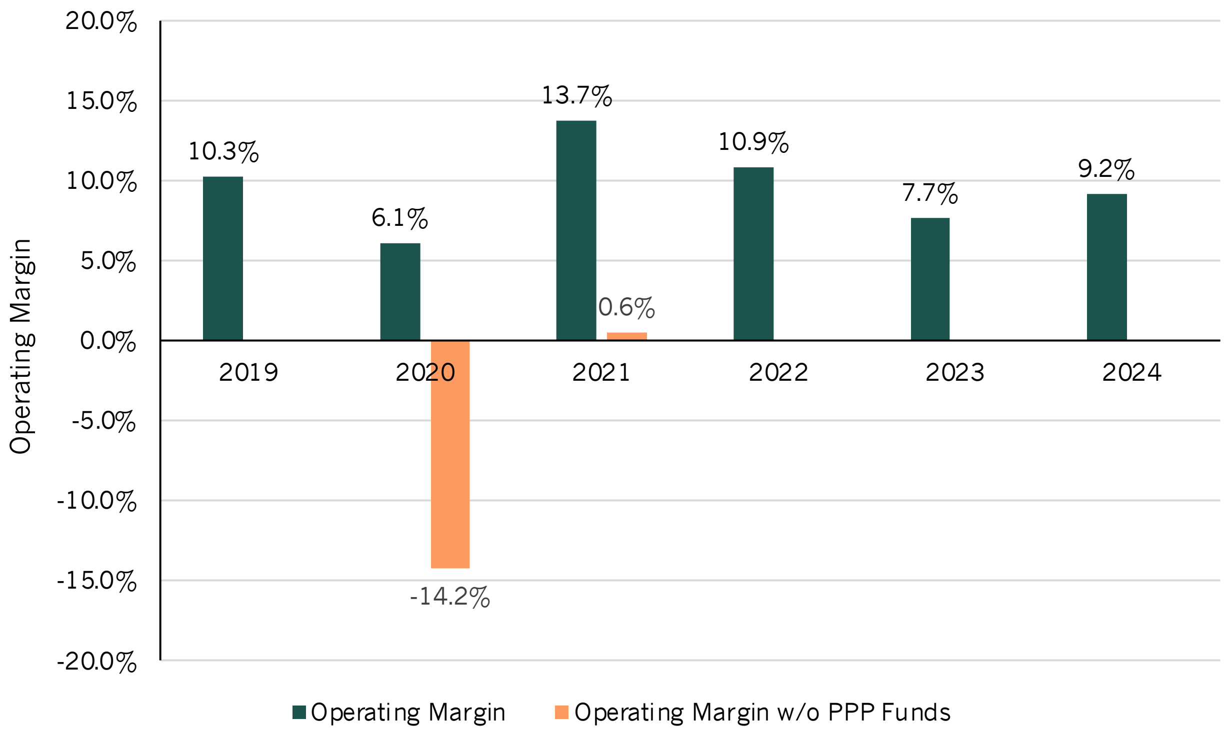


Source: Operating Budget History and Projections, Hands On Children's Museum[7]

HOCM's operating margin has been between 6 and 14 percent of annual gross revenues (see Exhibit 3), with the lowest occurring in 2020 and the highest occurring in 2021. However, these occurred during the COVID pandemic in which HOCM received federal funds through the Paycheck Protection Program (PPP) which sustained positive operating margins. If those funds had not occurred during COVID, the operating margins in those years would have been -14 percent and 0.6 percent, respectively (see Exhibit 3). The highest post-COVID operating margin occurred in 2022 at 11 percent.

[7] Hands On Children's Museum. (2025). Operating Budget History and Projections.

Exhibit 3. HOCM Operating Margins (2019-2024).



Source: Hands On Children's Museum[8], ECOnorthwest Analysis

Detailed HOCM Income

Gross revenues (aka income) grew at an annualized rate of 4.5 percent between 2019 – 2024. HOCM breaks their income sources that contribute to their gross revenues into three categories: earned income, contributed income, and other income.

Earned income contains the following line items from HOCM's operating budget

- Admissions Income
- Private and Corporate Memberships
- Net Food, Store, & Miscellaneous Income

Contributed Income includes the following line items:

- Fundraising Events
- Donations

Other income sources (defined by author) include the following line items:

- Capital Contribution to Operating
- PPP Funds

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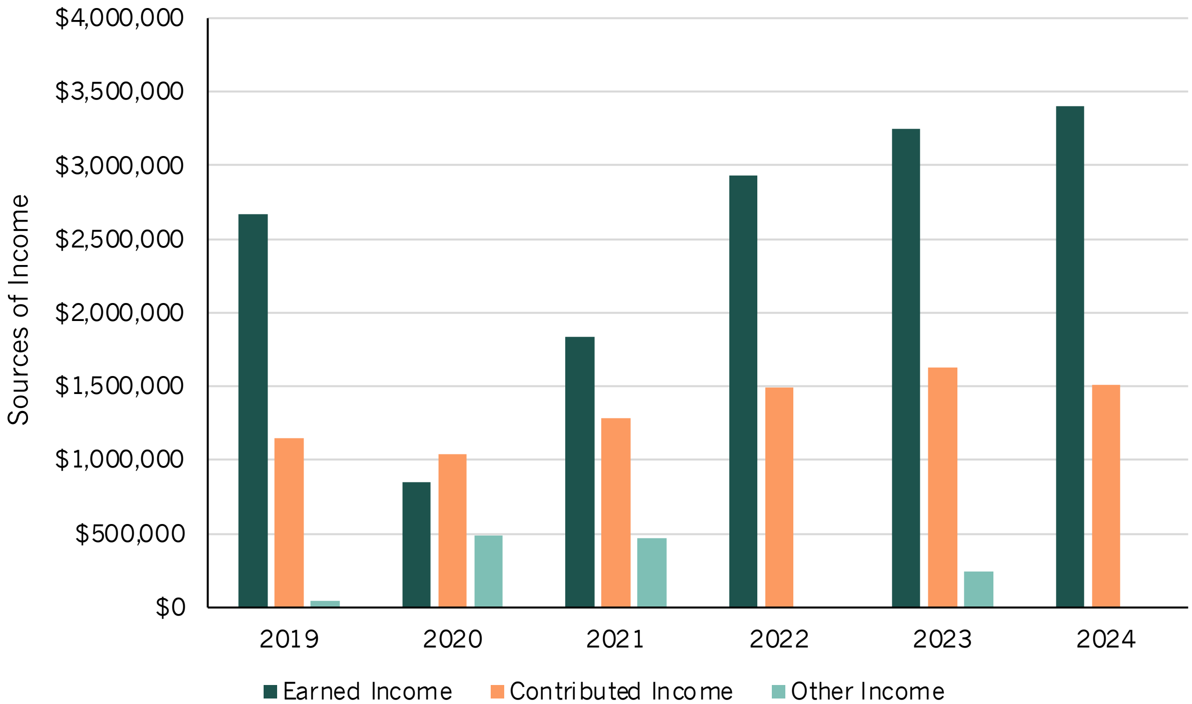
[8] Hands On Children's Museum. (2025). Operating Budget History and Projections.

- Contributions from Cash on Hand

Over the previous six years, earned income has ranged between $854,000 and $3.4 million; contributed income has ranged between $1.0 and $1.6 million; and other income has ranged between $42,000 and $491,000 (see Exhibit 4). In total, over the previous six years, earned income has accounted for 62 percent of HOCM's income, contributed income accounted for 33 percent, and other income accounted for 5 percent (see Exhibit 5).

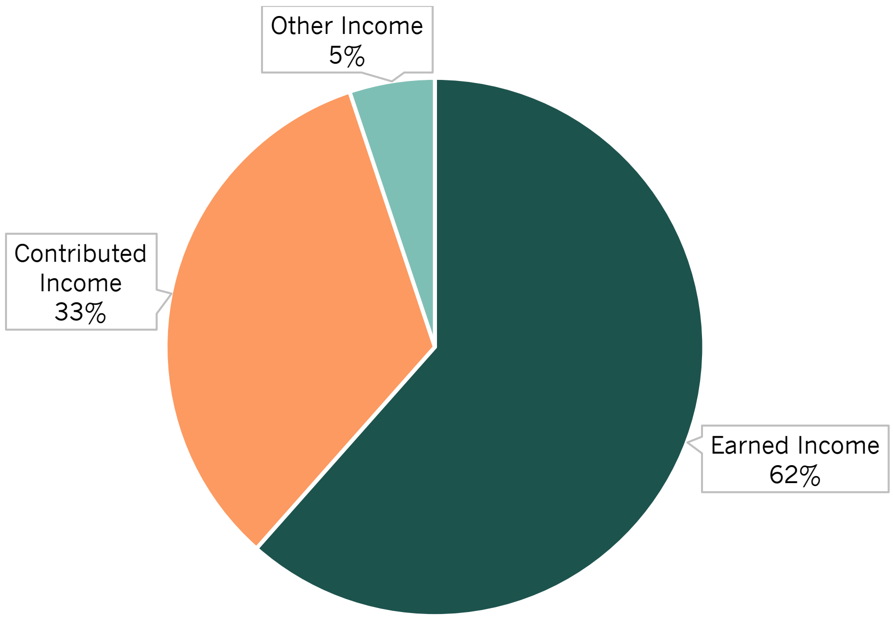
Exhibit 4. HOCM Income Sources (2019-2024).



Source: Hands On Children's Museum[9]

[9] Hands On Children's Museum. (2025). Operating Budget History and Projections.

Exhibit 5. [Average Annual] HOCM Income Sources by Percent (2019-2024).



Source: Hands On Children's Museum[10]

Earned Income

HOCM's earned income has grown from $2.7 million in 2019 to $3.4 million in 2024, with a dip over the two COVID years of 2020/21. Between 2019 and 2024, earned income has grown at an annualized rate of 4.6 percent. Earned income consists of admission program income (60.8 percent), private memberships (25.4 percent), net food, store, and miscellaneous income (13.3 percent), and corporate memberships (0.4 percent).

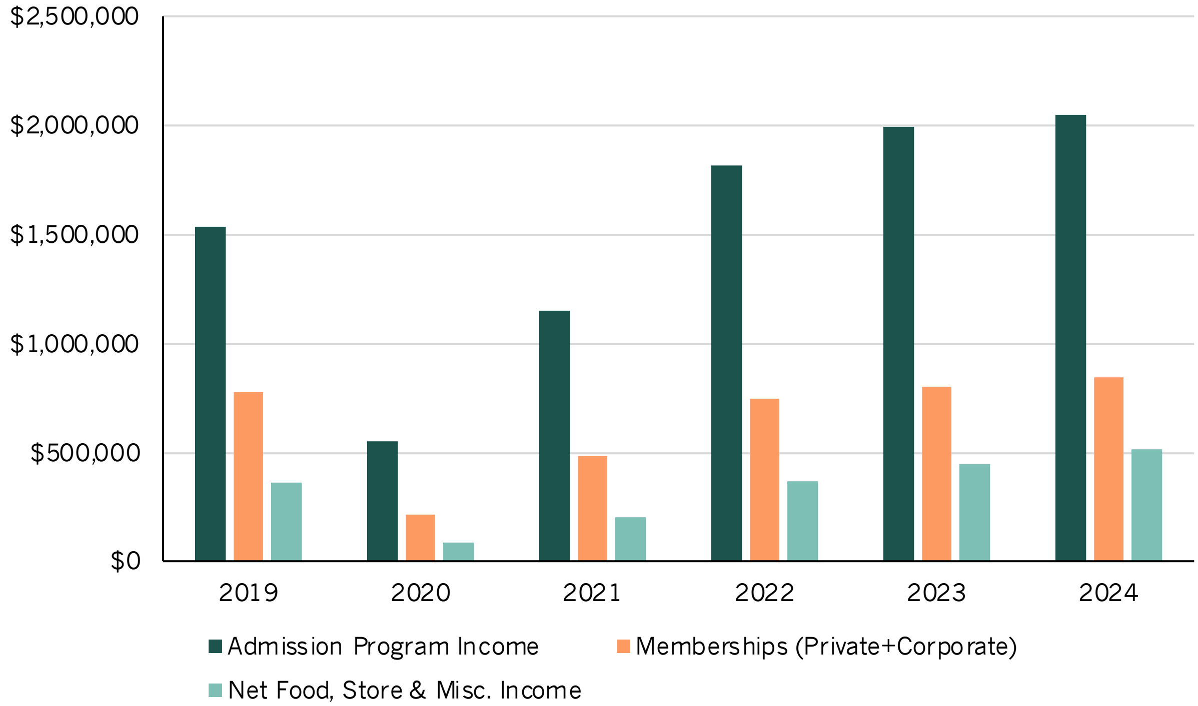
In 2019, admission program income was $1.5 million and reached $2 million in 2024. Admission program income bottomed at $550,000 in 2020 and peaked in 2024 at approximately $2 million. Between 2019 and 2024, admission program income has grown at an annualized rate of 5.6 percent.

Private membership income was $757,000 in 2019 and $835,000 in 2024 (an annualized growth rate of 1.7 percent). Private membership income bottomed at $204,000 in 2020 and peaked in 2024 at $835,000. While private membership income has increased over the last six years, corporate membership income has decreased. In 2019, corporate membership income was $19,500 and decreased to $8,500 in 2024 (an annualized growth rate of -9.4 percent). Corporate membership income peaked in 2019 at $19,500 and bottomed at $5,000 in 2023.

[10] Hands On Children's Museum. (2025). Operating Budget History and Projections.

Net food, store, and miscellaneous income was $360,000 in 2019 and $514,000 in 2024 (an annualized growth rate of 7.1 percent). This income source bottomed in 2020 at $89,000 and peaked in 2024 at $514,000.

Exhibit 6. HOCM Earned Income Sources (2019-2024).



Source: Hands On Children's Museum[11]
Note: Private and corporate membership income amounts were combined due to the minimal contributions of corporate memberships to earned income.

Contributed Income

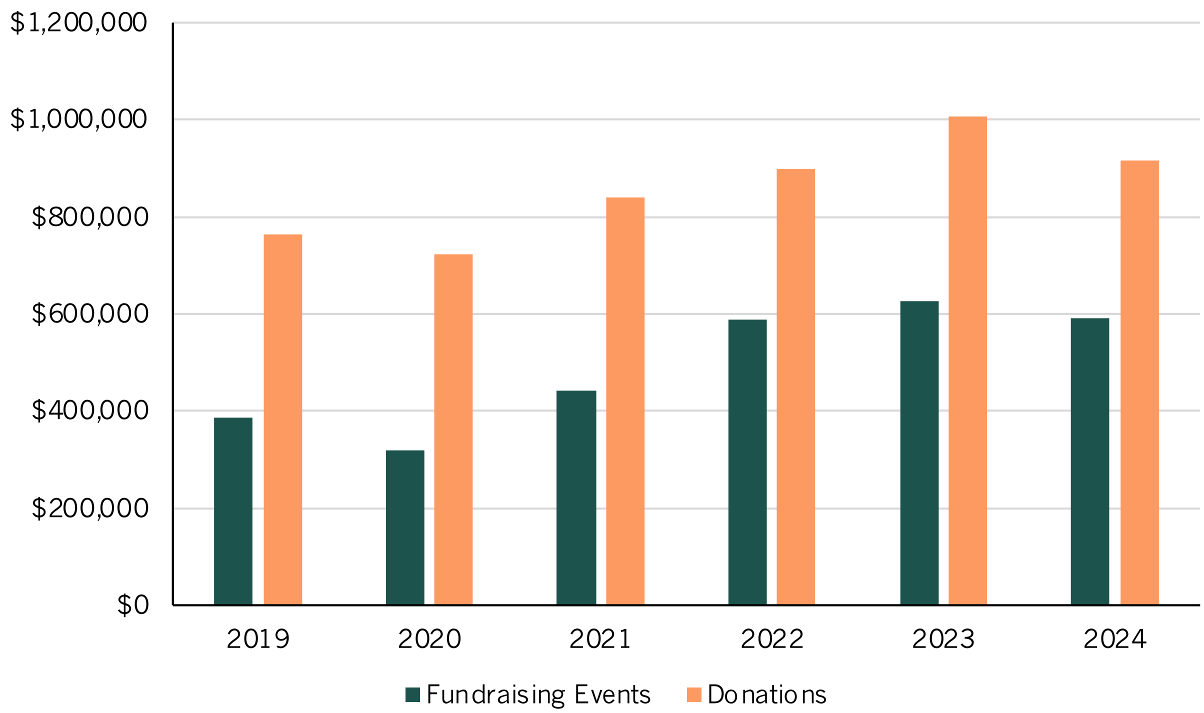
HOCM's contributed income has grown from $1.2 million in 2019 to $1.5 million in 2024 (an annualized growth rate of 5.2 percent) with a small dip during the COVID pandemic. Contributed income consists of income from fundraising events (36 percent) and donations (64 percent).

In 2019, fundraising income was $387,000 and increased to $591,000 in 2024 (an annualized growth rate of 8.8 percent). Fundraising income bottomed in 2020 at $319,000 and reached a peak of $625,000 in 2023.

Donations were $763,000 in 2019 and increased to $917,000 in 2024 (an annualized growth rate of 3.4 percent). Donations bottomed in 2020 at $724,000 and reached their peak in 2023 at $1 million.

[11] Hands On Children's Museum. (2025). Operating Budget History and Projections.

Exhibit 7. HOCM Contributed Income Sources



Source: Operating Budget History and Projections, Hands On Children's Museum[12]

Other Income

Other income is sporadic sources of income that appear in HOCM's operating budget between 2019 and 2024, but do not occur on an annual basis. In total, HOCM has received $1.2 million in income from sources other than earned and contributed. The three sources of other income are capital contributions to operating income (4 percent), PPP funds (77 percent), and contributions from cash on hand (19 percent).

Capital contributions to operating income shows up in 2019 and 2020—$42,000 and $6,000, respectively. PPP funds show up in 2020 and 2021—$485,000 and $474,000, respectively. Cash reserves only show up in one year, 2023, and account for $240,000. As shown in Exhibit 5, other income does not make up much of HOCM's operating income.

Detailed HOCM Expenses

HOCM operating expenses were $3.5 million in 2019 and $4.5 million in 2024 (an annualized growth rate of 7.5 percent). There are 13 expense categories that appear on HOCM's operating budget (share of total expenses in parenthesis):

- Personnel Expenses (**72.5 percent**)
- Advertising, Events, and General Expenses (**11.1 percent**)

[12] Hands On Children's Museum. (2025). Operating Budget History and Projections.

- Building Operations and Maintenance (**6.7 percent**)
- Visitor Engagement (**2.6 percent**)
- Supplies (**2.4 percent**)
- Computers (**1.4 percent**)
- Printing and Reproductions (**0.8 percent**)
- Professional Fees (**0.8 percent**)
- Rent - storage and parking (**0.6 percent**)
- Telecoms (**0.4 percent**)
- Professional Education (**0.3 percent**)
- Travel (**0.3 percent**)
- Postage and Mailings (**0.1 percent**)

Personnel expenses make up over two-thirds of HOCM's operating expenses with advertising, events, and general expenses being the next largest category at 11.1 percent. Between 2019 – 2024, the expense categories that saw the largest annualized growth were professional fees (124 percent), computers (27 percent), travel (21 percent), building operations and maintenance (16 percent), and visitor engagement (14 percent).[13]

Assessment of Operating Surpluses and Reserve Capacity

A central question for this feasibility review is whether the HOCM is generating sufficient operating surpluses to contribute to the layered risk-management structure of the expansion financing plan. Under the proposed arrangement, has committed to reserve contributions up to $2.2 million if needed, phase or delay exhibit expenditures if necessary, and reimburse the City of Olympia if the City is required to cover debt service shortfalls.[14]

Reviewing HOCM's financial performance over the past six years shows that the Museum has consistently produced positive operating surpluses ranging from roughly $145,000 to nearly $500,000 per year, even through the pandemic years when federal relief sustained operations. These surpluses have been used to reduce outstanding debt obligations and to build modest reserves. On a margin basis, HOCM has operated between 6 and 14 percent of gross revenues, which is a relatively strong position for a nonprofit cultural institution of its size.

The implication of this track record is twofold:

[13] All other categories saw under 10 percent annualized growth or negative annualized growth between 2019 – 2024.
[14] City of Olympia and HOCM. October 6th, 2025. Contribution Agreement Between the City of Olympia and the Hands On Children's Museum.

1. **Capacity to Build Reserves** – HOCM's ability to sustain operating surpluses suggests it can continue to allocate a portion of excess revenues to reserves or debt reduction, bolstering its ability to meet backstop obligations over time.
2. **Scale Relative to Obligations** – At an average annual surplus of roughly $300,000–$400,000, the Museum's ongoing operating cushion appears sufficient to contribute to a phased repayment or temporary draw on reserves. However, a prolonged shortfall in CAR PFD revenues—particularly under stress scenarios—could strain this capacity, making the City's role as backstop essential.

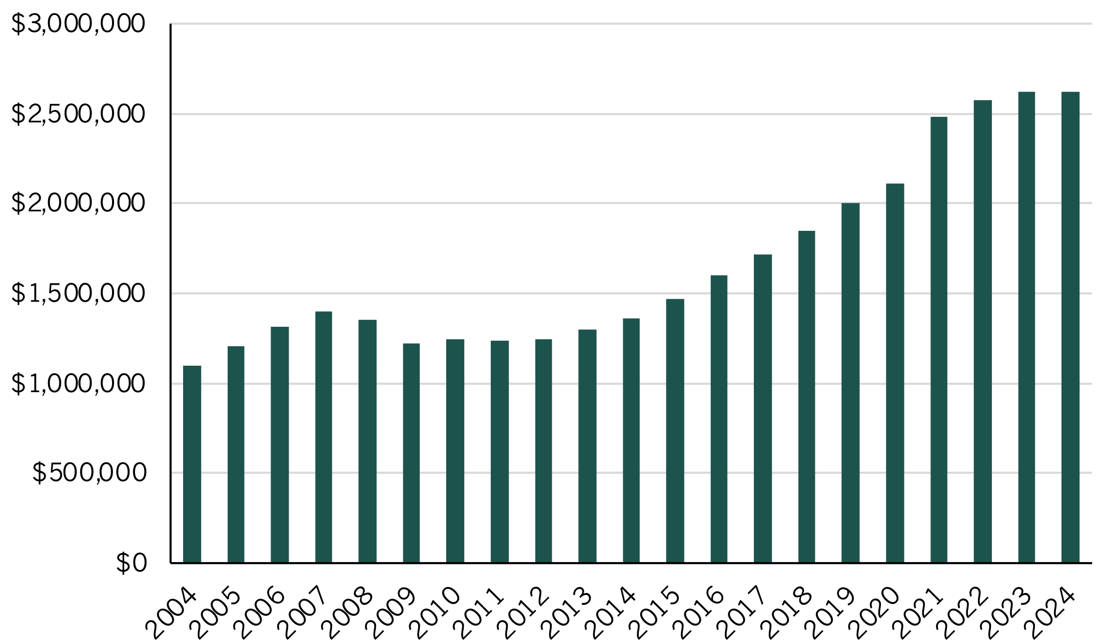
Overall, HOCM's revenue and expense performance demonstrates an ability to generate surpluses adequate to maintain reserves and support a cost-sharing role. Yet, the scale of these surpluses relative to the timing and magnitude of potential shortfalls underscores why the financing plan relies on multiple layers of protection, including City of Olympia backstop support and a dedicated reserve fund.

CAR PFD Sales Tax Revenues

The CAR PFD is comprised of the jurisdictions of the cities of Lacey, Olympia, Tumwater, and Unincorporated Thurston County. Monthly sales tax data for the CAR PFD is available from July 2003 to June 2025 and is split between the City of Lacey (72 percent) and the City of Olympia (28 percent). In the first full year, 2004, the CAR PFD received $1.1 million in sales tax revenue. In the most recent full year, 2024, the CAR PFD received $2.6 million in sales tax revenue (see Exhibit 8).

From 2004 to 2007, CAR PFD sales tax revenue steadily increased until the 2008 Financial Crisis where revenues fell 3 percent and 10 percent in 2008 and 2009, respectively (see Exhibit 9). It took until the mid-2010s for sales tax revenues to start growing significantly again. Post-COVID, CAR PFD sales tax revenues have grown again. Over the period of 2004 – 2024, the average annual growth rate of sales tax revenue was 4.6 percent. The jurisdictional share of CAR PFD sales tax revenues is shown in Exhibit 10.

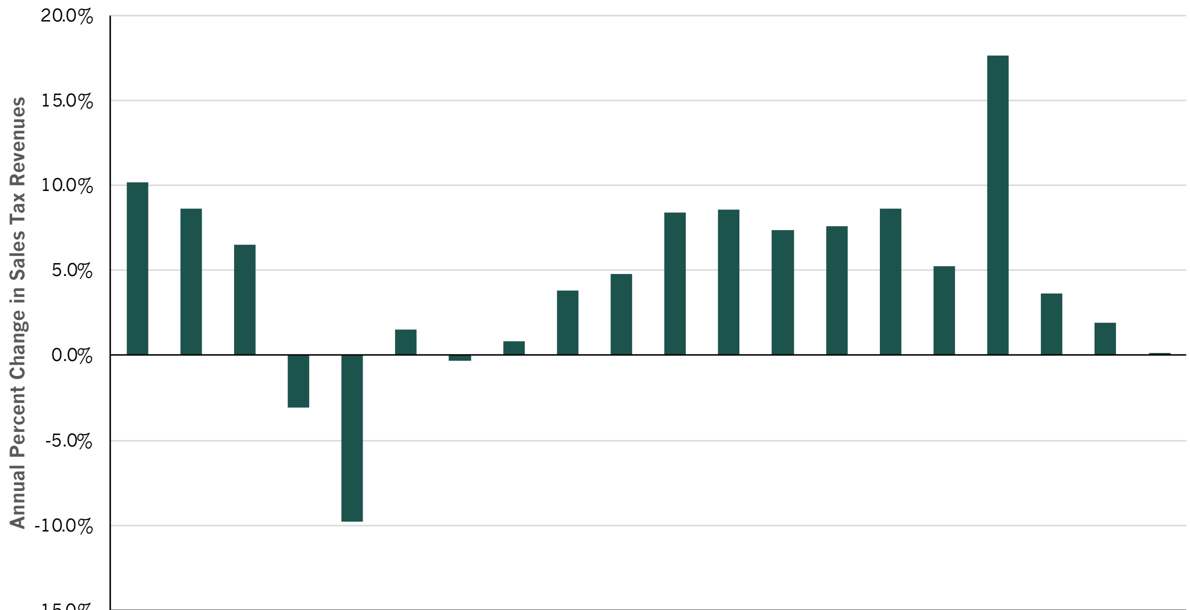
Exhibit 8. Total CAR PFD Sales Tax Revenues (2004 - 2024).



Source: Capital Area Regional Public Facilities District[15]

[15] CAR PFD revenues were provided to ECOnorthwest in an Excel workbook.

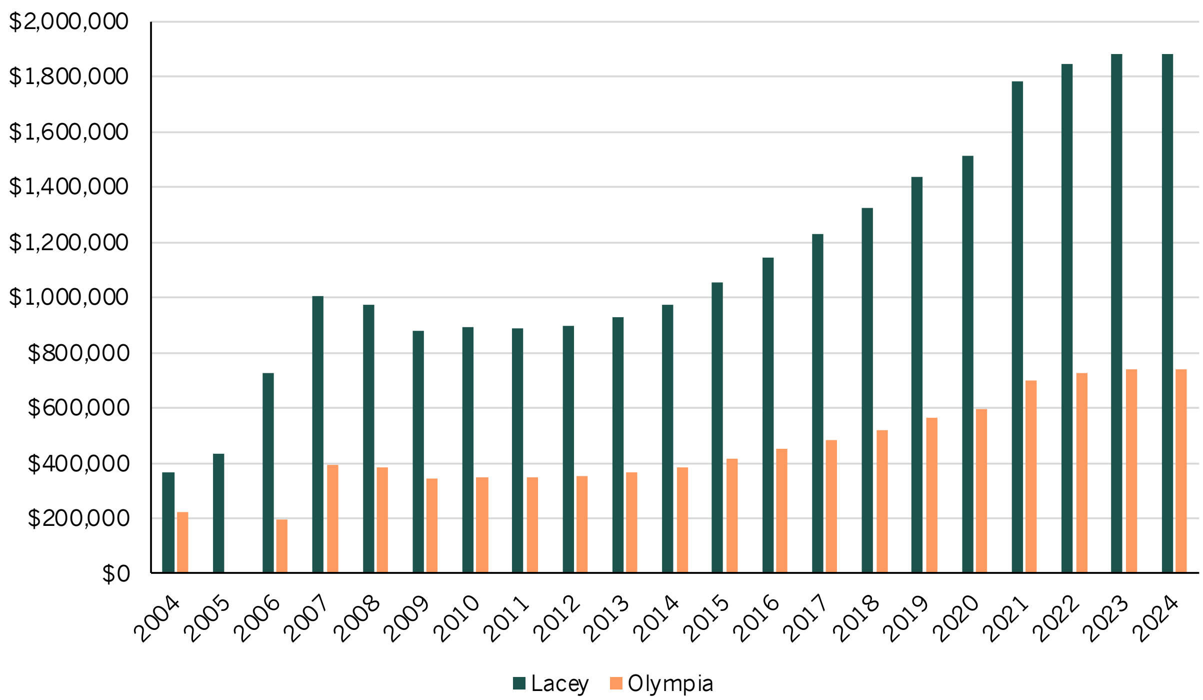
Exhibit 9. Annual Percent Change in CAR PFD Sales Tax Revenues.



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
■	10.2	8.7%	6.5%	-3.0	-9.8	1.5%	-0.3	0.9%	3.8%	4.8%	8.4%	8.6%	7.3%	7.6%	8.6%	5.3%	17.6	3.6%	1.9%	0.1%

Source: Capital Area Regional Public Facilities District[16], ECOnorthwest Analysis

Exhibit 10. Jurisdiction Share of CAR PFD Sales Tax Revenue (2004 - 2024).



Source: Capital Area Regional Public Facilities District[17]

[16] CAR PFD revenues were provided to ECOnorthwest in an Excel workbook.
[17] CAR PFD revenues were provided to ECOnorthwest in an Excel workbook.

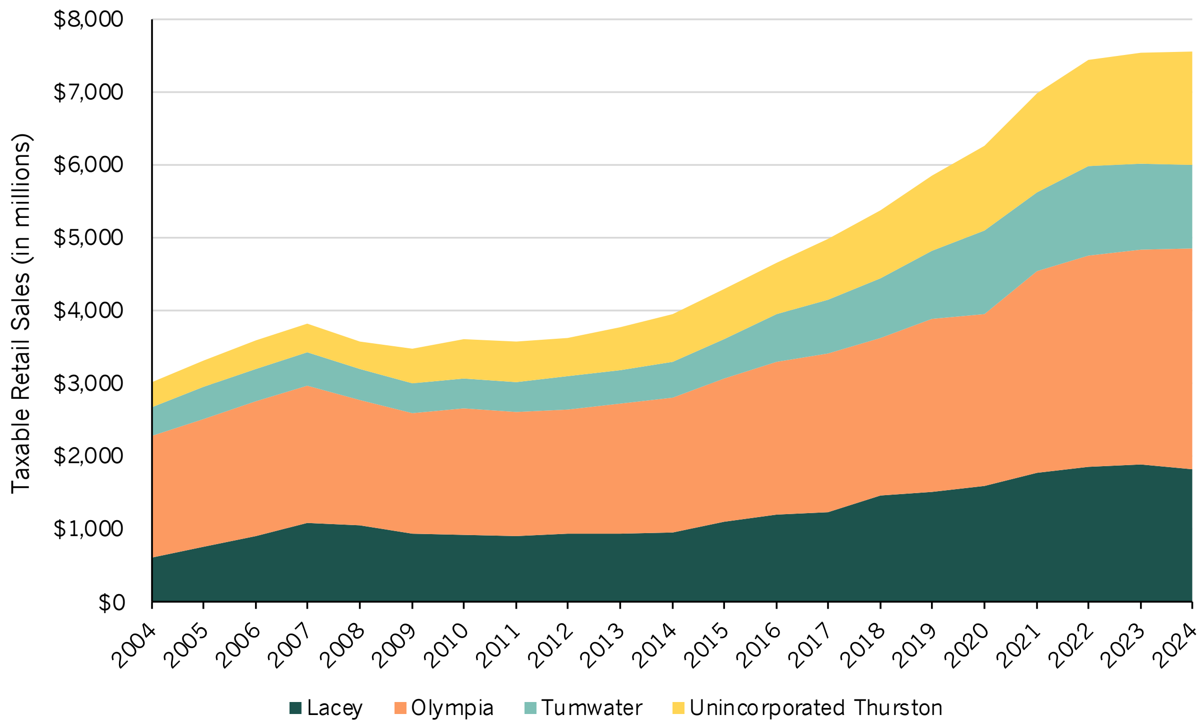
Note: Olympia did not receive a share of CAR PFD sales tax revenue from May 2004 to June 2006. For 2004 and 2006, the partial year share of CAR PFD sales tax revenue is shown for Olympia.

Thurston County Taxable Retail Sales Growth

Taxable retail sales in the four Thurston County jurisdictions that comprise the CAR PFD have steadily grown from $3.0 billion in 2004 to $7.6 billion in 2024 (see Exhibit 11). In the CAR PFD, Olympia has 44 percent of the taxable retail sales followed by Lacey (25 percent), Unincorporated Thurston County (16 percent), and Tumwater (14 percent).

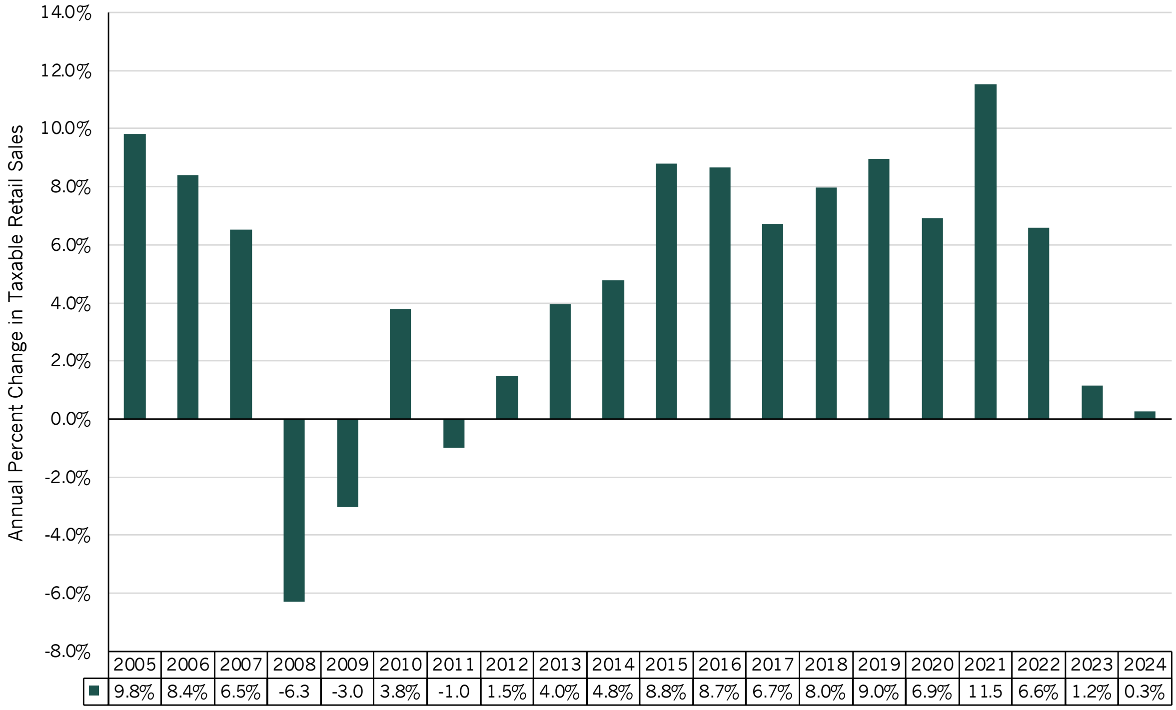
Taxable retail sales in these jurisdictions have grown at an average annual rate of 4.8 percent (see Exhibit 12). Annual changes in taxable retail sales have been positive in most years between 2005 – 2024, with the exception of negative growth in the period around the 2008 Financial Crisis.

Exhibit 11. CAR PFD Jurisdictions Taxable Retail Sales (2004 - 2024).



Source: Washington State Department of Revenue (2025)

Exhibit 12. Annual Percent Change in CAR PFD Jurisdictions Taxable Retail Sales.



Source: Washington Department of Revenue (2025), ECOnorthwest Analysis

Assessment of CAR PFD Sales Tax Revenues and Elasticity

A second key question for this feasibility review is whether the dedicated sales tax revenues pledged by the CAR PFD are sufficiently stable and robust to support long-term debt service. Because these revenues are the primary source of repayment for Olympia’s bonded debt, their resilience to economic cycles is critical.

Historical Performance

Over the past two decades, CAR PFD sales tax revenues have demonstrated long-run growth, averaging 4.6 percent annually between 2004 and 2024. Revenues increased from roughly $1.1 million in 2004 to $2.6 million in 2024. However, this growth has not been smooth: the 2008 financial crisis caused consecutive annual declines of 3 percent and 10 percent, and COVID-19 produced shorter-term volatility. In both cases, recovery followed within several years, consistent with regional taxable retail sales trends.

Elasticity with Regional Economy

The elasticity of CAR PFD revenues relative to taxable retail sales in Thurston County provides insight into their stability. Taxable retail sales across Olympia, Lacey, Tumwater, and unincorporated Thurston County grew at an average annual rate of 4.8 percent from 2004 to 2024, closely mirroring CAR PFD revenue growth. This suggests that PFD revenues are strongly linked to the regional economy: downturns reduce taxable sales and CAR PFD collections, while expansions drive steady revenue growth.

Implications for the Financing Plan

1. **Robustness:** The long-term upward trajectory in taxable retail sales and CAR PFD revenues indicates that the revenue base is fundamentally strong and benefits from population and economic growth in the region.
2. **Stability under Stress:** Historical data also show that revenues are vulnerable to cyclical shocks, with reductions of up to 10 percent in a single year. While these declines were temporary, they highlight the need for reserves and contingency planning, especially given the fixed nature of debt service obligations.
3. **Alignment with Plan Assumptions:** The financing plan assumes 2 percent annual growth through 2028, rising to 4 percent thereafter. These assumptions are conservative relative to the historic average of 4.6 percent, but not immune to short-term volatility.

Overall, the history of CAR PFD sales tax revenues demonstrates both robust long-term growth and short-term cyclical vulnerability. This supports the use of a layered reserve structure—including HOCM's commitment to reserve contributions up to $2.2 million if needed and the City's backstop commitment—as an appropriate safeguard against revenue shortfalls during short-term downturns.

City of Olympia Debt Limits & Obligations

Washington State law limits the amount of bonded debt that a city is allowed to hold. The limit is 2.5 percent of the assessed value of taxable property. Up to 1.5 percent of this is allowed to be non-voter approved debt, but combined voter and non-voter approved debt must not exceed 2.5 percent.[18] As of January 1, 2025, the City of Olympia had a taxable assessed value of $11.6 billion which equates to a total bonded debt limit of $289.8 million ($173.9 million non-voter approved debt limit).

The City's current outstanding non-voted debt is $45.7 million (26 percent of the non-voted debt limit), and its total outstanding bonded debt is $50.2 million (17 percent of the legal debt limit).[19] At the time of this report, the City of Olympia has the additional capacity to take on more debt to assist in the HOCM expansion.

While the City of Olympia has the capacity to take on more bonded debt, their credit worthiness should also be considered. The City has high credit ratings from both Moody's Ratings (Moody's) and S&P Global Ratings (S&P) for its general obligation debt. For its general obligation debt, the city has an Aa2 rating from Moody's and an AA+ rating from S&P. These bond ratings indicate the lack of riskiness in the City's bonds to potential buyers which translates to lower interest costs for the City.

The credit agencies state that the City has a stable general reserve fund, good liquidity, and strong financial management policies.[20] Based on existing debt capacity and credit rating, the City of Olympia should be able to issue bonded debt to finance the shell construction of the HOCM expansion as well as serve as a financial backstop for any shortfalls of the project.

Assessment of City of Olympia Debt Capacity and Obligations

A third central question for this feasibility review is whether the City of Olympia has the legal and financial capacity to issue debt for the Hands On Children's Museum expansion while also serving as a credible backstop in the event of revenue shortfalls.

Debt Capacity

Washington law limits city debt to 2.5 percent of assessed taxable value, with up to 1.5 percent permitted as non-voted debt. As of January 1, 2025, Olympia's assessed value was $11.6 billion, establishing a legal debt limit of $289.8 million, of which $173.9 million could be issued without voter approval. Olympia's outstanding non-voted debt is $45.7 million (26 percent of the non-voted limit), and its total outstanding bonded debt is $50.2 million (17 percent of the overall limit). This indicates that Olympia retains significant unused capacity to take on additional debt for this project without approaching statutory ceilings.

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[18] City of Olympia Finance Department. (2024). Capital Facilities Plan: 2025-2030 Financial Plan.
[19] City of Olympia Finance Department. (2024). Capital Facilities Plan: 2025-2030 Financial Plan.
[20] City of Olympia Finance Department. (2024). 2025 Adopted Operating Budget.

Credit Strength

In addition to legal capacity, Olympia's credit ratings—Aa2 from Moody's and AA+ from S&P for general obligation debt—reflect strong financial management and a stable reserve position. These high ratings suggest the City can access capital markets at relatively favorable interest rates, lowering the cost of borrowing for the expansion project.

Risk Implications

Because Olympia is both the issuer and the ultimate financial backstop, its fiscal health is essential to the financing plan. The City's current obligations are modest relative to its capacity, meaning it can credibly issue and support the $20.5 million in new bonds for the expansion. However, should prolonged shortfalls in CAR PFD revenues occur, Olympia's general resources could be called upon to temporarily cover debt service. While HOCM has committed to reimbursing the City in such cases, the timing of repayment would depend on the Museum's ability to generate surpluses, underscoring the importance of the City's willingness and ability to act as an interim guarantor.

Conclusion

Olympia's statutory debt margin, favorable credit ratings, and history of prudent fiscal management position it well to issue debt and serve as a stabilizing partner in the financing structure. This capacity provides critical assurance to bondholders and supports the feasibility of the overall plan. At the same time, the City's role concentrates financial risk at the municipal level, making the layered reserve strategy and HOCM's reimbursement pledge essential to mitigating potential exposure.

4. Analysis of Debt and Repayment

Analysis of Cash Flows

The financing plan for the Hands On Children's Museum expansion is built on a layered structure that relies primarily on CAR PFD sales tax revenues, supported by HOCM's reserve fund and operating surpluses, and ultimately backstopped by the City of Olympia. Our analysis of cash flows is intended to test whether this structure is sufficient to cover debt service obligations across the life of the bonds.

At its core, the financing plan assumes that CAR PFD sales tax revenues will grow modestly—2 percent annually through 2028 and 4 percent annually thereafter—generating long-term surpluses after debt service is paid. HOCM's commitment to reserve funds up to $2.2 million if needed_provides a buffer during years when revenues or cumulative balances fall below required thresholds, while the City of Olympia stands as the final guarantor should both revenues and reserves prove insufficient.

The key questions we address in this section are:

1. **Adequacy of Baseline Cash Flows** – Are projected CAR PFD revenues, under stated assumptions, sufficient to cover annual debt service and maintain the required cumulative surplus?
2. **Timing of Surpluses and Deficits** – Even if the plan produces a long-term surplus, are there periods of near-term deficits that must be bridged by reserves or City support?
3. **Resilience Under Stress** – How does the financing plan perform under scenarios that reflect historic volatility in sales tax revenues, including business-cycle fluctuations and recessionary shocks?
4. **Sufficiency of Reserve and Backstop Mechanisms** – Are HOCM's pledged reserves and surpluses, combined with Olympia's backstop role, adequate to manage foreseeable risks?

By framing the analysis around these questions, the cash flow review moves beyond a simple projection to test the robustness of the financing plan under stress. The results help clarify not only whether the plan is feasible under current assumptions, but also how much risk is borne by each partner if future conditions diverge from expectations.

Overview of Financial Plan

The City of Olympia plans to issue $20.5 million in bonded debt to fund the shell construction of the HOCM expansion, with debt service paid from CAR PFD sales tax revenues.

ECOnorthwest reviewed a financial plan projecting CAR PFD sales tax revenues and debt service from 2025 through 2055. The plan assumes annual sales tax growth of 2 percent between 2025 and 2028, increasing to 4 percent annually from 2029 through 2055 (see Exhibit 13). Debt service from 2025 through 2027, as well as a portion of 2028, reflects existing bond obligations and is not attributable to the 2025 bond issuance. For the 2025 bonds, a portion of the interest payments between 2026 and 2028 is expected to be paid with capitalized interest.

Over the 31-year period, CAR PFD sales tax contributions for debt service are projected to total $52.7 million, compared to total debt service costs of $43.6 million—resulting in a $9.1 million surplus.

Despite this long-term surplus, the analysis identifies a ten-year stretch (2029–2038) in which HOCM is projected to run annual post–debt service deficits. Under its agreement with the City of Olympia, HOCM must maintain a cumulative surplus exceeding $400,000 during the expansion period. To address years in which the balance may fall below this threshold, HOCM has committed to reserve contributions up to $2.2 million is needed. Under the proposed financial plan, this fund will be drawn down between 2030 and 2035, ensuring the cumulative surplus requirement is met throughout the 31-year period.

Exhibit 13. Proposed HOCM Expansion Financial Plan

Year	CAR PFD Revenues	Growth Rate	Total Debt Service	HOCM Fund Contributions	Cumulative Surplus (Deficit)
2025	$810,506	2.0%	$496,511	$0	$313,995
2026	$826,716	2.0%	$512,002	$0	$628,708
2027	$843,250	2.0%	$525,772	$0	$946,186
2028	$1,005,598	2.0%	$817,091	$0	$1,134,693
2029	$1,045,822	4.0%	$1,527,113	$0	$653,403
2030	$1,087,655	4.0%	$1,527,113	$200,000	$413,945
2031	$1,131,161	4.0%	$1,526,113	$458,115	$477,108
2032	$1,176,408	4.0%	$1,524,113	$458,115	$587,519
2033	$1,223,464	4.0%	$1,526,113	$458,115	$742,985
2034	$1,272,402	4.0%	$1,526,863	$458,115	$946,640
2035	$1,323,298	4.0%	$1,526,363	$200,000	$943,576
2036	$1,376,230	4.0%	$1,524,613	$0	$795,194
2037	$1,431,280	4.0%	$1,526,613	$0	$699,861
2038	$1,488,531	4.0%	$1,527,113	$0	$661,279
2039	$1,548,072	4.0%	$1,526,113	$0	$683,238
2040	$1,609,995	4.0%	$1,528,613	$0	$764,621
2041	$1,674,395	4.0%	$1,524,363	$0	$914,653
2042	$1,741,370	4.0%	$1,528,613	$0	$1,127,411
2043	$1,811,025	4.0%	$1,525,863	$0	$1,412,574
2044	$1,883,466	4.0%	$1,526,363	$0	$1,769,678
2045	$1,958,805	4.0%	$1,524,863	$0	$2,203,620
2046	$2,037,157	4.0%	$1,526,363	$0	$2,714,415
2047	$2,118,643	4.0%	$1,528,325	$0	$3,304,733
2048	$2,203,389	4.0%	$1,527,663	$0	$3,980,460
2049	$2,291,525	4.0%	$1,524,375	$0	$4,747,610
2050	$2,383,186	4.0%	$1,528,463	$0	$5,602,333
2051	$2,478,513	4.0%	$1,524,400	$0	$6,556,446
2052	$2,577,654	4.0%	$1,527,450	$0	$7,606,650
2053	$2,680,760	4.0%	$1,527,088	$0	$8,760,322
2054	$2,787,990	4.0%	$1,523,313	$0	$10,025,000
2055	$2,899,510	4.0%	$1,526,125	$0	$11,398,385
Total	**$52,727,777**	--	**$43,561,853**	**$2,232,460**	--

Sources: City of Olympia, Hands on Children's Museum, and ECOnorthwest Analysis

The proposed financial plan for the HOCM expansion appears feasible given the City of Olympia's debt capacity and HOCM's current financial position. Nonetheless, both HOCM and the City should evaluate scenarios in which broader economic conditions could alter CAR PFD sales tax revenues, potentially impacting debt service capacity. The following section examines two counterfactual scenarios and their implications for the proposed financial plan.

Counterfactual Cash Flows

Two counterfactual scenarios were evaluated to assess how variability in sales tax revenue growth could affect the proposed financial plan for the HOCM expansion.

Scenario 1 assumes the business cycle of the past 20 years (2005–2024) repeats over the next 30 years (2026–2055). **Scenario 2** assumes a Great Recession–level economic shock occurs in 2026, followed by a recovery and business cycle consistent with the past two decades.

In Scenario 1, historical year-over-year growth rates in CAR PFD sales tax revenue from the previous 20 years (see Exhibit 9 and Exhibit 14) replace the plan's assumed constant growth of 2 percent (2025–2028) and 4 percent (2029–2055). This historical period captures two major downturns, the Great Recession and the COVID-19 pandemic, providing a stress test for the plan's assumptions.

Under this scenario, the plan remains largely resilient, requiring minimal additional cash beyond the $2.2 million HOCM security fund HOCM's reserve contribution commitment up to $2.2 million if needed. Fund disbursements would shift one year later (2031–2036) but could otherwise follow the original schedule. Over the 30-year period, total CAR PFD contributions are projected at $56.4 million against $41.8 million in debt service, resulting in a $14.6 million surplus.

However, in 2038, consecutive post–debt service deficits would reduce the cumulative surplus below the $400,000 threshold before recovering in 2039. By that point, the $2.2 million fund would be fully depleted, and an additional $31,000 would be required to maintain the threshold. Given that this shortfall equals roughly 8 percent of HOCM's average annual operating surplus over the past six years, it could likely be covered without triggering City of Olympia backstop financing.

Exhibit 14. Counterfactual Cash Flow - Scenario 1

Year	CAR PFD Revenues	Growth Rate	Total Debt Service	HOCM Fund Contributions	Cumulative Surplus (Deficit)
2025	$810,506	2.0%	$496,511	$0	$313,995
2026	$892,811	10.2%	$512,002	$0	$694,804
2027	$970,120	8.7%	$525,772	$0	$1,139,151
2028	$1,207,773	6.5%	$817,091	$0	$1,529,833
2029	$1,170,972	-3.0%	$1,527,113	$0	$1,173,692
2030	$1,056,120	-9.8%	$1,527,113	$0	$702,700
2031	$1,072,248	1.5%	$1,526,113	$200,000	$448,835
2032	$1,068,558	-0.3%	$1,524,113	$458,115	$451,395
2033	$1,077,705	0.9%	$1,526,113	$458,115	$461,103
2034	$1,118,942	3.8%	$1,526,863	$458,115	$511,297
2035	$1,172,333	4.8%	$1,526,363	$458,115	$615,383
2036	$1,271,004	8.4%	$1,524,613	$200,000	$561,774
2037	$1,380,008	8.6%	$1,526,613	$0	$415,170
2038	**$1,481,318**	**7.3%**	**$1,527,113**	**$0**	**$369,375**
2039	$1,593,581	7.6%	$1,526,113	$0	$436,844
2040	$1,730,988	8.6%	$1,528,613	$0	$639,220
2041	$1,822,048	5.3%	$1,524,363	$0	$936,905
2042	$2,143,527	17.6%	$1,528,613	$0	$1,551,819
2043	$2,221,171	3.6%	$1,525,863	$0	$2,247,128
2044	$2,263,258	1.9%	$1,526,363	$0	$2,984,023
2045	$2,265,780	0.1%	$1,524,863	$0	$3,724,940
2046	$2,311,095	2.0%	$1,526,363	$0	$4,509,673
2047	$2,545,783	10.2%	$1,528,325	$0	$5,527,131
2048	$2,766,221	8.7%	$1,527,663	$0	$6,765,689
2049	$2,945,638	6.5%	$1,524,375	$0	$8,186,952
2050	$2,855,882	-3.0%	$1,528,463	$0	$9,514,371
2051	$2,575,771	-9.8%	$1,524,400	$0	$10,565,743
2052	$2,615,105	1.5%	$1,527,450	$0	$11,653,398
2053	$2,606,106	-0.3%	$1,527,088	$0	$12,732,416
2054	$2,628,414	0.9%	$1,523,313	$0	$13,837,517
2055	$2,728,988	3.8%	$1,526,125	$0	$15,040,380
Total	**$56,369,772**	--	**$43,561,853**	**$2,232,460**	--
Funds Shortage		--	--	--	**$30,625**

Sources: City of Olympia, Hands on Children's Museum, and ECOnorthwest Analysis
Note: Years that are in bold indicate periods where HOCM contribution commitment is exhausted, and the cumulative surplus is below the $400K threshold.

Scenario 2 uses the same year-over-year CAR PFD sales tax revenue growth rates as Scenario 1 but incorporates an early negative economic shock—specifically, a 3 percent decline in 2026 followed by a 10 percent decline in 2027 (see Exhibit 15). This scenario tests the plan's resilience to a significant downturn early in the financing period.

Under this scenario, the proposed financial plan is not resilient to the early shock. The HOCM reserve contribution commitment would be required sooner and at higher annual amounts. Beginning in 2029, HOCM would need to contribute at least $558,000 per year through 2032, exhausting the $2.2 million fund by the end of that period. Even after using the fund, cumulative deficits would persist from 2033 through 2043, with the cumulative surplus requirement again unmet in 2044. From 2045 through 2055, HOCM would maintain a cumulative surplus above the $400,000 threshold.

In aggregate, total CAR PFD contributions are projected at $49.1 million, compared to $43.6 million in total debt service, resulting in a $5.5 million surplus over the 30-year term. However, due to the early and prolonged deficits, HOCM would require an estimated $14.5 million backstop from the City of Olympia to maintain the $400,000 cumulative surplus requirement throughout the financing period. Assuming no interest payments, repayment at HOCM's average annual operating surplus of $394,000 would take approximately 37 years.

While this represents a worst-case scenario and ECOnorthwest is not forecasting a recession beginning in 2026, it underscores the importance of contingency planning for the City of Olympia and HOCM. Even when both scenarios produce an aggregate surplus, the timing of CAR PFD contributions, growth patterns, and HOCM's reserve contribution disbursement schedule remain critical to sustaining annual cash flows.

Exhibit 15. Counterfactual Cash Flow - Scenario 2

Year	CAR PFD Revenues	Growth Rate	Total Debt Service	HOCM Fund Contributions	Cumulative Surplus (Deficit)
2025	$810,506	2.0%	$496,511	$0	$313,995
2026	$785,809	-3.0%	$512,002	$0	$587,802
2027	$708,736	-9.8%	$525,772	$0	$770,765
2028	$841,267	1.5%	$817,091	$0	$794,940
2029	$838,372	-0.3%	$1,527,113	$558,115	$664,314
2030	$845,548	0.9%	$1,527,113	$558,115	$540,865
2031	$877,902	3.8%	$1,526,113	$558,115	$450,770
2032	$919,792	4.8%	$1,524,113	$558,115	$404,564
2033	**$997,207**	**8.4%**	**$1,526,113**	**$0**	**-$124,341**
2034	**$1,082,730**	**8.6%**	**$1,526,863**	**$0**	**-$568,474**
2035	**$1,162,216**	**7.3%**	**$1,526,363**	**$0**	**-$932,621**
2036	**$1,250,296**	**7.6%**	**$1,524,613**	**$0**	**-$1,206,937**
2037	**$1,358,103**	**8.6%**	**$1,526,613**	**$0**	**-$1,375,447**
2038	**$1,429,546**	**5.3%**	**$1,527,113**	**$0**	**-$1,473,013**
2039	**$1,681,773**	**17.6%**	**$1,526,113**	**$0**	**-$1,317,353**
2040	**$1,742,692**	**3.6%**	**$1,528,613**	**$0**	**-$1,103,273**
2041	**$1,775,712**	**1.9%**	**$1,524,363**	**$0**	**-$851,924**
2042	**$1,777,691**	**0.1%**	**$1,528,613**	**$0**	**-$602,846**
2043	**$1,813,244**	**2.0%**	**$1,525,863**	**$0**	**-$315,464**
2044	**$1,997,376**	**10.2%**	**$1,526,363**	**$0**	**$155,550**
2045	$2,170,328	8.7%	$1,524,863	$0	$801,016
2046	$2,311,095	6.5%	$1,526,363	$0	$1,585,748
2047	$2,240,675	-3.0%	$1,528,325	$0	$2,298,098
2048	$2,020,905	-9.8%	$1,527,663	$0	$2,791,340
2049	$2,051,765	1.5%	$1,524,375	$0	$3,318,730
2050	$2,044,704	-0.3%	$1,528,463	$0	$3,834,972
2051	$2,062,207	0.9%	$1,524,400	$0	$4,372,779
2052	$2,141,115	3.8%	$1,527,450	$0	$4,986,444
2053	$2,243,280	4.8%	$1,527,088	$0	$5,702,637
2054	$2,432,088	8.4%	$1,523,313	$0	$6,611,412
2055	$2,640,669	8.6%	$1,526,125	$0	$7,725,956
Total	**$49,055,349**	--	**$43,561,853**	**$2,232,460**	--
Funds Shortage		--	--	--	**$14,516,144**

Sources: City of Olympia, Hands on Children's Museum, and ECOnorthwest Analysis
Note: Years that are in bold indicate periods where HOCM reserve contribution commitment is exhausted, and the cumulative surplus is below the $400K threshold.

Assessment of Cash Flow Projections and Stress Tests

The cash flow analysis tests the viability of the proposed financing structure for the Hands On Children's Museum expansion by projecting revenues, debt service obligations, reserve usage, and cumulative balances over the 30-year bond period. The projections are built on conservative baseline assumptions for CAR PFD sales tax growth and incorporate HOCM's pledged $2.2 million reserve fund, as well as the City of Olympia's role as backstop.

Baseline Adequacy

Under baseline assumptions—2 percent sales tax growth through 2028 and 4 percent thereafter—CAR PFD revenues are sufficient to cover debt service while maintaining a cumulative surplus. The model projects long-term surpluses totaling $9.1 million over the financing period. Short-term deficits are expected between 2029 and 2038, but these are bridged through planned draws on HOCM's reserve fund, which ensures that the cumulative surplus requirement is maintained throughout the term.

Resilience to Historic Volatility

Stress testing the plan against historic business cycle conditions shows the structure remains largely resilient. When past growth and decline patterns (2005–2024) are applied, the financing plan continues to generate surpluses, with reserve fund draws shifting slightly in timing. At worst, an additional $31,000 in coverage beyond the $2.2 million reserve would be required, an amount comparable to less than one year of HOCM's average operating surplus.

Exposure to Severe Economic Shocks

When modeled under a Great Recession–style downturn occurring early in the financing period, the plan's vulnerabilities become more apparent. In this scenario, HOCM's reserve fund is depleted within the first decade, and cumulative deficits persist for an extended period. The City of Olympia would be required to advance up to $14.5 million to maintain the statutory surplus threshold, with repayment from HOCM contingent on sustained annual surpluses over decades. While this is a low-probability scenario, it highlights the reliance of the plan on both continued economic growth and the City's willingness to act as guarantor during periods of extraordinary stress.

IMPLICATIONS

The cash flow analysis confirms that the financing plan is feasible under baseline assumptions and moderate volatility, supported by conservative growth rates and a well-defined reserve mechanism. The plan is vulnerable to rare but severe economic shocks, which would shift risk to the City of Olympia, though HOCM's history of operating surpluses suggests repayment capacity over time.

Taken together, the analysis underscores the importance of maintaining reserves and actively monitoring CAR PFD revenue performance against projections. The layered structure—CAR PFD revenues, HOCM reserve fund, and City backstop—provides a robust foundation under most circumstances but still requires vigilance to manage downside risks.

5. Conclusions

ECOnorthwest's independent review of the financial feasibility of the Hands On Children's Museum expansion finds that the project rests on a solid financial and institutional foundation. HOCM has demonstrated consistent operating surpluses over the past six years, signaling an ability to generate reserves and manage costs. These surpluses position the Museum to contribute to the layered reserve and backstop strategy central to the financing plan. At the same time, CAR PFD sales tax revenues have grown at an average annual rate of 4.6 percent since 2004, reflecting both the robustness of the regional taxable retail base and the sensitivity of revenues to broader economic cycles. The City of Olympia, with strong credit ratings and modest outstanding obligations relative to its statutory limits, has the capacity to issue and support the proposed debt at favorable terms.

Our cash flow analysis shows that under baseline assumptions, CAR PFD revenues are sufficient to cover debt service while maintaining required cumulative surpluses, and that the $2.2 million HOCM reserve fund provides a credible buffer against temporary imbalances. Stress testing against historic business-cycle volatility confirms that the plan is resilient under conditions similar to those experienced in the past two decades, requiring only minimal incremental support. However, under a severe early recession scenario, reserves would be depleted within the first decade and the City of Olympia could be called upon to advance up to $14.5 million to maintain the statutory surplus threshold, with repayment dependent on HOCM's ability to sustain long-term surpluses.

This shift of exposure to the City under extreme stress highlights a potential need for additional clarity in the agreement between the City and HOCM regarding repayment expectations, timing, and mechanisms should the backstop be triggered. While HOCM has pledged to reimburse the City, a more formalized framework could provide greater certainty to all parties and reinforce the credibility of the financing plan.

Overall, the expansion plan is feasible and well-structured, provided that contingency planning and clear partner roles remain central to implementation. The analysis underscores three findings:

1. **Strength of Partners** – HOCM's operating history, the long-term growth of CAR PFD revenues, and Olympia's debt capacity combine to form a credible foundation for financing.
2. **Adequacy Under Baseline and Moderate Stress** – The layered structure of CAR PFD revenues, HOCM reserves, and City backstop is sufficient to sustain feasibility under baseline assumptions and moderate revenue volatility.
3. **Exposure Under Severe Stress** – Extreme downside scenarios would place significant financial risk on the City, underscoring the importance of maintaining liquidity and possibly formalizing repayment terms between HOCM and the City to mitigate uncertainty.

Taken together, the financing plan demonstrates that the project can move forward with confidence, but it will require active oversight, well-defined responsibilities, and risk management to ensure resilience across the 30-year financing horizon.

Capital Area Regional – Public Facilities District

Established in 2003
Board of Directors
Four Year Term - No Term Limits

David Brine, President (2025)

City of Olympia Representative

Appointed: 12.04.2007
Reappointed: 03.01.2011, 2015, 02.05.2019, 02.13.2023
Term Expiration: 03.01.2027

Ken Parsons, Secretary/Treasurer (2025)

Thurston County Representative

Appointed: 02.25.2003
Reappointed: 02.12.2007, 03.01.2011, 2015, 09.18.2018, 11.22.2022
Term Expiration: 03.01.2027

Chris Leicht

District-wide Appointee

Appointed: 04.01.2010
Reappointed: 05.22.2014, 07.12.2018, 02.17.2022
Term Expiration: 03.01.2026

David Nicandri

City of Tumwater Representative

Appointed: 02.21.2023
Term Expiration: 03.01.2027

Whitney Godby

City of Lacey Representative

Appointed: 06.18.2024
Term Expiration: 03.01.2027

Last Updated: 08.08.2025

Ann Campbell
District-wide Appointee
Appointed: 08.05.2025
Term Expiration: 03.01.2028

Jeff Line
District-wide Appointee
Appointed: 08.05.2025
Term Expiration: 03.01.2029

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