

INTERLOCAL
AGREEMENT BETWEEN
EDMONDS PUBLIC
FACILITIES DISTRICT
AND
EDMONDS CENTER FOR
THE ARTS

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**INTERLOCAL AGREEMENT
FOR DEVELOPMENT OF THE
EDMONDS CENTRE FOR THE ARTS**

This Interlocal Agreement ("Agreement") is entered into this 4th day of NOV, 2002, among the **City of Edmonds**, a city duly organized and existing under and by virtue of the laws of the state of Washington (the "City"); the **Snohomish County Public Facilities District**, a municipal corporation duly organized and existing under the laws of the state of Washington (the "County PFD"), **Snohomish County**, a political subdivision of and duly organized and existing under the laws of the state of Washington and the charter of Snohomish County (the "County"); and the **Edmonds Public Facilities District**, a municipal corporation duly organized and existing under and by virtue of the laws of the state of Washington, established by the City of Edmonds (the "City PFD").

RECITALS

WHEREAS, the City Council of the City (the "City Council"), by Ordinance No. 3358, effective May 4, 2001, established the City PFD for City purposes, pursuant to chapter 35.57 RCW, to acquire, design, construct, own, finance, operate and maintain a regional center defined under RCW 35.57.020 (a "Regional Center") 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 (for construction, improvements, or rehabilitation) of at least Ten Million Dollars (\$10,000,000) including debt service; and

WHEREAS, "Special Events Center" is defined under RCW35.57.020 as a facility available to the public, used for community events, sporting events, trade shows, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances.

WHEREAS, the City PFD has determined to proceed with the development of a performing arts center within the City of Edmonds (the "Edmonds Centre For the Arts") that will provide for meetings, conferences, community events, sporting events, trade shows, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances to the City, the County, the County PFD and the entire state, and their residents; and

WHEREAS, the City PFD has, under the authority of RCW 82.14.390, imposed a Sales and Use Tax at the rate of 0.033 percent of the selling price or value of any article sold or used within the corporate limits of the City to support the development of the Edmonds Centre For the Arts; and

WHEREAS, the Snohomish County Council (the "County Council"), by amended Ordinance No. 01-041, adopted June 27, 2001, established the County PFD, pursuant to chapter 36.100 RCW, for the purpose of exploring, with city or town public facilities districts located within the County, the joint acquisition, construction, operation, and/or financing of one or more Regional Centers to serve the County; and

WHEREAS, the County PFD has imposed a Sales and Use Tax under the authority of RCW 82.14.390 at the rate of 0.033 percent of the selling price or value of any article sold or used in the County (recognizing that amounts collected in those incorporated areas which have formed a city PFD will be credited by the State Department of Revenue against the County PFD's collections) to support the development of one or more regional centers determined by the County PFD to be viable projects in accordance with amended Ordinance No. 01-041 of the County Council and the County PFD's Charter; and

WHEREAS, money received by the City PFD or the County PFD under the authority of RCW 82.14.390(4) must be used for the acquisition, financing, design, construction, operation and maintenance of a Regional Center and related parking facilities as defined by RCW 35.57.020 and must be matched with an amount, from other public or private sources, equal to 33 percent of the amount collected by the City PFD or the County PFD under RCW 82.14.390; and

WHEREAS, the City PFD has previously retained the consulting firms of Lund Consulting, Inc., Kymera Industries, Inc., Property Counselors, Inc., and Netzel Associates, Inc. to conduct feasibility studies, including a market analysis, a site analysis and a financial analysis, for a proposed performing arts center complex to be located in the City of Edmonds; and

WHEREAS, City and the City PFD and its consultants have determined that the Edmonds Centre For the Arts project is financially feasible as planned; and

WHEREAS, the County PFD has determined that the Edmonds Centre For the Arts project is viable, based upon the determinations of the City, City PFD and its consultants; and

WHEREAS, on September 25, 2002, the City PFD entered into a binding agreement with the current owner to purchase the Puget Sound Christian College Site and is proceeding with design work on an Edmonds Centre For the Arts to be located thereon; and

WHEREAS, the City, the County, the City PFD and the County PFD have the authority to enter into interlocal agreements under chapter 39.34 RCW and chapter 35.59 for joint and cooperative action, including provisions to finance joint or cooperative undertakings, multi-purpose community centers, regional centers and other facilities and to provide for services to be provided by one government to another; and

WHEREAS, the City, the City PFD, the County and the County PFD have the authority, pursuant to applicable provisions of state law, including chapters 35.57 RCW 36.100 RCW and RCW 82.14.390, to acquire, design, construct, own, remodel, maintain, equip, re-equip, repair, finance and operate a Regional Center, including related parking facilities; and these agencies propose to use one or more interlocal agreements to make effective and efficient use of the powers and authorities granted to them to construct, own and operate special events facilities such as the Edmonds Centre For the Arts to serve the City, the County and adjacent regional areas; and

WHEREAS, the City, the City PFD, the County and the County PFD have each determined that the development of the Edmonds Centre for the Arts will benefit their respective jurisdictions and desire that the PFD Parties develop the Edmonds Centre For the Arts in order to

provide conference, arts, cultural and community services to the City and to the County as well as to a wider regional community; and

WHEREAS, the City, the City PFD and the County PFD desire to make ongoing project payments to the City PFD to contribute to the cost of the joint construction and operation of the Edmonds Centre for the Arts;

NOW, THEREFORE, the City, the City PFD, the County and the County PFD enter into this Agreement which outlines the responsibilities and commitments of each Party in the development of the Edmonds Centre for the Arts:

A. DEFINITIONS

For the purposes of this Agreement, the terms defined in this Section shall have the following meanings:

Additional Party is a public entity which joins this Agreement at a later date with the consent of the Contributing Parties and Consulting Party;

Agreement is this Interlocal Agreement entered into among the City, the City PFD, the County and the County PFD under the authority of chapter 39.34 RCW for the development of the Edmonds Centre For the Arts as a Regional Center.

City is the city of Edmonds, a municipal corporation of the state of Washington.

City PFD is the Edmonds Public Facilities District, a municipal corporation established by the City of Edmonds by Ordinance No. 3358, adopted by the City Council pursuant to the authority of chapter 35.57 RCW.

Contributing Parties are the City PFD, the City, and the County PFD.

Commences Construction shall mean commencing or commencement of construction of a new regional center, or improvement or rehabilitation of an existing new regional center as defined in RCW 82.14.390.

Consulting Party is the County.

County is Snohomish County, a political subdivision of the state of Washington.

County PFD is the Snohomish County Public Facilities District, a municipal corporation established by amended Ordinance No. 041, adopted by the County Council on June 27, 2001, pursuant to the authority of chapter 36.100 RCW.

Edmonds Centre For the Arts is the Edmonds Centre For the Arts to be located in Edmonds as a Regional Center developed by the City PFD to serve the City PFD, the City, the County, the County PFD and the state, consistent with chapter 35.57 RCW.

Develop or Development includes any one or more of the following: acquisition of, construction of, ownership of, remodeling, maintaining, equipping, re-equipping, repairing, financing, and operating the Edmonds Centre For the Arts as specified herein and undertaken by the Contributing Parties as agreed to in this Agreement according to the powers conferred upon the PFD Parties under chapter 35.57 and 36.100 RCW and RCW 82.14.390.

Joint Board means the Joint Board established in Section D of this Agreement to assist in the administration of the joint and cooperative undertaking of financing, constructing and operating the Edmonds Centre For the Arts.

Local Match is the amount of money or in-kind contributions derived from public or private sources required by RCW 82.14.390(4) to match the amount of Sales and Use Taxes received and utilized by the City PFD or the County PFD for the development of a Regional Center.

Parties means the following four parties to this Agreement: the City, the City PFD, the County and the County PFD.

PFD Parties means the County PFD and the City PFD.

Regional Center is a center or other combination of facilities, as defined in RCW 35.57.020.

Sales and Use Tax(es) are the taxes imposed, received and applied by the City PFD or the County PFD pursuant to the authority of RCW 82.14.390 for the development of one or more Regional Centers.

B. DEVELOPMENT OF THE EDMONDS CENTRE FOR THE ARTS

The Contributing Parties intend to jointly develop the Edmonds Centre For the Arts, in accordance with this Agreement, as a multipurpose regional facility, meeting the definition of a "regional center" under RCW 35.57.020 and a multi-purpose community center under RCW 35.59.010. The Edmonds Centre For the Arts is intended to directly serve the City, the County, the County PFD, the City PFD and their respective residents, as well as serving a broader population in the region and the state. The Contributing Parties each find that the Edmonds Centre For the Arts is a viable project that is likely to commence construction before January 1, 2004. The City and the County PFD agree to assist the City PFD in the design, construction and acquisition of the improvements necessary for the development of the Edmonds Centre For the Arts, all as set forth herein.

The PFD Parties, on their own behalf and on behalf of the Contributing Parties, shall commence construction of the Edmonds Centre For the Arts as a "regional center" prior to January 1, 2004. The City PFD shall, on behalf of itself and the other Contributing Parties to this Agreement, be the agency with the primary responsibility for the development of the Edmonds Centre For the Arts as a regional center, as defined by RCW 35.57.020, and shall finance, acquire, design, construct, own, operate and maintain the Edmonds Centre For the Arts, and otherwise administer its development and operation for the benefit of and in cooperation with the City, County, and County PFD, all subject to the limitations set forth herein. The County's cooperation shall consist of the provision of \$10.00 (receipt of which is acknowledged by the City PFD on behalf of the Contributing Parties) and other good and valuable consideration to the Edmonds Centre For the Arts project.

B.1. Project Description.

The Edmonds Centre For the Arts shall be developed as a remodeled facility for the performing arts with meeting rooms and a gymnasium with related parking facilities, to be later

constructed and improved over multiple phases. The Edmonds Centre For the Arts project, including a description of the land, and buildings included therein is described in Exhibit C.

B.2. Timeline for Development of Performing Arts Center.

The PFD Parties, on their own behalf and on behalf of the City, intend to carry out the demolition and remodeling of certain existing structures commencing in 2003. The Parties acknowledge that the Centre will be in continuous use prior to January, 2004, with an initial opening of the Edmonds Centre For the Arts on December 1, 2004. An estimated timeline for financing and construction of the Edmonds Centre For the Arts is set forth in Exhibit A.

The Parties acknowledge that the dates set forth in Exhibit "A" are target dates for action by each agency; however, certain dates are critical to achieving the development schedule for the construction of the Edmonds Centre For the Arts.

The failure of the PFD Parties to meet the dates set forth in the timeline for Financing and Construction of the Edmonds Centre For the Arts shall have no effect on the other provisions of this Agreement, provided that construction of the Edmonds Centre For the Arts commences before January 1, 2004.

B.3. Site Acquisition, Development and Ownership.

a. The City PFD agrees to acquire, on behalf of the Contributing Parties, all real property necessary to serve as a site for the Edmonds Centre For the Arts and the City agrees to exercise its eminent domain authority, if necessary, to acquire that real property. Title to Edmonds Centre For the Arts property shall be in the City PFD which shall hold that property on behalf of and for the benefit of the Contributing Parties subject to the Special Disposition provisions below. For purposes of eminent domain and related real estate proceedings, this Agreement shall serve as a joint defense agreement and the Contributing Parties and their attorneys may jointly share confidential information which shall be nondisclosable to others.

b. The City PFD shall, on behalf of the Contributing Parties, acquire the approvals necessary and shall take such other actions as may be required to enable the site to be suitable for use as a Edmonds Centre For the Arts.

c. The City PFD shall develop the Edmonds Centre For the Arts, and shall own and operate the Centre for and on behalf of the Contributing Parties subject to the Special Disposition set forth in Section B.4. below. The total cost of Development of the Edmonds Centre For the Arts is expected to be approximately Sixteen Million Three Hundred Seventy-Five Thousand Dollars (\$16,375,000). Each of the non-City PFD Contributing Parties' respective ownership interests in the Edmonds Centre For the Arts shall terminate and revert to the City PFD upon the redemption or defeasance of the bonds described in Section C and the termination of the County PFD's obligation to make project payments to the City PFD. The City PFD's ownership interests in the Edmonds Centre For the Arts shall be transferred to the City if the City PFD ceases to exist; provided that all City PFD and all County PFD obligations with respect to the Edmonds Centre For the Arts shall have been retired or fully provided for, or, if not, that the City shall assume all remaining obligations of the City PFD and of the County PFD related to the Edmonds Centre For the Arts.

B.4. Special Disposition.

In the event remodeling of the Edmonds Centre For the Arts is not substantially completed in accordance with Phases 1.a. and 1.b., and made operational by December 31, 2005; or in the event the Edmonds Centre For the Arts is abandoned by ceasing operation for six consecutive months, while any of the County PFD financial obligations pursuant to this Agreement remain outstanding (either of said events being a "Special Disposition Event"), then, any Contributing Party, upon 180 days notice (specifying the Special Disposition Event) to the other Parties, shall have the right to require the disposition by sale of the Edmonds Centre For the Arts property (including all land and buildings) pursuant to these provisions; provided, however, if the Special Disposition Event described in the Contributing Party's notice is eliminated through the substantial completion and commencement of operations of the Edmonds Centre For the Arts or the resumption of the Edmonds Centre For the Arts operations. Unless the Special Disposition Event is so cured after the giving of the notice thereof, then upon expiration of the notice period, the Edmonds Centre For the Arts property shall be disposed of as follows:

a. The City PFD or the receiver, if one has been appointed as provided for below, shall be constituted as the exclusive agent on behalf of the Contributing Parties with full authority to oversee and consummate the sale of the Edmonds Centre For the Arts property at its reasonable fair market value (as determined by the Joint Board in consultation with a qualified MAI appraiser selected by the City and not reasonably objected to by the other Parties) and shall expeditiously with all due diligence use its best efforts to sell the Edmonds Centre For the Arts property on behalf of the Contributing Parties; Provided, however, if the property is not sold within twelve (12) months after the end of the notice period reference above, then any Contributing Party may request that the Presiding Judge of the Snohomish County Superior

Court appoint a receiver and/or master to sell the property. The Parties agree that in the event the appointment of a receiver is sought by any Contributing Party, the other Contributing Parties shall not oppose the appointment of a receiver by the court, provided each party reserves the right to propose or oppose any particular person to be appointed as receiver, in such event.

b. At the request of any of the Contributing Parties, during the notice period referenced above, the City PFD agrees to expeditiously process, in good faith, an application to rezone the Edmonds Centre For the Arts property, consistent with the City's comprehensive plan, to its highest and best use, prior to offering the property for sale (the cost of which shall be charged against the proceeds from the sale of the property). Nothing herein shall be interpreted to bind the City Council in the exercise of its legislative or quasi-judicial authority under State law.

c. The City PFD and the other Contributing Parties, as necessary, agree to execute and deliver such agreements, documents and instruments as are necessary or reasonably requested by the County PFD to effectuate the sale and disposition of the Edmonds Centre For the Arts property.

d. The net proceeds of sale of the Edmonds Centre For the Arts property, after deducting the costs associated with any rezone, appraisal cost and the other costs of sale, shall be distributed to the County PFD and the City, in proportion to their respective capital contributions, as follows:

- (1) 65.2% of said proceeds to the County PFD;
- (2) 34.8% of said proceeds to the City.

In the event that either the County PFD or the City in the sole discretion of the respective party, make additional capital contributions to the project in excess of the funding detailed in Exhibits B-1 and B-2, the parties agree to adjust the percentages set forth in this paragraph to reflect the present value of any such capital contribution which shall be set forth in an Addendum hereto. Provided, however, nothing herein shall be interpreted to require either party to make such an additional capital contribution.

B.5. Joint Board Review of Edmonds Centre For the Arts.

- a. As a part of the plan for the joint development of the Edmonds Centre For the Arts, the Joint Board created in Section D of this Agreement may, within the proposed schedule for Development of the Edmonds Centre For the Arts, review and comment on the proposed design process and performance specifications of the Edmonds Centre For the Arts during the assessment and design phases. The City PFD shall periodically provide reports to the Joint Board on the design, remodeling, construction and operation of the Edmonds Centre For the Arts, at such times and in such form as the Joint Board may require.
- b. Unanimous approval by all of the voting members of the Joint Board established in Section D of this Agreement, shall be required to proceed at a future time with Development of additions to or subsequent phases (other than as set forth in the Project Description in Exhibit C attached hereto) of the Edmonds Centre For the Arts. If some or all of the Parties agree to participate in the development of such additions, the respective Parties may enter into an addendum to this Agreement governing the rights and obligations of those Parties with respect to the design, construction and operation of the additional improvements. If all Contributing Parties participate in the expansion, with either the participation or the approval of the Consulting Party, the Development and operation of the expanded project shall be subject to

oversight by the Joint Board in the same manner as for the original project, except as the Contributing Parties (and the Consulting Party, as applicable) may otherwise agree. So long as the Bonds described in Section C below are outstanding, if the Edmonds Centre For the Arts generates surplus revenue after payment of operating and maintenance expenses, debt service on obligations and reasonable reserves for operation, repair and replacement, that surplus revenue shall be spent on costs relating to the Edmonds Centre For the Arts or for the retirement of bonds and for no other purpose unless the Contributing Parties agree.

B.6. Edmonds Centre For the Arts Operation.

The City PFD shall operate the Edmonds Centre For the Arts in a businesslike manner and provide a level of service equivalent to or better than the services provided by comparable public facilities in the state. The Edmonds Centre For the Arts shall be available for use by the general public at rates established by the City PFD. The City PFD shall also make Edmonds Centre For the Arts facilities available for use by governmental and nonprofit entities at special rates consistent with its business plan and revenue needs, recognizing that such special rates may be available only at certain specified times. The City PFD agrees to provide, through the Edmonds Centre For the Arts, performing arts, meeting and community services to each of the Parties.

C. FINANCING OF THE EDMONDS CENTRE FOR THE ARTS

C.1. Revenue Obligations:

a. The City PFD and the County PFD have each imposed the Sales and Use Taxes authorized by RCW 82.14.390 to finance, among other things, the joint design, construction, operation and maintenance of the Edmonds Centre For the Arts.

The City PFD shall continue to impose said Sales and Use Taxes in the maximum amount allowed by law for so long as the bonds issued by the City or the obligations of the County PFD under this Agreement remain outstanding.

b. The City PFD shall collect and apply, to the Development of the Edmonds Centre For the Arts, all the funds received from the City and described on Exhibit B-2. The City PFD shall collect and apply all Sales and Use Taxes to the Development of the Edmonds Centre For the Arts and to City PFD administrative and operations expenses; provided it shall apply portions thereof to make the intergovernmental payments to the City as set forth on Exhibit B-3. The County PFD (subject to the adjustments, if any, pursuant to Section C.5 below) shall make project payments to the City PFD on or before October 15 of each year in the amounts and from the sources set forth in Exhibit B-1. The City PFD shall, on or before November 1 of each year, transfer to the City the amounts received annually from the County PFD, together with the City PFD payments in the amounts and from the sources set forth in Exhibit B-3. The Contributing Parties acknowledge that they are each making their respective payments set forth in said Exhibits B-1, B-2 and B-3 to assist the City and City PFD in the long-term revenue financing of the Edmonds Centre For the Arts, regardless of the actual cost of borrowing. The County PFD payments shall not commence until the City PFD gives notice to the County PFD that the City PFD on behalf of the PFD Parties has commenced construction of the Edmonds Centre For the Arts, accompanied by a written opinion of counsel to the City PFD addressed to the County PFD that the commencement of construction on behalf of the PFD Parties is within the meaning of the term "commences construction" as contained in RCW 82.14.390. Upon the delivery of that opinion, the County PFD shall promptly remit to the City PFD amounts shown on Exhibit B-1 that have accrued but not been paid. The obligation of the Parties to pay the amounts set forth in

Exhibits B-1, B-2 and B-3 shall be payable solely from the sources identified therein; however, the County PFD's obligation shall be limited exclusively to the Sales and Use Taxes lawfully collected under RCW 82.14.390 and available after satisfaction of the County PFD's obligations:

(i) First, under the Interlocal Agreement For the Development of The Everett Events Center, dated December 20, 2001 and recorded under Recording No. 200201160349 of the official records of Snohomish County, Washington; and (ii) Second, under the First Amended and Restated Interlocal Agreement, among the City of Lynnwood, the South Snohomish County Public Facilities District, the County PFD and the County for the Convention Center described therein. The County is not undertaking to make any project payments under this Agreement, but reserves the ability to commit to make project payments under a separate agreement. The Parties reserve the right to make, or to agree to make, additional payments or transfers among themselves with respect to the Edmonds Centre For the Arts, so long as such agreements and/or payments are consistent with the terms of this Agreement.

c. The City shall issue limited tax general obligation bonds for the development of the Edmonds Centre for the Arts in an amount sufficient to produce available proceeds estimated at \$7,315,000, but in no event less than \$6,000,000, and shall transfer the proceeds therefrom together with a \$1,000,000 cash contribution which the City shall contribute to the City PFD to provide for part of the cost of the development including design and construction of the Edmonds Centre For the Arts. The City hereby commits and agrees to apply to the payment of the debt service on said bonds, in addition to the monies to be received from the City PFD and County PFD as set forth on Exhibits B-3 and B-1, respectively, City tax revenues as set forth on Exhibit B-2. In the event market conditions, at the time of issuance, result in bond proceeds of less than \$7,315,000, the City PFD shall file, with the City and County PFD, a revised business

plan consistent with Section "F" of Exhibit "C", reflecting project reductions; provided that if the bond proceeds available for the Development of the Edmonds Centre For the Arts, are or would be less than \$6,000,000 due to adverse market conditions, this Agreement shall terminate and each Party shall be relieved of its obligations hereunder. The City's limited tax general obligation bonds may be issued up to the maximum term allowed by law. The obligations issued by the City may be in one or more series, and the City may issue bond anticipation notes prior to the issuance of any series of bonds.

City limited tax general obligation bonds shall be repaid from any lawful source designated by the City, including without limitation City-imposed real estate excise taxes, and intergovernmental project payments to the City by the City PFD as described in subsection C.1.b, above. Such intergovernmental project payments shall be made from (i) Sales and Use Tax revenues imposed by the City PFD, and (ii) intergovernmental project payments transferred by the County PFD to the City PFD under subsection C.1.b and then transferred by the City PFD to the City. The City shall pledge its full faith and credit to the repayment of its limited tax general obligation bonds, within its debt limit.

d. Project payments by the County PFD shall be allocated solely to Edmonds Centre For the Arts costs that are appropriate costs of design, construction, operation and maintenance of a Regional Center as defined in RCW 35.57.020.

C.2. Local Match.

The City PFD will provide for the contribution of 33 percent Local Match, as required by RCW 82.14.390(4), with respect to the Sales and Use Taxes levied and received by the City PFD and the Sales and Use Taxes levied by the County PFD and contributed to the City PFD pursuant

to this Agreement. It is anticipated that such match will be provided by Hotel-Motel and/or Real Estate Excise Tax contributions from the City, in kind contributions from the City, revenues from the operation and rental of facilities, and cash and in-kind contributions from public or private sector partners. Current committed Sales and Use Taxes total an estimated \$4,335,353 million from the City PFD and \$6,447,112 million from the County PFD, for a total of \$10,782,465. Current committed funds from the City total an estimated \$2 million. Current estimates of rent revenues from and disposition of City PFD-owned buildings adjoining the Edmonds Centre For the Arts will total an estimated \$1,175,000. The fair market value of the in kind contributions from the City is estimated at \$50,000. The amounts to be received and applied from grants and fundraising will total an estimated \$6,500,000. Accordingly, the total local match available over 25 years (not including operating revenue from the Edmonds Centre For the Arts) is estimated at \$9,725,000, or 90.2% of the total Sales and Use Taxes estimated to be collected during that 25 year period.

C.3. Pledge of Revenue in Support of Bonds.

The Contributing Parties acknowledge and agree that the City will pledge this Agreement, as well as certain limited tax revenues and the Sales and Use Tax revenues comprising the intergovernmental project payments transferred by the City PFD to the City (including the County PFD intergovernmental project payments to the City PFD), to the payment of bonds issued to finance the Edmonds Centre For the Arts. Such pledge will be material to the offer and sale of the bonds, and will be disclosed to potential purchasers and purchasers of the bonds. However, the City pledges that the revenues listed in Exhibit B-3 will be the primary guarantee for payment of such bonds, the City taxes supporting the project payments listed in Exhibit B-2 will be a secondary guarantee of such payment, and the project payments listed in Exhibit B-1 will be a tertiary guarantee. The Contributing Parties consider this Agreement to be a binding contract and acknowledge that lenders to the City, including bondowners, holders of

short-term notes and financial institutions providing credit support for such bonds or other obligations, will rely on the terms of this Agreement, including the pledge by each of the Contributing Parties to make the payments described in Section C.1 and Exhibit B (to the extent amounts from the identified sources are actually received at the time the payments are due or when and if the payments are later received), in deciding to make loans to the City PFD or in purchasing bonds or short-term notes for the funding of the development of the Edmonds Centre For the Arts, or in providing credit support for such bonds, notes or other obligations. Each of the Contributing Parties acknowledges that its commitment under this agreement constitutes a valid and binding enforceable, contractual commitment by that Party. The County PFD's obligation to make project payments is subordinate to its primary and secondary obligations to make similar payments with respect to the Everett Special Events Center under the Interlocal Agreement executed on December 20, 2001, and with respect to the Convention Center to be located in Lynnwood, Washington under the Interlocal Agreement as referenced in Section C.1.b above and subject to the deductions provided for in Section F.3 hereof in the event the County PFD is required to provide indemnification to the City thereunder. The Parties recognize and agree that the amounts set forth on Exhibit B are approximate allocations and disbursements, and that the actual amounts received by the City PFD and the County PFD and disbursed to the City and/or City PFD may differ from those estimated amounts.

In the event that the Edmonds Centre For the Arts as described in Exhibit C of the Agreement fails to be developed as planned or is abandoned, then, at that time, all revenue, assets, property and income of every kind of the City PFD (including but not limited to City PFD bonding capacity, rental income from City PFD real property, all City PFD equity in real property) will be pledged to the retirement of the revenue obligations with respect to which any County PFD tax revenues have been pledged as contemplated under subsection C.1. of the Agreement, and for no other purpose unless the Contributing Parties unanimously agree,

provided nothing in this provision shall preclude the sale of the Edmonds Centre For the Arts property pursuant to the Special Disposition Provisions set forth in Section B.4 of this Agreement.

Limited tax general obligation bonds issued by the City, and disclosure documents related thereto, shall contain a statement to the effect that those bonds are obligations of the City, payable solely from project payments transferred to the City by the City PFD, from City Real Estate Excise Tax receipts, and from other money of the City legally available therefor, and that those bonds are not obligations of the City PFD, the County or the County PFD. Such disclosure documents shall also contain the following statement: "The Edmonds Public Facilities District, Snohomish County, and the Snohomish County Public Facilities District are political subdivisions of the state of Washington that are separate from the City. All liabilities incurred by the City and/or Edmonds Public Facilities District shall be satisfied exclusively from the assets, credit, and property of the City and/or City PFD and no creditor or other person shall have any right of action against or recourse to Snohomish County, the Snohomish County PFD or any of their respective assets, credit, or services on account of any debts, obligations, liabilities, or omissions of the City and/or City PFD." Such disclosure documents shall *also* contain the following statement: "The County PFD is a municipal corporation organized under RCW 36.100.010 and amended Ordinance No. 01-041 of Snohomish County. Amended Ordinance No. 01-041 expressly provides: 'All liabilities incurred by the District [the 'County PFD'] shall be satisfied exclusively from the assets, credit, and property of the District and no creditor or other person shall have any right of action against or recourse to the County, its assets, credit, or services on account of any debts, obligations, liabilities, or omissions of the District.'"

C.4. Limitation on Additional Participants.

So long as the County PFD is providing any funds for the Development of the Edmonds Centre For the Arts pursuant to this Agreement, then without the County PFD's written concurrence, no other public facility district (not including the City PFD) shall provide funding for the Development of the Edmonds Centre For the Arts and no city other than Edmonds, Washington, shall be included within the City PFD.

C.5 Annexation Adjustments.

In the event that the City annexes territory which, at the time this Agreement is entered into, is located within the County (the "Annexed Territory"), while any obligations of the County PFD, under this Agreement, remain outstanding, then, and in that event, the County PFD's obligations hereunder and the amounts allocated to the Edmonds Centre For the Arts as set forth on Exhibit B-1 shall be reduced, dollar-for-dollar, by the amount of the sales and use taxes collected by the City PFD from transactions occurring within the Annexed Territory.

D. ADMINISTRATION

Subject to Joint Board direction, as hereafter provided, the City PFD shall be the administrator (within the meaning of RCW 39.34.030(4)) of this cooperative undertaking of acquiring, designing, remodeling, building and operating the Edmonds Centre For the Arts as provided for in this Agreement. There is hereby established a Joint Board consisting of one representative of each of the Parties, to advise the City PFD with respect to the design, remodeling, construction, operation and development of the Edmonds Centre For the Arts. During construction, the City PFD shall periodically report on progress to the Joint Board, either in writing or in meetings, at such times and in such manner as the Joint Board may require; however, in any event, the City PFD shall provide each of the Parties with a written construction progress report at least monthly. Thereafter, the City PFD shall provide an annual report to the Joint Board and such other reports as the Joint Board may require, however, in any event, the City PFD shall provide each of the other Parties with written financial statements (including an income statement, the balance sheet, and the funds flow statement) at least quarterly. A Joint Board meeting may be called by any of the Parties at any time upon reasonable notice to the

other Parties. Each of the Contributing Parties shall have one vote on the Joint Board. Any decision to proceed with Subsequent phases of Development of the Project as described in the last paragraph of Exhibit C shall require unanimous approval by all of the voting members of the Joint Board. All other actions of the Joint Board shall require two affirmative votes. If the City PFD decides to use the supplemental alternative public works procedure (design-build) as authorized by chapter 39.10 RCW, the City PFD shall report to the Joint Board and shall consider the review considerations advanced by the Joint Board. However, except as otherwise determined by the affirmative vote of the Joint Board, the City PFD shall have the responsibility, power and authority to make all final decisions on behalf of the Contributing Parties regarding the design, construction and operation of the Edmonds Centre For the Arts, provided any material change in the project cost exceeding 20% of the estimate set forth in Exhibit C, or material change in plans for construction (which substantially changes the purposes or function of the facility) shall require unanimous approval by all of the voting members of the Joint Board.

E. NATURE OF OBLIGATIONS

It is understood and agreed by all Parties that each of the Contributing Parties' obligations to make the intergovernmental project payments set forth in Exhibit B, is solely an obligation of that Contributing Party and is limited to the sources described in this Agreement. The City and City PFD agree not to seek to collect such amounts from any Party other than the Party responsible for its respective project payments. Neither the City nor the County PFD shall have any liability to fund capital or operating shortfalls or have any other financial commitments other than the respective payments to the City PFD in the amounts, at the times and from (and to the extent of funds available from) the sources set forth in Exhibits B-2 and B-1, respectively. The obligation of each of the Contributing Parties to the City or City PFD, as the case may be, is not and shall not be deemed a general obligation or debt of any other party. None of the Parties shall have any obligation for, nor shall they be liable for, the payment of amounts due to the City or City PFD from any other Party. The County (i.e., the Consulting Party) shall have no

obligation for, and shall not be liable for, the payment of amounts due from the County PFD. Neither the City, City PFD nor any other Contributing Party shall seek to collect such amounts from the County.

The County PFD is a municipal corporation organized under RCW 36.100.010 and amended Ordinance No. 01-041 of the Snohomish County Council. Amended Ordinance No. 01-041 expressly provides: "All liabilities incurred by the District [the County PFD] shall be satisfied exclusively from the assets, credit, and property of the District and no creditor or other person shall have any right of action against or recourse to the County, its assets, credit, or services on account of any debts, obligations, liabilities, or omissions of the District."

F. INDEMNIFICATION

F.1. City PFD Indemnification of Other Parties.

To the extent permitted by law, the City PFD shall indemnify, defend and hold harmless the City, the County and the County PFD and, respectively, their officials, officers, employees, and agents (except that the City PFD shall not be considered an agent of the County PFD for the purposes of this Section) when acting within such designated capacity (collectively, the "Section F.1 Indemnified Parties"), from all claims, losses, suits, actions, legal or administrative proceedings, costs, attorneys' fees, litigation costs, expenses, damages, penalties, fines, judgments or decrees by reason of any death, injury or disability to or of any person or party, including employees, and/or damage to any property or business, including loss of use (collectively "damages") caused by any negligent act, error or omission of the City PFD or its officials, officers, employees, agents, contractors or subcontractors, when acting within such designated capacity (collectively, the "City PFD's Functionaries"), arising out of the development, financing, acquisition, design, construction, ownership, operation, or maintenance of the Edmonds Centre For the Arts.

The City PFD's obligation shall include, but not be limited to, defending all claims alleging damages from any negligent action, error or omission or breach of any common law,

statutory or other delegated duty by the City PFD, and the City PFD's Functionaries. The City, the County and the County PFD each have a direct interest in any settlement agreement that the City PFD may obtain while defending under this hold harmless and indemnity. The City PFD grants to the City, the County and the County PFD veto authority regarding any settlement proposal. However, if the City PFD agrees to a settlement proposal and any of the City, the County or the County PFD vetoes the proposal, then the vetoing Party shall, immediately after vetoing the settlement proposal, assume the defense including the cost of the City PFD's personnel time at then current billing rates in support of the defense and any cost of judgment or settlement in excess of payments and terms provided in the settlement proposal. The City PFD will provide information to the City, the County and the County PFD regarding all claims.

The City PFD's obligation to indemnify, defend, and hold harmless shall apply except and to the extent where caused by the sole or concurrent negligence and/or willful misconduct of any of the Section F.1 Indemnified Parties. If the claim, suit, or action for injuries, death, or damages as provided for in this Section F.1 is caused by or results from the concurrent negligence of (i) any of the Section F.1 Indemnified Parties; and (ii) the City PFD or the City PFD's Functionaries, the indemnity provisions provided for in this paragraph of this Section F.1 shall be valid and enforceable only to the extent of the negligence of the City PFD or the City PFD's Functionaries.

The City PFD agrees to acquire and maintain insurance in form and amounts as are approved by the Joint Board and that are consistent with the coverage of comparable facilities and undertakings related to said facilities as contemplated under this Agreement and to name the County, the County PFD and the City as additional named insureds.

F.2. City Indemnification of County PFD.

To the extent permitted by law, the City shall indemnify, defend and hold harmless the County PFD and its officials, officers, employees, and agents when acting within such

designated capacity (collectively, the "Section F.2 Indemnified Parties"), from all claims, losses, suits, actions, legal or administrative proceedings, costs, attorneys' fees, litigation costs, expenses, damages, penalties, fines, judgments or decrees by reason of any death, injury or disability to or of any person or party, including employees, and/or damage to any property or business, including loss of use (collectively "damages") caused by any negligent act, error or omission of the City or its officials, officers, employees, agents, contractors or subcontractors, when acting within such designated capacity (collectively, the "City Functionaries"), arising out of the development, financing, acquisition, design, construction, ownership, operation, or maintenance of the Edmonds Centre For the Arts.

The City's obligation shall include, but not be limited to, defending all claims alleging damages from any negligent action, error or omission or breach of any common law, statutory or other delegated duty by the City and the City's Functionaries. The County PFD has a direct interest in any settlement agreement that the City may obtain while defending under this hold harmless and indemnity. The City grants to the County PFD veto authority regarding any settlement proposal. However, if the City agrees to a settlement proposal and the County PFD vetoes the proposal, then the County PFD shall, immediately after vetoing the settlement proposal, assume the defense including the cost of the City's personnel time at then current billing rates in support of the defense and any cost of judgment or settlement in excess of payments and terms provided in the settlement proposal. The City will provide information to the County PFD regarding all claims.

The City's obligation to indemnify, defend, and hold harmless shall apply except and to the extent where caused by the sole or concurrent negligence and/or willful misconduct of any of the Section F.2 Indemnified Parties. If the claim, suit, or action for injuries, death, or damages as provided for in this Section F.2 is caused by or results from the concurrent negligence of (i) any of the Section F.2 Indemnified Parties; and (ii) the City or the City's Functionaries, the indemnity provisions provided for in this paragraph of this Section F shall be valid and enforceable only to the extent of the negligence of the City or the City's Functionaries.

F.3. County PFD Indemnification of City.

To the extent permitted by law, and subject to the limitations set forth herein, the County PFD shall indemnify, defend and hold harmless the City and its officials, officers, employees, and agents when acting within such designated capacity (collectively, the "Section F.3 Indemnified Parties"), from all claims, losses, suits, actions, legal or administrative proceedings, costs, attorneys' fees, litigation costs, expenses, damages, penalties, fines, judgments or decrees by reason of any death, injury or disability to or of any person or party, including employees, and/or damage to any property or business, including loss of use (collectively "damages") caused by any negligent act, error or omission of the County PFD or its officials, officers, employees, agents, contractors or subcontractors, when acting within such designated capacity (collectively, the "County PFD's Functionaries"), arising out of the development, financing, acquisition, design, construction, ownership, operation, or maintenance of the Edmonds Centre For the Arts.

The County PFD's obligation shall include, but not be limited to, defending all claims alleging damages from any negligent action, error or omission or breach of any common law, statutory or other delegated duty by the County PFD, and the County PFD's Functionaries; Provided the County PFD's total financial obligation and liability, under these Section F.3 indemnity provisions, for damages (as defined above) and for compliance with any judgments or decrees, to the extent not covered and paid by the County PFD's insurance carrier, shall be limited to and deducted from the amounts otherwise available to the City PFD from the County PFD under this Interlocal Agreement (as set forth on Exhibit B-1) as of the time such indemnification is required hereunder. The City has a direct interest in any settlement agreement that the County PFD may obtain while defending under this hold harmless and indemnity. The County PFD grants to the City veto authority regarding any settlement proposal. However, if the County PFD agrees to a settlement proposal and the City vetoes the proposal, then the City shall, immediately after vetoing the settlement proposal, assume the defense including the cost of the

County PFD's personnel time at then current billing rates in support of the defense and any cost of judgment or settlement in excess of payments and terms provided in the settlement proposal. The County PFD will provide information to the City regarding all claims.

The County PFD's obligation to indemnify, defend, and hold harmless shall apply except and to the extent where caused by the sole or concurrent negligence and/or willful misconduct of any of the Section F.3 Indemnified Parties. If the claim, suit, or action for injuries, death, or damages as provided for in this Section F.3 is caused by or results from the concurrent negligence of (i) any of the Section F.3 Indemnified Parties; and (ii) the County PFD or the County PFD's Functionaries, the indemnity provisions provided for in this paragraph of this Section F.3 shall be valid and enforceable only to the extent of the negligence of the County PFD or the County PFD's Functionaries.

The City and the City PFD expressly agree and consent to the deductions from funds otherwise available to it from the County PFD if and as necessary to give full effect to the indemnification(s) required under this Section F.3.

G. SUPPLEMENTAL DOCUMENTS

The Contributing Parties agree to complete and execute all supplemental documents necessary or appropriate to fully implement the terms of this Agreement.

H. DURATION OF AGREEMENT

This Agreement shall continue in full force and effect until such time as all bonds, short-term notes and other obligations issued by the City PFD for the construction of the Edmonds Centre For the Arts are fully paid and redeemed.

I. EFFECTIVE DATE; FILING WITH COUNTY AUDITOR

This Interlocal Agreement shall be effective upon such execution and filing with the Snohomish County Auditor as required by the provisions of RCW 39.34.040.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized officers and representatives as of the day indicated below.

CITY OF EDMONDS

David Deane
Mayor Pro Tem

Date: 11-04-02

ATTEST:

Sandra S. Chase
City Clerk

EDMONDS PUBLIC FACILITIES DISTRICT

[Signature]
Chair

Date: 11/1/02

SNOHOMISH COUNTY PUBLIC FACILITIES DISTRICT

Byron M. Peterson
Secretary-Treasurer

Date: 11/1/02

SNOHOMISH COUNTY

Gary Weikel
County Executive

Date: 11-4-02 D GARY WEIKEL
Deputy Executive

Approved as to Form Only:

*Subject to Consideration
to Council this date.*

[Signature]
Deputy Prosecuting Attorney

Date: 10-31-02

EXHIBIT A

Fall 2002: Hire transition consulting team; obtain Snohomish County PFD funds; obtain title; begin public relations and marketing activities; negotiate partnership agreements; sell bonds; solicit and retain A/E; begin conditional use process; solicit fundraiser; retain property manager; define construction management approach.

Winter 2003: A/E work; obtain master plan/conditional use permit; retain fundraiser; organize campaign committee; create non-profit foundation or partnership; continue marketing and communication activities; continue property management of facility.

Spring 2003: A/E work; continue permit process; prepare construction documents; obtain lead gift; continue marketing and communications activities; continue property management of facility.

Summer 2003: Solicit construction bids; continue permit process; continue fundraising; continue marketing and communications activities; continue property management of facility; recruit Executive Director; plan opening season bookings.

Fall 2003: Pre-construction permits; continue fundraising; continue marketing and communications activities; continue property management of facility; begin construction, including without limitation, commence construction by December 2003; hire Executive Director; plan opening season bookings.

Winter 2004: Continue construction; continue fundraising; continue marketing and communications activities; continue property management of facility; Executive Director begins; plan opening season bookings and events.

Spring 2004: Continue construction; continue fundraising; continue marketing and communications activities; continue property management of facility; plan opening season bookings and events.

Summer 2004: Continue construction; continue fundraising; continue marketing and communications activities; continue property management of facility; plan opening season bookings and opening events.

Fall 2004: Continue construction; continue fundraising; continue marketing and communications activities; continue property management of facility; plan opening season bookings and opening events; soft opening of facility in December to book holiday revenue.

Winter 2005: Grand opening of facility.

EXHIBIT B

B-1

**SNOHOMISH COUNTY PUBLIC FACILITIES DISTRICT
ALLOCATION OF SALES TAX TO THE EDMONDS PUBLIC
FACILITIES DISTRICT FOR THE EDMONDS CENTRE FOR THE
ARTS:**

Year	Snohomish County PFD
2002	132,971
2003	140,255
2004	148,715
2005	157,432
2006	166,413
2007	175,667
2008	185,201
2009	195,025
2010	205,146
2011	215,575
2012	226,320
2013	237,390
2014	248,796
2015	260,548
2016	272,656
2017	285,132
2018	297,985
2019	311,227
2020	324,871
2021	338,928
2022	353,411
2023	368,333
2024	383,706
2025	399,545
2026	415,864
Total	\$6,447,112
Principal @ 4.8%	\$3,752,134*

*NPV = Net Present Value

The foregoing allocations are subject to adjustment pursuant to the provisions of Section C.5 of the Interlocal Agreement to which this Exhibit B-1 is attached.

CITY OF EDMONDS ALLOCATION TO THE EDMONDS PUBLIC FACILITIES DISTRICT PUBLIC FACILITIES DISTRICT IN 2002:

11/15/02:	\$1,000,000	From Real Estate Excise Tax Cash Reserves
11/15/02:	\$7,315,000	(Estimated Proceeds From Limited Tax General Obligation Bond Issue)*

* The Estimated Proceeds ** consist of \$1,000,000 net present value of estimated future City Real Estate Excise Taxes and \$6,315,000 net present value of estimated future City PFD and County PFD Sales and Use Taxes. The Estimated Grand Total From the City to the City PFD is \$8,315,000. The estimated bond proceeds are based upon the projected payments set forth on Exhibit B-1 and B-3 to be applied by the City to bond debt service, together with City contributions to bond debt service from general City revenues in an amount sufficient to generate \$1,000,000 of the bond proceeds at the time of issuance.

**Actual proceeds may vary with market conditions (including interest rates) at the time the bonds are issued.

B-3

**EDMONDS PUBLIC FACILITIES DISTRICT EXPENDITURE OF SPECIAL SALES
AND USE TAX TO EDMONDS CENTRE FOR THE ARTS DEVELOPMENT
FINANCING COSTS AND ADMINISTRATIVE AND OPERATIONS COSTS**

Year	Edmonds PFD
2002	-
2003	160,000
2004	161,600
2005	164,024
2006	166,484
2007	168,982
2008	171,516
2009	174,089
2010	176,700
2011	179,351
2012	182,041
2013	184,772
2014	187,543
2015	190,357
2016	193,212
2017	196,110
2018	199,052
2019	202,038
2020	205,068
2021	208,144
2022	211,266
2023	214,435
2024	217,652
2025	220,917
2026	-
Total	\$4,335,353
Principal @ 4.8%	\$2,634,646 *

*NPV = Net Present Value

EXHIBIT C

PROJECT DESCRIPTION AND SCHEDULE FOR INTERLOCAL AGREEMENT

A. Description

The Edmonds Centre for the Arts will be a high quality regional center which includes a performing arts facility, meeting rooms, and gymnasium for the local and surrounding communities to be located at the former campus of the Puget Sound Christian College. The Puget Sound Christian College is the former Edmonds High School property. The City PFD's prime objectives are to provide a performing arts facility for community and regional arts groups and presenters, to preserve a well-regarded historic structure, and to enhance the cultural life of the community and region.

The City PFD will carry out a two-phase project [Phases 1(a) and 1(b)]. Phase 1(a) is to renovate the theater and to create on-site parking. The existing gymnasium and an existing music practice building will be retained in the development. Phase 1(b) will be the addition of new seating, modern lighting, and a modern sound system. Subject to feasibility and required Joint Board approval, the City PFD has a plan for a subsequent phase of development consisting of the addition of a meeting room large enough to seat 500 people in a dining configuration and a roof garden that will overlook Puget Sound and the Olympic Mountains beyond. This new meeting room wing, if approved and constructed, would be located on top of a three-story parking-garage adjacent to the north wall of the theater.

B. Recommended Program

The PFD retained LMN Architects to develop a design concept, conceptual cost estimate, and phasing plan to accomplish the Centre for the Arts vision. LMN's work product is incorporated herein by reference and is available for review through the City, and/or the City PFD in two separate volumes: "Concept Design and Budget report" and "Appendices".

Phase 1(a) of the project will require major renovation work to the theater and demotion of unusable buildings on the north side of the theater to create space for on-site parking and additional lobby space. The theatre, built in 1939, will receive significant renovation in the front of house public areas, in the auditorium, and in the back of house areas as well. Both the front of house and backstage areas will be retrofitted to meet the requirements of the Americans with Disabilities Act (ADA).

The renovations will preserve the architectural integrity of the original auditorium while creating a first-class theater with 725-750 seat capacity and improving the stage. To improve acoustic characteristics and to provide acoustic flexibility, the sidewalls in the front part of the house will have elements added to improve sound diffusion and to incorporate acoustic draperies for use

with amplified sound. Inadequate stage wing space will be remedied by demolishing the lower portion of the stage house wall and incorporating a girder to support the remaining portion. Theatrical system upgrades will be added. Dressing rooms, a greenroom, back-of-house support areas and a loading dock will be added to make the theatre fully functional. The gymnasium will be retained and used for long-term rentals and some special events. The music buildings will be retained for rehearsal use. The classrooms will continue to serve as meeting rooms for smaller groups

To improve sight lines, a more steeply raked floor will be added at the orchestra level; however, new seats in some sections, modern sound, and lighting systems may be deferred to Phase 1(b) due to funding limitations. On-site parking with landscaping will be added for 90 cars. The Centre is expected to host 110 events by its fifth year of operation, drawing about 45,000 attendees by 2010. To manage additional parking needs, the City PFD will work with the City to develop a parking management plan that will use nearby existing parking lots for additional parking. In addition, the City PFD will work with the City to consider establishing a residential parking zone for the benefit of nearby residents.

The City PFD has already held preliminary discussion with the City of Edmonds to outline the permit process needed to accomplish this project. The City PFD will apply for all necessary permits including a conditional use permit and master plan. Permits will be needed for demolition, surface parking, and other site improvements. SEPA and traffic mitigation are expected to be required.

C. Renovation Summary

The renovation will include: seismic retrofit, ADA retrofit; increased lobby space; new toilets; improved site lines; acoustic improvements; back of house improvements; increased wing space on stage; theatrical systems and equipment upgrades; new HVAC system; new electrical power, including power for theatrical productions; cosmetic improvements to existing meeting rooms on second floor of theatre, power and data upgrades to second floor meeting rooms; loading dock, and new landscaped surface parking lot for 90 cars. New seats in some sections, lighting and sound may be deferred to Phase 1(b) due to funding limitations.

D. Phase One Capital Uses

Phase one capital costs are detailed in the August 31, 2002 Business Plan for the Edmonds Centre for the Arts, updated October 3, 2002, submitted to the County PFD, which is incorporated herein by this reference.

E. Phase One Capital Sources

The City will sell bonds backed in part by the City PFD and County PFD sales tax revenue stream.

To raise the balance of the required funds, the City PFD Board of Directors will launch a region-wide Capital Campaign to raise \$4 million in private contributions, based on the

recommendation of Netzel Associates, a professional fundraising firm that conducted a fundraising feasibility study for the PFD. Funds totaling \$2.5 million will be sought from private foundations, federal and state government sources. Multi-year pledges will be encouraged.

The City PFD may propose an admissions tax on performing arts events beginning in 2005 to ensure that patrons of events are also supporting the facility. These funds may be dedicated to ensure adequate cash reserves are maintained. The City PFD will earn income from rentals of the property; from interest earnings, and from surplus real estate that will be sold.

E. *Contingent Project Reductions*

In the event the proceeds of the bonds to be issued by the City are less than \$7,315,000, then in that event, the City PFD will revise the project plans as necessary to accommodate required costs reductions, by implementing one or more of the following:

- elimination of the balcony extension
- elimination of the stage floor replacement
- elimination of the dressing room accessories
- reduction in the signage
- reduction or elimination of landscaping
- reduction by up to 10% in quality of seating.

**FIRST AMENDEMENT TO INTERLOCAL AGREEMENT FOR DEVELOPMENT OF
THE EDMONDS CENTRE FOR THE ARTS**

This First Amendment to Interlocal Agreement for Development of the Edmonds Centre for the Arts (this "First Amendment") is dated for reference purposes the 12th day of ~~October~~ 2005, by and between City of Edmonds, a city duly organized and existing under and by virtue of the laws of the state of Washington (the "City"); the Snohomish County Public Facilities District, a municipal corporation duly organized and existing under the laws of the state of Washington (the "County PFD"), Snohomish County, a political subdivision of and duly organized and existing under the laws of the state of Washington and the charter of Snohomish County (the "County"); and the Edmonds Public Facilities District, a municipal corporation duly organized and existing under and by virtue of the laws of the state of Washington, established by the City of Edmonds (the "City PFD").

R E C I T A L S :

WHEREAS the parties to this First Amendment are parties to that certain Interlocal Agreement for Development of the Edmonds Centre for the Arts, dated November 4, 2002 (the "Interlocal Agreement") authorizing the City PFD to acquire, design, construct, own, finance, operate and maintain a performing arts center (the "Edmonds Centre for the Arts"); and

WHEREAS the Edmonds Centre for the Arts project, rather than depending exclusively on public subsidies from the participants contemplated and required that the Edmonds Centre for the Arts raise from grants and private funding approximately \$6,500,000; and

WHEREAS the Interlocal Agreement contemplated that the Edmonds Centre for the Arts would be operational by December 31, 2005, with failure to meet such date being a "Special Disposition Event" under the Interlocal Agreement; and

WHEREAS although the Edmonds Centre for the Arts has raised over \$3.8 million in grants and private funding to date for total funding of \$12.9 million and appears well on course to meet all funding goals, it is nevertheless likely that the Edmonds Centre for the Arts will not be fully renovated until 2006; and

WHEREAS to prevent the triggering of a "Special Disposition Event" on December 31, 2005, it is necessary to extend that deadline;

NOW, THEREFORE it is hereby agreed that the date of December 31, 2005 in Section B.4 of the Interlocal Agreement is amended to read to read "March 31, 2007."

IN WITNESS WHEREOF, the Parties have executed this First Amendment by their duly authorized officers and representatives as of the day indicated above.

CITY OF EDMONDS

ATTEST

Mayor

Audra S. Chea
City Clerk

Date: AUGUST 26, 2005

EDMONDS PUBLIC FACILITIES DISTRICT

Chair

Date: 10/11/05

SNOHOMISH COUNTY PUBLIC FACILITIES DISTRICT

~~Secretary-Treasurer~~ President

Date: _____

SNOHOMISH COUNTY *Executive*
MARK SOINE
Deputy Executive

Approved as to Form Only:

County Executive

Deputy Prosecuting Attorney

Date August 22, 2005

Date _____

D-1

SNOHOMISH COUNTY COUNCIL
SNOHOMISH COUNTY WASHINGTON

AMENDED MOTION NO. 05 -354

APPROVING AN AMENDMENT TO INTERLOCAL AGREEMENT
FOR DEVELOPMENT OF THE EDMONDS CENTRE FOR THE ARTS AND EXTENDING
THE OPERATIONAL DATE TO MARCH 31, 2007

WHEREAS the Interlocal Agreement for Development of the Edmonds Centre for the Arts, dated November 4, 2002 (the "Interlocal Agreement") authorized the City PFD to acquire, design, construct, own, finance, operate and maintain a performing arts center (the "Edmonds Centre for the Arts"); and

WHEREAS the Edmonds Centre for the Arts project, rather than depending exclusively on public subsidies from the participants contemplated and required that the Edmonds Centre for the Arts raise from grants and private funding approximately \$6,500,000; and

WHEREAS, the Board of Directors of the Fine Arts Center of Edmonds (FACE) requested a realignment of a one time \$560,000 Grant from the Regional Tourism Tax fund which contemplated the construction of a visual arts facility on Port of Edmonds property; and

WHEREAS, this realignment, approved by Snohomish County Council on May 17, 2005, directed the grant award to the revised FACE project which provided that the proposed facility to be located within the Edmonds Center for the Arts; and

WHEREAS the original Interlocal Agreement contemplated that the Edmonds Centre for the Arts would be operational by December 31, 2005, with failure to meet such date being a "Special Disposition Event" under the Interlocal Agreement; and

WHEREAS although the Edmonds Centre for the Arts appears well on course to meet all funding goals, given the change in location of the Project it is nevertheless likely that the Edmonds Centre for the Arts will not be fully operational until 2006; and

WHEREAS in consideration of these factors it is necessary to extend the December 31, 2005 deadline;

NOW, THEREFORE the Snohomish County Council authorizes the County Executive to sign an amendment extending the date of December 31, 2005 in Section B.4 of the Interlocal Agreement and to read "March 31, 2007."

APPROVED THIS 22nd DAY OF August, 2005


Chair

ATTEST:


Clerk of the Council

D-1

RESOLUTION NO. 1105

**RESOLUTION AUTHORIZING
AMENDMENT TO INTERLOCAL AGREEMENT
FOR DEVELOPMENT OF THE EDMONDS CENTRE FOR THE ARTS**

WHEREAS, the City of Edmonds, a city duly organized and existing under and by virtue of the laws of the state of Washington (the "City"); the Snohomish County Public Facilities District, a municipal corporation duly organized and existing under the laws of the state of Washington (the "County PFD"), Snohomish County, a political subdivision of and duly organized and existing under the laws of the state of Washington and the charter of Snohomish County (the "County"); and the Edmonds Public Facilities District, a municipal corporation duly organized and existing under and by virtue of the laws of the state of Washington, established by the City of Edmonds (the "City PFD") are parties to that certain Interlocal Agreement for Development of the Edmonds Centre for the Arts, dated November 4, 2002 (the "Interlocal Agreement") authorizing the City PFD to acquire, design, construct, own, finance, operate and maintain a performing arts center (the "Edmonds Centre for the Arts"); and

WHEREAS, the Edmonds Centre for the Arts project, rather than depending exclusively on public subsidies from the participants contemplated and required that the Edmonds Centre for the Arts raise from grants and private funding approximately \$6,500,000; and

WHEREAS, the Interlocal Agreement contemplated that the Edmonds Centre for the Arts would be operational by December 31, 2005, with failure to meet such date being a "Special Disposition Event" under the Interlocal Agreement; and

WHEREAS, although the Edmonds Centre for the Arts has raised over \$5.3 million in grants and private funding to date for total funding of \$14.5 million and appears well on course to meet all funding goals, it is nevertheless likely that the Edmonds Centre for the Arts will not be fully renovated until 2006; and

WHEREAS, to prevent the triggering of a "Special Disposition Event" on December 31, 2005, it is necessary to extend that deadline;

NOW, THEREFORE, it is hereby resolved that the Edmonds City Council authorizes the Mayor to enter into a First Amendment to Interlocal Agreement amending the date of December 31, 2005 in Section B.4 of the Interlocal Agreement to read "March 31, 2007."

RESOLVED this 23rd day of August, 2005.

APPROVED:


MAYOR, GARY HAAKENSON

ATTEST/AUTHENTICATED:



CITY CLERK, SANDRA S. CHASE

FILED WITH THE CITY CLERK: 08/19/2005
PASSED BY THE CITY COUNCIL: 08/23/2005
RESOLUTION NO. 1105

