

INTERLOCAL ECONOMIC DEVELOPMENT AGREEMENT

THIS AGREEMENT made and entered into this 31st day of May, 2005 by and between the PORT OF WALLA WALLA, hereinafter "Port", and the COUNTY OF WALLA WALLA, hereinafter "County",

W I T N E S S E T H:

WHEREAS, the 1999 Washington State Legislature passed House Bill 2260 which authorizes the County to retain 0.08% of the State of Washington's share of locally generated sales tax to fund economic development infrastructure, and

WHEREAS, the Port was instrumental in securing such legislation and acts as the lead economic development agency for Walla Walla County, and

WHEREAS, the County and the Port have previously entered into certain Interlocal Agreements to jointly administer revenues derived from the implementation of House Bill 2260, the most recent of said Agreements dated August 29, 2003, and

WHEREAS, the parties desire to revoke the August 29, 2003 Agreement and to implement a new one effective the date set forth below,

NOW, THEREFORE, for and in consideration of the terms and conditions set forth herein the parties agree as follows:

1. Parties.

- 1.1 The Port is a port district organized and operating under the provisions of Title 53 of the Revised Code of Washington.
- 1.2 The County is a county organized and operating under the provisions of Title 36 of the Revised Code of Washington.

2. Purpose.

2.1 The Port and the County desire to fund economic development opportunities in the County. The revenues generated in connection with this program will be used to assist in the financing of public facilities in the County. Public facilities shall be as defined in RCW 82.14.370, or as the same may be amended in the future.

2.2 The parties desire to enter into an Agreement with respect to their responsibilities in connection with said program.

3. Duration.

3.1 This Agreement shall be effective upon execution and shall remain in effect until the expiration of the County's authority to collect the 0.08% local option sales tax as authorized by RCW 82.14.370 (i.e., calendar year 2024), or as the same may be amended in the future.

3.2 The parties may terminate the Agreement by mutual Agreement.

4. Previous Projects and Disbursed Funds.

4.1 The previous projects set forth in Sections 4.1 and 4.2 of the August 29, 2003 Agreement have been funded, constructed, and closed out.

4.2 All monies generated from the 0.08% local option sales tax previously disbursed by the County to the Port, and held by the Port for potential future public facilities projects, shall be returned to the County by the Port and deposited into the segregated account set forth in Section 7.1 below.

5. Organization and Administration.

5.1 No separate organization is created by this Agreement.

6. Property.

6.1 This Agreement does not provide for the acquisition, holding or disposal of real or personal property unless by separate mutual agreement of the parties.

7. Financing and Budget.

7.1 The County shall deposit all 0.08% local options sales tax receipts received from the State of Washington Department of Revenue into a segregated account maintained by the County.

7.2 The Port shall be allocated all of the 0.08% local option sales tax funds previously disbursed to the Port and returned to the County. The County shall screen all future applications related to County-owned facilities for compliance with RCW 82.14.370. Said qualifying applications may be directly allocated up to one-third of all 0.08% local option sales tax funds by the Board of County Commissioners.

The Port shall screen all other applications for compliance with RCW 82.14.370 and shall preliminary approve them prior to submission to the County. The Board of County Commissioners shall only act on applications (other than County-owned facility applications) submitted by the Port. The qualifying projects submitted by the Port for approval by the County shall not exceed two-thirds of the 0.08% local option sales tax funds.

Upon the submission of an application by the Port, the Board of County Commissioners within 30 business days may:

(a) Approve the application as submitted by the Port; or

(b) Approve the application with altered terms and conditions subject to no application receiving more than a \$200,000 grant and a \$200,000 loan unless the Port and County agree to a larger contribution; or

(c) Not approve the application at which point the project will not receive funding.

All revenues generated from loan repayments shall be deposited to the segregated account and shall be re-allocated consistent with the process outlined above. Loans repaid on County-owned facilities that are directly allocated 0.08% funds by the County may be reused for other County-owned projects consistent with RCW 82.14.370. All other revenues generated from loan repayments shall be re-allocated based on Port submitted applications to the County.

Once an application has been approved by the County, if said applicant wants to change the terms and conditions at a later date, the applicant must first seek Port approval and, if obtained, the Port shall submit a recommendation to the County. The County may then approve, alter or deny the requested application change.

- 7.3 Upon request by the Port, and pursuant to the terms of an Interlocal Agreement in accord with the provisions of RCW 82.14.370, the County shall disburse to the Port or to another governmental entity designated by the Port such portion of the 0.08% local option sales tax fund on hand and allocated for the Port, for an approved economic development project in the County. Provided, that any such project shall be one set forth as an eligible project to receive economic sales tax funds in Chapter 11 of the Walla Walla County Comprehensive Plan.

7.4 All tax funds expended by the County and the Port shall be in full accord with the provisions of RCW 82.14.370, and each entity shall be separately responsible for documenting the expenditure of funds which they have received if requested to do so by the State of Washington. The County shall retain primary responsibility to ensure that the uses of such moneys comply with RCW 82.14.370 and the Port shall cooperate to the extent required in connection with any such oversight audit.

7.5 Nothing in this Agreement prohibits either party from requesting the financial participation of the other party in future joint economic development projects.

8. Legal Relations.

8.1 No liability shall attach to the County or the Port by reason of entering into this Agreement except as expressly provided herein.

8.2 Each party hereto agrees to be responsible and assumes liability for any act or omission of any of its employees while performing work pursuant to this Agreement, to the fullest extent required by law, and agrees to save, indemnify, defend and hold the other party harmless from any such liability.

Each party shall promptly notify the other party of every claim subject to indemnification hereunder and shall not pay, settle or otherwise compromise such claim without the prior written consent of the indemnifying party, which shall not be unreasonably withheld.

9. Modification.

9.1 The parties may modify this Agreement only in writing signed by the authorized representative of each party.

10. Applicable Law.

10.1 This Agreement, and any rights and obligations hereunder, shall be construed and interpreted in accordance with the laws of the State of Washington.

11. Jurisdiction and Venue.

11.1 Any dispute or proceeding arising out of this Agreement shall be submitted to the Superior Court of the State of Washington for Walla Walla County. In the event of litigation between the parties to enforce their rights under this Agreement, reasonable attorney's fees and costs shall be allowed to the prevailing party.

12. Revocation.

12.1 The Interlocal Economic Development Agreement entered into between the parties on the 29th day of August, 2003 be and the same is hereby revoked and terminated.

COUNTY OF WALLA WALLA

By Gregory A. Tompkins
Chairperson

By Greg C. Lee
Commissioner

By David S. Cory
Commissioner

Approved as to form:

James L. Nagle
James L. Nagle, Prosecuting Attorney

PORT OF WALLA WALLA

By Ken Jantz
Ken Jantz, President

By Paul H. Schneidmiller
Paul Schneidmiller, Vice
President

By Fred R. Bennett
Fred Bennett, Secretary

Approved as to form:

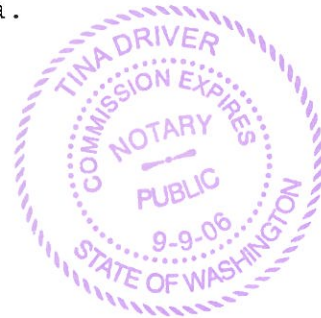
TK Baffney
Thomas K. Baffney, Port Counsel

STATE OF WASHINGTON)
) ss.
County of Walla Walla)

On this 31st day of May,
2005, before me, the undersigned, a Notary Public in and for
the State of Washington, duly commissioned and sworn,
personally appeared DAVID CAREY, GREGORY TOMPKINS, and GREGG
LONEY, known to me to be the Walla Walla County Commissioners
who executed the foregoing instrument, and acknowledged the
signing of said instrument to be the free and voluntary act
and deed of said County, for the uses and purposes therein
mentioned, and on oath stated that he is authorized to
execute said instrument.

WITNESS my hand and official seal hereto affixed
the day and year first above written.

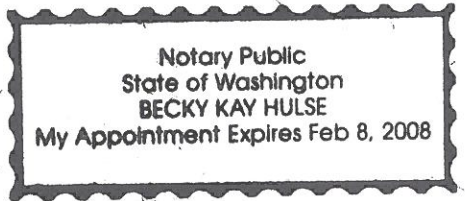
Tina Driver
Notary Public in and for State
of Washington, Residing at
Walla Walla.



STATE OF WASHINGTON)
) ss.
County of Walla Walla)

On this 25th day of May,
2005, before me, the undersigned, a Notary Public in and for
the State of Washington, duly commissioned and sworn,
personally appeared KEN JANTZ, PAUL SCHNEIDMILLER, and FRED
BENNETT, known to me to be the Commissioners of the Port of
Walla Walla, the municipal corporation that executed the
foregoing instrument, and acknowledged the signing of said
instrument to be the free and voluntary act and deed of said
corporation, for the uses and purposes therein mentioned, and
on oath stated that he is authorized to execute said
instrument.

WITNESS my hand and official seal hereto affixed
the day and year first above written.



Becky Kay Hulse
Notary Public in and for State
of Washington, Residing at
Walla Walla