

1 the County PFD's administrative expenses, and reserves (as established, from time-to-time by the
2 County PFD Board of Directors), should be additionally allocated among the four regional center
3 projects for the payment of debt service on the respective bonds issued to finance the
4 development thereof, which additional allocations shall be collectively referred to hereinafter as
5 the "Aggregate Tier 2 Allocations" (which represent all four regional center projects); and
6

7 F. The Parties desire to amend the Interlocal Agreement by this Addendum to
8 provide for the allocation and contribution of a specified portion of the Aggregate Tier 2
9 Allocations to the City PFD, which portion shall hereinafter be referred to as the "Tier 2
10 Allocation";
11

12 NOW, THEREFORE, the Parties hereby agree as follows:
13

14 AGREEMENT

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16 1. Tier 2 Allocation. So long as the City PFD can and does make lawful use of the
17 funds to be contributed by the County PFD under the provisions of RCW 82.14.390, as now or
18 hereafter amended, and subject to continued compliance with all of the terms and conditions of
19 the Interlocal Agreement and this Addendum No. 1, the County PFD shall allocate and
20 contribute to the City PFD, twenty-four and four-tenths percent (24.4%) of the Aggregate Tier 2
21 Allocations.
22

23 2. Applicable Terms and Limitations. Unless otherwise expressly set forth herein,
24 the terms and conditions of the Interlocal Agreement, together with the terms and conditions set
25 forth in this Addendum No. 1, and the provisions of RCW 82.14.390, as now or hereafter
26 amended, shall apply to both the Tier 1 Allocation and Tier 2 Allocation and the City PFD shall
27 comply with same in all respects.
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29 Further, without limiting the foregoing, the Tier 2 Allocation is expressly conditioned
30 upon the City PFD insuring and providing the required local thirty-three percent (33%) match as
31 required by RCW 82.14.390(4) from other public or private sources, which may not include non-
32 voter approved taxes authorized under Chapter 35.57 RCW, or Chapter 36.100 RCW, but may
33 include, without limit, cash or in-kind contributions used in all phases of the development or
34 improvement of the Regional Center, land that is donated and used for the siting of the Regional
35 Center, cash or in-kind contributions from public or private foundations, or amounts contributed
36 to private sector partners as part of a public and private partnership agreement negotiated by the
37 City PFD.
38

39 3. Tier 2 Allocation Disbursement Schedule. The Tier 2 Allocation shall be
40 disbursed in accordance with the Tier 2 Allocation Disbursement Schedule set forth in Exhibit
41 "A" attached hereto and by this reference incorporated herein.
42

43 4. Right to Reduce or Suspend Tier 2 Allocation. Tier 2 Allocation is subject to the
44 right of the County PFD Board of Directors to reduce and/or suspend the Tier 2 Allocation or
45 payments, if the County PFD Board of Directors determines, in its sole and absolute discretion,

1 that continuation of the payments of the Tier 2 Allocation may jeopardize the County PFD's
2 ability to make payments in fulfillment of the Aggregate Tier 1 Allocations.
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6 5. Annexation Adjustments. In the event that the City annexes territory which, at
7 the time this Addendum No. 1 is entered into, is located within the County (the "Annexed
8 Territory"), while any obligations of the County PFD, under this Addendum No. 1, remain
9 outstanding, then and in that event, the County PFD's obligations hereunder and the amounts to
10 be allocated to the Regional Center as part of the Tier 2 Allocation, shall be reduced, dollar-for-
11 dollar by the amount of Sales and Use Taxes collected by the City PFD from transactions
12 occurring within the Annexed Territory."
13


14 6. Annual Compliance Certification. No later than December 31 of each year, the
15 City PFD shall provide a written certification, signed by its chief executive/administrative officer
16 and by chairperson of its governing body, certifying the following:
17

- 18 (a) The City PFD is in compliance with all terms and conditions of the Interlocal
19 Agreement and this Addendum No. 1 and with the applicable provisions of RCW
20 82.14.390; and
21
22 (b) The amount and sources of the thirty-three percent (33%) matching funds
23 required by RCW 82.14.390(4).
24

25 This Addendum No. 1 shall become effective upon execution by each party and filing
26 with the Snohomish County Auditor as provided in RCW 39.34.040.
27

28 DATED this ___ day of _____, 200~~8~~⁹
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31 LYNNWOOD PUBLIC FACILITIES
32 DISTRICT

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34
35 By: 
36 Mike Echelbarger, Chair of Board of
37 Directors
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CITY OF LYNNWOOD

Attested:

John Moir
City Clerk

Don Gough
By: Don Gough, Mayor

Approved as to form:

Eric Fremont
By: Eric Fremont, City Attorney

SNOHOMISH COUNTY PUBLIC FACILITIES DISTRICT

Travis Snider
By: Travis Snider, Chair of Board of Directors

SNOHOMISH COUNTY

Mark Soine
By: Aaron Reardon, County Executive
MARK SOINE
Deputy Executive

Approved as to form:

By: _____, County Prosecutor

COUNCIL USE ONLY
Approved: 2-25-09
Docfile: D-4

EXHIBIT "A"

Tier 2 Distribution Schedule

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

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CITY COUNCIL ITEM 90.1 D

CITY OF LYNNWOOD ECONOMIC DEVELOPMENT DEPARTMENT

| Meeting | Date | Item | Department Contact | Council Action |
|------------------|------------|------|--------------------|----------------|
| Work Session | 09/17/2008 | 9 | David Kleitsch | Approve |
| Business Meeting | 09/22/2008 | D | David Kleitsch | Approve |

6
7 **TITLE: Agreement: Addendum No. 1 to the Interlocal Agreement to Allocate "Surplus" Monies from the Snohomish County Public Facilities District to the Lynnwood Public Facilities District**

8 **SUMMARY:**

9 The Snohomish County Public Facilities District provides funding for the development of
10 the Lynnwood Convention Center through a sales tax rebatc provided by the State of
11 Washington. Allocation of these monies is established by an interlocal agreement,
12 commonly termed the "Four Party Agreement," which includes a specific allocation based
13 on projected sales tax revenues through the year 2026.

14
15 The original interlocal agreement projected that sales tax revenue would grow at 3.2% per
16 year. For the period of 2002 – 2007, total revenues exceeded projections resulting in
17 surplus funds of approximatley \$1.5 million. Sales tax revenues are now projected to
18 grow at 4% per year, resulting in the Snohomish County Public Facilities District
19 accumulating future sales tax revenues in excess of the amount projected in the original
20 four party agreement. These monies may only be used by public facilities districts for
21 eligible activites.

22
23 Addendum No. 1 to the four party agreement adjusts the funding allocation for the
24 Lynnwood Public Facilities District to reflect the existing and projected surplus sales tax
25 revenues received by the Snohomish County Public Facilities District. The Lynnwood
26 Public Facilities District approved Addendum No. 1 on August 8, 2008.

27 **ACTION:**

28 Approve Addendum No. 1 to the Interlocal Agreement between the City of Lynnwood,
29 Lynnwood Public Facilities District, Snohomish County Public Facilities District, and
30 Snohomish County revising the allocation of existitng and projected surplus sales tax
31 revenues.

32 **BACKGROUND:**

33 On December 10, 2002, the City of Lynnwood (COL), Lynnwood Public Facilities District
34 (LPFD), Snohomish County Public Facilities District (SCPDFD), and Snohomish County
35 entered into an Interlocal Agreement to provide for development and funding of the
36 Lynnwood Convention Center. The agreement allocated SCPDFD sales tax revenue on a
37 fixed schedule through the year 2026.

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The SCPFD has entered into agreements for the following projects: Lynnwood Convention Center, the Edmonds Center for the Arts, the Everett Events Center, the Snohomish County Parking Garage, and the Future of Flight. The original schedule for distribution of the monies was based on sales tax revenue growth at an average annual rate of 3.2%. In recent years sales tax revenue growth has exceeded the 3.2% projection. The SCPFD now projects that sales tax revenue will grow at a 4% rate for the remaining term of the agreement, which expires in 2026. The projected total amount of non-allocated sales tax revenue is projected to be approximately \$10 million in 2008 present value.

To allocate the surplus monies, the SCPFD worked with the project sponsors to determine how to allocate future sales tax revenue. The various projects were requested to provide documentation regarding their financing structure, success of their project, and potential use of the monies. After review the SCPFD determined that all sales tax revenue in excess of the amount pledged in the original four party agreement will be allocated according to the following formula:

- *Everett 30.4%
- *Lynnwood 24.4%
- *Edmonds 21.9%
- *Future of Flight 23.2%

The SCPFD reviewed and approved this allocation on May 28, 2008.

In order for this allocation to take effect, the various parties to the Interlocal Agreement must approve the addendum. On August 8, 2008, the LPFD approved Addendum No. 1 to the Lynnwood Four Party Interlocal Agreement. The addendum follows the original agreement in all other respects. The LPFD has requested that the City approve the addendum. Upon approval of the addendum, the interlocal agreement will be sent to the SCPFD and Snohomish County for approval.

DOCUMENT ATTACHMENTS:

Interlocal Agreement - Addendum No 1 - 2008-08-07