



OFFICE OF THE CITY CLERK
808 W. SPOKANE FALLS BLVD.
SPOKANE, WASHINGTON 99201-3342
(509) 625-6350

January 3, 2005

City Clerk File No.:
ORD C33551

COUNCIL ACTION MEMORANDUM

RE: ORDINANCE C33551 DESIGNATING AN INCREMENT AREA (IRON BRIDGE)

During its 6:00 p.m. Legislative Session held Monday, December 20, 2004, the Spokane City Council took the following action subsequent to an overview by Public Works and Utilities Division Deputy Director Dave Mandyke; Council inquiry and comment; input by Assistant City Attorney James Richman, Chief Financial Officer Gavin Cooley, and Deputy Mayor Jack Lynch; and public testimony:

Upon Unanimous Roll Call Vote, the Spokane City Council **passed** Emergency Ordinance C33551 of the City Council of the City of Spokane, Spokane County, Washington, designating an increment area within its boundaries; describing the public improvements proposed to be financed in whole or in part with the use of community revitalization financing; describing the boundaries of the increment area; estimating the cost of public improvements and the portion to be financed using community revitalization financing; estimating the time during which regular property taxes are to be apportioned, providing the date when apportionment of the regular property taxes will commence; making findings concerning the financing of public improvements using community revitalization financing; authorizing and approving a development and security agreement; designating an authorized representative; declaring an urgency and emergency; and providing for other matters properly relating thereto.

Terri L. Pfister, CMC
Spokane City Clerk

c: Legal – James Richman
Public Works & Utilities – Dave Mandyke

AGENDA SHEET FOR COUNCIL MEETING OF: DECEMBER 13, 2004

RECEIVED

AgSht07-03-2001



Submitting Dept.
Public Works & Utilities

Contact Person
Dave Mandyke

Phone No.
625-6320

DEC 02 2004

CITY CLERK'S OFFICE
SPOKANE, WA

ADMINISTRATIVE SESSION

- ☐ Contract
- ☐ Report
- ☐ Claims

LEGISLATIVE SESSION

- ☐ Emergency Ord
- ☐ Resolution
- ☐ Final Reading Ord
- ☒ First Reading Ord
- ☐ Special Consideration
- ☐ Hearing

CITY PRIORITY

- ☐ Communications
- ☒ Economic Development
- ☐ Growth Management
- ☐ Human Services
- ☐ Neighborhoods
- ☐ Public Safety
- ☒ Quality Service Delivery
- ☐ Racial Equity/Cultural Diversity
- ☐ Rebuild/Maintain Infrastructure

CLERK'S FILE

RENEWS
CROSS REF

ENG
BID
REQUISITION

RES 2004-0122

Neighborhood/Commission/Committee Notified:

Action Taken:

AGENDA WORDING:

An Ordinance of the City Council to form the Iron Bridge Tax Increment Financing Area. (East Central Neighborhood)

BACKGROUND:

(Attach additional sheet if necessary)

The City is authorized by chapter 39.89 RCW (the "Act") to establish an Increment Area within the boundaries of the City and to finance public improvements using community revitalization financing to encourage private development within said Increment Area. The accompanying Ordinance will form an increment area and provide for financing of public improvements using community revitalization financing within the increment area. Spokane County previously agreed to the City's use of community revitalization financing to finance the public improvements and the attached Ordinance authorizes the Mayor to execute the agreement previously approved by the County. Chapter 39.89 allows the City to require nonpublic participants to provide security to protect the public investment in public improvements within the increment area. The attached Ordinance also authorizes the Mayor to execute a development and security agreement providing for such security.

RECOMMENDATION:

Approve.

Fiscal Impact:

- ☐ Expenditure: \$
- ☐ Revenue: \$
- ☐ Budget Neutral

Budget Account:

#

ATTACHMENTS:

Include in Packets: Ordinance, with attachments

Dave Mandyke
Deputy Director, Public Works and Utilities

Robert F. Johnson
Director, Public Works and Utilities

Finance

Legal

Deputy Mayor

Council President

DISTRIBUTION:

Legal—James Richman

PW & U—Dave Mandyke

COUNCIL ACTION:

* PASSED BY
SPOKANE CITY COUNCIL:

December 13, 2004
Jenni Atwater

CITY CLERK

* See Council Action memo dated 12/27/04.

* FIRST READING OF THE
ABOVE ORDINANCE WAS HELD ON
December 13, 2004
AND FURTHER ACTION WAS DEFERRED

Jenni Atwater
CITY CLERK
* See Council Action memo dated 12/28/04.

C33551

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ORDINANCE NO. C33551

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SPOKANE, SPOKANE COUNTY, WASHINGTON, DESIGNATING AN INCREMENT AREA WITHIN ITS BOUNDARIES; DESCRIBING THE PUBLIC IMPROVEMENTS PROPOSED TO BE FINANCED IN WHOLE OR IN PART WITH THE USE OF COMMUNITY REVITALIZATION FINANCING; DESCRIBING THE BOUNDARIES OF THE INCREMENT AREA; ESTIMATING THE COST OF PUBLIC IMPROVEMENTS AND THE PORTION TO BE FINANCED USING COMMUNITY REVITALIZATION FINANCING; ESTIMATING THE TIME DURING WHICH REGULAR PROPERTY TAXES ARE TO BE APPORTIONED, PROVIDING THE DATE WHEN APPORTIONMENT OF THE REGULAR PROPERTY TAXES WILL COMMENCE; MAKING FINDINGS CONCERNING THE FINANCING OF PUBLIC IMPROVEMENTS USING COMMUNITY REVITALIZATION FINANCING; AUTHORIZING AND APPROVING A DEVELOPMENT AND SECURITY AGREEMENT; DESIGNATING AN AUTHORIZED REPRESENTATIVE; DECLARING AN URGENCY AND EMERGENCY; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

CITY OF SPOKANE
Spokane County, Washington

INCREMENT AREA NO. 2004-1
(Iron Bridge Project)

THE CITY OF SPOKANE DOES ORDAIN:

WHEREAS, the City of Spokane, Spokane County, Washington, (the "City") is a first class charter City duly incorporated and operating under the laws of the State of Washington and the Charter of the City;

WHEREAS, the City is authorized by chapter 39.89 RCW (the "Act") to establish an Increment Area within the boundaries of the City and to finance public improvements using community revitalization financing to encourage private development within said Increment Area;

WHEREAS, the City Council (the "Council") desires to form an Increment Area, to be designated Increment Area No. 2004-1 (Iron Bridge Project) (the "Increment Area" as defined below) to encourage private development; and

WHEREAS, the Council deems it necessary and advisable to construct certain public improvements within the Increment Area that will encourage private development and increase the fair market value of real property within the Increment Area; and

C33551

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WHEREAS, the proposed plan for public improvements must be consistent with the county-wide planning policy adopted by Spokane County, Washington (the "County") and with the City's Comprehensive Plan and development regulations adopted under the Growth Management Act; and

WHEREAS, the Act requires that the City enter into written agreements with taxing districts within the Increment Area approving the use of community revitalization financing; and

WHEREAS, pursuant to RCW 39.89.050(1), the County adopted Resolution No. 4 0191 on March 9, 2004 (the "County Resolution"), authorizing the execution and delivery of an Intergovernmental Agreement for the Iron Bridge Community Revitalization Financing Increment Area (the "Intergovernmental Agreement") approving the use of community revitalization financing; and

WHEREAS, the Act requires that the City hold a public hearing on the proposed financing of the public improvements within an Increment Area in whole or in part using community revitalization financing; and

WHEREAS, the City adopted Resolution No. 04-122 on November 29, 2004, providing for a public hearing on the proposed financing of the public improvements within an Increment Area in whole or in part using community revitalization financing and directing the publication and posting of notice of such public hearing; and

WHEREAS, the City caused to be published on December 1, 2004, such date being at least ten (10) days before the public hearing, notice in the Spokesman Review, a legal newspaper of general circulation within the proposed Increment Area, setting forth the date, time, and place of the Council's public hearing on this Ordinance, and further caused such notice to be posted in at least six (6) conspicuous public places located in the proposed Increment Area, copies of which notice are attached to this Ordinance as **Exhibit A**; and

WHEREAS, pursuant to RCW 39.89.080(3) the City may require a nonpublic participant to provide adequate security to protect the public investment in the public improvements within the Increment Area; and

WHEREAS, the City has received a proposal from Iron Bridge LLC (the "Developer") requesting that the City finance certain public improvements through community revitalization financing in connection with development by the Developer of commercial improvements in east central Spokane north of Trent Avenue and east of the Spokane River; and

WHEREAS, the Council deems it advisable that the Developer post security with the City pursuant to RCW 39.89.080(3), to protect the public investment in the public improvements within the Increment Area; and

WHEREAS, the Developer and the City have negotiated the terms of a Development and Security Agreement (the "Development and Security Agreement") between the Developer and the City, under which the Developer agrees to, among other things, complete certain commercial improvements in the Increment Area and to provide a letter of credit to secure the public investment of the City in connection with the financing of the public improvements within the Increment Area; and

WHEREAS, the Council desires to authorize and approve the Development and Security Agreement, the Intergovernmental Agreement and to designate the Mayor, the Chief Financial Officer, the Deputy Director of Public Works or their designee as the authorized representative (the "Authorized Representative") to execute such Agreements;

NOW, THEREFORE, IT IS FURTHER ORDAINED as follows:

Section 1. Definitions. As used in this Ordinance, the following terms have the meanings provided in this section.

"Increment Area" shall mean the Increment Area as that term is defined by RCW 39.89.020(9) and shall refer to Increment Area 2004-1 (Iron Bridge Project) as established by this Ordinance.

"Incremental Revenues" shall mean those Tax Allocation Revenues as that term is defined by RCW 39.89.020(8) that are distributed to finance the Project.

"Project" shall mean Public Improvements as that term is defined by RCW 39.89.020(4) that are undertaken by the City in the Increment Area and described in Section 2 of this Ordinance.

"Project Costs" shall mean Public Improvement Costs as that term is defined by RCW 39.89.020(5) that are paid by the City from Project Indebtedness.

"Project Indebtedness" shall mean an inter-fund loan, note, line of credit, bond anticipation note or other interim financing, or limited tax general obligation bonds or other long-term indebtedness, or any combination thereof, incurred, made or issued by the City to finance the Project.

Capitalized terms used in this Ordinance that are not defined above shall have the meaning given to such terms in chapter 39.89 RCW.

Section 2. Description of Plan for Public Improvements. It is the intention of the City to order the acquisition, construction, and installation of certain public improvements, which are generally described as follows:

1126-4

(a) Trent Avenue Modifications – Install left hand turn lane in Trent Avenue from Erie Street to Perry Street and install signal and lane modifications at Trent Avenue and Hamilton Street intersection;

Construction estimate	\$69,710
Engineering fee	\$ 9,280

(b) Water Main Installation – Install 12” water main into Perry Street from Trent Avenue to 1300 feet north of Trent Avenue, and install 330 linear feet of 8” water main to loop into Erie St. and back to Trent;

Construction estimate	\$102,760
Engineering fee	\$ 7,220

(c) Erie Street Improvements – Paving, curbing and sidewalks on Erie Street from Trent Avenue north to cul-de-sac;

Construction estimate	\$139,321
Engineering fee	\$ 8,820

(d) Perry Street Improvements – Install paving, curbing and sidewalk on Perry Street from Trent Avenue to Springfield Avenue;

Construction estimate	\$99,980
Engineering fee	\$14,870

(e) Trail & Riverbank Improvements – Clean-up and rehab riverbank and install paved trail from the cul-de-sac at north end of Erie Street to the BN&SF RR grade.

Construction estimate	\$52,570
Engineering fee	\$ 8,500

(f) Bridge Work – Add decking and railing to the existing railroad bridge, commonly known as the Iron Bridge, with approaches added to inter-connect with the Centennial Trail on west side of river and new trail on east side.

Construction estimate	\$230,000
Engineering fee	\$ 8,000

The Project shall be constructed and installed in accordance with the maps, plans, and specifications to be approved by the City.

Section 3. Estimated Cost. The Project Costs shall include the cost of acquisition, construction and installation of the Project, together with the following ancillary costs:

- (a) the costs of relocating utilities as a result of the Project;
- (b) the costs of financing, including interest during construction, legal and other professional services, taxes, insurance principal and interest costs on general indebtedness issued to finance public improvements, and any necessary reserves for general indebtedness;
- (c) the costs incurred by the Spokane County Assessor (the "Assessor") to:
 - (1) revalue real property for the purpose of determining the tax allocation base value that is in excess of costs incurred by the Assessor in accordance with the revaluation plan under chapter 84.41 RCW; and
 - (2) the costs of apportioning the taxes and complying with applicable law; and
- (d) other administrative costs reasonably necessary and related to these costs, including such costs incurred prior to the adoption of this Ordinance.

The total estimated Project Cost is hereby declared to be approximately Eight Hundred Fifty Thousand and 00/100 Dollars (\$850,000.00). The City estimates that all such estimated Project Costs will be financed through community revitalization financing.

Section 4. Increment Area Boundaries. The boundaries of the Increment Area are set forth in Schedule 1 to **Exhibit A**, attached hereto and incorporated herein by reference.

Section 5. Apportionment Period. The apportionment of Regular Property Taxes shall begin as of January 1, 2005, the calendar year following the enactment of this Ordinance. The City estimates that the apportionment of Regular Property Taxes pursuant to RCW 39.89.070 shall continue until the earlier of: (1) such time as the Incremental Revenues are no longer necessary or obligated to pay the costs of the Project; or (2) December 31, 2024.

Section 6. Tax Allocation Revenue. The City shall use Incremental Revenues to pay the costs and expenses of the Project and to pay the principal of, premium, if any, and interest on bonds issued by the City pursuant to RCW 39.89.080 and all costs of the Project including credit enhancement costs related to such bonds, and any amounts payable under the terms of the Development and Security Agreement.

Section 7. Project Indebtedness.

(a) Pursuant to RCW 39.89.080, the City anticipates incurring Project Indebtedness to finance the costs of the Project in whole or in part using Incremental Revenues. Such Project Indebtedness shall be in an aggregate principal amount not to exceed Eight Hundred Fifty Thousand and 00/100 Dollars (\$850,000.00), to finance the Project, including financing costs. Such Project Indebtedness will be payable in whole or in part from the Incremental Revenues and will be authorized by the City under a separate ordinance.

(b) Pursuant to RCW 39.89.080(1)(b), the intent of the City to incur Project Indebtedness as described in this Ordinance shall be stated in all notices required by RCW 39.89.050.

Section 8. Development and Security Agreement.

(a) Authorizes and Approves of City Obligations. The Council hereby authorizes and approves the Development and Security Agreement in substantially the form set forth in **Exhibit B** of this Ordinance, with any changes thereto that the Authorized Representative shall deem appropriate and in the interest of the City and does hereby further direct the Authorized Representative to finalize, execute and deliver said Agreement.

(b) Covenants and Agreements of the Developer. Under the terms of the Development and Security Agreement, the Developer shall covenant and agree to, among other things, complete certain commercial improvements within the Increment Area according to the schedule set forth in the Agreement and to cause an Irrevocable Standby Letter of Credit in the amount of not less than Five Hundred Seventy Thousand Dollars and 00/100 (\$570,000.00) to be issued and delivered by a national or state-chartered bank, approved by the Authorized Representative, two (2) business days prior to the issuance of any Project Indebtedness by the City.

Section 9. Approval of Taxing Districts. Under the County Resolution, the County executed and delivered the Intergovernmental Agreement on March 9, 2004 and agreed to the proposed Increment Area and the use of community revitalization financing by the City to finance public improvements and encourage private development within the Increment Area as contemplated under RCW 39.89.050(1). A copy of the Intergovernmental Agreement signed by the County is attached hereto as **Exhibit C**. The Council hereby authorizes and approves the Intergovernmental Agreement and directs the Authorized Representative to execute and deliver the Intergovernmental Agreement as approved, executed and delivered by the County.

Section 10. Findings. The Council hereby makes the following findings:

(a) That the Project is expected to encourage private development within the Increment Area and to increase the fair market value of real property within the Increment Area.

(b) That the private development that is anticipated to occur within the Increment Area as a result of the Project will be consistent with the countywide planning policy adopted by the County under RCW 36.70A.210 and the City's Comprehensive Plan and the development regulations adopted under chapter 36.70A RCW.

(c) That the expenditures for the Project represent necessary and legitimate expenses of the City for Public Improvements and Public Improvement Costs.

(d) That the taxing districts, in the aggregate, that levy at least seventy-five percent of the regular property tax within which the Increment Area is located have

approved the community revitalization financing of the Project, as contemplated under RCW 39.89.050(1).

(e) That the Increment Area does not include any fire protection districts or any portions thereof.

(f) That this Ordinance satisfies all conditions of RCW 39.89.030.


Section 11. Referendum. This Ordinance is subject to the Referendum procedure specified in Section 83 of the Charter of the City.

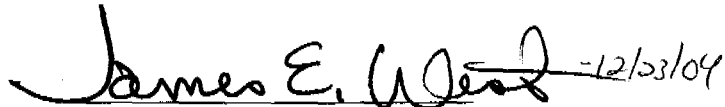
Section 12. Effective Date. The Council hereby finds and determines that the creation of the Increment Area at this time will benefit the City due to the current state of public and private improvements within the proposed Increment Area boundaries. In making such finding and determination, the Council has given consideration to the purposes of the Act and the potential for economic development as a result of the formation of the Increment Area. In order to maximize future economic development within the Increment Area and the Incremental Revenues generated within the Increment Area to finance Public Improvements it is essential to form the Increment Area prior the end of calendar year 2004. Based upon said facts, an emergency and urgency is declared and found to exist as necessary for the immediate support of City government and its existing public institutions. Based upon said emergency and urgency, this Ordinance shall be effective immediately upon its passage.

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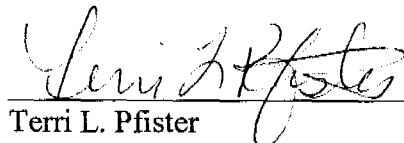
PASSED and ENACTED by the City of Spokane, Spokane County, Washington, on December 20, 2004.

CITY OF SPOKANE
Spokane County, Washington.

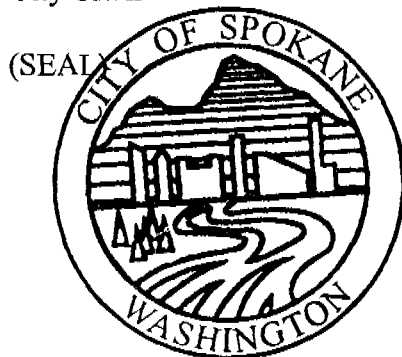

Dennis Hession, Council President

 -12/23/04
James West
Mayor

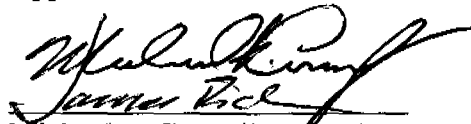
ATTEST:


Terri L. Pfister
City Clerk

December 20, 2004
EFFECTIVE DATE



Approved As To Form:


Michael F. Connelly, City Attorney

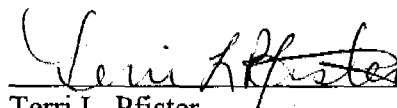
CERTIFICATION

Terri L. Pfister, the Clerk of the City of Spokane, Spokane County, Washington, hereby certifies that the foregoing Ordinance is a full, true, and correct copy of an Ordinance duly passed and adopted at a regular meeting of the City Council of the City of Spokane, duly and regularly held at the regular meeting place thereof on December 20, 2004 of which meeting all members of said Council had due notice and at which a majority thereof was present; and that at said meeting said Ordinance was adopted by the following vote:

AYES, and in favor thereof, Council members:	<u>7</u>
NAYS, Council members:	<u>0</u>
ABSENT, Council members:	<u>-</u>
ABSTAIN, Council members:	<u>-</u>

I further certify that I have carefully compared the same with the original Ordinance on file and of record in my office; that said Ordinance is a full, true, and correct copy of the original Ordinance adopted at said meeting; and that said Ordinance has not been amended, modified, or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the official seal of said City on December 20, 2004.


Terri L. Pfister
City Clerk

(SEAL)



EXHIBIT A

Notice of Public Hearing

NOTICE OF PUBLIC HEARING ON PROPOSED FINANCING OF PUBLIC IMPROVEMENTS WITH COMMUNITY REVITALIZATION FINANCING

The City of Spokane Washington proposes to form an Increment Area in accordance with the provisions of chapter 39.89 RCW for the purpose of financing the following public improvements in east central Spokane within the boundaries of the proposed increment area described on Schedule 1 attached hereto:

(a) Trent Avenue Modifications – Install left hand turn lane in Trent Avenue from Erie Street to Perry Street and install signal & lane modifications at Trent Avenue and Hamilton Street intersection;

Construction estimate	\$69,710
Engineering fee	\$ 9,280

(b) Water Main Installation – Install 12" water main Perry Street from Trent Avenue to 1300 feet north of Trent Avenue, and install 330 linear feet of 8" water main to loop into Erie St. and back to Trent;

Construction estimate	\$102,760
Engineering fee	\$ 7,220

(c) Erie Street Improvements – Paving, curbing and sidewalks on Erie Street from Trent Avenue north to cul-de-sac;

Construction estimate	\$103,565
Engineering fee	\$ 8,820

(d) Perry Street Improvements – Install paving, curbing and sidewalk on Perry Street from Trent Avenue to Springfield Avenue;

Construction estimate	\$99,980
Engineering fee	\$14,870

(e) Trail & Riverbank Improvements – Clean-up and rehab riverbank and install paved trail from the cul-de-sac at north end of Erie Street to the BN&SF RR grade.

Construction estimate	\$52,570
Engineering fee	\$ 8,500

(f) Bridge Work – Add decking and railing to the existing railroad bridge, commonly known as the Iron Bridge, with approaches added to inter-connect with the Centennial Trail on west side of river and new trail on east side.

Construction estimate	\$230,000
Engineering fee	\$ 8,000

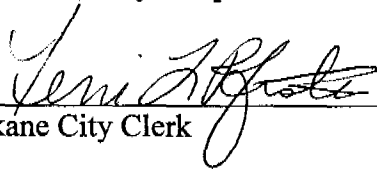
The estimated cost of the public improvements is \$850,000.00, all of which is proposed to be borne by community revitalization financing. The City does not plan to allocate any other revenues to finance the public improvements within the Increment Area.

The City anticipates issuing limited tax general obligation bonds, payable in whole or in part from tax allocation revenues, in the maximum amount of \$850,000.00. It is estimated that that community revitalization financing will be used for a period continuing until the earlier of (1) such time as the tax allocation revenues derived from the imposition of regular property taxes on the increment value are no longer necessary or obligated to pay the costs of the public improvements; or (2) December 31, 2024.

The Spokane City Council has fixed Monday, December 13, 2004 at 6:00 p.m., in the City Council Chambers, Municipal Building, 808 West Spokane Falls Blvd, Spokane, WA as the time and place for the hearing to be held by the City Council upon the formation of said Increment Area. All persons who may desire to object thereto may make such objections in writing and file the same with the City Clerk at or prior to the date fixed for such hearing. Only persons who have submitted written objections will be permitted to testify at the hearing.

This will be the only hearing on the formation of the Increment Area.

Further specific information regarding the public improvements to be financed with the community revitalization financing in the Increment Area may be obtained by contacting **Dave Mandyke, Deputy Director Public Works & Utilities, City of Spokane.**

By:  11/30/04
Spokane City Clerk

Published: December 1, 2004

SCHEDULE 1

Boundaries of Increment Area

An area bounded by the South R.O.W. Line of Trent Avenue between the East R.O.W. Line of Hogan Street and the West R.O.W. Line of Hamilton Street; the North R.O.W. Line of Trent Avenue from the West R.O.W. Line of Hamilton Street to the West Edge of the Spokane River; the West Edge of the Spokane River from the North R.O.W. Line of Trent Avenue to the South R.O.W. Line of Cataldo Avenue; the South R.O.W. Line of Cataldo Avenue from the West Edge of the Spokane River to the East R.O.W. Line of Hogan street; the East R.O.W. Line of Hogan Street from the South R.O.W. Line of Cataldo Avenue to the South R.O.W. Line of Trent Avenue, situated in the City and County of Spokane, State of Washington, all as portrayed on the attached map entitled "Iron Bridge Tax Increment District".

12/13/01
032051-
Revised Schedule
+
Attached Map



Iron Bridge Tax Increment District

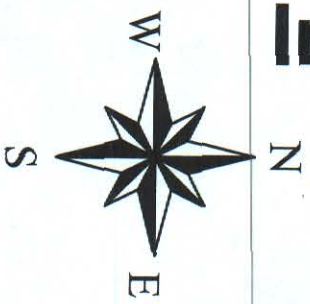


EXHIBIT B

Applicant: _____ Guarantee Type: _____
Project: _____ Plat/Permit #: _____
Property Address: _____ Expiration Date: _____
Spokane, WA Cash Deposit Amount: _____

CITY OF SPOKANE IRON BRIDGE PROJECT – INCREMENT AREA 2004-1 DEVELOPMENT AND SECURITY AGREEMENT

THIS DEVELOPMENT AND SECURITY AGREEMENT ("Agreement") is dated as of [November __, 2004]. The parties ("Parties") to this Agreement are the City of Spokane, a Washington municipal corporation ("City"), and Iron Bridge LLC, a Washington limited liability company ("Applicant").

WHEREAS, the City is a first-class charter city duly organized and existing under and by virtue of the Constitution and laws of the state of Washington and the City Charter; and

WHEREAS, the City is authorized by chapter 39.89 Revised Code of Washington (RCW) (the "Act"), under certain conditions, to establish an increment area within the boundaries of the City and to finance public improvements using community revitalization financing in order to encourage private development within the increment area; and

WHEREAS, the City has received a proposal from the Applicant requesting that the City finance certain public improvements through community revitalization financing in connection with the development by the Applicant of commercial improvements in east central Spokane north of Trent Avenue and east of the Spokane River; and

WHEREAS, in accordance with the provisions of the Act generally, and RCW 39.89.050 specifically, it is anticipated that the City Council will consider enacting an Ordinance (the "Ordinance") establishing the Increment Area (as defined below), describing the public improvements, the boundaries of the Increment Area, estimating the cost of public improvements and the portion of these costs to be financed by community revitalization financing, estimating the time during which regular property taxes are to be apportioned, providing the date when apportionment of regular property taxes will commence and finding that the conditions of RCW 39.89.030 are met; and

WHEREAS, it is anticipated that in addition to the Ordinance establishing the Increment Area, the City Council will take further action(s) authorizing the City to incur indebtedness, in

023551

1216-19

the form of an inter-fund loan, note, line of credit, bond anticipation note or other interim financing, or bonds or other long-term indebtedness, or some combination thereof (the "Project Indebtedness," as further defined below), to finance the public improvements in the Increment Area; and

WHEREAS, under the Act generally, and RCW 39.89.080(3) specifically, the City is authorized to require the Applicant to provide adequate security to protect the public investment in the public improvements within the Increment Area; and

WHEREAS, the City has determined that the Applicant must post security with the City pursuant to RCW 39.89.080(3), to protect the public investment in the public improvements within the increment area.

NOW, THEREFORE, the Parties agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the meanings provided in this Section 1. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words imparting the singular number shall include the plural number and vice-versa unless the context shall otherwise indicate.

Act means chapter 39.89 RCW, the Community Revitalization Financing Act, as currently enacted and hereafter amended.

Annual Debt Service means the amount of principal and interest required to be paid during any Fiscal Year of the City in connection with any Project Indebtedness.

Applicant means Iron Bridge LLC, a Washington limited liability company, a nonpublic participant (as that term is used in the Act) in the Increment Area, together with any permitted successors or assigns.

Bank means any national or state-chartered bank that is approved by the City to provide the Letter of Credit, which approval the City shall not unreasonably withhold.

Business Day means a day on which banks located in the State of Washington are open for the purpose of conducting commercial banking business.

City means the City of Spokane, Washington, a first-class city duly organized and existing under and by virtue of the Constitution and the laws of the State of Washington now in force, and the Charter of the City.

Commercial Improvements means those improvements to be constructed by the Applicant within the Increment Area and according to the time schedule as set forth in

Schedule I.

Cure Period means the period of time during which the Applicant may exercise its right to cure a Draw Event as set forth in Section 6 herein.

Debt Service Account means an account created and established under the Project Indebtedness Ordinance in which Incremental Revenues will be deposited for the payment of Debt Service Payments.

Debt Service Payments means payments when due of principal of, premium, if any, and interest on any Project Indebtedness.

Draw Event means any of the following events:

(a) the failure of Applicant to complete the Commercial Improvements in accordance with the timeline set forth in Schedule I attached hereto; or

(b) receipt by the City of Incremental Revenues for any period in an amount less than the amount required to make Debt Service Payments for the same period, subject to the Cure Period; or

(c) any legal proceeding, legislative act, initiative, or referendum invalidating the Act, declaring the Act invalid, and/or otherwise preventing the City from collecting Incremental Revenues and applying the same to Debt Service Payments or other costs of the Project Indebtedness; or

(d) the failure of Applicant to maintain the Letter of Credit pursuant to Section 4 herein; or

(e) any Event of Default pursuant to Section 5 herein; or

(f) the occurrence of any one or more of the following events under the Bankruptcy Code:

(i) Applicant's filing of a petition under any chapter of the Bankruptcy Code, or under any federal, state or foreign bankruptcy or insolvency statute now existing or hereafter enacted, or Applicant's making a general assignment or general arrangement for the general benefit of creditors;

(ii) the filing of an involuntary petition under any chapter of the Bankruptcy Code, or under any federal, state or foreign bankruptcy or insolvency statute now existing or hereafter enacted, or the filing of a petition for adjudication

of bankruptcy or for reorganization or rearrangement, by or against Applicant (or its guarantor hereunder) and such filing not being dismissed within 60 days;

(iii) the entry of an order for relief under any chapter of the Bankruptcy Code, or under any federal, state or foreign bankruptcy or insolvency statute now existing or hereafter enacted;

(iv) the appointment of a “custodian,” as such term is defined in the Bankruptcy Code (or of an equivalent thereto under any federal, state or foreign bankruptcy or insolvency statute now existing or hereafter enacted), for Applicant, or the appointment of a trustee or receiver to take possession of substantially all of Applicant’s assets, execution or other judicial seizure and such subjection not being discharged within 60 days.

Draw Request means a written request made by the City to the Bank to draw on the Letter of Credit in the form required by the Letter of Credit.

Draw Proceeds means the proceeds of any draw or draws made by the City under the Letter of Credit, together with any and all interest accruing thereon.

Event of Default means any of the occurrences set forth in Section 5 herein.

Increment Area shall mean the Increment Area as that term is defined by RCW 39.89.020(9) and shall refer to Increment Area 2004-1 (Iron Bridge Project) established by the Ordinance establishing the Increment Area.

Incremental Revenues shall mean those tax allocation revenues, as that term is defined in RCW 39.89.020(8), that are distributed to finance Public Improvements within the Increment Area, including the payment of Debt Service Payments and other costs of the Project Indebtedness.

Letter of Credit means that certain Irrevocable Standby Letter of Credit, in the amount set forth in Section 4, issued by the Bank, as required under Section 4 herein and which Letter of Credit will be in substantially the same form as Exhibit A attached hereto, together with such substitutions or replacements thereof as permitted by this Agreement and approved by the City.

Maximum Annual Debt Service means the amount equal to the greatest Annual Debt Service on all Project Indebtedness outstanding under the Project Indebtedness Ordinance for the calendar year in which such calculation is made or for any future calendar year.

Project Indebtedness means any indebtedness incurred by the City to finance the Public Improvements pursuant to a Project Indebtedness Ordinance, which may include an

inter-fund loan, note, line of credit, bond anticipation note or other interim financing, or bonds or other long-term indebtedness, or some combination thereof. The aggregate principal amount of Project Indebtedness outstanding at any time may not exceed [\$_____].

Project Indebtedness Ordinance means any ordinance, emergency budget ordinance, resolution or other official action of the City enacted, adopted, passed or otherwise approved or taken by the City Council authorizing the City to incur Project Indebtedness.

Public Improvements means those public improvements, as that term is defined by RCW 39.89.020(4), undertaken in the Increment Area as described in the Ordinance establishing the Increment Area.

Reimbursement means those fees and costs associated with the Increment Area and the Letter of Credit for which the Applicant may pursuant to Section 3.2(b), Section 4.1(d) and Section 4.6(b) be reimbursed by the City, to the extent permitted by law, and only from the Incremental Revenues and not from any proceeds of Project Indebtedness and subject to the terms and conditions further described in Sections 3.2(b), 4.1(d) and 4.6(b) and (c) herein.

Release of the Letter of Credit means the release or termination of the Letter of Credit upon satisfaction of the conditions set forth in Section 8.2 herein.

Repayment means the obligation of the Applicant pursuant to Section 4.6 herein to repay either the City or the Bank following the occurrence of any Draw Event.

Reserve Account Requirement means an amount equal to the lesser of (i) Maximum Annual Debt Service or (ii) 10% of the principal amount of the Project Indebtedness outstanding at any given time.

Term means the period during which Project Indebtedness remains Outstanding, which shall not be later than December 1, 2024.

2. Obligations of the City.

2.1 Ordinance Establishing Increment Area. As required under the Act and as a condition to the obligations of the City under this Agreement, the City Council must determine that establishing the Iron Bridge Increment Area is in the interest of the City and enact an Ordinance establishing the Iron Bridge Increment Area. Applicant acknowledges that this Agreement shall not be binding upon the City unless and until the City Council enacts and the Mayor approves an Ordinance forming the Iron Bridge Increment Area and the Mayor executes and delivers the Agreement.

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2.2 Construction of Public Improvements. The City shall construct such Public Improvements as authorized under such Ordinance establishing the Increment Area. The Public Improvements shall be completed no later than November 1, 2005. The obligations of the City set forth in this Section 2.2 shall be contingent upon and subject to the Applicant providing approved plans and specifications for such Public Improvements to the City as described in Section 3.1 of this Agreement not later than [November 15, 2004.] Further, the obligations of the City set forth in this Section 2.2 shall be further contingent upon the Applicant completing and preceding in good faith to complete the Commercial Improvements in accordance with the timeline established in Schedule I hereto. The City may suspend or delay all or any portion of its work related to completing the Public Improvements, including without limitation any work related to the improvement of the existing railroad bridge commonly known as the Iron Bridge, if at any time it reasonably determines that the Developer is not proceeding in good faith to complete the Commercial Improvements as required by this Agreement.

2.3 Ordinance Authorizing Project Indebtedness. As a further condition to the obligations of the City under this Agreement, the City Council must determine that it is in the interest of the City to incur Project Indebtedness and enact the Project Indebtedness Ordinance.

3. Covenants of the Applicant.

3.1 Completion of Commercial Improvements.

(a) The Applicant shall provide to the City not later than November 15, 2004, plans and specifications for the Public Improvements to be completed in the Increment Area which plans and specifications shall have been reviewed and approved in accordance with the requirements of the Spokane Municipal Code and other codes, statutes or regulations, as applicable.

(b) The Applicant shall complete or cause to be completed the Commercial Improvements set forth in Schedule I attached hereto, within the time periods set forth in said schedule. This Agreement shall not be construed in any manner whatsoever as a waiver of any conditions of permit approval, Spokane Municipal Code, other codes, statutes, or regulations applicable to the Project. Such provisions shall apply with full force and effect, in addition to the terms of this Agreement.

3.2 Fees and Costs.

(a) As a condition to the City Council considering any Resolution or Ordinance in connection with the establishment of the Increment Area, the Applicant shall deposit with the City the sum of [\$45,000] to be held in trust by the City in an

interest bearing account. Upon the execution and approval of this Agreement by the City, the City may apply such funds to the payment of an establishment and issuance fee of \$5,000 and those fees and costs of the City, including fees of Bond Counsel based on time incurred with respect to this Agreement, the Increment Area and the Project Indebtedness based on its standard hourly rates plus its out-of pocket expenses; provided, however, these fees and costs payable by the Applicant shall not exceed **[\$40,000.]** In the event this Agreement is not executed and approved by the City within sixty (60) days of the deposit of such funds with the City, the City shall return such funds and interest accrued to the Applicant.

(b) All fees and costs paid by the Applicant pursuant to this Section are subject to Reimbursement from available Incremental Revenues as are available and not otherwise obligated to Debt Service Payments on the Project Indebtedness, provided that no Event of Default has occurred or is occurring. Upon receipt by the City of any notice of filing of any legal action challenging the use of Incremental Revenues for Reimbursement, the City shall cease to Reimburse the Applicant and shall notify the Applicant of the filing of such legal action. The Applicant agrees that within three (3) Business Days of receipt of any notice from the City of an adverse final and non-appealable judicial determination of such legal action, the Applicant will repay the City the full amount of any moneys received as Reimbursement pursuant to Section 3.2, Section 4.1(d) and Section 4.6(b), plus interest thereon at the rate of 12% per annum calculated on the basis of 365/366 day year and actual days elapsed.

3.3 Letter of Credit. The Applicant shall cause the Letter of Credit to remain in full force and effect for the Term and continuing thereafter until the date the City acknowledges in writing that Applicant has completed all obligations under this Agreement and paid any remaining amounts due unless sooner released pursuant to Section 8.2 herein. Such Letter of Credit shall be substantially in the form as attached hereto as Exhibit A and shall provide security for Debt Service Payments due on the Project Indebtedness and shall be available for the City to draw upon in the event of any Draw Event.

3.4 Security to Protect Public Investment. Pursuant to RCW 39.89.080(3), the Applicant shall during the Term provide the following security to protect the public investment in the Public Improvements within the Increment Area, including the issuance of Project Indebtedness pursuant to the Project Indebtedness Ordinance:

(a) Applicant, on behalf of itself and on behalf of Applicant's successors and assigns, shall not: (i) apply for any reduction or exemption in the amount of regular property taxes, as that term is defined in RCW 39.89.020(6), that would otherwise be levied on the real property, Commercial Improvements or any part thereof in the Increment Area; or (ii) lease, assign or otherwise transfer its right, title or interest in the

real property in the Increment Area, the Commercial Improvements in the Increment Area or any part thereof, to any entity that is qualified for any reduction or exemption in the amount of regular property taxes, as that term is defined in RCW 39.89.020(6), that would otherwise be levied on the real property, Commercial Improvements or any part thereof in the Increment Area.

(b) Prior to the execution of any writing, document or instrument assigning the right, title, deed or interest of the Applicant in any real property held by Applicant within the Increment Area to any successors or assigns shall provide such writing, document or instrument to the City Attorney's office for review and compliance with the covenant in subsection (a) above. Such writing, document or instrument shall include the covenant set forth above in subsection (a).

4. Letter of Credit. Applicant shall deliver to the City a fully executed Irrevocable Standby Letter of Credit, substantially in the form as attached hereto as Exhibit A and as acceptable to the City, as security for Applicant's completion of the Commercial Improvements in accordance with the time periods set forth in Schedule I attached hereto, and as security pursuant to RCW 39.89.080(3) to protect the public investment in the Public Improvements within the Increment Area, including the issuance of Project Indebtedness pursuant to the Project Indebtedness Ordinance.

4.1 Letter of Credit. The City and Applicant acknowledge and agree that, as of the date of this Agreement and in accordance hereunder:

(a) Applicant shall, prior to the City incurring any Project Indebtedness, cause an Irrevocable Standby Letter of Credit, in the amount of Five Hundred Seventy Thousand Dollars and 00/100 (\$570,000.00), to be issued and delivered by the Bank in favor of the City, and its successors, assigns, and transferees;

(b) Applicant shall cause the Letter of Credit to remain in full force and effect during the entire Term and continuing thereafter until the date the City acknowledges in writing that Applicant has completed all obligations under this Agreement and paid any remaining amounts due unless sooner released pursuant to Section 8.2 herein; and

(c) Applicant shall cause the Letter of Credit to be delivered to the City two (2) Business Days prior to the issuance of Project Indebtedness pursuant to the Project Indebtedness Ordinance.

(d) All fees and costs associated with the Letter of Credit will be paid by the Applicant, subject to Reimbursement from available Incremental Revenues as are available and not otherwise obligated to Debt Service Payments on the Project Indebtedness, provided that no Event of Default has occurred or is occurring. Upon

receipt by the City of any notice of filing of any legal action challenging the use of Incremental Revenues for Reimbursement, the City shall cease making any Reimbursement payments to the Applicant and shall notify the Applicant of the filing of such legal action. The Applicant agrees that within three (3) Business Days of receipt of any notice from the City of an adverse final and non-appealable judicial determination of such legal action, the Applicant will repay the City the full amount of any moneys received as Reimbursement pursuant to Section 3.2, Section 4.1(d) and Section 4.6(b), plus interest thereon at the rate of 12% per annum calculated on the basis of 365/366 day year and actual days elapsed.

The specific requirements for the Letter of Credit and the rights of the City to make draws thereon are set forth in this Agreement. Notwithstanding anything to the contrary in this Agreement, all of Applicant's rights and all of the City's obligations under this Agreement are strictly contingent on Applicant's causing Letter of Credit to remain in full force and effect for the Term and continuing thereafter until the date the City acknowledges in writing that Applicant has completed all obligations under this Agreement and paid any remaining amounts due unless sooner released pursuant to Section 8.2 herein.

4.2 Letter of Credit Revisions. Provided Applicant is not in default under the terms of this Agreement, the Applicant may, with prior written notice to the City, reduce the Letter of Credit amount by the principal amount, if any, paid on the Project Indebtedness for the previous year. For purposes of this computation the principal amount shall be determined on January 1 of each year and shall take into account the Reserve Account Requirement. The Applicant shall set forth the computation in the written notice and shall provide such written notice to the City thirty (30) days prior to the proposed effective date for the reduction in the Letter of Credit.

4.3 Right to Draw. Subject to the Cure Period, upon the occurrence of any one or more Draw Events, the City will have the unconditional right to draw on the Letter of Credit, in the full amount thereof or in any lesser amount or amounts as the City may determine.

4.4 Holding and Use of Draw Proceeds. Upon the payment to the City of the Draw Proceeds, the City will hold the Draw Proceeds in its own name and for its own account, without liability for interest, and as security for the performance by Applicant of Applicant's covenants and obligations (theretofore or thereafter arising) under this Agreement, and will be entitled to use and apply any and all of the Draw Proceeds from time-to-time solely to compensate the City hereunder. Among other things, it is expressly understood that the Draw Proceeds will not be considered a measure of the City's damages resulting from any Event of Default hereunder (past, present or future). Further, upon the occurrence of any one or more Draw Event, subject to the Cure Period, the City may, from time-to-time and without prejudice to any other remedy, use the Draw Proceeds (whether from a contemporaneous or prior draw on the Letter of Credit) to the extent necessary to make good any arrearages of Debt Service Payments on the Project Indebtedness, to pay the City any and all amounts to which the City is entitled in connection with the pursuit of any one or more of its remedies hereunder, and to compensate the City for any and all other damage, injury, expense, or liability caused to the City by any and all such Events of Default.

4.5 Delay in Draw. Any delays in the City's draw on the Letter of Credit or in the City's use of the Draw Proceeds as provided hereunder shall not constitute a waiver by the City of any of its rights hereunder with respect to the Letter of Credit or the Draw Proceeds.

4.6 Repayment; Reimbursement.

(a) With the exception of a Draw Event due to any shortfall of Incremental Revenues described in subsection (b) below, the Applicant must effect Repayment to either the City or the Bank within sixty (60) days of such amount of the Draw Proceeds necessary to replenish the Letter of Credit to its full amount following any Draw Event.

(b) In the event of a Draw Event due to any shortfall of Incremental Revenues, subject to the Cure Period, the Applicant shall effect Repayment to either the City or the Bank within sixty (60) days of such amount of the Draw Proceeds necessary to replenish the Letter of Credit to its full amount. Thereafter, the Applicant may request Reimbursement from the City for such Draw Event as described in this subsection (b) from available Incremental Revenues as are available and not otherwise obligated to Debt Service Payments on the Project Indebtedness, provided that no Event of Default has occurred or is occurring.

(c) Upon receipt by the City of any notice of filing of any legal action challenging the use of Incremental Revenues for Reimbursement, the City shall cease to Reimburse the Applicant and shall notify the Applicant of the filing of such legal action. The Applicant agrees that within three (3) Business Days of receipt of any notice from the

City of an adverse final and non-appealable judicial determination of such legal action, the Applicant will repay the City the full amount of any moneys received as Reimbursement pursuant to Section 3.2, Section 4.1(d) and Section 4.6(b), plus interest thereon at the rate of 12% per annum calculated on the basis of 365/366 day year and actual days elapsed.

4.7 Limitation of Liability. The City will not be liable for any indirect, consequential, special or punitive damages incurred by Applicant arising from a claim that the City violated the bankruptcy code's automatic stay in connection with any draw by the City of any Draw Proceeds, the City's liability under such circumstances being limited to the reimbursement of direct costs as and to the extent expressly provided in this Section 4.

4.8 Nothing in this Agreement or in the Letter of Credit will confer upon Applicant any property rights or interests in any Draw Proceeds; provided, however, that upon the expiration or earlier termination of this Agreement, and so long as there then exist no Draw Events or Events of Default hereunder, the City agrees to return any remaining unapplied balance of the Draw Proceeds then held by the City, and the Letter of Credit itself (if and to the extent not previously drawn in full) to the Bank.

5. Event of Default. The occurrence of any one or more of the following events constitutes an Event of Default under this Agreement by Applicant:

5.1 Failure by Applicant or Applicant's successors and/or assigns to complete the Commercial Improvements in accordance with the timeline set forth in Schedule I hereto;

5.2 Failure by the Applicant to comply with any material provision of this Agreement, including without limitation, any or all of the covenants set forth in Section 3 above;

5.3 Either (i) the making by Applicant of any general assignment or general arrangement for the benefit of creditors; (ii) the filing by or against Applicant of a petition in bankruptcy, including reorganization or arrangement, except in the case of a petition filed against Applicant when the same is dismissed within 30 days after filing; or (iii) the appointment of a trustee or receiver to take possession of substantially all of Applicant's assets located in the Increment Area or of Applicant's interest in the Commercial Improvements;

5.4 Applicant's interest in the Commercial Improvements, or any part thereof, is taken by execution or other process of law directed against Applicant, or is taken upon

or subjected to any attachment by any creditor of Applicant, if such attachment is not discharged within 15 days after being levied; or

5.5 Failure by the Applicant, on behalf of itself and on behalf of Applicant's successor and assigns, to comply with the covenant set forth in Section 3.4 herein.

6. Cure Period. Upon the occurrence of a Draw Event described in subsection (b) of the definition or any Event of Default, the City shall provide prompt written notice to the Applicant of such event or events and the Applicant shall have the right to a thirty (30) day Cure Period following the receipt of such notice; provided, however, that the Cure Period shall not extend beyond the time the City is obligated to make Debt Service Payments on the Project Indebtedness and shall not limit the City's right to submit a Draw Request and receive Draw Proceeds necessary to make the required Debt Service Payment.

7. Remedies.

7.1 In the event of any Event of Default, the City shall give Applicant written notice. Subject to the Cure Period, the City may at any time, without waiving or limiting any other right or remedy, pursue any remedy allowed by law. Applicant shall pay the City any costs or damages arising out of Applicant's default. Notwithstanding any cure of any Event of Default or termination of obligations hereunder, Applicant will remain liable for all sums Applicant is obligated to pay hereunder for the balance of the Term, and Applicant shall compensate the City for any damages arising from Applicant's default, provided, however, that the City shall use reasonable efforts to mitigate its damages.

7.2 No remedy provided for by this Agreement shall be deemed exclusive, but shall be deemed cumulative and in addition to every other remedy available to the City at law, in equity or by statute.

8. Reserve Account Requirement; Release of Letter of Credit.

8.1 Reserve Account Requirement. The City shall maintain a Debt Service Account as established under the Project Indebtedness Ordinance. In the event that the Reserve Account Requirement has been satisfied, the Applicant may submit a request to the City to release the Applicant from its obligation to maintain the Letter of Credit in full force and effective during the entire Term and thereafter as provided herein.

8.2 Release of Letter of Credit. The Applicant will cause the Letter of Credit to remain in full force and effect during the entire Term. Upon receipt of written request from the Applicant and verification by the City of the events set forth below, the City shall release the Applicant from the obligation to maintain the Letter of Credit in full force and effect for the Term:

(a) The satisfaction of the Reserve Account Requirement as certified to by the Chief Financial Officer of the City; and

(b) The satisfaction of all other monetary obligations of the Applicant as provided herein.

The City shall provide written certification to the Applicant that the provisions set forth in this Section 8.2 have been satisfied and shall return to the Applicant the Letter of Credit with such written certification.

9. General Provisions. This Agreement may not be amended except by written agreement signed by the Parties. Any provision of this Agreement which is declared invalid, shall not invalidate the remaining provisions of this Agreement. The failure or delay of the City to declare any breach or any Event of Default shall not waive such breach or such Event of Default. This Agreement may not be assigned by any Party without the written consent of the other Party. This Agreement shall be binding upon and insure to the benefit of the Parties' successors in interest. Time is of the essence. The laws of the State of Washington shall govern this Agreement.

10. Reliance. City and Applicant have made the representations and covenants contained in this Agreement with the understanding and intention that they will be relied upon by Orrick, Herrington & Sutcliffe LLP, as bond counsel to the City, in rendering its opinion that interest on the Project Indebtedness is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986.

11. Severability. If any provisions of this Agreement shall be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein.

12. Counterparts. The Parties may sign this Agreement in one or more counterparts hereto and each counterpart shall be treated as an original.

13. Agreement Termination. This Agreement and the obligations of the Parties herein shall be in effective throughout the Term.

14. Governmental Approval. Applicant acknowledges that this Agreement and the execution of this Agreement by the Mayor does not bind the City of Spokane until this Agreement has been approved by the City Council and the City Council enacts the Ordinance.

IN WITNESS WHEREOF, the Parties have executed this Agreement dated as set forth above and effective and binding upon the City upon the occurrence of the events set forth herein.

APPLICANT

By: _____
Its _____

(address)
(phone)

CITY OF SPOKANE

By: _____
Its _____

ATTEST:

City Clerk, Terri Pfister

APPROVED AS TO FORM:

City Attorney

Exhibit A

Letter of Credit

Applicant: _____
Project: _____
Property Address: _____
Spokane, WA

Letter of Credit #: _____
Plat/Permit #: _____
Expiration Date: _____
Cash Deposit Amount: _____

CITY OF SPOKANE
IRREVOCABLE STANDBY LETTER OF CREDIT

ISSUING BANK:

Phone: _____

Irrevocable Standby Letter of Credit No: _____

BENEFICIARY:

City of Spokane
Public Works & Utilities
808 W. Spokane Falls Blvd
Spokane, WA 99201
Attn: Dave Mandyke

APPLICANT:

Name: _____
Address: _____

Phone: _____

AMOUNT: FIVE HUNDRED SEVENTY THOUSAND and 00/100 US DOLLARS (US \$570,000.00)

Expiration Date: _____

Dear Sirs:

We hereby issue our Irrevocable Standby Letter of Credit No. _____ in your favor,
as beneficiary, by order and for account of

[Name and address of
Applicant], up to the aggregate sum of Five Hundred Seventy Thousand and 00/100 U.S. Dollars
(U.S. \$570,000.00), expiring on _____ [one year from issue date]
unless otherwise extended, at the counters of _____

[Name and address of Issuing Bank], available by payment against your draft(s) drawn on the _____ [Name of Issuing Bank], at sight accompanied by:

1. A notarized statement purportedly signed by an authorized official of the City of Spokane, stating that:

In reference to _____ [Issuing Bank] Letter of Credit No. _____, we hereby certify and affirm that an event has occurred which entitles the City of Spokane to draw on this Letter of Credit pursuant to that certain CITY OF SPOKANE IRON BRIDGE PROJECT – INCREMENT AREA 2004-1 DEVELOPMENT AND SECURITY AGREEMENT, dated _____, by and between the City of Spokane, “City”, and Iron Bridge LLC, “Applicant”.

2. The original of this Letter of Credit.

SPECIAL CONDITIONS:

Partial Drawings are acceptable.

Any draft drawn under this Letter of Credit must be marked “Drawn Under Irrevocable letter of Credit No. _____ Issued by the _____ [Name of Issuing Bank].”

It is a condition of this Letter of Credit that it deemed to be automatically extended, without amendment, for one year from the Expiration Date hereof, or any future Expiration Date, unless at least thirty (30) days prior to any Expiration Date, we notify you by courier/registered mail that we elect not to consider this Letter of Credit renewed for any such additional period. If we do not give such notice of non-renewal, within the 30-day period before the Expiration Date of this Letter of Credit, we will, within one (1) business day after receipt of a request from Beneficiary, confirm in writing the date to which it has been extended.

We hereby undertake to promptly honor your sight draft(s) drawn on us, indicating our credit no. _____ for all or any part of this Letter of Credit if presented at our offices at _____ [address of issuing bank] on or before _____ [Expiration Date], or any automatically extended expiry date as provided herein.

Except as otherwise expressly stated herein, this Letter of Credit is subject to the International Standby Practices, International Chamber of Commerce Publication No. ISP 98.

Very truly yours,

[Name of Issuing Bank]

By: _____
Authorized Signature
Title: _____

By: _____
Authorized Signature
Title: _____

Schedule I

Commercial Improvements Schedule and Plans

PROJECT	YEAR	COST
Building #1 @1401 E. Trent Ave.	2004	\$2,400,000
Building #2 @ 1201 E. Trent Ave.	2005	\$7,200,000
Building #3 @ 700 N. Iron Bridge Way	2006	\$5,800,000
Building #4 @ 800 N. Iron Bridge Way	2007	\$7,200,000
Building #5 @ 900 N. Iron Bridge Way	2009	\$8,000,000
Building #6 (restaurant pad)	2008	\$500,000
Parking Garage #1	2007	\$2,600,000
Parking Garage #2	2009	\$3,100,000
	TOTAL	\$36,800,000

EXHIBIT C

Intergovernmental Agreement with Spokane County

NO. **4 0191**

EXHIBIT "C"

BEFORE THE BOARD OF COUNTY COMMISSIONERS

OF SPOKANE COUNTY, WASHINGTON

**IN THE MATTER OF EXECUTING AN)
AGREEMENT PROVIDING FOR THE)
USE OF COMMUNITY)
REVITALIZATION FINANCING FOR)
IRON BRIDGE INCREMENT AREA)**

RESOLUTION

WHEREAS, the City of Spokane (the "City") is a first-class charter city duly organized and existing under and by virtue of the Constitution and laws of the state of Washington and the City Charter; and

WHEREAS, Spokane County (the "County") is a class A county duly organized and existing under and by virtue of the Constitution and laws of the State of Washington; and

WHEREAS, the City is authorized by chapter 39.89 RCW (the "Act"), under certain conditions, to establish an increment area within the boundaries of the City and to finance public improvements using community revitalization financing in order to encourage private development within the increment area; and

WHEREAS, the City has received a proposal from Iron Bridge LLC, a Washington limited liability company ("Iron Bridge LLC"), requesting that the City finance certain public improvements through community revitalization financing in connection with development by Iron Bridge LLC of commercial improvements in east central Spokane north of Trent Avenue and east of the Spokane River; and

WHEREAS, the City desires to form the Iron Bridge Increment Area; and

WHEREAS, in accordance with the provisions of the Act generally, and RCW 39.89.050(3) specifically, the City anticipates enacting an Ordinance establishing the Iron Bridge Increment Area (the "Ordinance"), describing the public improvements, the boundaries of the Iron Bridge Increment Area, estimating the cost of public improvements and the portion of these costs to be financed by community revitalization financing, estimating the time during which regular property taxes are to be apportioned, providing the date when apportionment of regular property taxes will commence and finding that the conditions of RCW 39.89.030 are met; and

WHEREAS, the City anticipates that it will consider, along with the Ordinance establishing the Iron Bridge Increment Area, a separate ordinance or resolution authorizing the City to issue bonds or other obligations (the "Bonds") to finance the public improvements in the Iron Bridge Increment Area; and

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WHEREAS, RCW 39.89.050 requires that the City enter into written agreements with the governing body of certain local taxing districts within the Iron Bridge Increment Area to approve the use of community revitalization financing; and

WHEREAS, it is mutually beneficial for the City and the County to establish the Iron Bridge Increment Area to encourage private development and increase the fair market value of real property within the Iron Bridge Increment Area; and

WHEREAS, the County agrees to the proposed Iron Bridge Increment Area and the use of community revitalization financing by the City to finance public improvements and encourage private development within the Iron Bridge Increment Area; and

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of County Commissioners of Spokane County, that either the Chairman of the Board, or a majority of the Board, be and is hereby authorized to execute that document entitled "AGREEMENT PROVIDING FOR THE USE OF COMMUNITY REVITALIZATION FINANCING FOR IRON BRIDGE INCREMENT AREA," a copy of which is attached hereto and incorporated herein by reference, pursuant to which the certain terms and conditions the County of Spokane will agree to the proposed Iron Bridge Increment Area and the use of community revitalization financing by the City to finance public improvements and encourage private development within the Iron Bridge Increment Area.

PASSED AND ADOPTED this 9th day of March, 2004.



BOARD OF COUNTY COMMISSIONERS
OF SPOKANE, COUNTY, WASHINGTON

ATTEST:
VICKY M. DALTON
CLERK OF THE BOARD



PHILLIP D. HARRIS, Chair



M. KATE MCCASLIN, Vice Chair

BY: 

Daniela Erickson, Deputy



JOHN ROSKELLEY

**AGREEMENT PROVIDING FOR THE USE OF COMMUNITY
REVITALIZATION FINANCING FOR IRON BRIDGE INCREMENT AREA**

This Agreement (the "Agreement") is made and entered into by the CITY OF SPOKANE, WASHINGTON (the "City"), and SPOKANE COUNTY, WASHINGTON (the "County"), in connection with the creation of a community revitalization financing increment area to be designated "Increment Area No. 2004-1 (Iron Bridge Project)" (the "Iron Bridge Increment Area").

RECITALS

WHEREAS, the City is a first-class charter city duly organized and existing under and by virtue of the Constitution and laws of the state of Washington and the City Charter; and

WHEREAS, the County is a class A county duly organized and existing under and by virtue of the Constitution and laws of the State of Washington; and

WHEREAS, the City is authorized by chapter 39.89 RCW (the "Act"), under certain conditions, to establish an increment area within the boundaries of the City and to finance public improvements using community revitalization financing in order to encourage private development within the increment area; and

WHEREAS, the City has received a proposal from Iron Bridge LLC, a Washington limited liability company ("Iron Bridge LLC"), requesting that the City finance certain public improvements through community revitalization financing in connection with development by Iron Bridge LLC of commercial improvements in east central Spokane north of Trent Avenue and east of the Spokane River; and

WHEREAS, the City desires to form the Iron Bridge Increment Area; and

WHEREAS, in accordance with the provisions of the Act generally, and RCW 39.89.050(3) specifically, the City anticipates enacting an Ordinance establishing the Iron Bridge Increment Area (the "Ordinance"), describing the public improvements, the boundaries of the Iron Bridge Increment Area, estimating the cost of public improvements and the portion of these costs to be financed by community revitalization financing, estimating the time during which regular property taxes are to be apportioned, providing the date when apportionment of regular property taxes will commence and finding that the conditions of RCW 39.89.030 are met; and

WHEREAS, the City anticipates that it will consider, along with the Ordinance establishing the Iron Bridge Increment Area, a separate ordinance or resolution authorizing the City to issue bonds or other obligations (the "Bonds") to finance the public improvements in the Iron Bridge Increment Area; and

4 0191

WHEREAS, RCW 39.89.050 requires that the City enter into written agreements with the governing body of certain local taxing districts within the Iron Bridge Increment Area to approve the use of community revitalization financing; and

WHEREAS, it is mutually beneficial for the City and the County to establish the Iron Bridge Increment Area to encourage private development and increase the fair market value of real property within the Iron Bridge Increment Area; and

WHEREAS, the County agrees to the proposed Iron Bridge Increment Area and the use of community revitalization financing by the City to finance public improvements and encourage private development within the Iron Bridge Increment Area; and

NOW, THEREFORE, in consideration of the mutual promises contained herein, and the benefits to be realized by each party and by the general public from the creation of the Iron Bridge Increment Area, the City and the County (collectively, the "Parties") agree as follows:

1. Authority, Purpose and Cooperation. This Agreement is entered into pursuant to the authority of Chapter 39.89 RCW. The purpose of this Agreement is to set forth the terms and conditions under which the City and County agree to the use of community revitalization financing to finance all or a portion of the costs of public improvements in the Iron Bridge Increment Area sufficient to satisfy the City's debt service obligations incurred in connection with Bonds that may be issued by the City to fund certain public improvements in the Iron Bridge Increment Area.

2. Incremental Revenue from Increment Area. Pursuant to this Agreement, the County agrees to participate in the use of community revitalization financing to finance all or a portion of the costs of the public improvements in the Iron Bridge Increment Area to the extent of providing limited funding under community revitalization financing authorized under the Act.

3. Ordinance Establishing Increment Area. As required under the Act, and as a condition to the obligations of the County under this Agreement, the City shall enact the Ordinance to establish the Iron Bridge Increment Area, which shall be substantially in the form attached hereto as Exhibit A. The terms of the Ordinance, as set forth in Exhibit A, are incorporated and made part of this Agreement.

4. Agreement Term. This Agreement shall terminate upon the termination of apportionment of Tax Allocation Revenues (as defined in RCW 39.89.020(8)) in connection with the Increment Area.

5. Administrator and Effectiveness.

(a) The Director of Public Works & Utilities of the City shall serve as the administrator responsible for administering the undertaking of the City and the County as set forth in this Agreement. There shall be no "joint board".

(b) This Agreement shall be effective with respect to the Parties upon the effective date of the Agreement set forth herein, *provided further*, that a fully executed copy of this Agreement shall be filed with the Spokane County Auditor.

Provided; failure to so file this Agreement shall not cause this Agreement to be ineffective.

6. Severability. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein.

7. Counterpart. The Parties may sign this Agreement in one or more counterparts hereto and each counterpart shall be treated as an original.

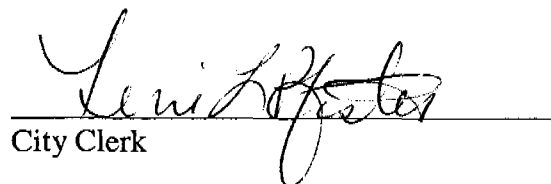
8. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Washington.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the 27th day of March, 2004.

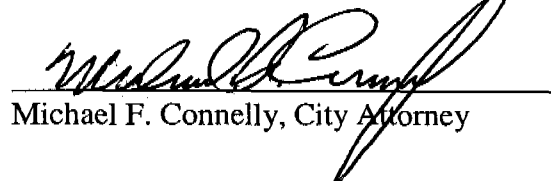
CITY OF SPOKANE
Spokane County, Washington


Mayor

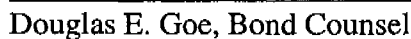
ATTEST:


City Clerk

Approved as to form:


Michael F. Connelly, City Attorney

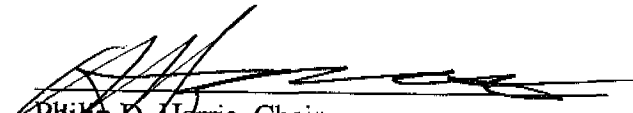

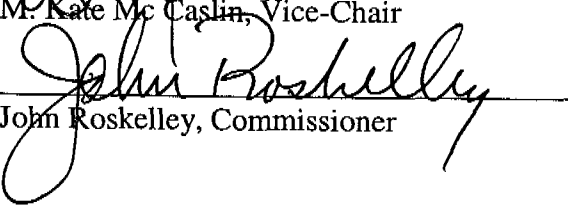



Douglas E. Goe, Bond Counsel

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the 9th day of March 2004.



BOARD OF COUNTY COMMISSIONERS
OF SPOKANE COUNTY, WASHINGTON


Philip D. Harris, Chair

M. Kate McCaslin, Vice-Chair

John Roskelley, Commissioner

ATTEST:

Vicky M. Dalton,
Clerk of the Board

By: 
Daniela Erickson, Deputy

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**AGREEMENT PROVIDING FOR THE USE OF COMMUNITY
REVITALIZATION FINANCING FOR IRON BRIDGE INCREMENT AREA**

This Agreement (the "Agreement") is made and entered into by the CITY OF SPOKANE, WASHINGTON (the "City"), and SPOKANE COUNTY, WASHINGTON (the "County"), in connection with the creation of a community revitalization financing increment area to be designated "Increment Area No. 2004-1 (Iron Bridge Project)" (the "Iron Bridge Increment Area").

RECITALS

WHEREAS, the City is a first-class charter city duly organized and existing under and by virtue of the Constitution and laws of the state of Washington and the City Charter; and

WHEREAS, the County is a class A county duly organized and existing under and by virtue of the Constitution and laws of the State of Washington; and

WHEREAS, the City is authorized by chapter 39.89 RCW (the "Act"), under certain conditions, to establish an increment area within the boundaries of the City and to finance public improvements using community revitalization financing in order to encourage private development within the increment area; and

WHEREAS, the City has received a proposal from Iron Bridge LLC, a Washington limited liability company ("Iron Bridge LLC"), requesting that the City finance certain public improvements through community revitalization financing in connection with development by Iron Bridge LLC of commercial improvements in east central Spokane north of Trent Avenue and east of the Spokane River; and

WHEREAS, the City desires to form the Iron Bridge Increment Area; and

WHEREAS, in accordance with the provisions of the Act generally, and RCW 39.89.050(3) specifically, the City anticipates enacting an Ordinance establishing the Iron Bridge Increment Area (the "Ordinance"), describing the public improvements, the boundaries of the Iron Bridge Increment Area, estimating the cost of public improvements and the portion of these costs to be financed by community revitalization financing, estimating the time during which regular property taxes are to be apportioned, providing the date when apportionment of regular property taxes will commence and finding that the conditions of RCW 39.89.030 are met; and

WHEREAS, the City anticipates that it will consider, along with the Ordinance establishing the Iron Bridge Increment Area, a separate ordinance or resolution authorizing the City to issue bonds or other obligations (the "Bonds") to finance the public improvements in the Iron Bridge Increment Area; and

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WHEREAS, RCW 39.89.050 requires that the City enter into written agreements with the governing body of certain local taxing districts within the Iron Bridge Increment Area to approve the use of community revitalization financing; and

WHEREAS, it is mutually beneficial for the City and the County to establish the Iron Bridge Increment Area to encourage private development and increase the fair market value of real property within the Iron Bridge Increment Area; and

WHEREAS, the County agrees to the proposed Iron Bridge Increment Area and the use of community revitalization financing by the City to finance public improvements and encourage private development within the Iron Bridge Increment Area; and

NOW, THEREFORE, in consideration of the mutual promises contained herein, and the benefits to be realized by each party and by the general public from the creation of the Iron Bridge Increment Area, the City and the County (collectively, the "Parties") agree as follows:

1. Authority, Purpose and Cooperation. This Agreement is entered into pursuant to the authority of Chapter 39.89 RCW. The purpose of this Agreement is to set forth the terms and conditions under which the City and County agree to the use of community revitalization financing to finance all or a portion of the costs of public improvements in the Iron Bridge Increment Area sufficient to satisfy the City's debt service obligations incurred in connection with Bonds that may be issued by the City to fund certain public improvements in the Iron Bridge Increment Area.

2. Incremental Revenue from Increment Area. Pursuant to this Agreement, the County agrees to participate in the use of community revitalization financing to finance all or a portion of the costs of the public improvements in the Iron Bridge Increment Area to the extent of providing limited funding under community revitalization financing authorized under the Act.

3. Ordinance Establishing Increment Area. As required under the Act, and as a condition to the obligations of the County under this Agreement, the City shall enact the Ordinance to establish the Iron Bridge Increment Area, which shall be substantially in the form attached hereto as Exhibit A. The terms of the Ordinance, as set forth in Exhibit A, are incorporated and made part of this Agreement.

4. Agreement Term. This Agreement shall terminate upon the termination of apportionment of Tax Allocation Revenues (as defined in RCW 39.89.020(8)) in connection with the Increment Area.

5. Administrator and Effectiveness.

(a) The Director of Public Works & Utilities of the City shall serve as the administrator responsible for administering the undertaking of the City and the County as set forth in this Agreement. There shall be no "joint board".

(b) This Agreement shall be effective with respect to the Parties upon the effective date of the Agreement set forth herein, *provided further*, that a fully executed copy of this Agreement shall be filed with the Spokane County Auditor.

4 0191

Provided; failure to so file this Agreement shall not cause this Agreement to be ineffective.

6. Severability. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein.

7. Counterpart. The Parties may sign this Agreement in one or more counterparts hereto and each counterpart shall be treated as an original.

8. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Washington.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the ____ day of March, 2004.

CITY OF SPOKANE
Spokane County, Washington

Mayor

ATTEST:

City Clerk

Approved as to form:

Michael F. Connelly, City Attorney

Douglas E. Goe, Bond Counsel

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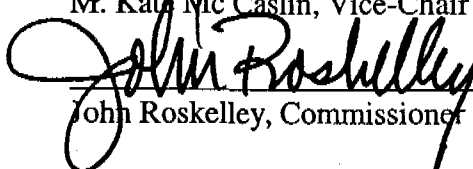
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the 9th day of March 2004.



BOARD OF COUNTY COMMISSIONERS
OF SPOKANE COUNTY, WASHINGTON


Philip D. Harris, Chair


M. Kate McCaslin, Vice-Chair


John Roskelley, Commissioner

ATTEST:

Vicky M. Dalton,
Clerk of the Board

By: 

Daniela Erickson, Deputy

413-71 4/2

4 0191

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SPOKANE, SPOKANE COUNTY, WASHINGTON, DESIGNATING AN INCREMENT AREA WITHIN ITS BOUNDARIES; SPECIFYING THE PUBLIC IMPROVEMENTS PROPOSED TO BE FINANCED IN WHOLE OR IN PART WITH THE USE OF COMMUNITY REVITALIZATION FINANCING; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

**CITY OF SPOKANE
Spokane County, Washington**

**INCREMENT AREA NO. 2004-1
(Iron Bridge Project)**

THE CITY OF SPOKANE DOES ORDAIN:

WHEREAS, the City of Spokane, Spokane County, Washington, (the "City") is a first class charter City duly incorporated and operating under the laws of the State of Washington and the Charter of the City;

WHEREAS, the City is authorized by chapter 39.89 RCW to establish an Increment Area within the boundaries of the City and to finance public improvements using community revitalization financing to encourage private development within said Increment Area;

WHEREAS, the City has received a proposal from Iron Bridge LLC requesting that the City finance certain public improvements through community revitalization financing in connection with development by Iron Bridge LLC of commercial improvements in east central Spokane north of Trent Avenue and east of the Spokane River; and

WHEREAS, the City has entered into a Development and Security Agreement dated March __, 2004 (the "Development and Security Agreement") with Iron Bridge LLC pursuant to which Iron Bridge LCC has agreed to, among other things, complete certain commercial improvements in the Increment Area and provide a letter of credit to secure the obligations of the City with respect to the bonds as other obligations issued by the City to finance certain public improvements in the Increment Area; and

WHEREAS, the City Council (the "Council") desires to form an Increment Area, to be designated Increment Area No. 2004-1 (Iron Bridge Project) (the "Area");

WHEREAS, the Council deems it necessary and advisable to construct certain public improvements that will encourage private development and increase the fair market value of real

property within the Area; and

WHEREAS, the proposed plan for public improvements must be consistent with the county-wide planning policy adopted by Spokane County, Washington (the "County") and with the City's Comprehensive Plan and development regulations adopted under the Growth Management Act; and

WHEREAS, chapter 39.89 RCW requires that the City enter into written agreements with taxing districts within the Area approving the use of community revitalization financing; and

WHEREAS, the City and the County have entered into an Agreement providing for the use of Community Revitalization Financing for the Iron Bridge Increment Area, dated March ___, 2004 (the "Tax Sharing Agreement") meeting the requirements of RCW 39.89.050(1); and

WHEREAS, chapter 39.89 RCW requires that the City hold a public hearing on the proposed financing of the Project with community revitalization financing after publication of notice of such hearing; and

WHEREAS, on _____, 20___, the City caused to be published in the Spokesman Review, a newspaper of general circulation, notice setting forth the date, time, and place of the Council's public hearing on this Ordinance, and further caused such notice to be posted in at least six conspicuous public places located in the proposed Area, copies of which notice are attached to this Ordinance as Exhibit "A".

NOW, THEREFORE, IT IS FURTHER ORDAINED as follows:

Section 1. Definitions. As used in this Ordinance, the following terms have the meanings provided in this section. Capitalized terms used in this Ordinance without definition that are defined in chapter 39.89 RCW shall have the meaning given to such terms therein.

"Area" shall mean the Increment Area as that term is defined by RCW 39.89.020(9) and shall refer to Increment Area 2004-1 (Iron Bridge Project) as established by this Ordinance.

"Incremental Revenues" shall mean those Tax Allocation Revenues as that term is defined by RCW 39.89.020(8) that are distributed to finance the Project.

"Project" shall mean Public Improvements as that term is defined by RCW 39.89.020(4) undertaken in the Area and described in Section 2 of this Ordinance.

Section 2. Description of Plan for Public Improvements. It is the intention of the City to order the acquisition, construction, and installation of certain public improvements, which are generally described as follows:

(a) Trent Avenue Modifications – Install left hand turn lane in Trent Avenue from Erie Street to Perry Street and install signal & lane modifications at Trent Avenue and Hamilton Street intersection;

Construction estimate	\$69,710
Engineering fee	\$ 9,280

(b) Water Main Installation -- Install 12" water main Perry Street from Trent Avenue to 1300 feet north of Trent Avenue, and install 330 linear feet of 8" water main to loop into Erie St. and back to Trent;

Construction estimate	\$102,760
Engineering fee	\$ 7,220

(c) Erie Street Improvements – Paving, curbing and sidewalks on Erie Street from Trent Avenue north to cul-de-sac;

Construction estimate	\$103,565
Engineering fee	\$ 8,820

(d) Perry Street Improvements – Install paving, curbing and sidewalk on Perry Street from Trent Avenue to Springfield Avenue;

Construction estimate	\$99,980
Engineering fee	\$14,870

(e) Trail & Riverbank Improvements – Clean-up and rehab riverbank and install paved trail from the cul-de-sac at north end of Erie Street to the BN&SF RR grade.

Construction estimate	\$52,570
Engineering fee	\$ 8,500

(f) Bridge Work – Add decking and railing to the existing railroad bridge, commonly known as the Iron Bridge, with approaches added to inter-connect with the Centennial Trail on west side of river and new trail on east side.

Construction estimate	\$230,000
Engineering fee	\$ 8,000

The Project shall be constructed and installed in accordance with the maps, plans, and specifications to be approved by the City.

Section 3. Estimated Cost. The costs of the Project shall include the cost of acquisition, construction and installation of the Project, together with the following ancillary costs:

- (a) the costs of relocating utilities as a result of the Project;
- (b) the costs of financing, including interest during construction, legal and other professional services, taxes and insurance;
- (c) the costs incurred by the Spokane County Assessor (the “Assessor”) to:
 - (1) revalue real property for the purpose of determining the tax allocation base value that is in excess of costs incurred by the Assessor in accordance with the revaluation plan under chapter 84.41 RCW; and
 - (2) the costs of apportioning the taxes and complying with applicable law; and
- (d) other administrative costs reasonably necessary and related to these costs, including such costs incurred prior to the adoption of this Ordinance.

The total estimated cost of the Project is hereby declared to be approximately Eight Hundred Fifty Thousand and 00/100 Dollars (\$850,000.00) all of which will be financed through community revitalization financing.

Section 4. Increment Area Boundaries. The boundaries of the Increment Area are set forth in Exhibit “B”, attached hereto and incorporated herein by reference.

Section 5. Tax Revenue Apportionment Period. The City estimates that the apportionment of Incremental Revenues shall begin in the calendar year following the enactment of this ordinance and apportionment as set forth in RCW 39.89.070 shall continue until the earlier of: (1) such time as the Incremental Revenues are no longer necessary or obligated to pay the costs of the Project; or (2) December 31, 2024.

Section 6. Tax Allocation Revenue. The City shall use Incremental Revenues to pay the costs and expenses of the Project and to pay the principal of, premium, if any, and interest on bonds issued by the City pursuant to RCW 39.89.080 and all costs of the Project including credit enhancement costs related to such bonds [and any amounts payable under the terms of the Development and Security Agreement].

Section 7. Bonds. The City intends to issue limited tax general obligation bonds in an aggregate principal amount not to exceed Eight Hundred Fifty Thousand and 00/100 Dollars (\$850,000.00), as authorized by RCW 39.89.080, to finance the Project, including financing

costs. Such bonds shall be payable in whole or in part from the Incremental Revenues and will be authorized by the City under a separate bond ordinance.

Section 8. Approval of Taxing Districts. By the Tax Sharing Agreement between the City and the County, the County has approved the community revitalization financing of the Project as contemplated under RCW 39.89.050(1).

Section 9. Findings. The Council hereby makes the following findings:

(a) That the Project is expected to encourage private development within the Area and to increase the fair market value of real property within the Area.

(b) That the private development that is anticipated to occur within the Area, as a result of the Project, will be consistent with the countywide planning policy adopted by the County under RCW 36.70A.210 and the City's Comprehensive Plan and the development regulations adopted under chapter 36.70A RCW.

(c) Expenditures for the Project represent necessary and legitimate expenses of the City for public improvements including, expenditures for the maintenance and operation of existing facilities, construction of storm sewers, water mains, street maintenance and construction, and related improvements.

(d) That the taxing districts, in the aggregate, that levy at least seventy-five percent of the regular property tax within which the Area is located have approved the community revitalization financing of the Project, as contemplated under RCW 39.89.050(1).

(e) That the Area does not include any fire protection districts or any portions thereof.

(f) That this Ordinance satisfies all conditions of RCW 39.89.030.

Section 10. Referendum. This Ordinance is subject to the Referendum procedure specified in Section 83 of the Charter of the City.

Section 11. Effective Date. This Ordinance shall be effective 30 days after adoption.

PASSED and ADOPTED by the City of Spokane, Spokane County, Washington, on _____, 2004.

CITY OF SPOKANE
Spokane County, Washington.

Dennis Hession, Council President

James West
Mayor

ATTEST:

Terri L. Pfister
City Clerk

(SEAL)

Approved As To Form:

Michael F. Connelly, City Attorney

Douglas E. Goe, Bond Counsel

CERTIFICATION

Terri L. Pfister, the Clerk of the City of Spokane, Spokane County, Washington, hereby certify that the foregoing Ordinance is a full, true, and correct copy of an Ordinance duly passed and adopted at a regular meeting of the City Council of the City of Spokane, duly and regularly held at the regular meeting place thereof on _____, 2004 of which meeting all members of said Council had due notice and at which a majority thereof was present; and that at said meeting said Ordinance was adopted by the following vote:

AYES, and in favor thereof, Council members: _____

NAYS, Council members: _____

ABSENT, Council members: _____

ABSTAIN, Council members: _____

I further certify that I have carefully compared the same with the original Ordinance on file and of record in my office; that said Ordinance is a full, true, and correct copy of the original Ordinance adopted at said meeting; and that said Ordinance has not been amended, modified, or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the official seal of said City on _____, 2004.

Terri L. Pfister
City Clerk

(S E A L)

EXHIBIT A

Notice of Public Hearing

NOTICE OF PUBLIC HEARING ON PROPOSED FINANCING OF
PUBLIC IMPROVEMENTS WITH COMMUNITY REVITALIZATION
FINANCING

The City of Spokane Washington proposes to form an Increment Area in accordance with the provisions of chapter 39.89 RCW for the purpose of financing the following public improvements in east central Spokane in an area bounded by _____:

(a) Trent Avenue Modifications – Install left hand turn lane in Trent Avenue from Erie Street to Perry Street and install signal & lane modifications at Trent Avenue and Hamilton Street intersection;

Construction estimate	\$69,710
Engineering fee	\$ 9,280

(b) Water Main Installation – Install 12" water main Perry Street from Trent Avenue to 1300 feet north of Trent Avenue, and install 330 linear feet of 8" water main to loop into Erie St. and back to Trent;

Construction estimate	\$102,760
Engineering fee	\$ 7,220

(c) Erie Street Improvements – Paving, curbing and sidewalks on Erie Street from Trent Avenue north to cul-de-sac;

Construction estimate	\$103,565
Engineering fee	\$ 8,820

(d) Perry Street Improvements – Install paving, curbing and sidewalk on Perry Street from Trent Avenue to Springfield Avenue;

Construction estimate	\$99,980
Engineering fee	\$14,870

(e) Trail & Riverbank Improvements – Clean-up and rehab riverbank and install paved trail from the cul-de-sac at north end of Erie Street to the BN&SF RR grade.

Construction estimate	\$52,570
Engineering fee	\$ 8,500

(f) Bridge Work – Add decking and railing to the existing railroad bridge, commonly known as the Iron Bridge, with approaches added to inter-connect with the Centennial Trail on west side of river and new trail on east side.

Construction estimate	\$230,000
Engineering fee	\$ 8,000

The estimated cost of the public improvements is \$850,000.00, all of which is proposed to be borne by community revitalization of financing. The City does plan to allocate any other revenues to finance the public improvements within the Increment Area.

The City anticipates issuing limited tax general obligation bonds, payable in whole or in part from tax allocation revenues, in the maximum amount of \$850,000.00. It is contemplated that community revitalization financing will be used for a period expiring no later than December 31, 2024.

The Spokane City Council has fixed _____, _____, 2004 at _____ p.m., in the City Council Chambers, Municipal Building, 808 West Spokane Falls Blvd, Spokane, WA as the time and place for the hearing to be held by the City Council upon the formation of said Increment Area. All persons who may desire to object thereto may make such objections in writing and file the same with the City Clerk at or prior to the date fixed for such hearing. Only persons who have submitted written objections will be permitted to testify at the hearing.

This will be the only hearing on the formation of the Increment Area.

Further specific information regarding the project to be financed in the Increment Area may be obtained by contacting **Dave Mandyke, Deputy Director Public Works & Utilities, City of Spokane.**

By: _____
Spokane City Clerk

Published: [Date]

4 0191

EXHIBIT B

Boundaries of Increment Area

An area bounded by the South R.O.W. Line of Trent Avenue between the East R.O.W. Line of Hogan Street and the West R.O.W. Line of Hamilton Street; the North R.O.W. Line of Trent Avenue from the West R.O.W. Line of Hamilton Street to the West Edge of the Spokane River; the West Edge of the Spokane River from the North R.O.W. Line of Trent Avenue to the South R.O.W. Line of Cataldo Avenue; the South R.O.W. Line of Cataldo Avenue from the West Edge of the Spokane River to the West R.O.W. Line of Hogan Street; the West R.O.W. line of Hogan Street from the South R.O.W. Line of Cataldo Avenue to the South R.O.W. Line of Trent Avenue, situated in the City and County of Spokane, State of Washington.