

COMPTROLLER FILE No. 294301

CHARTER of the MUSEUM DEVELOPMENT AUTHORITY  
of Seattle; issued September 13, 1985

REPORT OF COMMITTEE

Honorable President:

Your

to which was referred the within  
would respectfully report that we have considered the same and respectfully recomme

Filed September 13, 1985  
Tim Hill, City Comptroller

By Thomas Dunbar Deputy

ACTION OF THE COUNCIL

Referred	To
Referred	To
Referred	To
Reported	Disposition
Re-referred	To
Reported	Disposition

CHARTER  
OF THE  
MUSEUM DEVELOPMENT AUTHORITY  
OF SEATTLE

Issued: September 13, 1985

Seattle, Washington 98104

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE.  
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

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CHARTER  
OF THE  
MUSEUM DEVELOPMENT AUTHORITY OF SEATTLE

ARTICLE I  
NAME AND SEAL

The name of this corporation shall be the Museum Development Authority of Seattle (the "Authority" herein). The Authority seal, as set forth below, shall be a circle with the name the Museum Development Authority of Seattle inscribed therein.

ARTICLE II  
AUTHORITY AND LIMIT ON LIABILITY

Section 1. Authority.

The Authority is a public corporation organized pursuant to RCW 35.21.730-.755, and Seattle Municipal Code Ch. 3.110.

Section 2. Limit on Liability.

All liabilities incurred by the Authority shall be satisfied exclusively from the assets and properties of the Authority and no creditor or other person shall have any right of action against The City of Seattle on account of any debts, obligations, or liabilities of the Authority.

Section 3. Mandatory Disclaimer.

The following disclaimer shall be posted in a prominent place where the public may readily see it in the Authority's principal and other offices. It shall also be printed or stamped on all contracts, bonds, and other documents that may entail any debt or liability by the Authority.

The Museum Development Authority of Seattle is organized pursuant to Seattle Municipal Code (SMC) 3.110 and 35.21.730-.755. RCW 35.21.750 provides as follows: "[A]ll liabilities incurred by such public corporation, commission, or authority shall be satisfied exclusively from the assets and properties of such public corporation, commission or authority and no creditor or other person shall have any right of action against the city, town, or county creating such corporation, commission, or authority on account of any debts, obligations, or liabilities of such public corporation, commission, or authority."

ARTICLE III

DURATION

The duration of the Authority shall be perpetual.

ARTICLE IV

PURPOSES

The purpose of the Authority is to provide a legal entity under RCW 35.21.730-.755 and Seattle Municipal Code Chapter 3.110 to undertake, assist with and otherwise facilitate the development and operation of a public art museum in downtown Seattle including visual arts center facilities. To the extent appropriate and consistent with the needs and objectives of the City and with the promotion and cultivation of fine arts, the

Authority will acquire and manage real property (including property for future museum expansion); secure financing; undertake the construction and development of structures and otherwise accomplish all purposes required for development of an art museum in downtown Seattle. The Authority shall have no purpose other than the development, operation and maintenance of a public art museum in downtown Seattle.

For the purpose only of securing the exemption from federal income taxation for interest on obligations of the Authority, the Authority constitutes an authority and instrumentality of The City of Seattle (within the meaning of those terms in regulations of the United States treasury and rulings of the Internal Revenue Service prescribed pursuant to section 103 of the Internal Revenue Code of 1954 as amended).

#### ARTICLE V

##### POWERS

The Authority shall have and exercise all powers necessary or convenient to effect the purposes for which the Authority is organized and perform authorized Authority functions, including without limitations, the power to:

1. Own and sell real and personal property;
2. Contract for any Authority purpose with the United States, a state, and any subdivision or agency of either, and with individuals, associations and corporations;
3. Sue and be sued in its name;
4. Lend and borrow money;



5. Do anything a natural person may do;
6. Perform all manner and type of community services and activities;
7. Provide and implement such municipal services as the City Council and Mayor may by ordinance direct;
8. Transfer any funds, real or personal property, property interests, or services;
9. Receive and administer private funds, goods, or services for any lawful public purpose;
10. Purchase, lease, exchange, mortgage, encumber, improve, use, or otherwise transfer or grant security interests in real or personal property or any interests therein; grant or acquire options on real and personal property; and contract regarding the income or receipts from real property;
11. Issue negotiable bonds and notes in conformity with Seattle Municipal Code 3.110.420 and applicable provisions of the Uniform Commercial Code and state law in such principal amounts as, in the discretion of the Council, shall be necessary or appropriate to provide sufficient funds for achieving any Authority purposes; or to secure financial assistance, including matching funds from the United States, for corporate projects and activities;
12. Contract for, lease, and accept transfers, gifts, or loans of funds or property from the United States, a state, and any political subdivision or agency of either, including property acquired by any such governmental unit through the exercise of

its power of eminent domain, and from corporations, associations, individuals or any other source, and to comply with the terms and conditions therefor;

13. Manage, on behalf of the United States, a state, and any political subdivision or agency of either, any property acquired by any such entity through gift, purchase, construction, lease, assignment, default, or exercise of the power of eminent domain;

14. Recommend to appropriate governmental authorities public improvements and expenditures in downtown Seattle;

15. Recommend to the United States, a state, and any political subdivision or agency of either any property which, if committed or transferred to the Authority, would materially advance the public purpose for which the Authority is chartered;

16. Initiate, carry out, and complete such improvements of benefit to the public consistent with this Charter as the United States, a state, and any political subdivision or agency of either may request;

17. Recommend to the United States, a state, and any political subdivision or agency of either such tax, financing, and security measures as the Authority may deem appropriate to maximize the public interest in downtown Seattle;

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

19. Provide advisory, consultative, training, educational,

and community services or advice to individuals, associations, corporations or governmental agencies, with or without charge;

20. Control the use and disposition of Authority property, assets, and credit;

21. Invest and reinvest its funds;

22. Fix and collect charges for services rendered or to be rendered, and establish the consideration for property transferred;

23. Sponsor, lease, manage, construct, own, or otherwise participate in housing projects, where such activity furthers the public purpose for which the Authority is chartered;

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

25. Conduct Authority affairs, carry on its operations, and use its property as allowed by law and consistent with Seattle Municipal Code Ch. 3.110, its Charter, and its Rules and Regulations; name Authority officials, designate agents, and engage employees, prescribing their duties, qualifications, and compensation; and secure the services of consultants for professional services, technical assistance, or advice;

26. Identify and recommend to the United States, a state, and any political subdivision or agency of either, the acquisition by the appropriate governmental entity--for transfer to or use by the Authority--of property and property rights which, if so acquired, whether through purchase or the exercise of eminent

domain, and so transferred or used, would materially advance the purpose for which the Authority is chartered; and

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

## ARTICLE VI

### LIMITS

The Authority in all activities and transactions shall be limited in the following respects:

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

(a) Compensate Authority officials and others performing services for the Authority a reasonable amount for services rendered and to reimburse reasonable expenses actually incurred in performing their duties;

(b) Assist the Authority officials as members of a general class of persons to be assisted by the Council-approved project or activity to the same extent as other members of the class as long as no special privilege or treatment accrues to such Authority official by reason of his or her status or position in the Authority;

(c) Defend and indemnify any Authority official

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

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

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

2. No funds, assets, or property of the Authority shall be used for any partisan political activity or to further the election or defeat of any candidate for public office; nor shall any funds or substantial part of the activities of the Authority be used for publicity or educational purposes designed to support or defeat legislation pending before the Congress of the United States, or the legislature of this State, or the City Council; provided, however, that members and officials of the Authority may respond to requests by contacting members of Congress, State legislators, or City Council members for information and may appear before any such legislative body in connection with funding and other matters directly affecting the Authority or its ability to carry out the purposes for which it is chartered.

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

4. The Authority 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 City of Seattle.

5. The Authority shall not issue shares of stock, pay dividends, make private distribution of assets, or make loans to its corporate officials or engage in business for private gain.

## ARTICLE VII

### COUNCIL

#### Section 1. Council Composition.

Management of all Authority affairs shall reside in the Council. The Council shall be composed of nine (9) members selected as follows:

1. Within two (2) months of the issuance of this Charter, the initial Council as designated in the application for this Charter shall by resolution divide the members of the Council into three (3) classes of three (3) members each (designated Class I, Class II, and Class III).

2. At the regular meeting of the Council that coincides most closely with the second anniversary of the issuance of this Charter, the terms of those members of the Council that are in Class I shall expire, provided that they shall continue in office until their successors are selected and qualified as provided in the Rules and Regulations.

3. This reappointment procedure shall continue annually as to successive classes, so that at the regular meeting of the Council that coincides most closely with each anniversary of the issuance of this Charter, a new class of Council members shall

take office; provided, however, that each person so selected shall hold office for the three (3) year term for which he or she is selected and until his or her successor shall have been selected and qualified; and provided that there shall be no restriction on members of the Council serving successive terms.

4. The Council vacancies created by the expiration of the terms of the Class I, Class II and Class III members shall be filled with:

(a) One member selected by the Board of Trustees of the Seattle Art Museum;

(b) One member selected by the Mayor; and

(c) One member selected by the Council who may not be a member of the Board of Trustees of the Seattle Art Museum.

5. The names of members selected by the Mayor, the Council or the Board of Trustees of the Seattle Art Museum shall be promptly submitted to the City Council for confirmation. Any such person whose name and supporting documentation have been submitted to the City Council shall, unless and until his or her name has been rejected by the City Council, have full powers and responsibilities of a confirmed Council member. No such person shall have or purport to have or exercise such powers and responsibilities until his or her name and all supporting documentation required by the City Council have been submitted to the City Council for confirmation.

6. Any Council member who is absent for three (3) consecutive regular meetings may, by resolution duly adopted by a



majority vote of the Council, be deemed to have forfeited his or her position as Council member.

7. If a member appointed by the Mayor or by the Board of Trustees of the Seattle Art Museum resigns, or becomes ineligible to serve or becomes unable to serve, the Council shall request that the appointing entity appoint a new member to serve the balance of the unexpired term of such member.

8. In addition to Intervention and Trusteeship, as provided in Seattle Municipal Code 3.110.440 and 3.110.450, respectively, if it is determined for any reason that any or all of the Council members should be removed from office, after a full public hearing, and after selection of appropriate replacements by the Mayor and City Council pursuant to this section, the Mayor and City Council may by ordinance remove any or all voting Council members from office. The term of any Council member removed pursuant to this section shall expire when the member receives a copy of the ordinance removing him or her from office and a letter signed by the Mayor advising him or her that he or she has been removed pursuant to this section. Any person appointed to the Council pursuant to this section shall be appointed by the Mayor and confirmed by the City Council in the same way other persons appointed to positions requiring City Council approval are appointed and confirmed. Any person appointed and confirmed pursuant to this section shall serve the balance of the term of the person being replaced.

Section 2. Council Concurrence Required.

General or particular authorization or concurrence of the Council by resolution shall be necessary for any of the following transactions:

1. 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 and the execution of a lease for a current term of less than one (1) year;

2. The contracting of debts, issuance of notes, debentures, or bonds, and the mortgaging or pledging of corporate assets to secure the same;

3. The donation of money, property, or other assets belonging to the Authority;

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

5. All transactions in which: (i) the consideration exchanged or received by the Authority exceeds ten thousand dollars (\$10,000), (ii) the performance by the Authority shall extend over a period of one (1) year from the date of execution of an agreement therefor, or (iii) the Authority assumes duties to the United States, a state, or any political subdivision or agency of either;

6. Any project or activity outside the limits of the City;

7. Adoption of an annual budget and a separate capital budget, when annual capital expenditures are expected to exceed one hundred thousand dollars (\$100,000);

8. Certification of annual reports and statements to be filed with the City Comptroller as true and correct in the opinion of the Council and of its members, except as noted;

9. Proposed amendments to the Charter and to the Rules and Regulations; and

10. Such other transactions, duties, and responsibilities as the Charter shall repose in the Council or require Council participation by resolution.

Section 3. Council Review.

At least quarterly, the Council shall review monthly statements of income and expenses which compare budgeted expenditures to actual expenditures. When the operating budget is in excess of one million dollars (\$1,000,000), the Council shall also review on a quarterly basis balance sheets for the previous three months. The Council shall review all such information at regular meetings, the minutes of which shall specifically note such reviews, and include such information.

Section 4. Council Concurrence and Quorum Defined.

"Council concurrence," as used in this Article, may be obtained at any regular or special Council meeting by an affirmative vote of a majority of the Council members voting on the issue, provided that such majority equals not less than one-third of the Council voting membership.

A quorum to commence a Council meeting shall be no fewer than a majority of the Council's total voting membership. Voting membership means the total number of voting positions on the

Council authorized by the Charter, whether filled or vacant. The Rules and Regulations of the Authority may prescribe Council quorum restrictions which equal or exceed the quorum restrictions imposed in this Section 4. Council members present at a duly convened meeting may continue to transact business notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 5. Officers and Division of Duties.

The Authority shall have two or more officers. The same person shall not occupy both the chief executive office of the Authority and the office responsible for the custody of funds and maintenance of accounts and finances. The initial officers of the Authority shall be the Chairperson, Vice-Chairperson, Secretary and Treasurer of the Council. Additional officers may be provided for in the Rules and Regulations of the Authority. The Chairperson shall be the agent of the Authority for service of process; the Rules and Regulations may designate additional corporate officials as agents to receive or initiate process. The corporate officers, who shall be selected from among the membership of the Council as provided in the Rules and Regulations, shall manage the daily affairs and operations of the Authority. The Council shall oversee the activities of the corporate officers, establish and/or implement policy, participate in corporate activity in matters prescribed in Section 2 of this Article VII, and shall be responsible for the management and determination of all Authority affairs.

Section 6. Executive Committee.

The Rules and Regulations may provide for an Executive Committee, which shall be appointed and/or removed by the Council, and shall have and exercise such authority of the Council in the management between meetings of the Council, as may be specified in the Rules and Regulations.

Section 7. Committees.

The appointment of other committees shall be provided for in the Rules and Regulations.

ARTICLE VIII

MEETINGS

Section 1. Council Meetings.

1. The Council shall meet at least once a month.
2. Special meetings of the Council may be called as provided in the Rules and Regulations.
3. Any member of the Council, upon five (5) days' notice, may call a special meeting of the Council to consider matters appropriate to a regular meeting if twenty-five (25) days have elapsed since the previous Council meeting and no future meeting has been scheduled.

Section 2. Open Public Meetings.

All Council meetings, including executive, all other permanent and ad hoc committee meetings, shall be open to the public to the extent required by RCW 42.30.010 et seq. The Council and committees may hold executive sessions to consider matters enumerated in RCW 42.30.010 et seq. or privileged matters recognized

by law, and shall enter the cause therefor upon its official journal. Notice of meetings shall be given in a manner consistent with RCW 42.30.010 et seq. In addition, the Authority shall routinely provide reasonable notice of meetings to any individual specifically requesting it in writing. At such meeting, any citizen shall have a reasonable opportunity to address the Council either orally or by written petition. Voting by telephone is not permitted.

Section 3. Parliamentary Authority.

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

Section 4. Minutes.

Copies of the minutes of all regular or special meetings of the Council shall be available to any person or organization that requests them. The minutes of all Council meetings shall include a record of individual votes on all matters requiring Council concurrence.

ARTICLE IX

RULES AND REGULATIONS

The Council shall adopt Rules and Regulations to provide such rules for governing the Authority and its activities as are not inconsistent with this Charter. The adoption of the Rules and Regulations and any amendments thereto require a majority

vote of the whole Council. The Council may provide in the Rules and Regulations for all matters related to the governance of the Authority, including but not limited to matters referred to elsewhere in the Charter for inclusion therein, and for the following:

1. The existence of committees of the Authority and the duties of any such committee;
2. Regular and special meetings of the Council of the Authority;
3. Suspension or removal of Authority officials and conditions which would require such suspension or removal;
4. Any matters set forth in Seattle Municipal Code 3.110.140 not inconsistent with the Charter or not provided for herein.

#### ARTICLE X

##### AMENDMENTS TO CHARTER AND RULES AND REGULATIONS

###### Section 1. Proposals to Amend Charter and Rules and Regulations.

1. Proposals to amend the Charter or Rules and Regulations shall be presented in a format which strikes over material to be deleted and underlines new material.
2. Any Council member may introduce an amendment to the Charter or to the Rules and Regulations (which may consist of new Rules and Regulations) at any regular meeting or at any special meeting of which thirty (30) days' advance notice has been given.

Section 2. Council Consideration of Proposed Amendments.

If notice of a proposed amendment to the Charter or to the Rules and Regulations, and information, including the text of the proposed amendment and a statement of its purpose and effect, is provided to members of the Council fifteen (15) days prior to any regular Council meeting or any special meeting of which thirty (30) days' advance notice has been given, then the Council 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 Council may not vote on the proposed amendment until the next regular Council meeting or special meeting of which thirty (30) days' advance notice has been given, provided that such notice and information is provided to Council members at least fifteen (15) days prior to such meeting.

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 3. Vote Required for Amendments to Charter.

Resolutions of the Council approving amendments to the Charter require an affirmative vote representing two-thirds (2/3) of the Council members voting on the issue and a majority of the Council voting membership for adoption.

Section 4. Vote Required for Amendments to Rules and Regulations.

The minimum vote that is required for the amendment, alteration, or repeal of the Rules and Regulations of the Authority shall be an affirmative vote of a majority of the whole Council.



Section 5. Approval by Mayor.

After adoption of a proposed amendment to the Charter of the Authority, as set forth herein, by the Council the proposed amendment shall be filed in duplicate with the City Comptroller. The Mayor may approve or disapprove the proposed amendment. If the Mayor approves the proposed amendment, he or she shall cause to be issued duplicate originals of the revised Charter, each signed by the Mayor and bearing the City Seal attested by the City Comptroller. One original shall be retained by the City Comptroller as a public record, and the other shall be delivered to the Authority.

Section 6. Effective Date of Amendments to Charter.

Amendments to the Charter proposed by the Authority shall take effect and become part of the Charter upon the filing of the Mayor's approval with the Comptroller.

Section 7. Effective Date of Amendments to Rules and Regulations.

Amendments to the Rules and Regulations shall not take effect until ten (10) days after filing of the same with the City Comptroller, unless such amendment(s) shall have been passed by unanimous vote of the Council and an earlier date be set.

ARTICLE XI

RECORDS AND REPORTING REQUIREMENTS

Section 1. Establishment and Maintenance of Office and Records.

The Authority shall:

1. Maintain a principal office within the limits of the City;

2. File and maintain current with the Comptroller a listing of all officials, their positions, and their business and home addresses, their business and home phone numbers, the address of its principal office and all other offices used by it, and a current set of its Rules and Regulations; and

3. Maintain all authority records in a manner consistent with the Preservation and Destruction of Public Records Act, RCW Chapter 40.14.

Section 2. Public Records.

The public shall have access to records and information of the Authority to the extent required by state law and City ordinance.

Section 3. Annual Report.

The Authority shall:

1. Within three (3) months of the end of its fiscal year, file an annual report with the Comptroller, the City Council, and the Mayor's designee containing a certified statement of assets and liabilities, income and expenditures and changes in its financial position during the previous year; a summary of significant accomplishments; a list of depositories used; a projected operating budget for the current fiscal year and a separate capital budget when annual capital expenditures are expected to exceed one hundred thousand dollars (\$100,000); a summary of projects and activities to be undertaken during the

current year; a list of corporate officials and a list of officers bonded pursuant to Seattle Municipal Code 3.110.240(c); and

2. Within six (6) months of the end of its fiscal year, file an audited and Council-certified statement of assets and liabilities, income and expenditures, and changes in financial position.

## ARTICLE XII

### COMMENCEMENT

The Authority shall commence its existence effective upon filing its Charter as issued and attested.

## ARTICLE XIII

### DISSOLUTION

#### Section 1. Dissolution.

Dissolution of the Authority shall be in the form and manner required by law, City ordinance, and the Rules and Regulations. Upon dissolution of the Authority and the winding up of its affairs, all of the rights, assets and property of the Authority shall pass to and be distributed according to the terms of the applicable grant agreements or covenants with the federal government, or agreements with donors, or other parties made at the time of acquisition, or to a qualified entity specified in Seattle Municipal Code 3.110.490.

#### Section 2. Dissolution Statement.

Upon enactment of a resolution by the City Council for dissolution of the Authority or by the Authority for its own

dissolution other than for purposes of merger or reorganization in a plan approved by the Mayor, the Authority shall file a dissolution statement signed by its chief executive officer setting forth:

1. The name and principal office of the Authority;
2. The debts, obligations, and liabilities of the Authority, and the property and assets available to satisfy the same; the provisions to be made for satisfaction of outstanding liabilities and performance of executory contracts; and the estimated time for completion of its dissolution;
3. Any pending litigation or contingent liabilities;
4. The Council resolution providing for such dissolution and the date(s) and proceedings leading toward its adoption, whenever the dissolution be voluntary; and
5. A list of persons to be notified upon completion of dissolution.

#### ARTICLE XIV

#### MISCELLANEOUS

##### Section 1. Geographic Limitation.

To the extent necessary to facilitate and support development and operation of a public art museum in downtown Seattle, the Authority may conduct activities outside the City of Seattle upon a determination by the Council that each such activity will further the purposes of the Authority but only in those areas of another jurisdiction whose governing body by agreement with the City consents thereto.

## Section 2. Bonding.

The Treasurer of the Authority, and any other officials responsible for Authority accounts and finances, shall file with the Authority fidelity bonds in an amount determined adequate and appropriate by the Council. Such officials may hold such positions only as long as such bonds continue in effect. The Authority shall notify the Mayor in its annual report of the officials responsible for Authority funds, accounts and finances, the names of such officials and the amounts of the bonds prescribed for them and confirm that such bonds are currently in effect.

## Section 3. Safeguarding of Funds.

Authority funds shall be deposited in a depository acceptable to the Mayor and be otherwise safeguarded pursuant to such instructions as the Mayor may from time to time issue.

## Section 4. Insurance.

The Authority shall maintain in full force and effect public liability insurance in an amount specified by the Mayor sufficient to cover potential claims for bodily injury, death or disability, and for property damage, which may arise from or be related to projects and activities of the Authority, naming the City as an additional insured.

## Section 5. Code of Ethics.

No current corporate official or employee shall engage in conduct prohibited under Seattle Municipal Code 3.110.560. Uncompensated officials and employees and designated compensated

employees shall annually by April 15 file statements of economic interest as required under Seattle Municipal Code 3.110.570.

The Council shall enforce the provisions of Seattle Municipal Code 3.110.580. Additionally, all final Council determinations under Seattle Municipal Code 3.110.580 shall be provided to the City Board of Ethics for its information. The Board, in its discretion, may comment on any determination and provide its comments to the Council.

Section 6. Discrimination Prohibited.

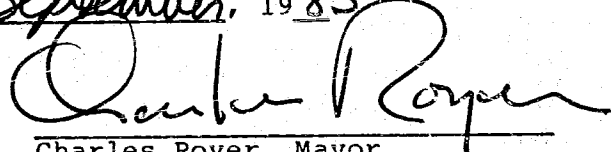
1. As provided in Seattle Municipal Code 3.110.260, Council membership may not directly or indirectly be based upon or limited by age, race, color, religion, sex, national origin, marital status, sexual orientation, political ideology, or the physical handicap of a capable person; provided that the Council shall take steps to ensure equality of employment opportunity as provided in the Code.

2. Authority use of funds provided to it by the City shall be subject to the requirements of Seattle Municipal Code Chapter 20.46 (Women's and Minority Business Utilization).

Section 7. Nonexclusive Charter.

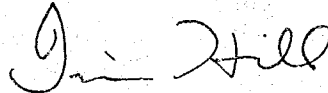
This Charter is nonexclusive and does not preclude the granting by the City of other charters to establish additional public corporations.

Issued this 13 day of September, 1985



Charles Royer, Mayor  
City of Seattle

ATTEST:



Tim Hill, Comptroller  
City of Seattle

CHRT9:C4

C.F. 294301

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November 21, 1986

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LETTER

Mr. Alan Osaki  
Legislative Assistant to the  
Honorable Dolores Sibonga  
Finance Committee  
Seattle City Council  
11th Floor, Municipal Building  
Seattle, Washington 98104

Re: City Council Approval of Museum Development Authority  
Bond Issue

Dear Alan:

As you know, the Museum Development Authority ("MDA") is preparing a bond issue secured by the City's obligation to make payments to it under the Museum Cooperation Agreement approved by the Council during the summer. As we discussed, I write to request that Dolores reserve some time on the December 11 Finance Committee calendar to conduct a public hearing on the MDA bond issue and, hopefully, to consider and recommend passage of a resolution approving it. If past experience is any guide, the hearing will attract little, if any, attention.

The City's "approval" is now necessary because the Tax Reform Act of 1986 (the "Act") requires the issuance of tax-exempt bonds whose proceeds may benefit an entity other than the governmental unit (in this case, the Seattle Art Museum) to be approved by the governmental entity having jurisdiction over the area in which the project to be funded by the bonds is located. The City's approval is required even though the bonds will not directly be an obligation of the City. Under the Act, a bond issue of this kind could be approved by either the Mayor or the City Council. With respect to industrial development bonds issued by public corporations under RCW 39.84.060, the City has determined in Ordinance 111395 that its approval should be given by resolution of the City Council. Although that ordinance does not apply to bonds of the kind that the MDA wishes to issue (they are not industrial development bonds), we assume that the resolution process is appropriate by analogy.



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The required procedure for obtaining this approval is set forth in this letter.

#### Public Hearing

The Act requires that the issue of bonds by the MDA be approved by a governmental unit "after a public hearing following reasonable public notice . . . ." The hearing may be conducted in conjunction with the December 11, 1986, meeting of the Finance Committee. Notice of the hearing should conform to the notice and publications procedure for City Council hearings. Under Treasury regulations dealing with nearly identical public approval requirements for industrial development bonds, notice of the public hearing should be published at least fourteen (14) days before it is held. As a result, the notice should appear no later than this Thursday. Jay Reich of Preston, Thorgrimson, bond counsel to the MDA, has prepared the notice for publication and will see to that as well as taking responsibility for other aspects of MDA compliance with these requirements. You are not required to do anything other than include this on your Committee calendar and comply with the City Council's routine notice procedures.

#### Finance Committee Action

After the hearing has been held, minutes of the hearing and a summary of the minutes should be prepared, which either Jay or I would be happy to do. These materials should be included in the Council File. Following the hearing, assuming the Committee wishes to do so, we would request consideration and recommendation of passage of a resolution reciting that the hearing was held and approving the bond issue. Jay is drafting the resolution and will make it available for introduction by Monday, December 1.

#### City Council Approval

If the Committee has recommended adoption of the resolution, we would hope that the full City Council would adopt it at its next regular meeting.

#### Documentation Needed by Bond Counsel

To complete the transcript of the proceedings relating to the bond issue, Jay will require a certified copy of the Committee's calendar, including the notice of the meeting at which the hearing is held and a certified copy of the minutes