ADDENDUM #1 TO
INTERLOCAL
AGREEMENT FOR
DEVELOPMENT OF THE
EDMONDS CENTER FOR THE ARTS
ADDENDUM NO. 1 TO INTERLOCAL AGREEMENT FOR DEVELOPMENT OF THE EDMONDS CENTRE FOR THE ARTS

This Addendum No. 1 ("Addendum") is made and entered into as of the 29th day of December 2009 among the City of Edmonds, a city duly organized and existing under and by virtue of the laws of the State of Washington (the "City"); the Snohomish County Public Facilities District, a municipal corporation duly organized and existing under the laws of the State of Washington (the "County PFD"); Snohomish County, a political subdivision of and duly organized and existing under the laws of the State of Washington and the Charter of Snohomish County (the "County"); and the Edmonds Public Facility District, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington, established by the City of Edmonds (the "City PFD").

RECITALS

A. The City, County PFD, County, and City PFD (collectively the "Parties") entered into an Interlocal Agreement dated November 4, 2002, recorded with the Auditor of the County of Snohomish, State of Washington under recording number 200211060003, which was amended in 2005, by the First Amendment to Interlocal Agreement For Development of The Edmonds Centre For The Arts (the "Interlocal Agreement") to provide for the development of a Regional Center as defined in RCW 35.57.020 known as the "Edmonds Centre for the Arts" (the "Regional Center"); and

B. The County PFD, under the authority of RCW 82.14.390 has imposed a Sales and Use Tax "Sales and Use Tax" a portion of which the County PFD has allocated and agreed to contribute through intergovernmental project payments to the payment of debt service on the bonds issued to finance the Regional Center in accordance with and subject to the terms and conditions of the Interlocal Agreement, including without limitation, in accordance with the schedule contained in Exhibit "B-1", of the Interlocal Agreement (the "Tier 1 Allocation"); and

C. The County PFD has entered into similar interlocal agreements to provide funding for three (3) other regional centers, which were recorded with the Auditor of Snohomish County under recording numbers 20021160349, 200212260514, and 200312260486 pursuant to which the County PFD has allocated and committed contributions from the Sales and Use Tax for the payment of debt service on the respective bonds issued to finance the development thereof, which when added to the Tier 1 Allocation shall be referred to herein as the "Aggregate Tier 1 Allocations" (the Aggregate Tier 1 Allocations are in a fixed amount allocated prior to the date of this Addendum); and

D. The County PFD has experienced actual Sales and Use Tax revenue collection substantially in excess of the current Aggregate Tier 1 Allocations and, further, the County PFD anticipates that the Sales and Use Tax collections will continue to exceed the Aggregate Tier 1 Allocations over the period for which the Sales and Use Tax has been imposed; and

E. The County PFD Board of Directors has determined that the Sales and Use Tax revenue collected by the County PFD in excess of the sum of the Aggregate Tier 1 Allocations,
the County PFD's administrative expenses, and reserves (as established, from time-to-time by the County PFD Board of Directors), should be additionally allocated among the four regional center projects for the payment of debt service on the respective bonds issued to finance the development thereof, which additional allocations shall be collectively referred to hereinafter as the "Aggregate Tier 2 Allocations" (which represent all four regional center projects); and

F. The Parties desire to amend the Interlocal Agreement by this Addendum to provide for the allocation and contribution of a specified portion of the Aggregate Tier 2 Allocations to the City PFD, which portion shall hereinafter be referred to as the "Tier 2 Allocation";

NOW, THEREFORE, the Parties hereby agree as follows:

AGREEMENT

1. Tier 2 Allocation. So long as the City PFD can and does make lawful use of the funds to be contributed by the County PFD under the provisions of RCW 82.14.390, as now or hereafter amended, and subject to continued compliance with all of the terms and conditions of the Interlocal Agreement and this Addendum No. 1, the County PFD shall allocate and contribute to the City PFD, twenty-one and nine-tenths percent (21.9220%) of the Aggregate Tier 2 Allocations.

2. Applicable Terms and Limitations. Unless otherwise expressly set forth herein, the terms and conditions of the Interlocal Agreement, together with the terms and conditions set forth in this Addendum No. 1, and the provisions of RCW 82.14.390, as now or hereafter amended, shall apply to both the Tier 1 Allocation and Tier 2 Allocation and the City PFD shall comply with same in all respects.

Further, without limiting the foregoing, the Tier 2 Allocation is expressly conditioned upon the City PFD insuring and providing the required local thirty-three percent (33%) match as required by RCW 82.14.390(4) from other public or private sources, which may not include non-voter approved taxes authorized under Chapter 35.57 RCW, or Chapter 36.100 RCW, but may include, without limit, cash or in-kind contributions used in all phases of the development or improvement of the Regional Center, land that is donated and used for the siting of the Regional Center, cash or in-kind contributions from public or private foundations, or amounts contributed to private sector partners as part of a public and private partnership agreement negotiated by the City PFD.

3. Tier 2 Allocation Disbursement Schedule. The Tier 2 Allocation shall be disbursed in accordance with the Tier 2 Allocation Disbursement Schedule set forth in Exhibit "A" attached hereto and by this reference incorporated herein.

4. Right to Reduce or Suspend Tier 2 Allocation. Tier 2 Allocation is subject to the right of the County PFD Board of Directors to reduce and/or suspend the Tier 2 Allocation or payments, if the County PFD Board of Directors determines, in its sole and absolute discretion,
that continuation of the payments of the Tier 2 Allocation may jeopardize the County PFD's ability to make payments in fulfillment of the Aggregate Tier 1 Allocations.

5. **Annexation Adjustments.** In the event that the City annexes territory which, at the time this Addendum No. 1 is entered into, is located within the County (the "Annexed Territory"), while any obligations of the County PFD, under this Addendum No. 1, remain outstanding, then and in that event, the County PFD's obligations hereunder and the amounts to be allocated to the Regional Center as part of the Tier 2 Allocation, shall be reduced, dollar-for-dollar by the amount of Sales and Use Taxes collected by the City PFD from transactions occurring within the Annexed Territory."

6. **Annual Compliance Certification.** No later than December 31 of each year, the City PFD shall provide a written certification, signed by its chief executive/administrative officer and by chairperson of its governing body, certifying the following:

   (a) The City PFD is in compliance with all terms and conditions of the Interlocal Agreement and this Addendum No. 1 and with the applicable provisions of RCW 82.14.390; and

   (b) The amount and sources of the thirty-three percent (33%) matching funds required by RCW 82.14.390(4).

This Addendum No. 1 shall become effective upon execution by each party and filing with the Snohomish County Auditor as provided in RCW 39.34.040.

DATED this 2nd day of March, 2008.

EDMONDS PUBLIC FACILITIES DISTRICT

By: __________

Terry Vehrs, Chair of Board of Directors
EXHIBIT "A"

Tier 2 Distribution Schedule

The County PFD shall disburse to the City PFD, the amount of the Tier 2 Allocation then on deposit from Sales and Use Tax revenues on deposit in semi-annual payments on May 1 and November 1 of each year, commencing November 1, 2008, through the year 2026, so long as the bonded indebtedness incurred to finance the Regional Center remain outstanding.