

G. 12/1000

#100

CITY OF POULSBO, WASHINGTON

ORDINANCE 90-05

,AN ORDINANCE creating the Poulsbo Public Development Authority; authorizing a charter and bylaws therefor; establishing a Board of Directors to govern the affairs of the authority; providing how the authority shall conduct its affairs and approving an ordinance summary for publication.

PASSED: February 28, 1990

Prepared by:

Preston Thorgrimson Shidler
Gates & Ellis
5400 Columbia Seafirst Center
Seattle, Washington 98104-7078

JUN 18 1990

TABLE OF CONTENTS

	<u>Page</u>
Section 1. Authority Created--City Liability Limited	1
Section 2. Name	2
Section 3. Definitions	2
Section 4. Powers--Generally	3
Section 5. Limitation of Powers	4
Section 6. Charter	6
Section 7. Commencement of Authority's Existence; Compliance with Charter	6
Section 8. Board of Directors	6
Section 9. Organizational Meeting	7
Section 10. Board Review and Concurrence	7
Section 11. Proposing Charter Amendments	8
Section 12. Charter Amendment	8
Section 13. Bylaws	8
Section 14. Corporate Offices and Officers; Fidelity Bond	8
Section 15. Code of Ethics--Conflict of Interest	9
Section 16. Equal Employment Opportunity	9
Section 17. Access to Records	9
Section 18. Meetings of the Board	9
Section 19. Quorum	9
Section 20. Deposit of Public Funds	10

Section 21. Establishment and Maintenance of Office and Records	10
Section 22. Reports and Information	10
Section 23. Audits and Inspections	10
Section 24. Termination	11
Section 25. Dissolution--Statement	11
Section 26. Dissolution--Disposition of Assets	12
Section 27. Insurance	12
Section 28. Unauthorized Representation	12
Section 29. Ancillary Authority	12
Section 30. Construction	12
Section 31. Effective Date	12

ORDINANCE NO. 90-05

AN ORDINANCE creating the Poulsbo Public Development Authority; authorizing a charter and bylaws therefor; establishing a Board of Directors to govern the affairs of the authority; providing how the authority shall conduct its affairs and approving an ordinance summary for publication.

WHEREAS, by Chapter 37, Laws of 1974, extraordinary session, as amended by Chapter 332, Laws of 1985, regular session and codified as RCW 35.21.730 through RCW 35.21.757 (the "Act"), the legislature of the State of Washington authorized cities to create public corporations, commissions and authorities; and

WHEREAS, the City Council of the City of Poulsbo, Washington (the "City Council") has determined that a public authority should be created for the City of Poulsbo, Washington pursuant to the Act.

NOW, THEREFORE, THE CITY OF POULSBO, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Authority Created--City Liability Limited.

A. Authority Created. A public authority is hereby created to undertake, assist with and otherwise facilitate the acquisition, construction, development, equipping, leasing, operation and maintenance of a community educational center at 18743 Front Street N.E., in the City. To the extent appropriate and consistent with the needs and objectives of the City, the Authority will secure financing, undertake the construction and development of a community educational center, lease and manage the community educational center to, among others, Educational Service District No. 114 and the Port of Poulsbo, and otherwise accomplish all purposes required for development and operation of the community educational center. Unless authorized by ordinance of the City, the Authority shall have no purpose other than the development, operation and maintenance of a community educational center in the City.

B. City Liability Limited. The Authority is an independent legal entity exclusively responsible for its own debts, obligations and liabilities. All liabilities incurred by the Authority shall be satisfied exclusively from the assets and credit of the Authority; no creditor or other person shall have any recourse to the assets, credit, or services of the City on account of any debts, obligations, liabilities, acts, or omissions of the Authority.

Section 4. Powers--Generally. Except as otherwise limited by the State constitution, state statute, and ordinances of the City, this ordinance, or the Charter, the Authority shall have and may exercise all lawful powers necessary or convenient to effect the purposes for which the Authority is organized and to perform authorized corporate functions, including, without limitation, the power to:

- A. Own and sell real and personal property;
- B. Contract for any corporate purpose with the United States, the State, and any political subdivision or agency of either, and with individuals, associations and corporations;
- C. Sue and be sued in its name;
- D. Lend and borrow funds;
- E. Do anything a natural person may do;
- F. Provide and implement such municipal and community services and functions as the City Council may by ordinance direct;
- G. Receive and administer federal, state, local or private funds, goods, or services for any lawful public purpose;
- H. Purchase, lease, exchange, mortgage, encumber, improve, use, or otherwise transfer or grant security interests in real or personal property or any interests therein; grant or acquire options on real and personal property; and contract regarding the income or receipts from real and personal property;
- I. Issue Bonds in conformity with applicable provisions of State law in such principal amounts as in the discretion of the Authority shall be necessary or appropriate to provide sufficient funds for achieving any corporate purposes; provided, however, that all Bonds or liabilities occurring thereunder shall be satisfied exclusively from the assets, properties or credit of such Authority, and no creditor or other person shall have any recourse to the assets, credit or services of the City thereby, unless the City Council shall by resolution or ordinance expressly guarantee such Bonds;
- J. Contract for, lease, and accept transfers, gifts or loans of funds or property from the United States, a state, and any municipality or political subdivision or agency of either, including property acquired by any such governmental unit through the exercise of its power of eminent domain, and from

corporations, associations, individuals or any other source, and to comply with the terms and conditions therefor;

K. Manage, on behalf of the City, any property acquired by gift, purchase, construction, lease, assignment, default, or exercise of the power of eminent domain;

L. Initiate, carry out, and complete such improvements of benefit to the public consistent with its Charter;

M. Lend its funds, property, credit or services for corporate purposes, or act as a surety or guarantor for corporate purposes;

N. Provide advisory, consultative, training, educational, and community services or advice to individuals, associations, corporations, or governmental agencies, with or without charge;

O. Control the use and disposition of corporate property, assets, and credit;

P. Invest and reinvest its funds;

Q. Fix and collect charges for services rendered or to be rendered, and establish the consideration (if any) for property transferred;

R. Maintain books and records as appropriate for the conduct of its affairs;

S. Conduct corporate affairs, carry on its operations, and use its property as allowed by law and consistent with the Act, this ordinance, its Charter and its Bylaws; name corporate officials, designate agents, and engage employees, prescribing their duties, qualifications, and compensation; secure the services of consultants for professional services (including lawyers, accountants and others), technical assistance, or advice;

T. Exercise and enjoy such other powers as may be authorized by law.

Section 5. Limitation of Powers. The Authority in all activities and transactions shall be limited in the following respects:

A. The Authority shall have no power of eminent domain nor any power to levy taxes or special assessments.

B. The Authority may not incur or create any liability that permits recourse by any party or member of the public to any assets, services, resources, or credit of the City. All liabilities incurred by the Authority shall be satisfied exclusively from the assets and credit of the Authority; no creditor or other person shall have any recourse to the assets, credit, or services of the City on account of any debts, obligations, liabilities, acts, or omissions of the Authority.

C. All funds, assets, or credit of the Authority shall be applied toward or expended upon services, projects, and activities authorized by the Charter. No part of the net earnings of the Authority shall inure to the benefit of, or be distributable as such to, the Directors, officers of the Authority or other private persons, except that the Authority is authorized and empowered to:

1. Compensate Authority officials and others performing services for the Authority, including legal counsel, a reasonable amount for services rendered, and reimburse reasonable expenses actually incurred in performing their duties;

2. Assist Authority officials as members of a general class of persons to be assisted by an Authority-approved project or activity to the same extent as other members of the class as long as no special privileges or treatment accrues to such corporate official by reason of his or her status or position in the Authority;

3. Defend and indemnify any current or former Board member or employee and their successors, spouses and marital communities against all costs, expenses, judgments, and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him or her in connection with or resulting from any claim, action, or proceeding, civil or criminal, in which he or she is or may be made a party by reason of being or having been a corporate official, or by reason of any action alleged to have been taken or omitted by him or her as such official, provided that he or she was acting in good faith on behalf of the Authority and within the scope of duties imposed or authorized by law. This power of indemnification shall not be exclusive of other rights to which corporate officials may be entitled as a matter of law;

4. Purchase insurance to protect and hold personally harmless any of its officials (including its employees and agents) from any action, claim, or proceeding

Section 2. Name. The name of the public authority shall be the Poulsbo Public Development Authority.

Section 3. Definitions. As used herein, the term:

A. "Act" means Chapter 37, Laws of Washington, 1974, extraordinary session, as amended by Chapter 332, Laws of Washington, 1985, regular session and codified as RCW 35.31.730 through RCW 35.21.757.

B. "Authority" means the Poulsbo Public Development Authority created under this ordinance.

C. "Board of Directors" or "Board" means the governing body vested with the management of the affairs of the Authority.

D. "Bonds" means any bonds, promissory notes, interim certificates, debentures, certificates of indebtedness or other obligations issued by the Authority pursuant to the Act, this ordinance and the Charter.

E. "Bylaws" means the rules adopted for the regulation or management of the affairs of the Authority adopted by this ordinance and all subsequent amendments thereto.

F. "Charter" means the articles of organization of the Authority adopted by this ordinance and all subsequent amendments thereto.

G. "City" means the City of Poulsbo, Washington.

H. "City Clerk" means the Clerk of the City Council or a person authorized to act on his or her behalf.

I. "City Council" means the legislative authority of the City.

J. "Director" means a member of the Board.

K. "Open Public Meetings Act" means Chapter 42.30 RCW, as now or hereafter amended.

L. "Planning Director" means the Planning Director of the City.

M. "State" means the State of Washington.

instituted against the foregoing individuals arising out of the performance, in good faith, of duties for, or employment with, the Authority and to hold these individuals harmless from any expenses connected with the defense, settlement, or monetary judgments from such actions, claims, or proceedings. The purchase of such insurance and its policy limits shall be discretionary with the Board, and such insurance shall not be considered to be compensation to the insured individuals. The powers conferred by this subsection shall not be exclusive of any other powers conferred by law to purchase liability insurance; and

5. Sell assets for a consideration greater than their reasonable market value or acquisition costs, charge more for services than the expense of providing them, or otherwise secure an increment in a transaction, or carry out any other transaction or activity, as long as such gain is not the principal object or purpose of the Authority's transactions or activities and is applied to or expended upon services, projects, and activities as aforesaid.

D. The Authority shall not issue shares of stock, pay dividends, make private distribution of assets, make loans to its Directors or employees or otherwise engage in business for private gain.

Section 6. Charter. The Charter of the Authority (the "Charter"), attached hereto and incorporated herein as Exhibit A of this ordinance, is hereby approved. Upon the effective date of this ordinance, the Charter shall be issued in duplicate originals, each bearing the City seal attested by the City Clerk. One original shall be retained by the City Clerk and filed as a public record; a duplicate original shall be provided to the Authority. The City Clerk shall give notice of the issuance of the Charter to the Secretary of State.

Section 7. Commencement of Authority's Existence; Compliance with Charter. The Authority shall commence its existence upon the issuance of the Charter. The Authority shall conduct its affairs in accordance with the Charter.

Section 8. Board of Directors. A board of directors (the "Board of Directors" or "Board") is hereby established to govern the affairs of the Authority, and shall be composed as set forth in the Charter. All corporate powers of the Authority shall be exercised by or under the authority of the Board of Directors and the business, property and affairs of the Authority shall be managed under the direction of the Board of Directors, except as may be otherwise provided for by law or in the Charter.

Section 9. Organizational Meeting. The City Council shall call an organizational meeting of the initial Board members within thirty days of the effective date of this ordinance, giving at least two days' advance written notice to each, unless waived in writing. At such meeting, the Board shall organize itself.

Section 10. Board Review and Concurrence.

A. At least once each year, the Board shall review monthly statements of income and expenses which compare budgeted expenditures to actual expenditures. The Board shall review all such information at its meetings, the minutes of which shall specifically note such reviews and include such information.

B. General or particular authorization or review and concurrence of the Board by resolution shall be necessary for any of the following:

1. Adoption of an annual budget and a separate capital budget;

2. Transfer or conveyance of an interest in real estate other than release of a lien or satisfaction of a mortgage after payment has been received and the execution of a lease for a current term more than one year;

3. The contracting of debts, issuances of Bonds, and the mortgaging or pledging of authority assets or credit to secure the same;

4. An action by the Authority as a surety or guarantor;

5. All unbudgeted expenditures and all capital expenditures in excess of twenty-five thousand dollars (\$25,000), and all other transactions in which: (i) the consideration exchanged or received by the Authority exceeds the greater of one percent of the previous year's operating budget or twenty-five thousand dollars (\$25,000); (ii) the performance by the Authority shall extend over a period exceeding one year from the date of execution of an agreement therefor; or (iii) the Authority assumes duties of, or assigns duties to, the City, the State, the United States or other governmental entity;

6. Certification of annual reports and statements to be filed with the City Clerk as true and correct in the opinion of the Board and of its members except as noted;

7. Proposed amendments to the Charter and Bylaws; and

8. Such other transactions, duties, and responsibilities as the Charter shall repose in the Board or the Board may reserve.

Section 11. Proposing Charter Amendments.

A. The Authority may propose to the City Council that its Charter be amended by resolution of its Board passed by a procedure outlined in its Charter at a regular or special meeting of which two days' advance written notice was given to Board members.

B. Information regarding a proposed Charter amendment shall be provided to members of the Board two days prior to the meeting at which a vote will be taken and shall include the proposed amendment and a statement of its purpose and effect.

Section 12. Charter Amendment. After adoption of a proposed Charter amendment by the Board of Directors, the Authority shall file two complete copies of the Charter with the City Clerk. The Charter may be amended only by ordinance of the City Council. If the City Council approves the proposed amendment, the revised Charter shall be issued in duplicate originals, each bearing the City seal and attested by the City Clerk. One original copy shall be retained by the City Clerk as a public record and the other original shall be delivered to the Authority. A Charter amendment proposed by the Authority shall take effect and become a part of the Charter upon issuance of the revised Charter by the City Clerk.

Section 13. Bylaws.

A. The initial Bylaws (the "Bylaws") of the Authority, attached hereto and incorporated herein as Exhibit B of this ordinance, are hereby approved. The power to alter, amend, or repeal the Bylaws or adopt new ones shall be vested in the Board unless otherwise provided in the Charter or the Bylaws.

B. As necessary and appropriate, the City Council may amend the Bylaws by ordinance.

Section 14. Corporate Offices and Officers; Fidelity Bond. The Treasurer shall file as soon as practicable with the Authority a fidelity bond in an amount determined by the Authority to be adequate and appropriate, and may hold the corporate office only as long as such a bond continues in effect.

Section 15. Code of Ethics--Conflict of Interest.

A. No member of the Board or any officer or employee of the Authority shall derive a personal profit, direct or indirect, from any contract or in the sale to the Authority or to a contractor supplying the Authority of any land or rights or interests in any land, material, supplies, or services.

B. The Board may adopt additional conflict of interest and ethical rules it considers appropriate.

Section 16. Equal Employment Opportunity. The Authority shall comply with all applicable federal, state and local laws, regulations, rules and standards relating to equal employment opportunity.

Section 17. Access to Records.

A. The Authority shall keep an official journal containing the minutes of proceedings at all meetings of the Board and the resolutions of the Board.

B. Any person shall have access to records and information of the Authority to the extent required by State law. Minutes with respect to closed executive sessions need not be made available.

Section 18. Meetings of the Board.

A. The Board shall meet at least one (1) time each year; special meetings of the Board may be called as provided by the Charter, the Bylaws and the Open Public Meetings Act.

B. The Board shall be the governing body of a public agency as defined in the Open Public Meetings Act, and all meetings of the Board shall be held and conducted in accordance with the Open Public Meetings Act.

C. All Board meetings, including executive Committee meetings, all other permanent and ad hoc committee meetings shall be open to the public to the extent required by the Open Public Meetings Act or otherwise by law. The Board and committees may hold executive sessions to consider matters enumerated in the Open Public Meetings Act, or privileged matters recognized by law, and shall enter the cause therefor upon its official journal.

Section 19. Quorum. The Charter or Bylaws shall establish the requirements for a quorum. The act of a majority of the

Board present at a meeting at which a quorum is present shall be the act of the Board; provided, however, that:

A. A quorum to commence a Board meeting shall be no fewer than a majority of the Board's total membership.

B. Any resolution authorizing or approving an action described in Section 10 of this ordinance shall require an affirmative vote of a majority of the Board members voting on the issue.

Section 20. Deposit of Public Funds. All moneys belonging to or collected for the use of the Authority, coming into the hands of any corporate official or officer thereof, shall be deposited in a qualified public depository as determined by the Washington Public Deposit Protection Commission. Such moneys may be invested at the direction of the Board, by resolution, in investments which would be lawful for the investments of City funds.

Section 21. Establishment and Maintenance of Office and Records. The Authority shall:

A. Maintain a principal office at a location within the limits of the City;

B. File and maintain with the City Clerk a current listing of all Authority officials, their positions and their business numbers, the address of its principal office, and a current set of its Bylaws; and

C. Maintain all of its records in a manner consistent with the Preservation and Destruction of Public Records Act, Chapter 40.14 RCW, as now or hereafter amended.

Section 22. Reports and Information. The Authority shall, on or before January 31 of each year, beginning on or before January 31, 1991, file an annual report with the City Clerk and the City Council containing a certified statement of assets and liabilities, income and expenditures and changes in its financial position during the previous year; a summary of significant accomplishments; a list of depositories used; a projected operating budget for the current fiscal year; a summary of projects and activities to be undertaken during the current year; a list of Authority officials and a list of officials bonded pursuant to Section 14 of this ordinance.

Section 23. Audits and Inspections. The Authority shall, at any time during normal business hours and as often as the City Council or the State Auditor deem necessary, make available to

the City Council and the State Auditor for examination all of its financial records, and shall permit the City Council and State Auditor to audit, examine and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all the aforesaid matters. The City Council and State Auditor shall have no right, power or duty to supervise the daily operations of the Authority, but shall oversee such operations only through their powers to audit, modify the Charter and Bylaws and to remove Board members all as set forth in this ordinance, all for the sole purpose of correcting any deficiency and assuring that the purposes of the Authority are reasonably accomplished.

Section 24. Termination. If the City Council makes an affirmative finding that termination is warranted for any reason, the existence of the Authority may be terminated by ordinance of the City Council at or after a public hearing, held with notice to the Authority and affording it a reasonable opportunity to be heard and present testimony.

Section 25. Dissolution--Statement. Upon enactment of an ordinance by the City Council for termination of the Authority, the Authority shall file a dissolution statement setting forth:

- A. The name and principal office of the Authority;
 - B. The debts, obligations and liabilities of the Authority, including conditions of grants and donations, and the property and assets available to satisfy the same; the provisions to be made for satisfaction of outstanding liabilities and performance of executory contracts; and the estimated time for completion of its dissolution;
 - C. Any pending litigation or contingent liabilities;
- and
- D. A list of persons to be notified upon completion of dissolution.

The City Council shall review the statement filed and oversee the dissolution to protect the public interest, or if so authorized by law, authorize or initiate proceedings in the Superior Court for the appointment and supervision of a receiver for such purposes. Upon satisfactory completion of dissolution proceedings, the City Council shall indicate such dissolution by inscription of "charter cancelled" on the original charter of the Authority, on file with the City Clerk and, when available, on the duplicate original of the Authority, and the existence of the Authority shall cease. The City Clerk shall give notice thereof

to the Secretary of State and other persons requested by the Authority in its dissolution statement.

Section 26. Dissolution--Disposition of Assets. Upon dissolution of the Authority and the winding up of its affairs, the City Council may provide for the transfer of the rights, assets and property of the Authority to a qualified entity or entities which will fulfill the purposes for which the authority was chartered. Otherwise, title to all remaining property or assets of the authority shall vest in the City upon the dissolution of the Authority.

Section 27. Insurance. The Authority shall maintain in full force and effect public liability insurance in an amount sufficient to cover potential claims for bodily injury, death or disability and for property damage, which may arise from or be related to projects and activities of the Authority, naming the City as an additional insured; provided, however, the City may pursuant to a lease or contract with the Authority agree to provide all or part of such insurance.

Section 28. Unauthorized Representation. All persons who assume to act for the Authority without actual authority to do so shall be liable for the debts and liabilities incurred or arising as a result thereof.

Section 29. Ancillary Authority. The Planning Director, Director of Finance, Deputy Finance Director and City Clerk are granted all such power and authority as reasonably necessary or convenient to enable them to administer this ordinance efficiently and to perform the duties imposed in this ordinance.

Section 30. Construction. This ordinance shall be liberally construed so as to effectuate its purposes and the purposes of the Act.

Section 31. Effective Date. This ordinance shall be effective five days after its passage and publication by the City Clerk of a summary hereof.

PASSED by the City Council of the City of Poulsbo, Washington, at a regular meeting thereof, held this 28th day of February, 1990.

CITY OF POULSBO, WASHINGTON

By Richard Matheson
Mayor

ATTEST:

Karol Jones
City Clerk

APPROVED AS TO FORM:

Nancy Aeras
City Attorney (Bond Counsel)

EXHIBIT A

CHARTER
OF THE
POULSBO PUBLIC DEVELOPMENT AUTHORITY

TABLE OF CONTENTS

	Page
ARTICLE I	
NAME AND SEAL	
Section 1.01. Name	1
Section 1.02. Seal	1
ARTICLE II	
AUTHORITY AND LIMIT ON LIABILITY	
Section 2.01. Authority	1
Section 2.02. Limit on Liability	1
Section 2.03. Mandatory Disclaimers	1
ARTICLE III	
DURATION	
	2
ARTICLE IV	
PURPOSE	
	2
ARTICLE V	
POWERS	
Section 5.01. Powers	2
Section 5.02. Indemnification	2
ARTICLE VI	
BOARD	
Section 6.01. Board Composition	3
Section 6.02. Board Concurrence and Quorum Defined	3
Section 6.03. Officers and Division of Duties	3
Section 6.04. Committees	4
ARTICLE VII	
MEETINGS	
Section 7.01. Board Meetings	4
Section 7.02. Open Public Meetings	4
Section 7.03. Parliamentary Authority	4
Section 7.04. Minutes	4
ARTICLE VIII	
BYLAWS	
	5
ARTICLE IX	
AMENDMENTS TO CHARTER AND BYLAWS	
Section 9.01. Proposals to Amend Charter and Bylaws	5
Section 9.02. Vote Required for Amendments to Charter or Bylaws	5
Section 9.03. City Council Approval of Proposed Charter Amendments	5

ARTICLE X COMMENCEMENT	5
ARTICLE XI DISSOLUTION	6
ARTICLE XII APPROVAL OF CHARTER	6

CHARTER
OF
THE POULSBO PUBLIC DEVELOPMENT AUTHORITY

ARTICLE I
NAME AND SEAL

Section 1.01. Name. The name of this authority shall be the POULSBO PUBLIC DEVELOPMENT AUTHORITY (the "Authority").

Section 1.02. Seal. The Authority's seal shall be a circle with the name "Poulsbo Public Development Authority" inscribed therein.

ARTICLE II
AUTHORITY AND LIMIT ON LIABILITY

Section 2.01. Authority. The Authority is a public authority organized pursuant to RCW 35.21.730-.757, as amended (the "Act") and Ordinance 90-05 of the City of Poulsbo, Washington (the "Ordinance").

Section 2.02. Limit on Liability. All liabilities incurred by the Authority shall be satisfied exclusively from the assets, credit, and properties of the Authority, and no creditor or other person shall have any right of action against or recourse to the City of Poulsbo, Washington (the "City"), its assets, credit, or services, on account of any debts, obligations, liabilities or acts or omissions of the Authority.

Section 2.03. Mandatory Disclaimers. The following disclaimer shall be printed or stamped on all contracts, bonds, and other documents that may entail any debt or liability by the Authority.

The Poulsbo Public Development Authority is a public authority organized pursuant to Ordinance No. 90-05 of the City of Poulsbo and the laws of the State of Washington, RCW 35.21.730 through RCW 35.21.757. RCW 35.21.750 provides as follows: "[A]ll liabilities incurred by such public corporation, commission, or authority shall be satisfied exclusively from the assets and properties of such public corporation, commission, or authority and no creditor or other person shall have any right of action against the city, town, or county creating such corporation, commission, or authority on account of any debts, obligations, or

liabilities of such public corporation, commission, or authority."

ARTICLE III
DURATION

The duration of the Authority shall be perpetual except as provided in the Ordinance.

ARTICLE IV
PURPOSE

The purpose of the Authority is to provide a legal entity organized under the Act and the Ordinance to undertake, assist with and otherwise facilitate the acquisition, construction, development, equipping, leasing, operation, and maintenance of a community educational center at 18743 Front Street N.E. in the City (the "Project"). To the extent appropriate and consistent with the needs and objectives of the City, the Authority will acquire and manage real property, secure financing, undertake the construction and development of and otherwise accomplish all purposes required for development and operation of the Project.

To the extent appropriate and consistent with the needs and objectives of the City and to facilitate or provide for the Project, the Authority will undertake and accomplish all activities necessary or convenient for the development, operation and implementation of the Project.

For the purpose only of securing the exemption from federal income taxation for interest on obligations of the Authority, the Authority constitutes an authority and instrumentality of the City of Poulsbo (within the meaning of those terms in regulations of the United States Treasury and rulings of the Internal Revenue Service prescribed pursuant to Section 103 of the Internal Revenue Code of 1986, as amended).

ARTICLE V
POWERS

Section 5.01. Powers. The Authority shall have and may exercise all lawful powers conferred by state laws, the Ordinance, this Charter and its Bylaws. The Authority in all of its activities and transactions shall be subject to the powers, procedures, and limitations contained in the Ordinance.

Section 5.02. Indemnification. To the extent permitted by law, the Authority shall protect, defend, hold harmless and indemnify any person who becomes a director, officer, employee or agent of the Authority, and who is a party or threatened to be

made a party to a proceeding by reason related to that person's conduct as a director, officer, employee or agent of the Authority, against judgments, fines, penalties, settlements and reasonable expenses (including attorneys' fees) incurred by him or her in connection with such proceeding, if such person acted in good faith and reasonably believed his or her conduct to be in the Authority's best interests and if, in the case of any criminal proceedings, he or she had no reasonable cause to believe his conduct was unlawful. The indemnification and protection provided herein shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or by contract or by vote of the Board of Directors. The Authority may purchase and maintain appropriate insurance for any person to the extent provided by applicable law.

ARTICLE VI BOARD

Section 6.01. Board Composition. Management of all Authority affairs shall reside in the Board. The Board shall be composed of seven (7) members who shall be the elected Mayor of Poulsbo; three (3) members of the Poulsbo City Council, which shall be the members of the Council's Finance Committee; one (1) member designated by Educational Service District No. 114; one (1) member designated by the Port of Poulsbo; and one (1) member who shall be a resident of the City chosen by the City Council.

Section 6.02. Board Concurrence and Quorum Defined. "Board concurrence," as used in this Article, may be obtained at any regular or special Board meeting by an affirmative vote of a majority of the Board members voting on the issue, provided that such majority equals not less than three votes.

A quorum to commence a Board meeting shall be no fewer than four members. The Bylaws of the Authority may prescribe Board quorum restrictions that equal or exceed the quorum restrictions imposed in this Section 6.02.

Section 6.03. Officers and Division of Duties. The Authority shall have five or more officers. The same person shall not occupy both the office of President and any office responsible for the custody of funds and maintenance of accounts and finances. The initial officers of the Authority shall be the President, Secretary, Treasurer, Auditing Officer and Executive Director. The Mayor shall serve as the President. The Treasurer shall be the City Finance Director, the Secretary shall be the City Clerk, the Auditing Officer shall be the Deputy Finance Director, and the Executive Director shall be the Planning Director, but these officers, except the President, shall not be members of the Board. Additional officers may be provided for in

the Bylaws of the Authority. The President shall be the agent of the Authority for service of process; the Bylaws may designate additional corporate officials as agents to receive or initiate process. Further duties of all officers may be provided for in the Bylaws. The Board shall oversee the activities of the corporate officers, establish and/or implement policy, participate in corporate activity in matters prescribed by City ordinance, and shall have stewardship for management and determination of all corporate affairs.

Section 6.04. Committees. The appointment of other committees shall be provided for in the Bylaws.

ARTICLE VII MEETINGS

Section 7.01. Board Meetings.

(a) The Board shall meet as necessary but not less than one (1) time a year.

(b) Special meetings of the Board may be called as provided in the Bylaws.

Section 7.02. Open Public Meetings. Notice of meetings shall be given in a manner consistent with the Open Public Meetings Act, Chapter 42.30 RCW. In addition, the Authority shall routinely provide reasonable notice of meetings to any individual specifically requesting it in writing. At such meeting, any citizen shall have a reasonable opportunity to address the Board either orally or by written petition. Voting by telephone or by proxy is not permitted.

Section 7.03. Parliamentary Authority. The rules of Robert's Rules of Order (revised) shall govern the Authority in all cases to which they are applicable, where they are not inconsistent with the Charter or with the special rules of order of the Authority set forth in the Bylaws.

Section 7.04. Minutes. Copies of the minutes of all regular or special meetings of the Board shall be available to any person or organization that requests them as required by state law; minutes with respect to closed executive sessions need not be made available. The minutes of all Board meetings shall include a record of individual votes on all matters requiring Board concurrence.

ARTICLE VIII
BYLAWS

The initial Bylaws may be amended to provide additional or different rules governing the Authority and its activities as are not inconsistent with this Charter. The Board may provide in the Bylaws for all matters related to the governance of the Authority, including but not limited to matters referred to elsewhere in the Charter for inclusion therein.

ARTICLE IX
AMENDMENTS TO CHARTER AND BYLAWS

Section 9.01. Proposals to Amend Charter and Bylaws.

(a) Proposals to amend the Charter or Bylaws shall be presented in a format that strikes over material to be deleted and underlines new material.

(b) Any Board member may introduce a proposed amendment to the Charter or to the Bylaws (which may consist of new Bylaws) at any regular meeting or at any special meeting for which two (2) days' advance notice has been given to members of the Board.

Section 9.02. Vote Required for Amendments to Charter or Bylaws. Resolutions of the Board approving proposed amendments to the Charter or Bylaws require an affirmative vote of a majority of the Board members voting on the issue, provided that such majority equals not less than three votes.

Section 9.03. City Council Approval of Proposed Charter Amendments. Proposed Charter amendments adopted by the Board shall be submitted to the City Council. The Authority's Charter may be amended only by ordinance as provided in the Ordinance.

ARTICLE X
COMMENCEMENT

The Authority shall commence its existence effective upon the issuance of its Charter as sealed and attested by the City Clerk.

ARTICLE XI
DISSOLUTION

Dissolution of the Authority shall be in the form and manner required by state law, the Ordinance, and the Bylaws.

ARTICLE XII
APPROVAL OF CHARTER

APPROVED by Ordinance No. 90-05 adopted by the City Council of the City of Poulsbo on February 28, 1990.

EXHIBIT B

BYLAWS
OF
THE POULSBO PUBLIC DEVELOPMENT AUTHORITY

ARTICLE I

Board

Section 1.01. Quorum. At least four (4) members of the Board must be present at any regular or special meeting to comprise a quorum. A lesser number in attendance at such a meeting may adjourn the meeting and reconvene it within forty-eight (48) hours of the adjourned meeting without further notice.

ARTICLE II

Officers and Committees

Section 2.01. Election, Qualifications and Term of Office. If offices other than the President, Secretary, Treasurer, Auditing Officer and Executive Director are hereinafter created, these offices shall be referred to as "Elected Offices." The holders of Elected Offices ("Elected Officers") shall be elected by the Board at the first regular meeting of each year, for a one-year term, and each Elected Officer shall hold office during said one-year term and until his or her successor is elected. The first Elected Officers of the Board shall be elected by the Board at its organizational meeting or as soon as practicable following the Board's creation of such Elected Office.

Section 2.02. Powers and Duties.

(a) President. The President shall be the chief executive officer of the Authority and shall have general supervision over the business of the Authority, subject, however, to the control of the Board of Directors. The President shall preside at all meetings of the Board of Directors. The President or the Executive Director may sign and execute, in the name of the Authority, deeds, mortgages, leases, bonds, contracts and other instruments duly authorized by the Board of Directors, and generally shall perform all duties incident to the office of President and such other duties as may from time to time be assigned to such office by the Board of Directors.

(b) Secretary. The Secretary shall:

(1) Certify and keep at the office of the Authority, or at such other place as the Board of Directors may

order, the original or a copy of the Bylaws, as amended or otherwise altered;

(2) Keep at the office of the Authority, or at such other place as the Board of Directors may order, a book of minutes of all meetings of the Directors and of the resolutions of the Board, recording therein the time and place of holding such meetings, whether regular or special, and, if special, how authorized, the notice thereof given, and the proceedings thereat;

(3) See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;

(4) Be custodian of the records and seal of the Authority;

(5) Exhibit at all reasonable times to any Director, upon application, the Bylaws and minutes of the proceedings of the Directors of the Authority; and

(6) Perform such other duties as may be assigned to such office by the Board of Directors or the President.

(c) Treasurer. The Treasurer shall:

(1) Receive and have charge of all funds of the Authority and shall disburse such funds only as directed by the Board of Directors;

(2) Perform all duties incident to the office of Chief Financial Officer; and

(3) In general perform such other duties as may from time to time be assigned to such office by the Board of Directors or the President.

(d) Auditing Officer. The Auditing Officer shall audit before payment all claims presented by persons furnishing materials, rendering services, performing labor, or for any other contractual purpose.

(e) Executive Director. The Executive Director shall be the chief administrative officer of the Authority responsible for the day-to-day operations of the Authority and for carrying out the policies and directives of the Board. The Executive Director shall make recommendations to the Board on practices, policies and programs of the Authority. He or she shall have such powers and perform such duties as may be prescribed from time to time by the Board, and he or she shall be entitled to

notices of all meetings of the Board but shall not be entitled to be present during any discussions relating to his or her employment or performance.

Section 2.03. Removal. Upon reasonable prior notice to all Board members of the alleged reasons for dismissal, the Board by an affirmative vote of the majority of the whole Board may remove any Elected Officer from his or her office whenever in its judgment the best interests of the Authority will be served thereby.

Section 2.04. Vacancies. The Board shall fill any Elected Office which becomes vacant with a successor who shall hold office for the unexpired term and until his or her successor shall have been duly elected and qualified.

Section 2.05. Establishment of Committees. The Board, by resolution adopted by a majority of the full Board, may designate from among its members one or more committees, each consisting of at least three or more members, to represent the Board and, on matters other than those described in Section 10 of the Ordinance, act for and on behalf of the Board. The designation of any such committee and the delegation thereto of authority shall not operate to relieve any member of the Board of any responsibility imposed by law.

Section 2.06. Advisory Committees. The Board may from time to time establish advisory committees to report on possible projects or activities and shall fill such committees by appointment of suitable persons.

ARTICLE III

Meetings

Section 3.01. Regular Board Meetings. All meetings of the Board shall be special meetings.

Section 3.02. Special Board Meetings. Subject to Article VII of the Charter of the Authority and Section 18 of the Ordinance, special meetings of the Board may be held at any place at any time whenever called by the President or a majority of the members of the Board.

Section 3.03. Notice of Special Board Meetings. Notice of all special meetings of the Board shall be given by the Secretary or by the person or persons calling the special meeting by delivering personally or by mail written notice at least two days prior to the time of the meeting to each Board member and to each local newspaper of general circulation and to each radio or

television station that has requested notice as provided in the Open Public Meetings Act, Chapter 42.30 RCW, as now or hereafter amended. In addition, the Authority shall provide notice of special meetings to any individual specifically requesting it in writing. If the President deems that an emergency exists, the President may shorten the notice of a special meeting to not less than twenty-four hours.

The time and place of the special meeting and the business to be transacted must be specified in the notice. Final disposition shall not be taken on any other matter at such meetings.

Section 3.04. Waiver of Notice. Notice as provided in Section 3.03 hereof may be dispensed with as to any member of the Board who at or prior to the time the meeting convenes files with the Board of the Authority a written waiver of notice or who is actually present at the meeting at the time it convenes. Such notice may also be dispensed with as to special meetings called to deal with an emergency involving injury or damage to persons or property or the likelihood of such injury or damage, where time requirements of such notice would make notice impractical and increase the likelihood of such injury or damage. Notice, as provided in Article IX of the Charter concerning proposed amendments to the Charter or Bylaws and votes on such amendments, may not be waived.

ARTICLE IV

Administrative Provisions

Section 4.01. Books and Records. The Authority shall keep current and complete books and records of account and shall keep minutes of the proceedings of its Board and its committees.

Section 4.02. Indemnification of Board Members. The Authority elects to defend and indemnify its present and former officials and their successors, spouses and marital communities to the full extent authorized by the Charter. In addition, the right of indemnification shall inure to each Board member or officer and his or her spouses and marital communities upon his or her appointment to the Board and in the event of his or her death shall extend to his or her heirs, legal representatives and estate. Each person who shall act as Board member or officer of the Authority shall be deemed to do so in reliance upon such indemnification and such rights shall not be exclusive of any other right which he or she may have.

Section 4.03. Principal Office. The principal office of the Authority shall be at City Hall, 19050 Jensen Way N.E., Poulsbo, Washington 98370.

SUMMARY OF ORDINANCE NO. 90-05

of the City of Poulsbo, Washington

On February 28, 1990, the City Council of the City of Poulsbo, Washington, approved Ordinance No. 90-05, the main point of which may be summarized by its title as follows:

AN ORDINANCE CREATING THE POULSBO PUBLIC DEVELOPMENT AUTHORITY; AUTHORIZING A CHARTER AND BYLAWS THEREFOR; ESTABLISHING A BOARD OF DIRECTORS TO GOVERN THE AFFAIRS OF THE AUTHORITY; PROVIDING HOW THE AUTHORITY SHALL CONDUCT ITS AFFAIRS AND APPROVING AN ORDINANCE SUMMARY FOR PUBLICATION.

The full text of this ordinance will be mailed upon request.

APPROVED by the City Council at their meeting of February 28, 1990.

Karol Jones
CITY CLERK, KAROL JONES

G 10.1000

PLCC

Contract in effect until bonds
Paid off

ORDINANCE NO. 91-03



AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
POULSBO, WASHINGTON APPROVING LEASES AND FINANCING
AND OPERATING, INTERLOCAL COOPERATION AND DEPOSITORY
AGREEMENTS IN CONNECTION WITH THE MARINE SCIENCE
CENTER.

WHEREAS, the City of Poulsbo (the "City") chartered the
Poulsbo Public Development Authority (the "Authority") pursuant to
RCW 35.21.730 and Ordinance No. 90-05 of the City; and

WHEREAS, one of the public purposes of the Authority is to
facilitate the development of a community educational center; and

WHEREAS, the City and the Authority have formulated a plan for
the development, equipping, leasing, operation and maintenance of
the marine science center in the City; and

WHEREAS, the City, Kitsap County (the "County") and the
Authority need to enter into various agreements to implement such
plan;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF POULSBO,
WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Approval of Agreement. The Financing and
Operating Agreement, Ground Lease, Lease, Depository Agreement, and
Marine Science Center Interlocal Agreement, each dated January 16,
1991 and between the City and the Authority (and Seattle-First
National Bank in the case of the Depository Agreement and the
County in the case of the Interlocal Agreement), which documents
are attached to this ordinance in substantially final form and
incorporated by this reference, are hereby approved.

contracts/
J58-091-13.pdf

FEB 13 1991

Section 2. Authorization. The Mayor, Finance Director and City Clerk are hereby authorized and directed to do everything necessary for the execution of and performance of the documents attached hereto.

Section 3. Effective Date. This ordinance shall be in full force and effect five days after its passage and publication as required by law.

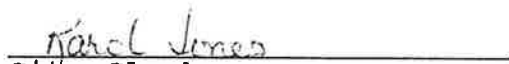
PASSED at a regular meeting held this 16th day of January, 1991.

CITY OF POULSBO, WASHINGTON



Mayor

ATTEST:



City Clerk

K:\NMN\22529-00.001\210.265

FILED WITH CITY CLERK: 1/9/91
PASSED BY COUNCIL: 1/16/91
PUBLISHED: 1/23/91
EFFECTIVE: 1/28/91
ORDINANCE NO. 91-03

0060.150.077
WSS/klt
01/17/91

SUMMARY OF ORDINANCE NO. 91-03
of the City of Poulsbo, Washington

On January 16, 1991, the City Council of the City of Poulsbo, Washington, approved Ordinance No. 91-03, the main point of which may be summarized by its title as follows:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON APPROVING LEASES AND FINANCING AND OPERATING, INTERLOCAL COOPERATION AND DEPOSITORY AGREEMENTS IN CONNECTION WITH THE MARINE SCIENCE CENTER.

The full text of this ordinance will be mailed upon request.

APPROVED by the City Council at their meeting of January 16, 1991.

Karol Jones
CITY CLERK, KAROL JONES

FINANCING AND OPERATING AGREEMENT

BETWEEN

THE CITY OF POULSBO

AND

THE POULSBO PUBLIC DEVELOPMENT AUTHORITY

THIS AGREEMENT ("Agreement") is made as of January 16, 1991, between the CITY OF POULSBO (the "City") and THE POULSBO PUBLIC DEVELOPMENT AUTHORITY, a public corporation chartered by the City (the "Authority") to provide capital funds to acquire, construct and equip a building at 18743 Front Street N.E. in the City for use as a community educational center (the "Center"), to provide for the construction, management and operation of such Center, and for certain other matters in connection therewith:

I. RECITALS

These facts and principles form the background of this agreement:

1. The Authority was chartered pursuant to Chapter 37, Laws of Washington, as amended (RCW 35.21.730 et seq.), and City Ordinance No. 90-05, and one of the "chartered projects" of the Authority is to develop the Center.

2. The City is authorized by RCW 35A.11.020 to acquire title to real and personal property and to improve, maintain, use and lease real property and structures. In addition, the City is authorized by RCW 35.21.730 to transfer to the Authority, with or without consideration, any funds, real or personal property, property interest or services.

3. The City wishes to construct the Center to house programs benefitting the City and its residents.

4. The City and the Authority entered into a ground lease agreement dated January 16, 1991 pursuant to which the City leased the property and existing building located on the Center property to the Authority and the Authority agrees to construct the Center and the City agrees to pay a portion of the costs thereof to the Authority.

5. The City and the Authority entered into a lease agreement dated January 16, 1991 pursuant to which the Authority leased the Center to the City.

6. The Authority has authorized the issuance of its Special Obligation Bonds, 1991 to provide funds to acquire, construct, develop and equip the Center. The Authority will pledge the lease payments from the City and payments to be received from Kitsap County to the payment of its Special Obligation Bonds, 1991.

7. This Agreement has been approved by the City Council of the City pursuant to ordinance adopted on January 16, 1991, and by the Board of Directors of the Authority pursuant to resolution adopted on January 16, 1991.

8. This Agreement is the culmination of negotiations and discussions between the City and the Authority regarding the terms and conditions under which the City will lease the Center from the Authority and the City will operate and manage the Center and other duties and functions of each of the parties.

NOW, THEREFORE, in consideration of the mutual promises made herein, the City and the Authority hereby agree as follows:

II. DEFINITIONS

The following words and terms have the following meanings for purposes of this Agreement:

"Authority" means the Poulsbo Public Development Authority.

"Board" means the Board of Directors of the Authority.

"Bond Fund" means the fund of the Authority created pursuant to Resolution No. 91-01 of the Authority that shall be used to pay principal of and interest on the Bonds.

"Bonds" means the \$650,000 principal amount of Special Obligation Bonds, 1991 of the Authority issued pursuant to Resolution No. 91-01.

"Center" means the community educational center to be built at 18743 Front Street N.E. in the City.

"City" means the City of Poulsbo, Washington.

"Code" means the Internal Revenue Code of 1986 as now or hereafter amended.

"Depository" means the depository appointed pursuant to Resolution No. 91-01 of the Authority and the Depository Agreement dated January 16, 1991 for purposes of paying the interest on and principal of the Bonds.

"Development Fund" means the Community Educational Center Development Fund created pursuant to Section III.3.A. of this Agreement.

"Financing and Operating Agreement" or "Agreement" means this Financing and Operating Agreement between the City and the Authority.

"Lease" means the Lease Agreement dated as of January 16, 1991, between the Authority and the City pursuant to which the Authority will lease the Center to the City.

"Lease Payments" means those payments that the City is required to make pursuant to the Lease.

"Legislative Authority" means the Mayor and City Council of the City.

"Operation and Maintenance Expenses" means all reasonable expenses incurred by the City in causing the Center to be operated and maintained in good repair, working order and condition, utilities, insurance, and management and administrative expenses of the Authority attributable to the Center, but shall not include any costs or expenses for major repairs, new construction, interest payments, or any allowance for depreciation or amortization.

"Project" means the planning, financing, design, purchase, acquisition, construction, development, and equipping of a community education center in the City.

III. OBLIGATIONS OF THE PARTIES

1. Payments by the City. The City hereby unconditionally agrees to make the Lease Payments to the Depository as provided in the Lease, in this Financing and Operating Agreement, and in the Depository Agreement dated January 16, 1991, and approves the pledge of such Lease Payments by the Authority for the payment of the Bonds.

In addition, the City agrees to pay the Operation and Maintenance Expenses incurred in connection with the Center, taxes, assessments, and any expenses incurred or to be incurred for major repairs or construction costs in excess of the principal amount of the Bonds.

2. Construction. The Authority shall construct or contract for the construction of the Center as described on Attachment 1, substantially according to the schedule attached as Attachment 2 and within the budget attached as Attachment 3 hereto or as such may be amended hereafter. The City waives the right to require the Authority to post a bond pending completion of the Center.

A. The Authority shall contract for the construction of the Center and shall ensure that the contractor selected is qualified to undertake development or construction of the Center.

The Authority shall proceed with diligence to construct the Center and shall have discretion, consistent with this Agreement, with respect to unit costs, design elements, selection of contractor, change orders, and all other matters relating to development of the Center.

The Authority shall comply with all applicable land use, environmental and construction requirements of the Poulsbo Municipal Code and State law.

The Authority shall retain all such personnel and procure all such services as are deemed appropriate to carry out the Project with reasonable efficiency, including provision of architectural, legal, developmental, management and advisory services for preparation of cost estimates, contract specifications and documentation, and inspection services during construction.

B. The Authority shall establish for the Project a separate account or system of accounts; credit all money received from the Development Fund and make disbursements therefrom only for acquiring, designing, constructing and equipping the Center and all financing, legal and administrative costs relating to the Project and the financing for the Project in accordance with this Agreement and only in accordance with an Authority voucher properly signed by any Authority officer or a designee appointed by the Board of the Authority on file stating the purposes for which payment is made; adopt a system of appropriate internal controls to assure proper application of funds; maintain such books and records as are satisfactory to the Auditor of the State of Washington and the City Finance Director and allow them access for audit purposes.

C. The Authority shall file a written report with the Legislative Authority at least once a month as to the progress of the Project until the Project is complete.

D. The Authority shall recommend to the City from time to time such adjustments in the Project or amendments to this Agreement as would improve the Project, further its purposes and objectives, or obviate or reduce difficulties encountered.

3. Funds and Accounts.

A. Community Educational Center Development Fund. The Authority shall establish the Community Educational Center Development Fund (the "Development Fund"). The proceeds of the Bonds shall be deposited in the Development Fund. The Development Fund and any accounts created therein and any earnings thereon

shall be used solely for costs of the Project. The Authority shall reimburse the City for costs incurred by the City for the design, construction and equipping of the Center to the extent funds are available in the Development Fund. Disbursements from the Fund shall be subject to the approval of the City acting through the Finance Director. Money in the Fund shall be invested as provided in Resolution No. 91-01 of the Authority.

If the City Council finds that:

(i) the Center is not making substantial progress in accordance with this Agreement, or

(ii) reasonable measures are unlikely to succeed in completing the Center in a reasonable period of time, or

(iii) foreseeable resources are inadequate to complete the Center,

the Council may require that the uncommitted balance in the Development Fund be transferred to the City or used to retire the Bonds.

B. Bond Fund. The 1991 Bond Fund was created by Resolution No. 91-01 of the Authority for the purpose of paying the interest on and principal of the Bonds. The Bond Fund shall be held and administered by the Depository. The City shall pay the required Lease Payments to the Depository on or before each debt service payment date. If a debt service payment date is not a business day, the payment shall be made no later than the preceding business day. The Depository shall deposit the Lease Payments into the Bond Fund. In the event the Depository does not receive the Lease Payments when due, the Depository shall notify the Authority.

C. Investment of Money in Funds and Accounts. The Authority or its nominee shall be exclusively responsible for management of the funds and accounts created pursuant to this Agreement and shall invest funds therein in such investments as the Authority is legally authorized to make.

4. City Responsibilities. To assist the Authority in the implementation of the Project, the City shall:

A. Assign personnel as necessary for prompt code inspection, processing of permits and certificates of occupancy.

B. Perform accounting functions of the Authority and auditing as necessary or appropriate to determine compliance with this Agreement and applicable law.

C. Provide such other and further assistance as the City in its discretion may deem proper, or may undertake by agreement.

D. Operate and manage the Center.

5. Center Operation. The Authority and the City agree to operate the Center primarily as an educational center. The Authority shall install, at its expense, all equipment, fixtures, and all other items necessary for the leasing and operation of the Center. The City agrees to perform all necessary maintenance to the Center.

The City may sublease all or a portion of the Center, as in the City Council's sole discretion it may deem appropriate. The prior written approval of the Authority shall not be required for such subleases.

The City will reasonably insure or otherwise maintain coverage for liability and property insurance of all insurable property and equipment then constituting the Center. Property loss proceeds shall be applied to repair or replace damaged property.

IV. TERM AND TERMINATION

1. The provisions of this Agreement shall remain in effect until the Bonds have been paid or their payment duly provided for. Either party may terminate this Agreement upon 30 days' prior written notice to the other in the event that:

A. A final judicial determination, including exhaustion of all appeals, has been rendered that this Agreement and/or the Center violates the law in any material respect, or amendments to or changes in law shall deprive either party of the ability to render further performance as contemplated by this Agreement, and the parties cannot agree within 60 days upon amendments to bring this Agreement into compliance with the decision of the court or the amendments to the law; or

B. The other party agrees or assents thereto; provided, however, that no such amendments shall act and no such termination shall be effective which impairs the security of any financing undertaken by the Authority that is secured by the City's obligation to make payments pursuant to this Agreement and the Lease.

2. Termination by the City under this section may be authorized only by ordinance duly adopted by the Legislative Authority. Termination by the Authority under this section may be authorized only by resolution duly adopted by the Board of Directors of the Authority.

3. In the event of termination under this section, and insofar as consistent with any applicable law or court judgment, the money in the Development Fund committed to particular Center activities for which the Authority has entered into contracts and previously authorized by the City shall remain in the Fund and be expended as authorized. Any uncommitted funds shall be returned to the City by the Authority as soon as practicable following termination or deposited into the Bond Fund if required by Resolution No. 91-01 of the Authority; provided, that the City may, in its discretion, authorize retention of such funds in the Development Fund and the expenditure of such funds for existing or proposed projects related to development of the Project for which no contracts have been executed.

V. MISCELLANEOUS PROVISIONS

1. Assignment. Neither party shall assign any of its rights or delegate any of its duties under this Agreement without the express written approval of the other, except as otherwise provided herein.

2. Indemnification. Each party shall hold the other party harmless from all suits, claims, or liability arising from the act or omission of the indemnifying party, its agents or employees, and from all claims for unpaid wages, remuneration for services, liens, and remittances for supplies arising from the Project; and in the event any such suit be filed against the indemnified party, the indemnifying party shall appear and defend the same, and if judgment be rendered or settlement be made against the indemnified party, to pay the same along with all costs and expenses of such defense.

3. Successor to Authority. In the event that the Authority is unable or unwilling to undertake its rights and obligations under this Agreement, the City may assume the Authority's right and obligations hereunder or find a replacement for the Authority.

4. Tax and Arbitrage Covenants. The City and the Authority hereby covenant that they will not take any action that would cause the interest on the Bonds to be subject to federal income taxation under the Code or such bonds to be considered "arbitrage bonds" under Section 148 of the Code or the regulations issued pursuant to the Code. In addition, the Authority and the City agree that they will not use the Center in a manner that would cause the Bonds to be "private activity bonds" under the Code and applicable regulations issued thereunder.

5. Entire Agreement. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter hereof, and supersedes all prior oral or written understandings, agreements, promises or other undertakings between the parties.

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

7. Arbitration. In the event of a dispute under this Agreement the parties agreed to abide by the decision of an arbitrator mutually agreed upon by the parties.

8. Amendment or Waiver. This Agreement may not be modified or amended except by written instrument approved by resolution duly adopted by the Board of the Authority and approved by the Legislative Authority of the City by ordinance. No course of dealing between the parties or any delay in exercising any rights hereunder shall operate as a waiver of any rights of any party.

9. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

10. Counterparts. This Agreement may be executed in counterparts, and each such counterpart shall be deemed to be an original instrument.

11. Effective Date. This Agreement shall become effective upon its execution and approval by the Legislative Authority of the City and the Board of Directors of the Authority.

IN WITNESS WHEREOF, the City and the Authority have executed this Agreement this 16th day of January, 1991.

THE CITY OF POULSBO

By _____
Mayor

Attest: _____
City Clerk

POULSBO PUBLIC DEVELOPMENT
AUTHORITY

By _____
President

Attest: _____
Secretary of the Board

FINANCE AND OPERATING AGREEMENT

Attachment 1

Description of Project

The Project is a new downtown building complex and associated site development on property owned by the City of Poulsbo and located at 18743 Front Street N.E., Poulsbo, Washington. The building and site will continue to be owned by the City of Poulsbo but they will be leased to the Poulsbo Public Development Authority (PPDA) which will build the project. The PPDA will lease the new building back to the City and the City will sub-lease the building to four tenants. The tenants are anticipated to be the Marine Science Center, the Port of Poulsbo, the Marine Science Society and the Marine Science Institute.

The building will consist of a three story wood frame structure providing approximately 13,000 +/- of floor space. The structure will be surrounded by public deck areas. The first floor will house a public exhibitry space and classroom areas. The second floor will house the offices of the Marine Science Center, Institute and Port. The third story mezzanine will provide expansion area for the Marine Science Center.



MEMORANDUM:

Schedule

DATE: JANUARY 25, 1991

FOR: DESCRIPTION OF PROPOSED CONSTRUCTION SCHEDULE

TO: LARRY STOCKTON, PLANNING DIRECTOR
CITY OF POULSBO
P.O. BOX 98
POULSBO, WASHINGTON 98370

RE: CITY OF POULSBO
MARINE SCIENCE CENTER
POULSBO, WASHINGTON

COMMENTS: The original construction schedule listed approximately nine (9) months of time allocated to complete all site improvements. Updated information has indicated that approximately six (6) months of building construction will be necessary to obtain substantial completion in order to occupy the facility. Another month or so will be necessary to complete punch list of miscellaneous items and finishes. If construction begins in early February 1991, and all goes well, substantial completion could be reached by early August 1991.



Steve Myrvang, A.I.A.
Myrvang Architects

SM:ch

Finance and Operating Agreement - Attachment #3

ESTIMATED TOTAL COSTS FOR MARINE SCIENCE CENTER

January 23, 1991

CONSTRUCTION COSTS

	Base Bid - AGCI Armstrong, Gilthvestt Construction Incorporated	\$1,097,602
C	Alternate 1 Oversize pilings from 12" to 16" if necessary	\$ 10,850
M	Alternate 2 Replace electrical service to lift station	\$ 1,300
O	Alternate 3 Upgrade roof from asphalt composition to concrete shingle	\$ 25,300
C	Unit 1 Select excavation of rock/obstacles in piling area	\$ 15,000
C	Unit 2 Extension of pilings to greater than planned depth	\$ -0-
C	Soil Contamination Removal of inground heating oil tank could encounter contaminated soil	\$ 10,000
C	Asbestos Contamination Survey and removal if necessary of asbestos materials	\$ 6,000
M	Sales Tax 7.8% on total construction less building permits	\$ 90,952
M	Building Permit City of Poulsbo fees for plan check and inspection services	\$ 7,100
	CONSTRUCTION SUB-TOTALS	\$1,264,104

- * C - Contingency
- M - Mandatory
- O - Optional

CONSULTANT COSTS

January 23, 1991

O	Construction Representative Highpointe Schaffer Construction claims management specialist to monitor progress	\$ 5,000
M	Geotechnical Engineer Terra Associates Soils analysis during construction process	\$ 3,200
M	Materials Testing - General Testing Checking construction materials and methods	\$ 5,000
M	Civil Engineer Armstrong/Degroot Associates Miscellaneous utility design and locating services	\$ 1,000
M	Attorney costs Ogden/Murphy/Wallace Legal cost to date and projected through construction	\$ 7,500
M	Bonding Costs 5K bond council; 8K underwriter; 1K printing and registration	\$14,000
O	Administration City .05% of construction cost for administrative services based on estimated total construction cost	\$ 6,321
M	Architect Cost - Myrvang 10% of construction cost for design and construction management services based on estimated total construction cost, less sales tax	\$117,315
	CONSULTANT SUB TOTALS	\$159,366

* C - Contingency
M - Mandatory
O - Optional

COST SUMMARY

<u>BASIC CONSTRUCTION COSTS</u>	\$1,196,954
Excludes all optional, non mandatory and contingency costs	
<u>TOTAL CONSTRUCTION COSTS</u>	\$1,264,104
Includes all optional, mandatory and contingency costs	
<u>GENERAL CONSTRUCTION CONTINGENCY</u>	\$ 63,205
Responds to unforeseen or uncontrollable costs of total construction	
<u>TOTAL CONSULTANT COSTS</u>	\$ 159,336
Includes all consulting and administrative fees	
<u>GRAND TOTAL FOR PROJECT</u>	\$1,486,645
Includes total construction, general contingency and consultant costs	

COMMUNITY EDUCATION CENTER

GROUND LEASE AGREEMENT

BETWEEN

CITY OF POULSBO

AND

POULSBO PUBLIC DEVELOPMENT AUTHORITY

This is an Agreement by which the City of Poulsbo (the "City") leases to the Poulsbo Public Development Authority (the "Authority") the land and any building or improvements now located thereon at 18743 Front Street N.E. in the City and by which the Authority agrees to provide the City with the purchase price for a community educational center (the "Community Educational Center") to be constructed on such land.

WHEREAS, the City is authorized by RCW 35A.11.020 to acquire title to real and personal property and to improve, maintain, use and lease the property and structures. In addition, the City is authorized by RCW 35.21.730 to transfer to the Authority, with or without consideration, any funds, or personal property, property interest or service; and

WHEREAS, on February 28, 1990, by Ordinance No. 90-05, the City created the Poulsbo Public Development Authority in order to assist in the acquisition, development, construction, and equipping of the Community Educational Center; and

WHEREAS, the Authority, in cooperation with the City, has formulated a plan for the acquisition, construction, development and operation of the Community Educational Center; and

WHEREAS, the City owns the land at 18743 Front Street N.E. in the City; and

WHEREAS, the City has determined that it is in the public interest for the City to lease the land and building for the Community Educational Center to the Authority in implementation of such plan; and

WHEREAS, pursuant to a Lease Agreement between the City and the Authority of even date herewith (the "Lease Agreement"), the Authority will lease the Community Educational Center to the City; and

WHEREAS, pursuant to a Financing and Operating Agreement between the City and the Authority of even date herewith, the City has agreed to make lease payments to the Authority, the Authority has agreed to issue its Special Obligation Bonds, 1991 (the "Bonds") to finance the development of the Community Educational Center and pledge the lease payments from the City to pay the principal of and interest on the Bonds, and the City has agreed to operate the Community Educational Center; and

WHEREAS, in consideration of the City's covenant to make such lease payments and to operate the Community Educational Center, the Authority shall provide to the City, out of the proceeds of the Bonds, a portion of the cost of constructing the Community Educational Center at 18743 Front Street N.E. in the City; and

WHEREAS, the City Council of the City has approved this Agreement by ordinance passed on January 16, 1991; and

WHEREAS, the Board of Directors of the Authority has approved this Agreement by resolution adopted on January 16, 1991;

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

Section 1. The City hereby leases to the Authority the land described on Attachment A hereto and incorporated herein by this reference and any building or improvements now or hereafter located on such land. The term of this Agreement shall commence January 16, 1991, and shall remain in effect for 25 years, or longer if extended by the parties, unless sooner terminated by mutual agreement.

Section 2. In consideration of the City's covenant in the Lease Agreement to make lease payments to the Authority equal to a portion of the principal of and interest on the Bonds and covenant in the Financing and Operating Agreement to operate the Community Educational Center, the Authority hereby agrees to pay the City, out of the proceeds of the net proceeds of the Bonds (cost of issuance, underwriter's discount and accrued interest), a portion of the construction costs for the building described on Attachment A.

Section 3. The Authority's failure to make the payment required by Section 2 of this Agreement or failure to observe or perform any of the covenants or conditions of this Agreement shall constitute a default and breach of this Agreement. In the event of any such default or breach, the City shall take such action permitted by law or in equity.

Section 4. The Poulsbo Public Development Authority is a public authority organized pursuant to Ordinance No. 90-05 of the City of Poulsbo and the laws of the State of Washington, RCW 35.21.730 through RCW 35.21.757. RCW 35.21.750 provides as follows: "[A]ll liabilities incurred by such public corporation, commission, or authority shall be satisfied exclusively from the assets and properties of such public corporation, commission or authority and no creditor or other person shall have any right of action against the city, town, or county creating such corporation, commission, or authority on account of debts, obligations, or liabilities of such public corporation, commission, or authority."

Section 5. This Agreement may be amended only in writing with the consent of each party.

Section 6. This Agreement may be assigned only with the consent of each party.

Section 7. The Lease Agreement between the City and Authority dated January 16, 1991 is hereby ratified and affirmed.

Section 8. Acts taken pursuant to this Agreement but prior to its approval are hereby ratified and confirmed.

DATED this 16th day of January 16, 1991.

CITY OF POULSBO

By _____
Mayor

ATTEST:

By _____
City Clerk

POULSBO PUBLIC DEVELOPMENT
AUTHORITY

By _____
Executive Director

ATTEST:

By _____
Secretary of its Board
of Directors

ATTACHMENT A

Legal description of the land and description of the building.

That portion of Government Lot 3, Section 23, Township 26 North, Range 1 East, W.M., Kitsap County, Washington more particularly described as follows:

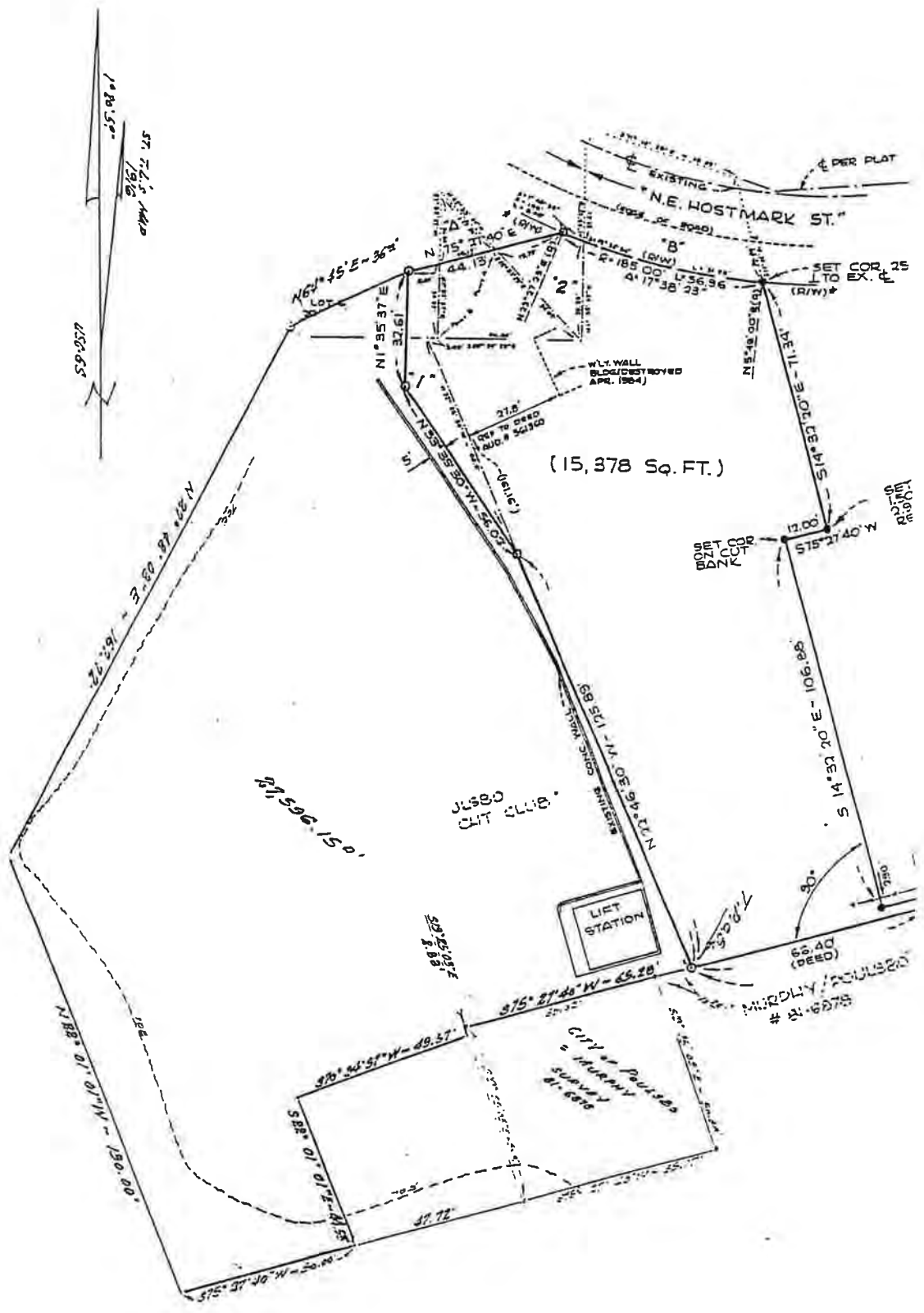
Beginning at the Northeast corner of said Government Lot 3; thence along the East line of said Government Lot 3, S 2*27'40" W 267.00 feet; thence leaving said East line, S 75*27'40" W 232.40 feet to the True Point of Beginning; thence continuing S 75*27'40" W 65.28 feet; thence S 19*25'03" E 2.33 feet; thence S 70*34'57" W 49.57 feet; thence S 22*01'01" E 44.53 feet; thence S 75*27'40" W 50.00 feet; thence N 22*01'01" W 130.00 feet; thence N 27*48'03" E 167.72 feet; thence N 64*45'00" E 36.00 feet; thence S 1*35'37" W 32.61 feet; thence S 33*35'30" E 56.02 feet; thence S 22*46'30" E 125.89 feet to the True Point of Beginning.

Containing 27,596.2 square feet.

Description of Project

The Project is a new downtown building complex and associated site development on property owned by the City of Poulsbo and located at 18743 Front Street N.E., Poulsbo, Washington. The building and site will continue to be owned by the City of Poulsbo but they will be leased to the Poulsbo Public Development Authority (PPDA) which will build the project. The PPDA will lease the new building back to the City and the City will sub-lease the building to four tenants. The tenants are anticipated to be the Marine Science Center, the Port of Poulsbo, the Marine Science Society and the Marine Science Institute.

The building will consist of a three story wood frame structure providing approximately 13,000 +/- of floor space. The structure will be surrounded by public deck areas. The first floor will house a public exhibitry space and classroom areas. The second floor will house the offices of the Marine Science Center, Institute and Port. The third story mezzanine will provide expansion area for the Marine Science Center.



(15,378 Sq. FT.)

LIFT STATION

27596.150'

JUSSO CUT CURB

MURDLY PAULSEN # 21-6978

CITY OF PAULSEN
"LAWRENCE"
SUBDIV # 1-6978

68 51.1 - 14.05 94.12 N

S 14° 20' E - 106.8'

450.65

57° 57' 15" 181.0
181.0

SET COR. TO BANK

12.00' 57° 27' 40" W

SET COR. 25 TO EX. C (R/W)

N.E. HOSTMARK ST. EXISTING

WLY WALL BLDG DESTROYED APR. 1964

27.5' REF TO DEED AND # 50300

N 1° 35' 37" E 37.61'

N 63° 45' E - 36.2'

24 2.91' - 37 20.81' - 128'

N 88° 01' 01" W - 150.00'

S 88° 01' 01" E - 61.55'

375° 27' 40" W - 66.28'

376° 40' 57" W - 49.57'

575° 37' 30" W - 20.00'

47.72'

66.40 (DEED)

30°

109.60' 109.60'

108.00' 81.51'

PER PLAT

EXISTING

"B"

"A"

"C"

"D"

"E"

"F"

"G"

"H"

"I"

"J"

"K"

"L"

"M"

"N"

"O"

"P"

"Q"

"R"

"S"

"T"

"U"

"V"

"W"

"X"

"Y"

"Z"

COMMUNITY EDUCATION CENTER

LEASE AGREEMENT

BETWEEN

POULSBO PUBLIC DEVELOPMENT AUTHORITY

AND

CITY OF POULSBO

This is an Agreement by which the Poulsbo Public Development Authority (the "Authority") leases to the City of Poulsbo (the "City") land, a building and improvements at 18743 Front Street N.E. in the City (the "Community Educational Center") and by which the City agrees to make lease payments to the Authority.

WHEREAS, the City is authorized by RCW 35A.11.020 to acquire title to real and personal property and to improve, maintain, use and lease the property and structures. In addition, the City is authorized by RCW 35.21.730 to transfer to the Authority, with or without consideration, any funds, or personal property, property interest or service; and

WHEREAS, on February 28, 1990 by Ordinance No. 90-05, the City created the Poulsbo Public Development Authority in order to assist in the acquisition, development, construction, and equipping of the Community Educational Center; and

WHEREAS, the Authority, in cooperation with the City, has formulated a plan for the acquisition, construction, development and operation of the Community Educational Center; and

WHEREAS, the City and the Authority entered into a Ground Lease dated January 16, 1991, pursuant to which the City leased the Community Educational Center to the Authority and the City agreed to pay the cost of construction of the Community Educational Center; and

WHEREAS, the City has determined that it is in the public interest for the City to lease the Community Educational Center from the Authority in implementation of such plan; and

WHEREAS, pursuant to a Financing and Operating Agreement between the City and the Authority of even date herewith, which agreement is incorporated herein by reference, the City has agreed to make lease payments to the Authority, the Authority has agreed to issue its Special Obligation Bonds, 1991 (the "Bonds") to finance the development of the Community Educational Center

and pledge the lease payments from the City and additional payments to be made by Kitsap County to pay the principal of and interest on the Bonds, and the City has agreed to operate the facilities; and

WHEREAS, the City Council of the City has approved this Agreement by ordinance passed on January 16, 1991; and

WHEREAS, the Board of Directors of the Authority has approved this Agreement by resolution adopted on January 16, 1991;

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

Section 1. The Authority hereby leases to the City the land described on Attachment "A" hereto and incorporated herein by this reference and the building and all improvements located on such land. The term of this Agreement shall commence January 16, 1991.

Section 2. The City hereby agrees to pay to the Authority lease payments in the amount necessary to pay \$400,000 of the principal of the Bonds and interest on such principal amount as they become due. Such payments shall be in the principal amounts listed on Attachment "B" to this Agreement together with interest on such principal amounts at the rates set forth in the resolution of the Authority authorizing the sale of the Bonds ("Lease Payments"). The City shall pay the Lease Payments to the fiscal agent of the State of Washington, as Depository, on the date each payment is due as listed on Attachment "B" to this Agreement for deposit to the bond fund created for the Bonds. If the date on which a Lease Payment is due is not a business day, such payment shall be made on the preceding business day. The City may prepay all or a portion of its Lease Payments to the Depository beginning with the February 1, 2001 payment date in accordance with Resolution No. 91-01 of the Authority.

The City hereby covenants, to the full extent permitted by law, that each year it will include in its budget and levy an ad valorem tax upon all the property within the City subject to taxation, within and as a part of the tax levy permitted to cities without a vote of the people, in an amount that will be sufficient, together with all other revenues and moneys of the City that may legally be used and that the City may apply for such purpose, to make the Lease Payments. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of such Lease Payments.

Section 3. The City shall make the Lease Payments when due, without offset for any amounts held by the Authority, notwithstanding any dispute between the Authority and the City under this Agreement, and shall not withhold any Lease Payments pending final resolution of such dispute, or for any other reason.

Section 4. The City's failure to make the payments required by Section 2 of this Agreement or failure to observe or perform any of the covenants or conditions of this Agreement shall constitute a default and breach of this Agreement. In the event of any such default or breach, the Authority shall take such action permitted by law or in equity.

Section 5. The term of this Agreement shall be until the Bonds of the Authority have been paid or their payment duly provided for, as provided in the Financing and Operating Agreement. This Agreement may not be amended or terminated so long as the Bonds are outstanding if such amendment or termination would adversely affect the timely payment of and security for the Bonds.

Section 6. The City shall maintain coverage for public liability insurance in an amount sufficient to cover potential claims for bodily injury, death or disability and for property damage that may arise from or be related to the Community Educational Center.

Section 7. Any casualty or condemnation proceeds arising from or out of the construction, maintenance or operation of the Community Educational Center shall be paid to the City.

Section 8. The Authority agrees to hold the City harmless from any and all claims for damages arising or alleged to have arisen from any negligence, tortious or wrongful act of the Authority with respect to its development of the Community Educational Center, but the City shall be liable for any injuries or damages caused solely by its own negligence with respect thereto.

Section 9. The City shall not use the Community Educational Center or permit anything to be done in or about the Community Educational Center that will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or that may hereafter be enacted or promulgated. The City shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or that may hereafter be in force relating to or affecting the condition, use or occupancy of the Community Educational Center; provided, however, that nothing in

ATTACHMENT A
LEGAL DESCRIPTION OF LAND

January 25, 1991

LEGAL DESCRIPTION FOR MARINE SCIENCE CENTER LEASE SITE

That portion of Government Lot 3, Section 23, Township 26 North, Range 1 East, W.M., Kitsap County, Washington more particularly described as follows:

Beginning at the Northeast corner of said Government Lot 3; thence along the East line of said Government Lot 3, S 2*27'40" W 267.00 feet; thence leaving said East line, S 75*27'40" W 232.40 feet to the True Point of Beginning; thence continuing S 75*27'40" W 65.28 feet; thence S 19*25'03" E 2.33 feet; thence S 70*34'57" W 49.57 feet; thence S 22*01'01" E 44.53 feet; thence S 75*27'40" W 50.00 feet; thence N 22*01'01" W 130.00 feet; thence N 27*48'03" E 167.72 feet; thence N 64*45'00" E 36.00 feet; thence S 1*35'37" W 32.61 feet; thence S 33*35'30" E 56.02 feet; thence S 22*46'30" E 125.89 feet to the True Point of Beginning.

Containing 27,596.2 square feet.

ATTACHMENT B
LEASE PAYMENTS

<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>
February 1, 1992	\$10,000	6.00%
February 1, 1993	10,000	6.05
February 1, 1994	15,000	6.15
February 1, 1995	15,000	6.25
February 1, 1996	15,000	6.35
February 1, 1997	15,000	6.45
February 1, 1998	15,000	6.55
February 1, 1999	15,000	6.65
February 1, 2000	15,000	6.76
February 1, 2001	15,000	6.85
February 1, 2002	15,000	6.95
February 1, 2003	20,000	7.05
February 1, 2004	20,000	7.15
February 1, 2005	25,000	7.25
February 1, 2006	25,000	7.35
February 1, 2007	30,000	7.40
February 1, 2008	30,000	7.40
February 1, 2009	30,000	7.45
February 1, 2010	30,000	7.45
February 1, 2011	35,000	7.45

* Interest is payable semiannually on August 1, 1991 and on each February 1 and August 1.

DEPOSITORY AGREEMENT

DEPOSITORY AGREEMENT by and among the Poulsbo Public Development Authority (the "Authority"), the City of Poulsbo (the "City"), Kitsap County (the "County") and Seattle-First National Bank, as fiscal agent of the State of Washington and paying agent for the Authority's Special Obligation Bonds, 1991 (the "Paying Agent"), entered into as of the 15th day of January, 1991.

WITNESSETH:

WHEREAS, the Authority and the City have entered into a Financing and Operating Agreement dated January 15, 1991 (the "Agreement"), and a Lease Agreement dated January 15, 1991 (the "Lease") pursuant to which the City is obligated to make specified semiannual lease payments to the Authority; and

WHEREAS, the City, Authority and County have entered into a Marine Science Center Interlocal Agreement dated January 15, 1991 (the "Interlocal Agreement") pursuant to which the County is obligated to make specified semiannual payments to the Authority; and

WHEREAS, pursuant to the Agreement, the Lease and the Interlocal Agreement the payments to be made by the City and County shall be deposited directly with a bank or trust company and used to secure the payment of bonds issued by the Authority; and

WHEREAS, pursuant to resolution of the Authority passed on January 16, 1991 (the "Resolution"), the Authority has authorized the issuance of its Special Obligation Bonds, 1991 (the "Bonds") in the aggregate principal amount of \$650,000, which are secured by payments to be received from the City pursuant to the Agreement and the Lease and from the County pursuant to the Interlocal Agreement; and

WHEREAS, the Resolution authorizes the Authority to cause the payments from the City and the County to be deposited directly into the Bond Fund created by the Resolution held by the Paying Agent; and

WHEREAS, the parties hereto desire to specify the arrangement by which such funds shall be deposited;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein and other good and valuable consid-

eration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree and covenant as follows:

Section 1. Deposit of Funds. The City shall pay the lease payments that it is obligated to make to the Authority pursuant to the Agreement and the Lease and the County shall pay the payments that it is obligated to make to the Authority pursuant to the Interlocal Agreement in immediately available funds no later than the dates specified in the Agreement, or on the prior business day if such day is not a business day, directly to the Paying Agent for deposit into the Bond Fund. Such payment shall be made to Seattle-First National Bank as Paying Agent for the Bonds, and delivered to the Paying Agent at the following address: Seattle-First National Bank, Bond Trustee Services, 1001 Fourth Avenue, Eleventh Floor, Seattle, Washington 98154. The deposit of such funds with the Paying Agent by the specified date will satisfy the City's obligation under the Agreement and the Lease and the County's obligation under the Interlocal Agreement with respect to such payment. In the event that the Paying Agent does not receive such payment from the City or County when due, the Paying Agent shall send notice of such failure to pay to the Authority at the following address: Poulsbo Public Development Authority, 19050 Jensen Way N.E., Poulsbo, Washington 98370, Attention: Treasurer.

Section 2. Use of Money in Bond Fund. The Paying Agent shall use the money deposited in the Bond Fund punctually to pay the principal of and interest on the Bonds when due and payable. Any money remaining in the Bond Fund upon payment of scheduled debt service payments shall be retained in such Fund. Upon payment of all debt service on the Bonds, any excess money in the Bond Fund shall be remitted at the direction of the Authority in accordance with the Agreement.

Section 3. Successor Paying Agent. If the State of Washington appoints a new fiscal agent for the State, the new fiscal agent shall act as paying agent for the Bonds and shall assume Seattle-First National Bank's rights and duties under this agreement.

Section 4. Fees of the Paying Agent. The fees of the Paying Agent shall be paid by the Authority from money other than that which is deposited in the Bond Fund.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers or representatives as of the date first written herein above.

POULSBO PUBLIC DEVELOPMENT
AUTHORITY

By _____
Executive Director

CITY OF POULSBO

By _____
Mayor

KITSAP COUNTY

By _____
Chairman of the Board of
Commissioners

SEATTLE-FIRST NATIONAL BANK

By _____
Its _____

MARINE SCIENCE CENTER INTERLOCAL AGREEMENT

This Marine Science Center Interlocal Agreement is entered into this 15th day of January, 1991 among the City of Poulsbo, Washington (the "City"), the Poulsbo Public Development Authority (the "Authority") and Kitsap County, Washington (the "County").

W I T N E S S E T H

WHEREAS, the City is authorized by RCW 35A.11.020 to acquire title to real and personal property and to improve, maintain, use and lease the property and structures. In addition, the City is authorized by RCW 35.21.730 to transfer to a public development authority, with or without consideration, any funds, or personal property, property interest or services; and

WHEREAS, RCW 35.59 authorizes any municipality to construct, develop and operate multi-purpose community centers; and

WHEREAS, Chapter 39.34 RCW authorizes municipalities to enter into interlocal cooperation agreements for the cooperative undertaking of projects within their respective powers and to appropriate funds for such projects; and

WHEREAS, on February 28, 1990, by Ordinance No. 90-05, the City created the Authority in order to assist in the acquisition, development, construction, and equipping of a marine science education center to be constructed on land owned by the City at 18743 Front Street N.E. in the City (the "Center"); and

WHEREAS, the Authority, in cooperation with the City, has formulated a plan for the acquisition, construction, development and operation of the Center; and

WHEREAS, as part of such plan, the Authority intends to issue special obligation bonds in the principal amount of \$650,000 to fund a portion of the construction of the Center, which bonds will be secured by payments to be received by the City and the County; and

WHEREAS, the City has determined that it is in the public interest for the City to lease the land and building for the Center to the Authority in implementation of such plan; and

WHEREAS, pursuant to a Ground Lease Agreement dated January 15, 1991 between the City and the Authority the City will lease the land at 18743 Front Street N.E. and existing building to the Authority; and

WHEREAS, pursuant to a Lease Agreement between the City and the Authority dated January 15, 1991 the Authority will lease the Center to the City and the City has agreed to make lease payments

to the Authority in the principal amount of \$400,000 plus interest at the interest rate on the bonds; and

WHEREAS, the County has determined that the Center will serve students and other residents throughout the County and that it is in the public interest for the County to contribute \$250,000 plus interest towards the construction and equipping of the Center; and

WHEREAS, the Authority will pledge the payments from the County to pay a portion of the principal of and interest on the bonds;

Now, therefore, in consideration of mutual promises and covenants herein contained and for good and other valuable consideration it is hereby agreed as follows:

Section 1. Authority for and Purpose of Agreement. This Agreement is entered into pursuant to authority vested in the City, County and Authority by the provisions of Chapters 39.59 and 39.34 RCW. The purpose of this Agreement is to evidence the County's promise to make periodic payments to the Authority for the Center and to provide the City with additional funds in the event the City is unable to raise additional private contributions to finance a portion of the Center.

Section 2. Definitions.

"Bond Resolution" means Resolution No. 91-01 of the Authority adopted January 16, 1991.

"Bonds" means the Special Obligation Bonds, 1991 in the principal amount of \$650,000 to be issued by the Authority pursuant to the Bond Resolution.

"Center" means the marine science center to be constructed and equipped and located at 18743 Front Street N.E. in the City.

"Depository" means the depository appointed pursuant to the Bond Resolution and the Depository Agreement for purposes of paying the interest on and principal of the Bonds.

"Depository Agreement" means the agreement dated January 15, 1991 among Seattle-First National Bank, the City, the Authority and the County.

"Payments" means the payments in the principal amount of \$250,000 plus interest to be made by the County to the Authority pursuant to this Agreement.

Section 3. Payments by the County. The County hereby unconditionally agrees to make the Payments in the principal amounts set forth in Exhibit A, attached to this Agreement and incorporated herein by this reference, together with interest on such principal amounts at the rates set forth in the Bond Resolution. The County shall make such Payments to the Depository as provided in the Depository Agreement on the date each Payment is due as listed on Exhibit A to this Agreement for deposit to the bond fund created for the Bonds. If the date on which a Payment is due is not a business day, such Payment shall be made on the preceding business day. The County may prepay all or a portion of its Payments to the Depository beginning with the February 1, 2001 payment date in accordance with the Bond Resolution. The County hereby approves the pledge of the Payments by the Authority for the payment of the Bonds.

The County hereby covenants that each year it will include in its budget and levy an ad valorem tax upon all the property within the County subject to taxation, within and as a part of the tax levy permitted to counties without a vote of the people, in an amount that will be sufficient, together with all other revenues and moneys of the County that may legally be used and that the County may apply for such purpose, to make the Payments. The full faith, credit and resources of the County are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of such Payments.

Section 4. No Offset. The County shall make the Payments when due, without offset for any amount held by the Authority, notwithstanding any dispute among the Authority, City and County under this Agreement, and shall not withhold any Payments pending final resolution of such dispute, or for any other reason.

Section 5. Failure to Make Payments. The County's failure to make the payments required by Section 3 of this Agreement or failure to observe or perform any of the covenants or conditions of this Agreement shall constitute a default and breach of this Agreement. In the event of any such default or breach, the Authority or the City shall take such action permitted by law or in equity.

Section 6. Fund Raising; Additional Payments by County. The City shall have primary responsibility for soliciting private contributions to help offset the costs of constructing and equipping the Center. The City shall use its best efforts to raise at least \$250,000 in private contributions by June 1, 1991. By June 1, 1991 the City shall notify the County as to the amount of contributions received. In the event that the City does not raise \$250,000 by June 1, 1991, the County shall pay the difference between \$250,000 and the amount of private contributions collected

by depositing the difference with the Finance Director of the City no later than June 15, 1991. In the event that the City collects more than \$250,000 in private contributions, the amount over \$250,000 shall be paid to the Depository for deposit into the bond fund for the Bonds and shall reduce pro-rata the City's and County's required payments for the Bonds.

Section 7. Term and Amendment. The term of this Agreement shall be until the Bonds have been paid or their payment duly provided for, as provided in the Bond Resolution. This Agreement may not be amended or terminated so long as the Bonds are outstanding if such amendment or termination would adversely affect the timely payment of and security for the Bonds.

Section 8. Assignment. This Agreement may be assigned only with the consent of each party.

Section 9. Indemnification. The City hereby indemnifies the County from any liability accruing as a result of the construction and operation of the Center except for any liability arising from the negligence of the County.

Section 10. Notice to County and Books. The County may review all books of the Authority and City relating to the Center upon reasonable notice to the City. The County shall have access to tour the Center during and after construction upon reasonable notice to the City. The City shall provide the County Commissioners with a monthly update on the status of the construction of the Center and, after the Center is operating, with an annual update on the operations of the Center.

Section 11. Entire Agreement. This Agreement shall constitute the entire agreement between the County and the City and Authority with respect to the Center.

CITY OF POULSBO

KITSAP COUNTY

Mayor

Chairman of the Commission

City Clerk

Clerk of the Commission

POULSBO DEVELOPMENT AUTHORITY

Executive Director

Secretary

K:\NMN\22529-00.001\21A.2J0

EXHIBIT A

<u>Payment Date*</u>	<u>Payment Amount</u>
February 1, 2002	
February 1, 2003	
February 1, 2004	
February 1, 2005	
February 1, 2006	
February 1, 2007	
February 1, 2008	
February 1, 2009	
February 1, 2010	
February 1, 2011	

Note: Interest is payable semiannually on August 1, 2001 and on each February 1 and August 1 thereafter at the dates set forth in the Bond Resolution.

Poulsbo Marine Science Foundation offers \$15,000 to city upon lease renewal

By [JENNIFER MORRIS](#)

North Kitsap Herald Reporter

FEBRUARY 24, 2011 · UPDATED 4:44 PM

POULSBO — The Poulsbo Marine Science Foundation came to a tentative agreement with the City of Poulsbo, offering \$15,000 for building repairs at the Marine Science Center on Front Street so long as its lease in the building is renewed.

The offer came after Poulsbo Mayor Becky Erickson asked the foundation to help the city with its final debt payment on the building, a \$30,000 bill the city paid out of its general fund this month.

The \$15,000 would effectively reimburse the city for half the bond payment, though it would technically pay for a portion of repairs to the building's siding. The city is contractually obligated to pay for all building maintenance, according to its lease with the foundation.

Erickson said significant repairs are necessary, including a new heating and cooling system, that over the next three years will cost the city \$180,000.

She called the offer from the foundation “generous.”

“I like this. I think this is at least a good start,” Erickson said.

The foundation wants its five-year lease renewed, and Erickson hopes to adjust the terms. She and foundation board president Bruce Harlow will meet over the coming weeks in an effort to come to an agreement regarding the lease, which is up for renewal at the start of next year.

Harlow said the foundation would not make the \$15,000 payment if it weren't able to renew its lease. The foundation has secured funding for operations downtown for at least another five years, he said.

“We have the wherewithal and the plan to make it work,” Harlow said. “It's good for the city and good for the businesses.”

The Marine Science Center offers an aquarium for visitors, as well as a classroom and floating lab for visiting school classes. Over the past three years 30,000 people have visited the aquarium, which is funded in large part by rental revenue from a portion of the building. The aquarium typically earns \$1,200 in donations per month, but a pipe leak has left it closed since late November. It will likely reopen in April or May, and insurance is covering the cost of repairs.



BRAD CAMP/FILE PHOTO

A visitor takes a hands-on look at creatures in the Poulsbo Marine Science Center aquarium.

Erickson said she still doesn't know how the city will pay for the building's new heating and cooling system. It had been making payments on the building from a grant and donation fund set aside for that purpose, but those funds have run dry.

The original \$650,000 bond for the building was issued to the Poulsbo Public Development Authority in 1991. It was refinanced in 2002 when the development authority was dissolved and the city took ownership of the debt. Both the city and Kitsap County have made payments over the years, though the city retains ownership of the building.

The North Kitsap School District formerly paid rent to hold classes at the center, but the school district has since moved out. The foundation has not paid rent since reopening the center in 2007. It closed for two years due to lack of funding. Because the building brings no revenue to the city, Erickson said it is difficult to fund.

"While I think everyone supports marine science education, there is a question in my mind if that's a core service of government," she said.

Her goal is to secure the survival of the center and the viability of the building, she said.

Councilwoman Connie Lord called the marine science center a "gem" and "something we treasure."
"I would never want to see it go away," she said.

The Finance and Administration Committee will meet to discuss the issue further March 16.

Contact North Kitsap Herald Reporter Jennifer Morris at jmorris@northkitsapherald.com or 360-779-4464.

Find this article at:

<http://www.northkitsapherald.com/news/116873298.html>

Check the box to include the list of links referenced in the article.