LIBRARY ANNEXATION AGREEMENT

WHEREAS, the City of Edmonds (hereinafter "City"), entered into a Library Services Agreement on November 5, 1998 (hereinafter "Services Agreement"), with the Sno-Isle Regional Library District (hereinafter "Library District"); and

WHEREAS, the City approved, by Ordinance No. 3342 of the City Council, on the 2nd day of January, 2001, its intention to annex to the library district, finding that the public interest will be served thereby, pursuant to RCW 27.12.360 and .370; and

WHEREAS, the Board of Trustees of the Library District did, on the 22nd day of January, 2001, concur with the annexation, subject to the following Library Annexation Agreement (hereinafter "Annexation Agreement") being entered into between the City and the Library District:

WITNESSETH

The City and the Library District, in consideration of their mutual promises and covenants hereinafter set forth, agree:

1. The City shall submit to a special election on the 15th day of May, 2001, pursuant to RCW 27.12.370, the question of whether the City shall be annexed to the Library District.

2. If a majority of the persons voting at the special election vote in favor of such annexation, the City shall be annexed to and become part of the Library District. If a majority of the persons voting do not vote in favor of such annexation, then this Annexation Agreement shall be null and void and the Services Agreement shall remain in effect according to its terms.

3. Effective upon January 1, 2002, and continuing thereafter until such annexation shall be withdrawn according to the laws of the State of Washington, if ever, or the parties otherwise mutually agree in writing, the parties shall have the following obligations pursuant to this Annexation Agreement:

3.1 Obligations of City. Effective January 1, 2002, or such other effective date of the annexation, and thereafter, as long as the Library District requests the City to provide Library Quarters or until such annexation is withdrawn according to the laws of the State of Washington, if ever, or the parties otherwise mutually agree in writing, the City shall continue to provide, within the City, at no rental cost to the Library District quarters, as described herein, along with any of the quarters' existing furnishings, shelving, fixtures and other improvements, for the Library with sufficient and satisfactory electricity, gas, water, sewer, garbage and custodial services; provided, however, the Library District shall reimburse the City for the actual

The Library Services Agreement was executed by the Library District on October 26, 1998, and the City on November 5, 1998.
or proportionate costs of providing utilities and custodial services to the quarters pursuant to paragraph 3.2.1 below.

3.1.1 The City shall provide to the Library District quarters for the library. At the commencement and during the course of this Amendment Agreement, except as set forth herein or otherwise agreed to by the parties, Quarters shall consist of 17,001 square feet of floor space on the first floor, excluding the common area (lobby, elevator and rest rooms, comprising 924 square feet) of the Edmonds Library Building located at 650 Main Street, Edmonds, Washington (the “Library Quarters”). In the event that the Library Quarters shall be destroyed or the use of them impaired by fire, earthquake or other natural disaster, or shall become so deteriorated in their use that they are unsuitable and unfit for library use, the parties agree to accept to renegotiate the provisions of this paragraph.

3.1.2 The City shall provide access to the Library Quarters through common areas as noted in Section 3.1.1 above. The City shall provide custodial maintenance and utilities, or a proportion thereof attributable to such common areas.

3.1.3 The City shall provide exterior landscaping services.

3.2 Obligations of the Library District:

3.2.1 The Library District shall reimburse the City for the actual or prorated costs of providing utilities and custodial maintenance to the Library Quarters described in Section 3.1.1 of this Agreement. The City shall provide such reasonable and necessary documentation of any expenses for which it seeks reimbursement to allow the Library District to verify the nature of the expense and the amount of the Library District’s share of such expenses.

3.2.2 The Library District shall assume responsibility for and provide all replacement furnishings and office equipment necessary to operate the library in accordance with the mission of the Library District. The furnishings, office equipment, fixtures, shelving and other improvements currently in the Library Quarters shall remain and be available for use by the Library District.

3.2.3 The Library District shall establish an Edmonds Building Maintenance Reserve Fund, hereinafter referred to as the “Reserve Fund”. The Library District shall pay into the Reserve Fund the amount of One Million One Hundred Eleven Thousand Six Hundred Fifty Eight Dollars ($1,111,658.00) over the course of the first three (3) years of this Agreement based on the following three (3) year payment schedule:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$538,732</td>
</tr>
<tr>
<td>Year 2</td>
<td>$374,814</td>
</tr>
<tr>
<td>Year 3</td>
<td>$198,112</td>
</tr>
</tbody>
</table>

**TOTAL** $1,111,658

3.2.3.1 The Reserve Fund shall remain in the Library District
Reserve Fund, under the control of the Library District but subject to this Agreement. In the
event that this Agreement terminates or the Library District utilizes facilities within the City of
Edmonds that are not owned by the City of Edmonds, the Library District shall be free to apply
any balance in the Reserve Fund as it may deem appropriate, in its sole discretion.

3.2.3.2 The Library District shall invest the Reserve Fund,
along with the Library District's other Reserve Fund; provided, that the interest earnings on the
Reserve Fund shall be credited to and available for the expenditures for which the Reserve Fund
was established.

3.2.3.3 The money in the Reserve Fund shall be applied to the
Library District's share of the cost of replacement of the roof of the building in which the
Library Quarters are located. The share of the cost of replacement of the roof shall be fifty
percent (50%) of that cost up to an aggregate total contribution of Three Hundred Thousand
Dollars ($300,000.00). The Library District shall make payment upon receipt of invoices or
other payment requests from the City which shall provide the Library District with
documentation of the costs and the City's contemporaneous payment of its share of the cost or
installation thereof.

3.2.3.4 The balance of the funds in the Reserve Fund may be
used with the mutual consent of the Library District and the City to pay for maintenance,
fixtures, equipment and improvements within the Quarters described in Section 3.1.1 of this
Agreement. Such maintenance and improvements may include but are not limited to: carpeting,
paint and/or wall coverings, light fixtures and any and all other fixtures and amenities within the
quarters described in Section 3.1.1 of this Agreement. The level of such maintenance and/or
replacement shall be at the discretion of the Library District, provided that the level of
maintenance shall be consistent with public safety and the protection of the Library's quarters
from unreasonable wear and tear. In the event that the Reserve Fund is exhausted, the City and
the Library District shall negotiate the responsibility for maintenance, furnishings, equipment
and improvements for the Library Quarters.

3.3 Except as provided for herein, the City shall be responsible for all other
maintenance, repair or capital costs to the building in which the Library Quarters are located and
the property on which it is located. The City shall be responsible to determine the level and
timing of all maintenance, repair or capital improvement, with the level and timing being
determined in the reasonable exercise of the legislative discretion of the City.

4. No Indemnity. The parties shall bear their respective liabilities in the event of a
claim by a third party in accordance with the laws of the State of Washington. Neither party
agrees or promises to indemnify or hold harmless the other and liability shall be determined in
accordance with state law.

5. The Library District shall continue to provide library services to the residents of
the City pursuant to the applicable provisions of Chapter 27.12 RCW and in accordance with the
applicable policy or policies of its Board of Trustees until such time, if ever, that said annexation
be withdrawn according to the State of Washington.
6. The Library District and the City shall maintain general liability insurance in an amount not less than Two Million Dollars ($2,000,000) per claim and Three Million dollars ($3,000,000) annual aggregate covering acts and omissions and those of its employees and agents. The City shall maintain its participation in the Washington Cities Insurance Authority (WCLA) or provide similar liability coverage.

7. The City shall appoint a local library advisory board and, from time to time, replacements thereto as necessary to serve in an advisory capacity to the City and to the Library District.

8. Subject to the survival of applicable solvency provisions, the underlying Services Agreement between the parties shall terminate upon such date as set by state law as the effective date of the annexation, provided that such annexation is approved by the voters.

9. The provisions of this Annexation Agreement are intended and shall supersede and replace the provisions of the Services Agreement upon its termination referenced above.

DONE this 3rd day of April, 2001.

CITY OF EDMONDS

MAYOR

ATTEST/AUTHENTICATED:

Sandra S. Chase, City Clerk

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY:

W. Scott Snyder

SNO-ISLE REGIONAL
LIBRARY DISTRICT

By: _____________________________
Title: President