Return Address:
Mr. Steve D. Smith
Johnson, Gaulkroger, Drewelow & Woollett, P.S.
P.O. Box 19
Wenatchee, WA 98807-0019

INTERLOCAL AGREEMENT

Reference numbers of related documents: n/a

Grantor:
1. City of Wenatchee, City of East Wenatchee, City of Entiat, City of Cashmere, City of Rock Island, City of Chelan, Town of Waterville, Chelan County and Douglas County.

Grantee:
1. Greater Wenatchee Regional Events Center Public Facilities District

Legal Description:
1. n/a

Assessor's Property Tax Parcel Account Number(s): n/a

THIS INTERLOCAL AGREEMENT is made and entered into this 15th day of July 2006, between THE CITY OF WENATCHEE ("Wenatchee"), THE CITY OF EAST WENATCHEE ("East Wenatchee"), THE CITY OF ENTIAT ("Entiat"), THE CITY OF CASHMERE ("Cashmere"), THE CITY OF ROCK ISLAND ("Rock Island"), THE CITY OF CHELAN ("Chelan"), THE TOWN OF WATERVILLE ("Waterville"), CHELAN COUNTY ("Chelan County") and DOUGLAS COUNTY ("Douglas County").

WHEREAS chapter 35.57 RCW authorizes the legislative authorities of any contiguous group of cities located in a county or counties, each with a population of less than one million, and the legislative authorities of any county or counties in which the cities are located, to enter into an agreement under chapter 39.34 RCW, the Interlocal Cooperation Act, for the creation and joint operation of a public facilities district ("District") to facilitate the construction and operation of a regional convention center; and

WHEREAS Wenatchee, East Wenatchee, Entiat, Cashmere, Rock Island, Chelan, Waterville, Chelan County and Douglas County recognize and find that there is a public need for a new regional events center (the "Regional Center") to be located in Wenatchee, and recognize the public use and benefit to the citizens of these municipalities to be derived from the construction and operation of such Regional Center; and

WHEREAS the Laws of Washington, Chapter 298, 2006 Regular Session, Section 1, authorize Districts created under chapter 35.57 RCW before July 1, 2006 in a county or counties in which there are no other Districts on the effective date of that section and in which the total population of the District is greater than 90,000 that commences construction of a new regional center before February 1, 2007 to impose a sales and use tax under chapter 82.14 RCW to Regional Centers; and

WHEREAS Wenatchee, East Wenatchee, Entiat, Cashmere, Rock Island, Chelan, Waterville, Chelan County and Douglas County desire to create the District to facilitate the commencement of construction of the Regional Center in Wenatchee prior to February 1, 2007; and

WHEREAS the District will assist in financing the Regional Center through imposition of a sales and use tax of not more than 0.033 percent to be collected from those persons who are taxable by the State of Washington under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the District. Further, the District may additionally impose admission and parking taxes through means authorized by chapter 35.57 RCW; provided that the imposition of admission and parking taxes shall apply only to admission to and parking at the Regional Center;
NOW, THEREFORE, it is agreed by and between the parties as follows:

Section 1. Purpose. The purpose of this Agreement is to create a Public Facilities District pursuant to chapter 35.57 RCW to facilitate the commencement of construction and operation of a new Regional Center located in Wenatchee before February 1, 2007, pursuant to the Laws of Washington, Chapter 298, 2006 Regular Session, Section 1.

Section 2. Creation of District.

2.1 Formation. The District shall be formed upon execution of this Agreement by each party hereto, by and through the designated public officials as authorized by the respective legislative bodies of the parties hereto, pursuant to a lawfully enacted ordinance or resolution. The District shall be named the "Greater Wenatchee Regional Events Center Public Facilities District."

2.2 Municipal Corporation. The District shall be a municipal corporation and an independent taxing "authority" within the meaning of Article VII, Section 1 of the State Constitution, and a "taxing district" within the meaning of Article VII, Section 2 of the State Constitution.

2.3 Boundaries. The boundaries of the District shall be coextensive with the boundaries of Chelan and Douglas Counties. The District area shall include the unincorporated areas of Chelan and Douglas Counties and the incorporated areas of Entiat, Cashmere, Rock Island, Chelan, Waterville, Wenatchee and East Wenatchee.

2.4 Powers. The District shall have only those powers as provided for under its charter, RCW 83.14.390, and chapter 35.57 RCW, as each may be amended from time to time.

Section 3. Appointment of a District Board and Organizational Meeting. The legislative bodies of the parties hereto shall appoint the seven members of the District Board of Directors ("Board") in accordance with the terms of chapter 35.57 RCW. The County Commissioners of Chelan and Douglas Counties and the City Council of East Wenatchee shall each appoint one Board member for a four-year term. The members appointed by East Wenatchee, Chelan County and Douglas County shall not be a member of their respective legislative bodies. Wenatchee shall appoint four members based on recommendations received from local organizations that may include, but are not limited to, the local chamber of commerce, local economic development council, local labor council and a neighborhood organization that is directly affected by the location of the regional center. Of the four members appointed by Wenatchee, one shall serve a one-year term, one shall serve a two-year term, one shall serve a three-year term, and one shall serve a four-year term. Every member or members appointed by a city or a county to the Board may be removed for missing two consecutive meetings or at will by his or her appointing city or county and a new member appointed to fill the unexpired term in the same manner as described above. In the event a city or county withdraws pursuant to Section 11 herein, the term of the member appointed by the withdrawing city or county shall expire upon the effective date of the withdrawal, and Wenatchee shall appoint a member to that position for the four year term and each succeeding term. Members of the District Board shall be residents of
the Public Facilities District at all times during their term of service on the District Board. Members of the District Board need not be residents of their appointing jurisdiction.

Within 10 days after this Agreement is executed, the Mayor of Wenatchee or his designee shall call an organizational meeting of the initial Board, giving at least three days' advance written notice to each Board member, unless waived in writing. At such meeting, the Board shall organize itself, shall adopt the Charter referenced in Section 4 below, shall adopt the Bylaws referenced in Section 5 below, may appoint officers, and shall select the District's place of business.

Section 4. Adoption of Charter. The District shall, at the first meeting of the Board, adopt and operate under the charter attached hereto as Exhibit "A" (the "Charter"), and incorporated herein by this reference, which shall be adopted at the first meeting of the Board. The Charter may be amended only by mutual agreement authorized pursuant to a resolution or ordinance of the legislative bodies of the parties hereto.

Section 5. Adoption of Bylaws. The District shall, at the first meeting of the Board, adopt and operate under Bylaws consistent with those Bylaws attached hereto as Exhibit "B" and incorporated herein by this reference. The Bylaws may be amended as provided in the Charter and by the legislative bodies of the parties hereto as necessary.

Section 6. Regional Center.

6.1 General. It is agreed that construction of the Regional Center shall begin prior to February 1, 2007. In the event that construction of the Regional Center has not began by such date, the District shall be dissolved as provided in the Charter. Upon completion of construction, the Regional Center shall be the property of the District.

6.2 Design, Construction and Operation of the Regional Center. Wenatchee shall select property owned by a developer and enter into an agreement or agreements with such developer to design, develop, and construct the Regional Center in a form consistent with the conceptual design and location heretofore presented to the parties hereto, and for the District to acquire the Regional Facility once it is complete. The District shall enter into an agreement or agreements with Wenatchee for the operation and maintenance of the Regional Center. The District shall enter into an agreement or agreements with Wenatchee for the design, development, construction and operation of the Regional Center which shall provide that Wenatchee shall select, and enter into agreements with the contractor or contractors for the design, development, and construction of the Regional Center in a form consistent with the conceptual design and location heretofore presented to the parties hereto. Wenatchee shall oversee and make all decisions relative to the design, development, and construction of the Regional Center, and Wenatchee shall manage and administer the contracts relative to the design, development, and construction of the Regional Center, which development includes a public/private partnership.

Section 7. Financing.

7.1 Administrative Costs. The administrative costs of the Board will be the obligation of the District.
7.2 Financing. Financing of the development, construction, acquisition and operation of the Regional Center shall be as provided in this Agreement and by resolution of the District pursuant to the authority granted in chapter 35.57 RCW. It is agreed that the District will enter into an agreement or agreements with Wenatchee to provide for the custody, investment, and accounting of all funds of the District and assist in the administration of the financial affairs of the District.

7.3 Taxes. The District shall impose all of the Sales Tax authorized under RCW 82.14.390(1) in support of the Regional Center and determined by the District to be a viable project that is likely to begin construction before February 1, 2007. The Sales Tax shall be applied to pay costs of such Regional Center, as set forth in this Agreement, including without limitation costs of preliminary and due diligence activities. The District may impose admissions taxes, parking taxes, and other taxes and charges as authorized by chapter 35.57 RCW; provided, however, the District shall not impose any tax authorized under chapter 35.57 RCW, other than the Sales Tax imposed pursuant to RCW 82.14.390 and admissions or parking tax, without prior approval of the legislative bodies of the parties hereto.

7.4 Audit. The funds of the District shall be subject to audit as otherwise provided by law for the auditing of public funds.

Section 8. Limitation on Liability. All liabilities incurred by the District shall be satisfied exclusively from the assets, credit, and properties of the District, and no creditor or other person shall have any right of action against or recourse to the parties hereto, their assets, credit, or services, on account of any debts, obligations, liabilities or acts or omissions of the District.

Section 9. Property. The District shall have authority to acquire and dispose of property as provided in the Charter and chapter 35.57 RCW. In the event of termination of the District, all property held or acquired by the District shall become the property of Wenatchee.

Section 10. Term. The term of this Agreement shall be perpetual except as may be otherwise provided herein.

Section 11. Review/Withdrawal.

11.1 Review. The parties hereby agree to review the effectiveness of this Agreement within 60 days of each tenth anniversary of the effective date of this Agreement upon the request of any Member. The purpose of any such review shall be to ensure that the District continues to effectively serve the public. The parties hereto further agree to make a full and good faith effort to participate in the review. If, after completion of each such review, the parties hereto unanimously agree that the public interest will be served by modifying certain terms and conditions of this Agreement or by termination of the District, such modifications or termination shall be made by the legislative authorities of each jurisdiction. Notwithstanding the foregoing, this Agreement shall not terminate so long as the District has any debt outstanding.

11.2 Withdrawal. Any one or more of the parties hereto may withdraw from the District upon each of the following conditions having been met:
a. All outstanding bonds and other debt of the District has been paid in full;

b. The party hereto desiring to withdraw has served a formal written notice upon each of other parties hereto of its intent to withdraw from the District;

c. The Board convenes at a special meeting called by the President at the request of a party hereto desiring to withdraw to, in good faith, discuss the impact of the withdrawal on the operation of the District and the ability of the District to meet its obligations; and

d. The legislative body of the party hereto desiring to withdraw enacts a resolution or ordinance authorizing it to withdraw from the District.

11.3 **Effect of Withdrawal.** Withdrawal of one or more of the parties hereto from the District shall not cause the District to terminate except in the event that all of the parties hereto have withdrawn. The boundaries of the District shall be modified in the event of withdrawal of a city or county to reflect the boundaries of the remaining municipalities.

**Section 12. Amendments.** This Agreement may be amended at any time by the mutual written consent of each of the parties hereto.

**Section 13. Filing.** A copy of this Agreement shall be filed with the City Clerks of Wenatchee and East Wenatchee, the County Clerks of Chelan County and Douglas County, and the Chelan County Auditor; provided, however, that failure to file shall not affect the validity of this Agreement. A copy of this Agreement shall also be filed with the Secretary of State.

**Section 14. Venue.** The venue for any dispute related to this Agreement shall be Chelan County, Washington.

**Section 15. General Provisions.** This Agreement contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Agreement, and no prior agreement shall be effective for any purpose. Any provision of this Agreement which is declared invalid or illegal shall in no way affect or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

**Section 16. Counterparts.** This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart. The effective date of this agreement shall be the last date executed by any one of the parties to this agreement.

**Section 17. Insurance.** The District shall maintain in full force and effect customary public liability insurance in an amount sufficient to cover potential claims for bodily injury, death or disability, and for property damage, which may arise from or be related to projects and activities of the District, naming the Members as an additional insured, if such insurance shall be available. Such policies of insurance shall require a minimum of thirty (30) days notice to the City of Wenatchee prior to a change, lapse or cancellation of such policy. In the event the
District fails to pay the premiums for such insurance, the City of Wenatchee warrants that it will pay the premiums in order to maintain the insurance coverage required herein. The City of Wenatchee reserves all of its rights and remedies for reimbursement, at law or in equity, against the District in the event it pays insurance premiums on behalf of the District.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

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By ____________________________
Dennis Johnson, Mayor

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By ____________________________
Wendell Black, Mayor

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TOWN OF WATERVILLE, WASHINGTON
By ____________________________
Royal DeVane, Mayor

CHelan COUNTY, WASHINGTON
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Commissioner

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CITIZENS COURT
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