

EXHIBIT "A" TO RESOLUTION NO.

INTERLOCAL AGREEMENT BETWEEN THE CITY OF FIFE, THE CITY OF LAKEWOOD, THE CITY OF TACOMA, AND THE CITY OF UNIVERSITY PLACE FOR CREATION OF THE GREATER TACOMA REGIONAL CONVENTION CENTER PUBLIC FACILITIES DISTRICT

AFTER RECORDING RETURN TO:

**INTERLOCAL AGREEMENT
BETWEEN THE CITY OF FIFE, THE CITY OF LAKEWOOD,
THE CITY OF TACOMA, AND THE CITY OF UNIVERSITY PLACE
FOR CREATION OF THE GREATER TACOMA REGIONAL CONVENTION
CENTER PUBLIC FACILITIES DISTRICT**

THIS INTERLOCAL AGREEMENT is made and entered into this day of _____, 1999, between the CITY OF FIFE ("Fife"), THE CITY OF LAKEWOOD ("Lakewood"), THE CITY OF TACOMA ("Tacoma"), and the CITY OF UNIVERSITY PLACE ("University Place").

RECITALS

WHEREAS the Laws of Washington, Chapter 165, 1999 Regular Session, Sections 1 through 23, authorize the legislative authorities of any contiguous group of cities located in a county or counties, each with a population of less than one million, to enter into an agreement under RCW 39.34 for the creation and joint operation of a public facilities district ("District") to facilitate the construction and operation of a regional convention center, and

WHEREAS Fife, Lakewood, Tacoma, and University Place recognize and find that there is a public need for a new regional convention center ("Convention Center") to be located in Tacoma, and recognize the public use and benefit to the citizens of these cities to be derived from the construction and operation of such a Convention Center, and

WHEREAS Tacoma has, by ordinance, appropriated and expended funds for pre-construction activities including analysis of site locations and preliminary design studies for the Convention Center. Further, Tacoma has, by resolution, identified a preferred site for the Convention Center, and is currently undertaking appraisal of properties within the preferred site and engaging in negotiations for purchase and sale of the properties and relocation of owners and tenants. Further, Tacoma intends to provide debt financing for the Convention Center, and

WHEREAS Fife, Lakewood, Tacoma, and University Place desire to create a District to facilitate the commencement of construction and operation of the Convention Center in Tacoma before January 1, 2003, and

WHEREAS the District will assist in financing the Convention Center through imposition of a sales and use tax of not more than 0.033 percent to be collected from those persons who are taxable by the State of Washington under RCW 82.08 and 82.12 upon the occurrence of any taxable event within the District. Further, the District may additionally impose admission and parking taxes through means authorized by the Laws of Washington, Chapter 165, 1999 Regular Session, Sections 4(b) &(c), 10, and 11; provided that the imposition of admission and parking taxes shall apply only to admission to and parking at the Greater Tacoma Regional Convention Center facility, and

WHEREAS the District will enter into an agreement or agreements with Tacoma for the design, development, construction, and operation of the Convention Center which shall provide that; Tacoma shall advertise for, select, and enter into agreements with the contractor or contractors for the design, development, and construction of the Convention Center; Tacoma shall oversee and make all decisions relative to the design, development, and construction of the Convention Center; Tacoma shall manage and administer the contracts relative to the design, development, and construction of the Convention Center, which development may include a public/private partnership; and Tacoma will issue bonds for the debt financing of the Convention Center;

NOW, THEREFORE, it is agreed by and between the parties as follows:

1. PURPOSE. The purpose of this Interlocal Agreement ("Agreement") is to create a Public Facilities District ("District") to facilitate the commencement of construction and operation of a regional convention center in Tacoma before January 1, 2003, pursuant to the Laws of Washington, Chapter 165, 1999 Regular Session, Sections 1 through 23.

2. TERM. The term of this Agreement shall be perpetual except as may be otherwise provided herein.

3. REVIEW/WITHDRAWAL.

3.1 Review: Fife, Lakewood, Tacoma, and University Place (collectively "Cities") agree to review the effectiveness of this Agreement within 60 days of each tenth anniversary of the effective date of this Agreement. The purpose of any such review shall be to ensure that the District continues to effectively serve the public. The Cities agree to make a full and good faith effort to participate in the review. If, after completion of each such review, the Cities unanimously agree that the public interest will be served by modifying certain terms and conditions of this Agreement or by termination of the District, such modifications or termination shall be made by the legislative authorities of each jurisdiction. Provided that, the District shall automatically terminate in the event that it no longer is a party to the Interlocal operating agreement between Tacoma and the District for the joint construction and operation of the Convention Center ("Operating Agreement").

3.2 Withdrawal: Any one or more of the Cities may withdraw from the District upon each of the following conditions having been met:

a. It has been more than ten years since the District executed the initial Operating Agreement for the operation of the Convention Center; and

b. The city desiring to withdraw has served a formal written notice upon each of the Cities of its intent to withdraw from the District; and

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

d. The legislative body of the city desiring to withdraw enacts an resolution or ordinance authorizing the city to withdraw from the District; and

e. The withdrawal from the District takes place no sooner than six months from the date of service of the notice of withdrawal.

3.3 Effect of Withdrawal. Withdrawal of one or more cities from the District shall not cause the District to terminate except in the event that all Cities have withdrawn. The boundaries of the District shall be modified in the event of withdrawal of a city to reflect the boundaries of the remaining cities.

4. **AMENDMENTS**. This Agreement may be amended at any time by the mutual written consent of each legislative body of the Cities.

5. **CREATION of the District.**

5.1. Formation. The District shall be formed upon execution of this Agreement by each party, by and through the designated public officials as authorized by the respective legislative bodies of the Cities, pursuant to a lawfully enacted ordinance or resolution.

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

5.3. Boundaries. The District shall be coextensive with the boundaries of the Cities.

5.4. Powers. The District shall have only those powers as provided for under its Charter.

6. **APPOINTMENT OF DISTRICT BOARD**. The Cities will appoint the seven members of the District Board of Directors ("Board") in accordance with the terms of Laws of Washington, Chapter 165, 1999 Regular Session, Section 3(b). The City Council of each of the Cities shall each appoint one member for a four-year term. The members appointed by the Cities shall not be a member of their respective City Councils. Tacoma shall appoint four members based on the recommendations of local organizations. The members appointed by Tacoma shall not members of the Tacoma City Council. Of the four members appointed by Tacoma, one shall serve a one-year term, one shall serve a two-year term, one shall serve a three-year term, and one shall serve a four-year term. Every member or members appointed by a city to the Board, may be removed at will by his or her appointing City and a new member appointed to fill the unexpired term in the same manner as described above.

In the event a city withdraws pursuant to Section 3 herein, the term of the member appointed by the withdrawing City shall expire upon the effective date of the withdrawal, and Tacoma shall appoint a member to that position for the four year term and each succeeding term.

7. Adoption of Charter. The District shall operate under the Charter attached hereto as Exhibit "A," which shall be adopted at the first meeting of the Board. The Charter may be amended only by mutual agreement authorized pursuant to a resolution or ordinance of the legislative bodies of the Cities.

8. Adoption of By-laws. The District shall, at the first meeting of the Board, adopt and operate under by-laws consistent with those by-laws attached hereto as Exhibit "B."

9. FINANCING.

9.1. Administrative Costs. The administrative costs of the Board will be the obligation of the District. Tacoma will initially provide mutually agreed upon in-kind services to the District to facilitate performance of the functions of the Board until the District enters into an agreement with Tacoma for the development, construction, and operation of the Convention Center. In-kind services may include, but are not limited to, the provision of meeting facilities and clerical assistance. Tacoma will initially pay the costs of the services rendered by the City as Ex-officio Treasurer and the initial insurance premium for public liability insurance authorized pursuant to Article VI of the Charter; provided that, such costs shall be an obligation of the District, and the District shall reimburse Tacoma for such expenses as soon as practicable.

9.2. Financing. Financing of the development, construction, and operation of the Convention Center shall be as provided in the Charter. It is agreed that the District will enter into an agreement or agreements with Tacoma to provide for the custody, investment, and accounting of all funds of the District and assist in the administration of the financial affairs of the District.

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

10. PROPERTY. The District shall have authority to acquire and dispose of property as provided in the Charter. In the event of termination of the District, all property held or acquired by the District shall become the property of Tacoma.

11. FILING. A copy of this Agreement shall be filed with the City Clerks of Fife, Lakewood, Tacoma, and University Place, and the Pierce County Auditor; provided, however, that failure to file shall not affect the validity of this Agreement.

12. FAILURE TO COMPLY. In the event either of the Parties defaults on the performance of any terms of this Agreement, or either Party places the enforcement of this Agreement in the hands of an attorney, or is required to file a judicial or administrative appeal, or files a lawsuit, the prevailing party shall be entitled to be reimbursed its reasonable attorneys' fees, costs and expenses. The venue for any dispute related to this Agreement shall be Pierce County, Washington.

13. GENERAL PROVISIONS. This Agreement contains all of the agreements of the Cities with respect to any matter covered or mentioned in this Agreement, and no prior agreement shall be effective for any purpose. No provision of this Agreement may be amended or modified except by written agreement signed by the Cities. Any provision of this Agreement which is declared invalid or illegal shall in no way affect or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

14. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all parties shall not have signed the same

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counterpart. The effective date of this agreement shall be the last date executed by any one of the parties to this agreement.

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

CITY OF TACOMA

Ray E. Corpuz, Jr.
City Manager

Countersigned:

Peter Luttrupp, Finance Director

William Pugh, Department Director

Attest:

City Clerk

Approved as to form and legality:

City Attorney

Risk Manager

CITY OF FIFE

City Administrator

Finance Director

City Clerk

City Attorney

CITY OF LAKEWOOD

City Manager

Finance Director

City Clerk

City Attorney

CITY OF UNIVERSITY PLACE

City Manager

Finance Director

City Clerk

City Attorney

CHARTER AND BYLAWS
OF
GREATER TACOMA REGIONAL CONVENTION
CENTER
PUBLIC FACILITIES DISTRICT

A Public Corporation

**CHARTER
OF
GREATER TACOMA REGIONAL CONVENTION CENTER
PUBLIC FACILITIES DISTRICT**

ARTICLE I

NAME AND DISTRICT SEAL

The name of this corporation shall be the Greater Tacoma Regional Convention Center Public Facilities District (hereinafter the "District"). The corporate seal of the District shall be a circle with the name of the District and the word "SEAL" inscribed therein.

ARTICLE II

**AUTHORITY FOR GREATER TACOMA REGIONAL CONVENTION
CENTER PUBLIC FACILITIES DISTRICT**

The District is a public corporation organized pursuant to the Laws of Washington, Chapter 165, 1999 Regular Session, Sections 1 through 23, as the same now exist or may hereafter be amended, or any successor act or acts and created pursuant to that certain interlocal agreement dated the 29th day of October 1999, (hereinafter the "Interlocal Agreement") of and between the Cities of Tacoma, Fife, University Place, and Lakewood, (hereinafter the "Cities"), which cities comprise the District.

ARTICLE III

DURATION OF DISTRICT

The corporation shall cease to exist when the District is no longer a party to an Interlocal Agreement for the construction, management, and operation of the

Greater Tacoma Regional Convention Center in Tacoma (hereinafter the "Convention Center") or any part thereof.

ARTICLE IV

PURPOSE OF DISTRICT

The purpose of the District is to provide an independent legal entity under the Laws of Washington, Chapter 165, 1999 Regular Session, Sections 1 through 23, to commence, assist with, finance, and otherwise facilitate, the construction before January 1, 2003, and operation of a Convention Center. Construction of the Convention Center by the District serves essential public purposes by providing a regional facility for conventions, exhibitions, public meetings, and gatherings; undertaking development of an underutilized area in the heart of the City of Tacoma (hereinafter "Tacoma") in a manner consistent with City planning; and linkage with regional light rail facilities, all of which will serve the public.

The construction and operation of the Convention Center before January 1, 2003, consistent with the District's purpose, is an essential governmental function. The obligations and responsibilities of both Tacoma and the District with respect to the Convention Center project shall be delineated in contractual agreements between the Tacoma and the District.

Although the District may be called upon to assist Tacoma or other public entities with the maintenance and operation of the Convention Center, the priority focus of the District shall be to commence, assist with and otherwise facilitate, the construction of the Convention Center in Tacoma before January 1, 2003. Consistent with applicable law and utilizing all lawful means, the District shall work to maximize available capital funds for construction.

For the purpose of securing the exemption from federal income taxation for interest on obligations of the District, the District constitutes a District and instrumentality of the group of Cities that created the District (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 and Section 145 of the Internal Revenue Code of 1986, as amended).

ARTICLE V

POWERS OF DISTRICT

Except as may be otherwise provided in the Charter, the District and the District Board of Directors on its behalf shall have only the power to:

1. Contract for any District purpose with Tacoma or any agency or department thereof.
2. Sue, and be sued, in its corporate name.
3. Own personal property.
4. Own, lease, or acquire real property; and acquire or lease personal property.
5. Contract for and accept gifts, loans of funds, or property from the United States, the State, Tacoma, other corporations, associations, individuals, or any other source, and to comply with the terms and conditions thereof not in conflict with this Charter.
6. Control the use and disposition of District property, assets, and credit.
7. Invest and reinvest its funds.
8. Impose a sales and use tax as authorized by the Laws of Washington, Chapter 165, 1999 Regular Session, Sections 4(d) and 13, and impose admission and parking taxes as authorized by the Laws of Washington, Chapter 165, 1999 Regular Session, Sections 4(b)&(c), 10, and 11; provided that, the imposition of admission and parking taxes shall apply only to admission to and parking at the Convention Center facility

ARTICLE VI

LIMITS ON DISTRICT POWERS

1. No part of the net earnings of the District shall inure to the benefit of, or be distributable to, the members of the District Board of Directors or officers of the District or other private persons, except that the District is authorized and empowered to:

(a) Reimburse District Board Members for reasonable expenses actually incurred in performing their duties; and

(b) Indemnify and defend any District Board Member, or former District Board Member, in any legal action or proceeding in which he or she is made a party by reason of his or her position or former District position; or, at the District's option, indemnify such District Board Member, or former District Board Member for any liability or loss and for expenses actually and necessarily incurred by him or her in connection with such defense, to the full extent permitted by law, except as to matters on which he or she shall be adjudged in such action or proceeding to be liable for an act or omission performed without capacity or power, or for willful misconduct in the performance of duty. For purposes of indemnification provided herein, the District shall maintain public liability insurance in a form and amount authorized by the Manager of the Interlocal Agreement and sufficient to cover potential claims which may arise from or be related to the District's projects and activities authorized herein.

2. No part of the activities of the District shall be the carrying on of propaganda or otherwise attempting to influence legislation; and the District shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

3. The District may not incur or create any liability that permits recourse by any contracting party or members of the public to any assets, services, resources or credit of the Cities.

4. The District may not exercise its powers as delineated in Article V, Sections 3-7 until such time as it has, in accordance with Laws of Washington, Chapter 165, 1999 Regular Session, Sections 4(d), and 13, imposed the maximum allowable sales and use tax for the purpose of securing a source of revenue to satisfy the financial obligations of the District.

ARTICLE VII

DUTIES OF THE DISTRICT

In addition to other duties as may be provided herein, the District and the District Board of Directors shall undertake the following:

1. Provide Financial Assistance. The District, through the District Board of Directors during its first meeting, shall provide financial assistance for the construction and operation of the Convention Center by imposition of a sales and

use tax of not more than 0.033 percent to be collected from those persons who are taxable by the State of Washington under RCW 82.08 and 82.12, upon the occurrence of any taxable event within the District in accordance with Laws of Washington, Chapter 165, 1999 Regular Session, Sections 4(d), and 13. The District shall further levy and fix an admission tax at the maximum amount as provided pursuant to Chapter 165, 1999 Regular Session, Section 10 and levy and fix a vehicle parking tax at the maximum amount as provided pursuant to Chapter 165, 1999 Regular Session, Section 11. The Admission tax authorized pursuant to Chapter 165, 1999 Regular Session, Section 10 shall be applicable only to the admission charges for the Convention Center. The parking tax authorized pursuant to Chapter 165, 1999 Regular Session, Section 11 shall be applicable only to parking charges for any parking at a facility that is leased by the District as part of the Convention Center. The District shall cause collection of taxes and charges imposed in accordance with Laws of Washington, Chapter 165, 1999 Regular Session, Sections 10, 11, and 13, to begin no later than the earliest date authorized by law.

2. Enter into Agreements. The District shall enter into an agreement or agreements with Tacoma for the design, development, construction, and operation of the Convention Center. Such agreement or agreements shall provide that Tacoma shall advertise for, select, and enter into agreements with the contractor or contractors for the design, development and construction of the Convention Center; Tacoma shall oversee and make all decisions relative to the design, development, and construction of the Convention Center; Tacoma shall manage and administrate the contracts relative to the design, development, and construction of the Convention Center which development may include a public/private partnership;; the District will enter into an agreement or agreements with Tacoma to provide for the custody, investment, and accounting of all funds of the District, and assist in the administration of the financial affairs of the District.

3. Revenues. All revenues received by the District which are derived from the imposition of charges, fees, and taxes as authorized by the Laws of Washington, Chapter 165, 1999 Regular Session, shall be deposited in such a manner as described in its agreement with Tacoma, which funds may be expended only to satisfy the financial obligations of the District consistent with the District Charter.

ARTICLE VIII

ORGANIZATION OF DISTRICT

Section 1. District Board of Directors.

The management of all District affairs shall reside with the Board of Directors. The Board shall be composed of seven members appointed in accordance with the terms of the Interlocal Agreement under RCW 39.34, between the Cities that comprise the District.

Section 2. Consecutive Absences.

Any Board Member who is absent for three consecutive regular meetings without excuse may, by resolution duly adopted by a majority vote of the whole Board, be deemed to have forfeited his or her position as Board Member.

Section 3. Removal of Board Members.

Any Board Member may be removed at will, with or without cause, by his or her appointing City, which appointing City shall appoint a new Board Member to fill the unexpired term for the vacant position. The term of any Board Member removed pursuant to this section shall expire when the member receives a copy of the resolution removing him or her and a letter signed by the Manager of the Interlocal Agreement advising him or her that he or she has been removed pursuant to this section.

Section 4. Vacancy on District Board of Directors.

A vacancy, or vacancies, on the District Board of Directors shall be deemed to exist in case of the death, disability, resignation, removal, or forfeiture of membership as provided herein. Vacancies on the Board shall be filled by appointment in the same manner in which members of the Board are regularly appointed. Any person selected to fill a vacancy on the Board shall serve the balance of the term of the person being replaced.

Section 5. Duties of Board Members.

A general or particular authorization or concurrence of the Board by resolution shall be necessary for any of the following transactions:

(a) Transfer or conveyance of an interest in real estate other than a release of a lien or satisfaction of a mortgage after payment has been received or the execution of a lease;

(b) The contracting of debts, issuance of debentures, notes or bonds, and the mortgaging or pledging of District assets to secure the same;

(c) An action by the District as a surety or guarantor;

(d) All transactions in which the consideration provided or received by the District exceeds \$25,000, the performance by the District shall extend over a period of one year from the date of execution of an agreement therefor, or the District assumes duties to Tacoma, the State of Washington, or the United States;

(e) Adoption of an annual budget;

(f) Certification of annual audited financial statements and other reports and statements to be filed with the Manager of the Interlocal Agreement as true and correct in the opinion of the District except as noted; and

(g) Such other transactions, duties and responsibilities as the Charter shall repose in the Members of the Board or require District participation by resolution.

Section 6. Voting Requirements/Quorum.

(a) Action, which requires Board approval, may only be authorized by a vote representing both a majority of the Board Members voting and not less than four members. Four voting members must be present at any regular or special meeting of the Board to comprise a quorum, and for the Board to transact any business.

(b) Proxy voting shall not be allowed.

(c) The adoption and amendment of bylaws shall require an affirmative vote of a majority of the Board's voting membership representing two-thirds of the Board Members voting on the issue and not less than four members.

Section 7. Right to Indemnification.

Each person who was, or is, threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by

reason of the fact that he or she is or was an official of the District, whether the basis of such proceeding is alleged action in an official capacity as a director, trustee, officer, employee, or agent, or in any other capacity, shall be indemnified and held harmless by the District to the full extent permitted by applicable law as then in effect, against all expense, liability and loss (including attorneys' fees, judgments, fines, and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be an official and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that except as provided in this section, with respect to proceedings seeking to enforce rights to indemnification, the District shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the District Board of Directors; provided, further, the right to indemnification conferred in this section shall be a contract right and shall include the right to be paid by the District the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceedings shall be made only upon delivery to the District of an undertaking, by or on behalf of such official, to repay all amounts so advanced if it shall ultimately be determined that such official is not entitled to be indemnified under this section or otherwise.

Provided, further, that the foregoing indemnity shall not indemnify any person from or on account of:

(a) Acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law; or

(b) Any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which such person was not legally entitled.

If a claim under this section is not paid in full by the District within 60 days after a written claim has been received by the District, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be 20 days, the claimant may at any time thereafter bring suit against the District to recover the unpaid amount of the claim. The claimant shall be presumed to be entitled to indemnification under this section upon submission of a written claim (and, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the District), and thereafter the District shall have the burden of proof to overcome the presumption that the claimant

is so entitled. Neither the failure of the District to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper nor a determination by the District that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

The right of indemnification and the payment of expenses conferred in this section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Charter, Bylaws, any agreement, or otherwise.

The District may maintain insurance, at its expense, to protect itself and any director of the District against any expense, liability, or loss whether or not the District would have the power to indemnify such person against such expense, liability, or loss.

Section 8. Conflict of Interest and Code of Ethics.

No member of the Board shall have an ownership interest in real property located within the Convention Center site. Members of the District Board of Directors and the District's staff shall be subject to RCW 42.52.

ARTICLE IX

OFFICERS OF DISTRICT

Section 1. Tenure of Officers.

The members shall elect from among themselves the following District officers: President, Treasurer and Secretary. The President and the Treasurer may not be the same person. The term of any officer shall expire at such time as such officer's membership on the Board ceases or terminates, or at such sooner time as the term of office expires and the office has been filled by appointment or reappointment.

Section 2. Duties of Officers.

The officers of the District shall have the following duties:

(a) President. Subject to the control of the District Board of Directors, the President shall have general supervision, direction, and control of the business

and affairs of the District. On matters decided by the District, unless otherwise required under the Interlocal Agreement or by this Charter, the signature of the President alone is sufficient to bind the corporation.

(b) Treasurer. The Treasurer shall receive and faithfully keep all funds of the District and deposit the same in such accounts as may be designated by the District Board of Directors. The Treasurer shall discharge such other duties as prescribed by the District Board of Directors. Before taking office, the Treasurer shall file a bond in an amount determined by the District with the Secretary of the District, and shall continue in office only so long as such bond continues in effect.

(c) Secretary. The Secretary shall keep or authorize others to keep a full and complete record of the meetings of the District Board of Directors, committees when acting on behalf of the Board and to the extent they are separate, and the meetings of the officers with appropriate minutes; shall keep the seal of the District and affix the same to such papers and such instruments as may be required in the regular course of business; shall make service of such notices as may be necessary or proper; shall supervise the keeping of the books and other records, ledgers, and other written documents comprising the business and purpose of the District; and shall discharge such other duties as pertain to the office as prescribed by the District Board of Directors.

Section 3. Incapacity of Officers.

In the event the Secretary is unable to perform the duties of the office due to illness, death, or other incapacity, the President of the District is authorized to perform such duties without further authorization; and, if the President is unavailable, the Treasurer is also authorized to perform such duties of the Secretary without further authorization. If the Treasurer or the President is the officer who is incapacitated, the Secretary shall be authorized to perform such duties without further authorization. However, the Treasurer is not authorized to perform the duties of the President, nor is the President authorized to perform the duties of the Treasurer.

ARTICLE X

COMMENCEMENT OF DISTRICT

The District shall come into existence and be authorized to take action at such time as this Charter is approved by the legislative authorities of the Cities that comprise the District and each Board Member has been duly appointed.

ARTICLE XI

CONSTITUENCY

There shall be no constituency of the District.

ARTICLE XII

AMENDMENTS TO BYLAWS/CHARTER

Any Board Member may propose an amendment to the Bylaws (which may consist of a new set of Bylaws) at any meeting (regular or special) of which 30 days' advance notice has been given. Resolutions of the District Board of Directors approving amendments to the Bylaws by unanimous vote may be implemented at such time as selected by the District Board of Directors in the Resolution without further action. Resolutions approving amendments to the Bylaws with less than a unanimous vote cannot take effect until ten days after filing with the Manager of the Interlocal Agreement. The President of the District shall file such resolution within three days of its adoption.

In any event, copies of the amendments shall be filed with the Manager of the Interlocal Agreement as a public record.

The District Board of Directors may recommend to the Cities specific changes to the Charter; however, the Charter may only be amended by mutual agreement authorized pursuant to a resolution or ordinance of the legislative bodies of the Cities.

ARTICLE XIII

MISCELLANEOUS

Section 1. Public Records.

The public shall have access to records and information of the District to the extent as may be required by applicable laws; however, to the extent not required by law, the financial information submitted to the District by a private applicant for a loan shall not be available for public inspection, unless such disclosure is consented to by the District or the affected private party.

Section 2. Public Meetings.

Meetings of the District shall be open to the public as required by state law, and any special meetings shall be called and held in accordance with Section 11, Chapter 250, Laws of 1971, Extraordinary Session, and any subsequent amendments thereto. Members or designees of the legislative authorities of the Cities that comprise the District are entitled to appear in person or by representative and speak at any meeting of the District called and held pursuant to law.

Notice of meetings and proposed agendas shall be transmitted to the Manager of the Interlocal Agreement or his or her designee. The books and records of the District and agreements or contracts entered into by the District shall be available for inspection by the Manager of the Interlocal Agreement or his or her designee or other authorized official of the Cities that comprise the District, and such documents shall be open for inspection by the public to the extent required by applicable laws, or as may be directed by the Manager of the Interlocal Agreement.

Section 3. Audits, Dissolutions, Etc.

Unless waived by the Manager of the Interlocal Agreement, the District shall submit to the Manager of the Interlocal Agreement, on or before December 31, a report of its activities for the preceding calendar year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expense as of the end of such calendar year; as well as such other reports required by applicable state and federal laws, applicable ordinances, and by the Manager of the Interlocal Agreement. The District, by a majority vote of the Board in attendance at a regular or special meeting, may authorize an audit of the finances of the District. Such an audit shall be an expense of the District authorized to be paid from the revenues available to the District.

Section 4. Operations.

The District shall establish by resolution approved by the Manager of the Interlocal Agreement procedures for the receipt, payment and investment of District funds. Such procedures may be amended by District resolution, subject to the approval of the Manager of the Interlocal Agreement.

Section 5. Nonexclusive Charter.

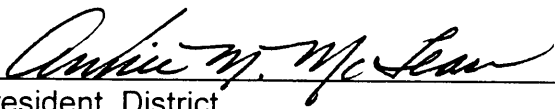
This Charter is nonexclusive and does not preclude the granting of other charters by the Cities that comprise the District to establish additional public corporations.

Section 6. Manager of the Interlocal Agreement or His or Her Designee.

The term "Manager of the Interlocal Agreement," or his or her designee as used in this Charter, shall mean the Manager of Interlocal Agreement designated in the Interlocal Agreement creating the District, any successor official, and any other person authorized to act in his or her stead.

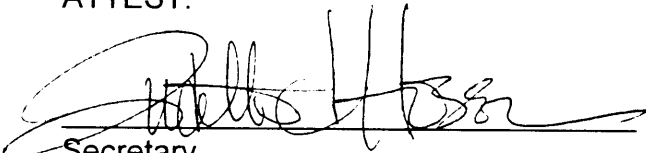
This Charter is APPROVED and ISSUED as of this 15th day of November, 1999.

Approved this 15th day of November, 1999,
as authorized by District Board Resolution
No. 990001



President, District

ATTEST:



Secretary

**BYLAWS
OF
GREATER TACOMA REGIONAL CONVENTION CENTER
PUBLIC FACILITIES DISTRICT**

ARTICLE I

MEMBERSHIP

Section 1.1 Board Tenure. For the purpose of determining Board member tenure, the anniversary of the issuance of the Charter shall be _____ of each year.

Section 1.2 Vacancies. A vacancy, or vacancies, on the Board shall be deemed to exist in the case of the death, disability, resignation, or removal of any Board member as provided in the District's Charter.

ARTICLE II

OFFICERS AND COMMITTEES

Section 2.1 Officers Designated. The officers of the Board shall be a President, Treasurer, and Secretary, each of whom shall be elected by the Board. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board. No person may simultaneously hold more than one office. In addition to the powers and duties specified below, the officers shall have such powers and perform such duties as the Board may prescribe.

Section 2.2 Election, Qualification, and Term of Office. Each of the officers shall be elected by the Board from among its members. The officers shall be elected by the Board at the first regular meeting after the term of new or reappointed Board members commences each year, for a one-year term, and each officer shall hold office during said one-year term and until his or her successor is elected. The first officers of the Board shall be elected by the Board at its original meeting.

Section 2.3 Powers and Duties. The officers of the Greater Tacoma Regional Convention Center Public Facilities District ("District") shall have the following duties:

(a) President. Subject to the control of the District Board of Directors, the President shall have general supervision, direction, and control of the business and affairs of the District. On matters decided by the District, unless otherwise required under the Interlocal Agreement or by this Charter, the signature of the President alone is sufficient to bind the corporation.

(b) Treasurer. The Treasurer shall receive and faithfully keep all funds of the District and deposit same in such bank or banks as may be designated by the District Board of Directors. The Treasurer shall discharge such other duties as prescribed by the District Board of Directors. Before taking office, the Treasurer shall file a bond in an amount determined by the District with the Secretary of the District and shall continue in office only so long as such bond continues in effect.

(c) Secretary. The Secretary shall keep or authorize others to keep a full and complete record of the meetings of the District Board of Directors, committees, when acting on behalf of the Board, and to the extent they are separate, the meetings of the officers with appropriate minutes; shall keep the seal of the District and affix the same to such papers and such instruments as may be required in the regular course of business, shall make service of such notices as may be necessary or proper, shall supervise the keeping of the books and other records and ledgers and other written documents comprising the business and purpose of the District, and shall discharge such other duties as pertain to the office as prescribed by the District Board of Directors.

Section 2.4 Removal From Office. 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 quorum, may remove any officer of the Board from his or her office whenever in its judgment the best interests of the District will be served thereby.

Section 2.5 Vacancies. The Board shall fill any 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 appointed and qualified.

ARTICLE III

MEETINGS

Section 3.1 Regular Board Meetings. Subject to Article XIII, Section 2 of the Charter, regular meetings of the Board shall be held at least annually at a time and place to be determined by the Board by resolution.

Section 3.2 Special Board Meetings. Subject to Article XIII, Section 2 of the Charter, 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 3.3 Notice of Regular Board Meetings. Except as provided in Article XIII, Section 2 of the Charter, no notice of the regular meeting shall be required, except of the first regular meeting after any change in the time or place of such meeting adopted by resolution of the Board as above provided. Notice of such changed regular meeting shall be given by personal communication over the telephone to each Board member at least 24 hours prior to the time of the meeting or by at least three days' notice by mail, telegram or written communication. If mailed, notice shall be mailed by United States mail, postage prepaid, to the last known address of each Board member. In addition, the District shall routinely provide reasonable notice of meetings to any individual specifically requesting it in writing. At any regular meeting of the Board, any business may be transacted and the Board may exercise all of its powers.

Section 3.4 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 24 hours prior to the time of the meeting to each Board member, to the Manager of the Interlocal Agreement or his or her designee, and to each local newspaper of general circulation and to each radio or television station that has requested notice as provided in RCW 42.30.080. In addition, the District shall provide notice of special meetings to any individual specifically requesting it in writing.

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 3.5 Waiver of Notice. Notice as provided in Sections 3.3 and 3.4 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 District 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 XII of the Charter concerning proposed amendments to Bylaws and votes on such amendments, may not be waived.

Section 3.6 Notice to Manager of the Interlocal Agreement. Notice of all meetings and proposed agendas and minutes of all meetings of the Board shall be given to the Manager of the Interlocal Agreement or his or her designee and filed with the Manager of the Interlocal Agreement.

ARTICLE IV

AMENDMENTS TO BYLAWS

Section 4.1 Proposals to Amend Bylaws.

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

(b) Any Board member may introduce a proposed amendment to the Bylaws (which may consist of new Bylaws) at any regular meeting or at any special meeting of which 30 days' advance notice has been given.

Section 4.2 Board Consideration of Proposed Amendments. If notice of a proposed amendment to the Bylaws, and information including the text of the proposed amendment and a statement of its purpose and effect, is provided to members of the Board 15 days prior to any regular Board meeting or any special meeting of which 30 days' advance notice has been given, then the Board may vote on the proposed amendment at the same meeting as the one at which the amendment is introduced. If such notice and information is not so provided, the Board may not vote on the proposed amendment until the next regular Board meeting or special meeting of which 30 days' advance notice has been given and at least 15 days prior to which meeting such notice and information is provided to Board members. Germane amendments to the proposed amendment within the scope of the original amendment will be permitted at the meeting at which the vote is taken.

Section 4.3 Board Approval of Amendments to Bylaws. Resolutions of the District approving amendments to the Bylaws by unanimous vote of a quorum may be implemented at such time as selected by the District in the Resolution without further action. Resolutions approving amendments to the Bylaws with less than a

unanimous vote cannot take effect until 10 days after filing with the Manager of the Interlocal Agreement. The President of the District shall file such resolution within three days of its adoption. In any event, copies of the amendments to the Bylaws shall be filed with the Manager of the Interlocal Agreement as a public record.

ARTICLE V

ADMINISTRATIVE PROVISIONS

Section 5.1 Books and Records. The District shall keep current and complete books and records of account and shall keep minutes of the proceedings of its Board and its committees having any of the District of the Board.

Section 5.2 Indemnification of Board Members. The District elects to defend and indemnify its present and former Board members and officers and their successors, spouses and marital communities to the full extent authorized by law and 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 District 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 5.3 Principal Office. The principal office of the Greater Tacoma Regional Convention Center Public Facilities District shall be located in Tacoma, Washington, as specified by resolution.

Section 5.4 Fiscal Year. The Fiscal Year of the District shall begin January 1 and end December 31 of each year, except the first fiscal year which shall run from the date the Charter was issued to December 31, 1999.

ARTICLE VI

APPROVAL OF BYLAWS

Approved by Resolution No. _____ adopted by the _____ District
Board of Directors on _____, 1999.

RESOLUTION NO. 34561

1 WHEREAS, pursuant to Resolution No. 34538, the City Council authorized
 2 the execution of an Interlocal Agreement with the Cities of Fife, Lakewood, and
 3 University Place ("Interlocal Agreement") for the creation and joint operation of a
 4 Public Facilities District ("District") to facilitate the construction and operation of a
 5 regional convention center, and
 6

7 WHEREAS the District Charter provides that the District will enter into
 8 an agreement or agreements with Tacoma for the design, development,
 9 construction, and operation of the Convention Center which provide that
 10 Tacoma shall advertise for, select, and enter into agreements with the
 11 contractor or contractors for the design, development, and construction of the
 12 Convention Center; Tacoma shall oversee and make all decisions relative to
 13 the design, development, and construction of the Convention Center; and
 14 Tacoma shall manage and administer the contracts relative to the design,
 15 development, and construction of the Convention Center, which development
 16 may include a public/private partnership, and
 17

18 WHEREAS the District Charter also provides that the Public Facilities
 19 District will assist in financing the construction and operation of the Convention
 20 Center by imposing a state sales and use tax credit of 0.033 percent within the
 21 District, as well as admission and parking taxes, and
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WHEREAS the District will, in consideration for Tacoma's agreement to use these funds for the design, development, and operation of the Convention Center in the City of Tacoma, pay its revenues collected and received that are generated from the state sales and use tax and admission and parking taxes to Tacoma for deposit into an enterprise fund to service the debt issued by the City for the design and construction of the Convention Center, as well as payment of management and operating expenses and the expenses of the District, and

WHEREAS the City will hold title to the Convention Center inclusive of the real property, buildings, fixtures, furnishings, appurtenances, and improvements, and

WHEREAS, pursuant to RCW 39.34, the District and Tacoma, as public agencies, have the authority to enter into Interlocal Agreements to provide services and facilities through the joint and cooperative exercise of powers, privilege, and authority, and

WHEREAS the District and Tacoma agree that development of the Convention Center will benefit the public and stimulate economic development throughout the region, and

WHEREAS the District and Tacoma understand and agree that the District will have no obligation to issue bonds to support the design and

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construction of the Convention Center, and that the City, upon Council approval, will issue such bonds for which there will be no recourse against the District for payment therefor, and

WHEREAS the District and Tacoma desire to enter into an Interlocal Agreement for the purpose of setting forth, in writing, their mutual agreement and undertakings by which they will jointly and cooperatively undertake to finance and commence construction, operation, and maintenance of the Convention Center in the City of Tacoma, contingent upon Council approval of issuance of debt; Now, Therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

That the proper officers of the City are hereby authorized and directed to enter into an Interlocal Agreement between the Greater Tacoma Regional Convention Center Public Facilities District for the purposes described above, said agreement to be in substantially the form of the Interlocal Agreement on file in the office of the City Clerk.

Adopted OCT 26 1999


Mayor


Attest: City Clerk

Approved as to form and legality:


Assistant City Attorney

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Recording Requested By And
When Recorded Return To:

City of Tacoma
City Clerk's Office
747 Market Street
Tacoma, Washington 98402

**INTERLOCAL OPERATING AGREEMENT
BETWEEN THE GREATER TACOMA REGIONAL CONVENTION CENTER
PUBLIC FACILITIES DISTRICT AND THE
CITY OF TACOMA**

THIS INTERLOCAL AGREEMENT ("Operating Agreement") is made and entered into this 1st day of November, 1999, between the GREATER TACOMA REGIONAL CONVENTION CENTER PUBLIC FACILITIES DISTRICT ("District") and THE CITY OF TACOMA ("Tacoma"), collectively the "Parties".

RECITALS

WHEREAS, starting in 1996, Tacoma, in collaboration with the Tacoma Pierce County Visitor and Convention Bureau, began a series of marketing, feasibility, and design studies for the Bicentennial Pavilion, and

WHEREAS The studies concluded that the size and amenities of the Pavilion are below market standards and that in it's existing condition, the pavilion can capture only a limited share of conventions held in the region; the studies also determined that the existing site for the Pavilion has limited potential for expansion. The City thus decided that a new regional convention center would make more sense than a remodel of the current facility, and

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INTERLOCAL OPERATING AGREEMENT
BETWEEN TACOMA AND THE PFD

WHEREAS construction of a new regional convention center is projected to generate in excess of \$45 million of economic impact to the region with over 300 events and 250,000 attendees scheduled in the new convention center by the year 2005; the events would fill hotel rooms, restaurants, and shopping and entertainment districts in the region on a regular basis, and

WHEREAS Tacoma desires to build and operate a new regional convention center ("Convention Center") which will be located between Pacific Avenue and Market Street and South 15th and South 17th Streets fronting Pacific Avenue at the 15th Street entrance into the city; the preferred site links the downtown core and Union Station/University of Washington District; the Convention Center will span over Commerce Street, the preferred route for Sound Transit's "Link" light rail system; and the site is large enough to accommodate parking and the long-term expansion needs of the Convention Center and includes property already owned by the City.

WHEREAS Tacoma is now appraising properties within this site and is negotiating for purchase and sale of the properties, relocation of owners, tenants, and businesses in the area, and has already appropriated and expended funds for the initial study, analysis of site locations, and preliminary design studies, and

WHEREAS Tacoma, contingent upon approval of the City Council, will issue up to \$51,000,000 in bonds to pay for site acquisition, preconstruction activities, and the design, construction, management, operation, and maintenance of the Convention Center, and

WHEREAS Tacoma has identified potential funding sources available to the City to service the bond debt and requires additional funding sources outside of the City to support the construction and operation of the Convention Center, and

WHEREAS the Laws of Washington, Chapter 165, 1999 Regular Session, Sections 1 through 23, authorize the legislative authorities of any contiguous group of cities located in a county or counties, each with a population of less than one million, to enter into an agreement under RCW 39.34 for the creation and joint operation of a public facilities district to facilitate the construction and operation of a regional convention center, and

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INTERLOCAL OPERATING AGREEMENT
BETWEEN TACOMA AND THE PFD

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WHEREAS the Cities of Fife, Lakewood, Tacoma, and University Place, pursuant to authorization from the legislative bodies of each jurisdiction, have agreed to participate in the construction and operation of the Convention Center through the creation of the Convention Center Public Facilities District pursuant to that certain Interlocal Agreement authorized pursuant to Resolution No. 34548, and

WHEREAS the District Charter provides that the District will enter into an agreement or agreements with Tacoma for the design, development, construction, and operation of the Convention Center which shall provide that Tacoma shall advertise for, select, and enter into agreements with the contractor or contractors for the design, development, and construction of the Convention Center; Tacoma shall oversee and make all decisions relative to the design, development, and construction of the Convention Center; and Tacoma shall manage and administer the contracts relative to the design, development, and construction of the Convention Center, which development may include a public/private partnership, and

WHEREAS the District Charter also provides that the public facilities district will assist in financing the construction and operation of the Convention Center by imposing a State sales and use tax credit of 0.033 percent within the District as well as admission and parking taxes, and

WHEREAS the Parties have agreed that the District will, in consideration for Tacoma's agreement to use these funds for the design, construction, and operation of the Convention Center in the City of Tacoma, pay its revenues collected and received which are generated from the State sales and use tax and admission and parking taxes to Tacoma for deposit into an Enterprise fund to service the debt issued by the City for the Design and Construction of the Convention Center, as well as payment of management and operating expenses and the expenses of the District, and

WHEREAS the City will hold title to the Convention Center inclusive of the real property, buildings, fixtures, furnishings, appurtenances, and improvements, and

WHEREAS the District and Tacoma, as public agencies, have the authority pursuant to RCW 39.34 to enter into Interlocal agreements to provide services and facilities through the joint and cooperative exercise of powers, privilege, and authority, and

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INTERLOCAL OPERATING AGREEMENT
BETWEEN TACOMA AND THE PFD

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WHEREAS both Parties agree that development of the Convention Center will benefit the public and stimulate economic development throughout the region, and

WHEREAS the parties understand and agree that the District will have no obligation to issue bonds to support the design and construction of the Convention Center and that the City will, upon approval of the City Council, issue such bonds for which there will be no recourse against the District for payment therefor, and

WHEREAS the Parties desire to enter into an Interlocal Agreement for the purpose of setting forth, in writing, their mutual agreement and undertakings by which they will, contingent upon adequate funding sources, jointly and cooperatively undertake to finance and commence construction, operation, and maintenance of the Convention Center in the City of Tacoma;

NOW, THEREFORE, in consideration of the mutual understanding, undertaking, and promises contained herein inclusive of the recitals above and the benefits to be realized by each party and in consideration of the benefit to the general public by the creation and operation of a regional convention center located in Tacoma, it is agreed by and between the parties as follows:

1. PURPOSE, INTENT, AND UNDERSTANDING. The purpose of the Operating Agreement is to set forth, in writing, the terms and conditions under which the Parties will, contingent upon adequate funding sources, jointly and cooperatively undertake to finance and commence the design, construction, operation, and maintenance of a regional convention center ("Convention Center") in Tacoma before January 1, 2003, pursuant to the Laws of Washington, Chapter 165, 1999 Regular Session, Sections 1 through 23.

The Operating Agreement is not intended by the Parties to establish the design and performance criteria for the design and construction of the Regional Convention Center. It is understood and agreed by the Parties that Tacoma will be responsible for and make all decisions relative to the location, design, construction, operation, management, and future expansion of the Convention Center; that Tacoma will advertise for, select, and enter into agreements with, the contractor or contractors for the design and construction of the Convention Center; that Tacoma will administer and manage the contracts for the design and construction of the Convention Center; that Tacoma will directly, or through third parties, manage and

operate the Convention Center and make all decisions relative to the management and operation of the Convention Center; that Tacoma will retain sole ownership interest in all property including but not limited to personal and real property acquired with funds paid to Tacoma by the District for Deposit into the Regional Convention Center Enterprise Fund. The District will not be a party to these agreements.

It is intended that the Convention Center will be located between Pacific Avenue and Market Street and South 15th and South 17th Streets fronting Pacific Avenue at the 15th Street entrance into the City; that the Convention Center facility will span over Commerce Street, the preferred route for Sound Transit's light rail link with downtown Tacoma; and that the site is large enough to accommodate parking and the long-term expansion needs of the Regional Convention Center.

It is intended that Tacoma will construct a 130,000 to 150,000 gross square foot Regional Convention Center facility capable of hosting local, state, and regional conventions ranging between 300 and 1500 delegates and banquets of up to 2000 people; that current long-term expansion plans for the Convention Center call for the construction of an additional 150,000 gross square feet of exhibit hall space, which space would occupy the location currently intended for use as a public parking facility; and that at the time of expansion, structured parking may be constructed to accommodate parking needs for the Convention Center.

It is understood that the Operating Agreement is entered into by Tacoma in reliance upon the assurances and covenants of the District that it will timely and lawfully impose the allowed State sales and use tax and parking and admissions taxes and continue to collect revenues available to the District and pay these funds to Tacoma to fund and commence the construction, management and operation of the Convention Center. This Agreement is entered into by the District with the specific understanding and relying on the assurances and covenants of Tacoma that the agreement of the District to contribute its tax revenues to the City will fund and cause the commencement of construction of the Convention Center and will fund and support the management and operation of the Convention Center. It is further understood that the obligation of Tacoma to construct and support the management and operation of the Convention Center is contingent upon Tacoma issuing bonds for this purpose.

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INTERLOCAL OPERATING AGREEMENT
BETWEEN TACOMA AND THE PFD

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2. TERM.

2.1 Perpetual. The term of the Operating Agreement shall be perpetual except as may be otherwise provided herein.

2.2 Impossibility of Performance. The Operating Agreement shall terminate under circumstances where both Parties mutually agree in writing that by operation of law, court order, or as a result of other facts and circumstances whether within the control of the Parties or not, it is impossible or impractical to finance, design, develop, or construct, manage, or operate the Convention Center. In the event that Tacoma determines that it is impossible or impractical to finance, design, develop, construct, manage, or operate the Convention Center facility, the Parties agree to meet and enter into good faith negotiations regarding whether the Project has become impossible or impractical.

3. AMENDMENTS. The Operating Agreement and any collateral instruments referenced herein contain the entire agreement between the Parties hereto and shall not be modified or amended in any manner except by an instrument in writing executed by the Parties hereto. Previous drafts of the Operating Agreement or any portions thereof shall not be utilized in any manner by either Party should any dispute arise as to the intent of this Agreement.

4. ADMINISTRATION. The Operating Agreement does not establish or create a separate legal entity or a joint board. The City Manager of Tacoma shall be responsible for administering the joint and cooperative undertaking of the project as described herein and shall be the administrator of the Operating Agreement.

5. RIGHTS, DUTIES, AND OBLIGATIONS. The Parties mutually agree as follows:

5.1 District. The obligations, rights, and duties of the District shall be as follows:

a. The District shall, upon collection, pay, or cause to be paid, all funds collected and received by or on behalf of the District from the State sales and use tax and admission and parking taxes imposed by the District, to Tacoma for deposit into the Regional Convention Center Enterprise Fund. Such funds once deposited shall become funds of the City and shall be used primarily for the debt service for bonds issued by Tacoma to fund the design, development, and construction of the Convention Center inclusive of costs of

pre-development and property acquisition. The duration of the District's obligations described above shall be consistent with the duration of the debt obligation of the City for the bonds issued but shall be no longer than the maximum time period allowed by law.

b. The District shall have the right, for purposes of determining compliance with the Operating Agreement, to periodically review documents relative to the expenditure by the City of funds paid by the District to the City for deposit into the Regional Convention Center Enterprise Fund.

c. The District shall have the right, for purposes of determining compliance with this Agreement, to review reports prepared by or on behalf of Tacoma relative to the status of the construction of the Regional Convention Center. Such reports will generally include a description of the progress of work compared to the allocated budget and completion dates relative to the construction schedule.

d. The District shall have the right, for purposes of determining compliance with this Agreement, to review annual reports prepared by or on behalf of the City, which pertain to the management and operation of the Regional Convention Center.

e. The District shall have the right to exercise any of the remedies provided herein in the event of a material breach of this agreement by Tacoma.

5.2 Tacoma. The obligations, rights, and duties of Tacoma shall be as follows:

a. The funds received by Tacoma from the District and deposited into the Regional Convention Center Enterprise Fund shall be used exclusively by Tacoma for (1) debt service of the bonds issued by Tacoma for site assembly, predevelopment activities, the design, and construction of the Regional Convention Center; (2) payment of expenses for the management and operation of the Regional Convention Center inclusive of maintenance, repair, and improvements; and (3) payment of expenses of the District as authorized pursuant to the District Charter or this Agreement. Such funds once deposited shall become funds of Tacoma and shall be used primarily for the debt service. The duration of the District's obligations described above shall be consistent with the duration of the debt obligation of the City

for the bonds issued but shall be no longer than the maximum time period allowed by law. Tacoma shall, upon invoice from the District, pay from the Regional Convention Center Enterprise Fund, the reasonable expenses of the District as authorized pursuant to the District Charter or the Operating Agreement.

b. Tacoma shall indemnify and hold harmless the District, its officers, and directors from and against any and all claims, demands, or causes of action of whatsoever kind or nature, and the resulting losses, costs, expenses, reasonable attorneys' fees, liabilities, damages, orders, judgments, or decrees sustained by the District or any third party arising out of, or by reason of, or resulting from or of the acts, errors, or omissions of the District, its officers, or directors related to or in any way arising out of the performance of their duties under this Agreement or the District Charter. Provided that the indemnity provided herein shall apply only to those claims, demands, or causes of action of whatsoever kind or nature and the resulting losses, costs, expenses, reasonable attorneys' fees, liabilities, damages, orders, judgments, or decrees which exceed the dollar limits as set forth in any public liability insurance policy obtained by the District and only for the amounts which exceed those limits.

c. Tacoma, without limiting such immunities as the District or other persons may have under applicable law, shall have no monetary recourse whatsoever against the District or its officials or directors for any loss or damage arising out of the District, its officers, or directors, exercising their authority pursuant to this Agreement or the District Charter.

d. Tacoma will, contingent upon available funding and Council approval of issuance debt, commence design and construction of a Regional Convention Center in the City of Tacoma to be located between Pacific Avenue and Market Street, and South 15th and South 17th Streets fronting Pacific Avenue, at the 15th Street entrance into the City, which facility will be approximately 130,000 to 150,000 gross square feet and will be operated and maintained by the City for the duration of the obligation of the District as a Regional Convention Center facility.

e. Tacoma will undertake all financial responsibility for payment of the costs and expenses associated with the pre-construction activities, site assembly, design, development, and construction of the Regional Convention Center,

payment of which shall be made from bonds issued and guaranteed by Tacoma which debt service will be achieved first through funds deposited by the District into the Enterprise Fund and next through other revenue sources as determined by Tacoma, but with no recourse to the District.

f. Tacoma shall make available, upon request by the District, documents relative to the expenditure by Tacoma of funds paid to Tacoma for deposit into the Regional Convention Center Enterprise Fund so that the District can determine such funds are being expended in compliance with this Agreement.

g. Tacoma shall provide to the District copies of Regional Convention Center status reports for its review to determine compliance with this Agreement.

h. Tacoma shall provide copies to the District of annual reports prepared by or on behalf of Tacoma relative to the management and operation of the Convention Center for its review to determine compliance with this Agreement.

i. Tacoma shall, on a limited basis, provide in-kind services to the District as follows: provision of meeting space, clerical services, legal counsel, and financial services to provide for the custody, investment, and accounting of all funds of the District and assist in the administration of the financial affairs of the District as necessary for the District and consistent with such applicable financial operations identified at Section 1.06.210 of the Tacoma Municipal Code. The District shall reimburse the City for its reasonable costs of such financial services as soon as practicable when funds become available to the District.

6. REMEDIES.

6.1 Remedies Available. Tacoma and the District have the right to exercise any and all of the following remedies, singly or in combination, in the event that Tacoma or the District violates any material provision of this Agreement:

- a. Commence an action for equitable or other relief, including injunctive relief, or
- b. Seek a writ of mandamus to compel performance, or

c. Commence an action seeking specific performance of any provision which reasonably lends itself to such remedy.

6.2 Procedure. Before exercising any of the available remedies the party alleging a breach ("Party") shall follow the procedure below.

a. Notice of Violation. In the event that the Party believes that the other party has not complied with the terms of this Agreement and is a defaulting party ("Defaulting Party"), the Party shall notify the Defaulting Party in writing, by certified mail, of the nature of the alleged non-compliance.

b. The Defaulting Party's Right to Cure or Respond. The Defaulting Party shall have 10 days from the receipt of notice described above, to (a) respond to the Party, or (b) to cure such default or, in the event that by the nature of the default such default cannot be cured within the 10-day period, initiate steps to remedy such default as promptly as possible. The duty to cure includes the duty to cure all harms caused by the acts or omissions of the Defaulting Party. At the end of the 10-day period, the Defaulting Party shall notify the Party, in writing, of the steps it has taken to cure the default, if any; if the cure is not complete, the reason it is not complete and the projected date for completion; and if the default is disputed, the complete basis for that contention.

c. If the Party determines that the Defaulting Party did not cure or initiate steps to cure to the Party's satisfaction, after the notice required herein was provided, then the Party may exercise its available remedies.

7. NOTICES. All notices which may be or are requested to be given pursuant to this Agreement shall be deemed given when hand delivered, or when deposited in the United States Mail, postage prepaid, and marked registered or certified mail, return receipt requested, and addressed to the Parties at the following addresses unless otherwise provided for herein:

To the City: Ray E. Corpuz, Jr.
City Manager
City of Tacoma
747 Market Street, Suite 1200
Tacoma, Washington 98402

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INTERLOCAL OPERATING AGREEMENT
BETWEEN TACOMA AND THE PFD

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With a copy to: Robin S. Jenkinson
City Attorney
City of Tacoma
747 Market Street, Suite 1120
Tacoma, Washington 98402-3767

To District: President of the Regional Convention Center Public Facilities
District

8. **PROPERTY.** All property acquired as a result or pursuant to this agreement shall be and become the property of Tacoma.

9. **FILING.** A copy of this Agreement shall be filed with the City Clerk of Tacoma and the Pierce County Auditor; provided, however, that failure to file shall not affect the validity of this Agreement.

10. **WAIVER.** The waiver by one Party of the performance of any covenant, condition, or promise shall not invalidate this Agreement nor shall it be considered a waiver by such Party of any other covenant, condition, or promise hereunder. The waiver by either or both Parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time. The exercise of any remedy provided by law or the provisions of this Agreement shall not exclude other consistent remedies unless they are expressly excluded.

11. **VENUE.** The venue for any dispute related to this Agreement shall be Pierce County, Washington.

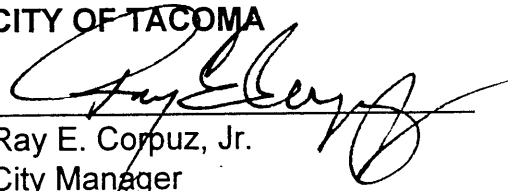
12. **EXCULPATION.** Notwithstanding anything contained to the contrary in any provision of this Agreement, it is specifically agreed and understood that there shall be absolutely no personal liability on the part of any individual officers or directors of Tacoma or the District with respect to any of the obligations, terms, covenants, and conditions of this Agreement.

13. **GENERAL PROVISIONS.** This Agreement contains all of the agreements of the Cities with respect to any matter covered or mentioned in this Agreement, and no prior agreement shall be effective for any purpose. No provision of this Agreement may be amended or modified except by written agreement signed by the Cities.

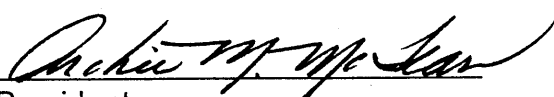
14. **SEVERABILITY.** If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

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

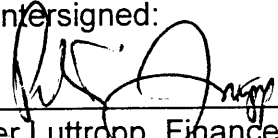
CITY OF TACOMA


Ray E. Corpuz, Jr.
City Manager

Public Facilities District


Archie M. McLean
President
Public Facilities District

Countersigned:

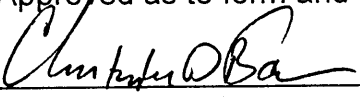

Peter Luttrupp, Finance Director

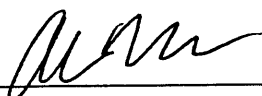

William Pugh, Department Director

Attest:

 10/29/99
Rick Rosenblatt
City Clerk

Approved as to form and legality:


Christopher O'Ba
City Attorney, Assistant


Risk Manager



ORIGINAL