

FRIDAY HARBOR TRANSPORTATION BENEFIT DISTRICT

RESOLUTION NO. 02-14

A RESOLUTION of the Board of the Friday Harbor Transportation Benefit District approving an interlocal agreement with the Town of Friday Harbor, Washington, providing for the coordination of efforts in maintaining and preserving streets and related transportation infrastructure within the Town of Friday Harbor, Washington, and authorizing the Chair to execute the agreement on behalf of the District.

WHEREAS, the Town Council of the Town of Friday Harbor found it to be in the public interest to establish a town-wide Transportation Benefit District for the preservation, maintenance, acquisition, construction and improvement of the Town's streets and related infrastructure consistent with Chapter 36.73 RCW; and

WHEREAS, in Ordinance No. 1539, the Town Council of the Town of Friday Harbor established a Transportation Benefit District as authorized by RCW 35.21.225 and subject to the provisions of RCW 36.73; and

WHEREAS, subject to certain restrictions and limitations, the Friday Harbor Transportation Benefit District is authorized to collect vehicle license fees, dedicated sales tax revenue and other revenues to fund certain transportation improvements;

NOW, THEREFORE BE IT RESOLVED by the Board of the Friday Harbor Transportation Benefit District as follows:

Section 1. The Interlocal Agreement between the Town of Friday Harbor and the Friday Harbor Transportation Benefit District in substantially the form attached to this Resolution as Exhibit A is approved. The Chair of the District is authorized to execute the Interlocal Agreement on behalf of the District.

ADOPTED this 17th day of July, 2014.

FRIDAY HARBOR TRANSPORTATION BENEFIT
DISTRICT


Chair of the Board

EXHIBIT "A"

INTERLOCAL AGREEMENT BETWEEN THE TOWN OF FRIDAY HARBOR, WASHINGTON AND THE FRIDAY HARBOR TRANSPORTATION BENEFIT DISTRICT

THIS AGREEMENT between the Town of Friday Harbor, Washington (the "Town" or "Friday Harbor"), and the Friday Harbor Transportation Benefit District (the "TBD" or the "District") (collectively, the "Parties"), is effective as of _____, 2014, and is for the purposes described herein.

RECITALS

A. Chapter 39.34 RCW (Interlocal Cooperation Act) permits local governmental units to make the most efficient use of their powers by enabling them to cooperate on the basis of mutual advantage;

B. Friday Harbor is empowered to operate, maintain, construct, and reconstruct, public street infrastructure within its town limits in accordance with its constitutional and statutory authority, including but not limited to RCW 35.27.370;

C. By Ordinance No. 1539, Friday Harbor formed the TBD to help provide adequate funding for ongoing transportation improvements that preserve, maintain and, as appropriate, construct or reconstruct the existing transportation infrastructure of the Town of Friday Harbor consistent with Chapter 36.73 RCW;

D. Upon receiving voter approval, the TBD may impose and collect a two-tenths of one percent sales and use tax pursuant to RCW 82.14.0455 (the "Sales Tax") for the purpose of paying the costs of TBD Improvements, as that term is defined in TBD Resolution 05-2014, including the repayment of indebtedness and costs incurred to finance those improvements;

E. Friday Harbor and the TBD desire to better coordinate their efforts in order to pursue their individual, joint and mutual rights and obligations to maintain and preserve streets and related transportation infrastructure within the Town of Friday Harbor.

AGREEMENT

The Parties enter into this Agreement in order to coordinate their efforts as authorized by the Interlocal Cooperation Act:

1. Purpose and Interpretation. Friday Harbor is empowered by Title 35 RCW and other authority to construct, reconstruct, maintain and preserve town streets and other related public infrastructure. The TBD is empowered by Chapter 36.73 RCW to acquire, construct, improve, provide, and fund transportation improvements consistent with the Town's

transportation plans and necessitated by existing or reasonably foreseeable congestion levels. In the event that any provision of this Agreement is held to be in conflict with state statute, as existing or amended, the conflicting provision will be severable, and the remaining provisions of this Agreement will remain in full force and effect.

2. TBD Improvements. The Town and the TBD agree that the TBD Improvements are currently required and are included in the Town's 2014-2019 Six-Year Transportation Improvement Program and also constitute "transportation improvements" that may be funded by the TBD in accordance with chapter 36.73 RCW. The Board of the TBD may alter, make substitutions to and amend the TBD Improvements descriptions as it determines is in the best interests of the TBD, consistent with the descriptions in the Town's then-current Transportation Improvement Program, and in accordance with the material change policy adopted by the Board and the notice, hearing and other procedures described in chapter 36.73 RCW, including without limitation RCW 36.73.050(2)(b), in each case as those statutes and polices may be amended from time to time.

3. Financing of TBD Improvements. The TBD has not collected sufficient funds to complete the TBD Improvements. Accordingly:

3.1. The Town will provide financing for the design and construction of the TBD Improvements, pursuant to state law and town code regarding construction of public works projects, which may include, without limitation, the issuance of bonds, loans or other forms of indebtedness. The TBD must fully reimburse the Town for the TBD Improvements from proceeds of the Sales Tax and other money of the TBD legally available for TBD Improvements (the "TBD Revenues"). This reimbursement obligation constitutes non-voter approved indebtedness within the meaning of RCW 36.73.070. The Town Council will determine the timing of any financing and the exact order and the terms for the financing of the TBD Improvements. The Town will in a timely manner provide to the TBD a debt service schedule for any indebtedness incurred for the TBD Improvements, and may, if it deems appropriate, require a bond to be issued by the TBD as evidence of the TBD's indebtedness to the Town. The Sales Tax is dedicated for the repayment of indebtedness incurred by this Agreement in accordance with the requirements of chapter 36.73 RCW.

3.2. The TBD must pay to the Town from TBD Revenues in amounts sufficient (i) to repay any indebtedness, including any bonds, loans or other forms of indebtedness described in **subsection 3.1** above (including all debt service or other financial obligations incurred for the design and construction of the TBD Improvements) and (ii) to reimburse the Town for all TBD Improvements costs, including all maintenance or other expenses incurred on a pay-as-you-go basis. The amount to be reimbursed to the Town must include all direct and incidental costs incurred in connection with carrying out and accomplishing the TBD Improvements, including, but not limited to: design costs; construction costs; necessary and related engineering, architectural, planning, consulting, inspection, permitting and testing costs; administrative and relocation expenses; site acquisition and improvement; demolition; procurement of liability insurance; on and off-site utilities and road improvements; costs

related to the issuance, sale and delivery of bonds or other indebtedness; payments for financial and legal services; obtaining ratings and bond insurance; printing, advertising, establishing and funding accounts; payment of interest due on any bonds, loans or other indebtedness (including capitalized interest for up to six months after completion of construction); and other similar activities or purposes, all as determined by the Town Council.

3.3. The TBD will make a payment to the Town on the tenth day of each month in an amount equal to: (i) 1/6th of the next upcoming semiannual debt service payment coming due on any bonds or other evidences of indebtedness incurred by the Town for the TBD Improvements plus (ii) the amount expended by the Town for the TBD Improvements in the preceding month from funds other than the proceeds of indebtedness.

3.4. If at any time the amount of TBD Revenues is insufficient to make the monthly payment described in **subsection 3.3** above, the amount remaining unpaid will become a loan from the Town to the TBD and will accrue interest at an annual simple interest rate determined by the rate of the Washington State Local Government Investment Pool (LGIP) at the month of insufficiency, until paid in full. Subsequent payments received from the TBD will be applied in the following order: (i) to interest on amounts that were unpaid from a prior month (i.e., interest on loans made under this **subsection 3.4**), (2) to those amounts due in a prior month, which have remained unpaid the longest (i.e., principal of loans made under this **subsection 3.4**), and (3) the amounts due for the then-current month.

3.5. The TBD's obligation to make the payments to the Town from the TBD Revenues is absolute, unconditional and not subject to diminution by setoff, counterclaim, abatement or otherwise. The TBD pledges its full faith, credit and resources for the payment of all amounts owed to the Town under this Agreement. The TBD's obligations under this Agreement will continue in effect and survive until all amounts due to the Town under this Agreement have been repaid. To further its ability to make payments to the Town, the TBD irrevocably covenants and agrees to continue imposing the Sales Tax for so long as any Town indebtedness for the TBD Improvements remains outstanding and for so long as any District obligation to pay any amount to the Town under this Agreement remains outstanding.

4. Ownership. Streets and related transportation infrastructure preserved and maintained with TBD funds are and must remain the property of the Town of Friday Harbor. No joint property ownership is contemplated under the terms of this Agreement.

5. No Joint Board. No provision is made for a joint board. The TBD exercises its functions in accordance with state law and Town ordinance.

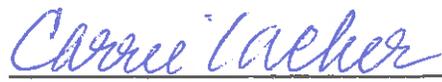
6. No Indemnity. No indemnification is provided by this Agreement. The Parties agree to bear their respective liability for any acts or omissions resulting under this Agreement, as those liabilities are determined under the laws of the state of Washington or any mutually approved settlement agreement.

7. Termination. This Agreement may be terminated by either Party upon the provision of thirty calendar days' notice. Additionally, this Agreement expires upon the future dissolution of the TBD.

8. Effective Date. This Agreement will be effective after listing on the Town of Friday Harbor official website or other electronically retrievable public source, or filing with San Juan County as provided by law.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first written above.

TOWN OF FRIDAY HARBOR



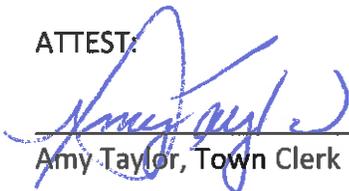
Carrie Lacher, Mayor

FRIDAY HARBOR TRANSPORTATION
BENEFIT DISTRICT



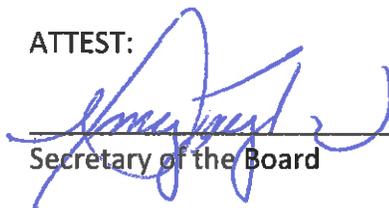
Chair of the Board

ATTEST:



Amy Taylor, Town Clerk

ATTEST:



Secretary of the Board

APPROVED AS TO FORM:



Attorney for Town