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CITY OF SEATTLE

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LOAN AGREEMENT

by and between

THE CITY OF SEATTLE

and the

**SEATTLE PARK DISTRICT
KING COUNTY, WASHINGTON**

Dated as of Jan 5, 2015

TABLE OF CONTENTS

<u>Section 1 . Recitals</u>	1
<u>Section 2 . Definitions</u>	2
<u>Section 3 . Loans to the Park District; Repayment Terms</u>	3
3.1 <u>Loans to the Park District; Purpose</u>	3
3.2 <u>Time and Amounts of Loan Draws</u>	3
3.3 <u>Repayment of Loan</u>	4
3.4 <u>Pledge of Park District Taxes</u>	4
3.5 <u>Covenants of the Park District</u>	4
<u>Section 4 . Remedies Upon Default</u>	5
4.1 <u>Remedies of City on Default</u>	5
4.2 <u>No Remedy Exclusive</u>	5
4.3 <u>Waiver of Breach; No Implied Waiver</u>	5
4.4 <u>Governing Law; Venue</u>	5
<u>Section 5 . Miscellaneous</u>	6
5.1 <u>Notices</u>	6
5.1 <u>Binding Effect; No Rights Created in Third Parties</u>	6
5.2 <u>Severability</u>	6
5.3 <u>Amendments</u>	6
5.4 <u>Time of Essence</u>	6
5.5 <u>Effective Date of and Termination of Agreement</u>	7

LOAN AGREEMENT

This LOAN AGREEMENT (this "Agreement") is dated as of Jan 5, 2015, by and between THE CITY OF SEATTLE (the "City"), a first-class city organized under the laws of the State of Washington, the SEATTLE PARK DISTRICT, King County, Washington (the "Park District"), a metropolitan park district duly organized and existing under and by virtue of chapter 35.61 RCW (together, the "Parties").

The City and the Park District enter into this Agreement to provide funding during calendar year 2015 for the continuous operation, maintenance and/or improvement of parks, playgrounds, facilities and other properties and programs supported by the Park District within the City, pursuant to RCW 35.61.290, the City Loan Ordinance and the Park District Loan Resolution.

The Parties agree as follows:

Section 1. Recitals. The following facts and circumstances form the background of this Agreement:

1.1 The Park District is a duly organized and legally existing metropolitan park district and a municipal corporation of the State of Washington, whose formation was approved by Seattle voters at an election held on August 5, 2014. In accordance with RCW 35.61.040, formation of the Park District became effective upon certification of the election results on August 19, 2014.

1.2 The Park District and the City are authorized by applicable provisions of state law, including without limitation chapters 35.61 and 67.20 RCW, to cooperatively provide parks and recreational programs throughout their coextensive boundaries, and have previously entered into the Master Interlocal Agreement, dated as of October 30, 2014 describing the manner in which the City and the Park District are each to contribute to providing ongoing and stable funding to maintain, operate and improve parks, community centers, pools and other recreation facilities and programs, and to implement elements of the Seattle Parks Legacy Plan and related planning documents going forward.

1.3 No property tax may be collected by the Park District until calendar year 2016, because RCW 84.09.030 provides that no property tax may be collected for any taxing district whose boundaries are not fixed as of August 1 of the calendar year preceding collection (i.e., August 1, 2014 for calendar year 2015 collections). Formation of the Park District became effective on August 19, 2014.

1.4 Pursuant to RCW 35.61.290, the City and the Park District are authorized to enter into an agreement "embodying such terms and conditions as may be mutually agreed upon" and pursuant to which the City may "loan to [the Park District] such of its available funds (or such funds which it may lawfully procure and make available) as it shall find necessary..." to ensure the continuous functioning of the Park District and to ensure that the purposes for which the Park District was created are reasonably accomplished.

Section 2. Definitions. Unless the context clearly requires otherwise, capitalized terms used in this Agreement have the following meanings:

“Agreement” means this loan agreement, including any amendments hereto, between the City and the Park District.

“Business Day” means any day which is not a Saturday or Sunday or a day on which commercial banks located in Seattle, Washington, are closed for business.

“City” means The City of Seattle.

“City Council” means the Seattle City Council, as duly constituted from time to time.

“City Finance Director” means the Director of the City’s Department of Finance, or his or her functional successor.

“City Loan Ordinance” means the ordinance of the City introduced as Council Bill 118257, adopted on November 24, 2014.

“Lending Fund” means a subfund within either the Park and Recreation Fund or the Parks Capital Fund, which is designated pursuant to the City Loan Ordinance for the disbursement of Loan Draws. Each draw request shall specify which subfund it is to be drawn against.

“Loan Amount” means the principal sum of all Loan Draws, in the aggregate not to exceed \$10,008,000, loaned to the Park District by the City pursuant to this Agreement. The maximum Loan Amount that may be drawn against the subfund within the Park and Recreation Fund is not to exceed \$7,511,390; the maximum Loan Amount that may be drawn against the subfund within the Parks Capital Fund is not to exceed \$2,496,610.

“Loan Draw” means an incremental principal draw against the Loan Amount, made in accordance with Section 3 of this Agreement.

“Loan Maturity Date” means December 1, 2023.

“Loan Payment” means a periodic payment by the District of the principal of and/or interest on the Loan Amount to the City, in accordance with Section 3.3 of this Agreement.

“Loan Payment Date” means each December 1, beginning on December 1, 2016. If such date is not a Business Day, the Loan Payment Date shall fall on the next immediately succeeding Business Day.

“Master Interlocal Agreement” means the Interlocal Agreement Between The City of Seattle and the Seattle Park District, dated as of October 30, 2014.

“Park District” means the Seattle Park District, a metropolitan park district and a municipal corporation duly organized and existing under chapter 35.61 RCW and other State law.

“Park District Board” means the Board of park commissioners of the Seattle Park District, acting as the legislative authority and governing body of the Park District, as duly constituted from time to time.

“Park District Loan Resolution” means Resolution 3 of the Park District Board of Commissioners, passed on November 24, 2014.

“Park District Designated Representative” means the Park District Treasurer, or such other person who is authorized by the resolution of the Park District Board to make Loan Draws on behalf of the District.

“Park District Treasurer” means the person designated to serve as treasurer of the Park District in accordance with RCW 35.61.180.

“State” means the State of Washington.

Section 3. Loans to the Park District; Repayment Terms.

3.1 Loans to the Park District; Purpose. The Parties acknowledge that under State law, the Park District’s *ad valorem* property tax levy authority will commence with taxes levied for collection in 2016. In order to ensure that the Park District has adequate funds to meet its obligations under the Master Interlocal Agreement to provide ongoing stable funding as set forth in its adopted 2015 budget in order to maintain, operate and improve parks, community centers, pools and other recreation facilities and programs, and to implement elements of the Seattle Parks Legacy Plan and related planning documents, the City agrees to lend to the Park District not to exceed an aggregate of \$10,008,000, to be drawn in incremental Loan Draws made by the Park District for expenses included in the Park District’s 2015 budget.

3.2 Time and Amounts of Loan Draws.

(a) Agreement to Lend Money. The City agrees to lend and the Park District agrees to borrow money solely for the purpose described in Section 3.1. The aggregate principal amount of the Loan to be made by the City pursuant to this Agreement shall not exceed \$10,008,000, which shall be drawn in incremental Loan Draws made from time to time as required to pay expenses set forth in the Park District’s 2015 adopted budget. This Loan is non-revolving; amounts drawn and repaid may not be reborrowed.

(b) Loan Draws. Promptly upon written request submitted by the Park District Designated Representative, acting on behalf of the Park District, supported by invoices for payment from the City’s Parks Department acting on behalf of the City, the City shall cause the amount of each Loan Draw to be recorded as a transfer from the Lending Fund to the Park District’s accounts. Loan Draws may be made at any time after January 1, 2015 and before June 30, 2016 for the purpose of paying 2015 budgeted expenses. Each Loan Draw shall specify the amount requested to be drawn against each Lending Fund; however, the City may in its sole discretion determine to draw against a different Lending Fund.

(c) Funds Availability. The City agrees to set aside in its budget such amounts as may be necessary to make the Loan Draws described in this Section 3.2. The obligation of the City to make disbursements is subject to and contingent upon the availability of interfund loans from the City’s consolidated cash pool (or such other source of funds as may be approved by the City) to the Lending Funds, respectively, which interfund loan amounts are to be used to fund the Loan Draws.

3.3 Repayment of Loan.

(a) Terms. The principal amount loaned hereunder, together with interest thereon calculated as set forth in subsection (b) of this section, shall be repaid by the Park District from available property tax revenues received during each calendar year, beginning in 2016, in accordance with the schedule described in subsection (c) of this section. All or a portion of the Loan Amount may be prepaid at any time without penalty. All payments will be applied *first*, to costs owed to the City, *second*, to interest owed to the City, and *third*, to the principal loaned under this Agreement.

(b) Interest Rate. Loan Draws made under the terms of this Agreement will bear interest from the date of each draw until the date such draw is repaid. The rate of interest shall be a variable rate equal to the rate of return on the investments held by the City's Consolidated (Residual) Cash Pool (or its equivalent successor), as determined by the Department of Finance and Administrative Services on a daily basis. Interest will be calculated on aggregate principal amount of all Loan Draws outstanding at the time of calculation. The City may in its discretion charge a lower rate of interest. Absent manifest error, all calculations of the City shall be binding upon the Park District.

(c) Repayment Schedule and Maturity. Beginning on December 1, 2016, the Park District shall make annual Loan Payments to the City, on each Loan Payment Date, in approximately equal principal installments of 1/8th of the maximum Loan Amount authorized (\$1,251,000), plus the interest accrued but unpaid to each Loan Payment Date. Unless paid earlier, all Loan Draws made hereunder shall mature on the Loan Maturity Date.

3.4 Pledge of Park District Taxes. For so long as any principal amount drawn on the Loan, or any interest thereon, remains outstanding, the Park District irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors on all of the taxable property within its boundaries in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Loan, and the full faith, credit, and resources of the Park District are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest. The Park District's obligations under this Agreement shall continue in effect and shall survive the satisfaction of any other Park District obligations to the City until such time as principal and interest due to the City pursuant to the Loan made hereunder have been repaid, together with any costs owed to the City pursuant to this Agreement.

3.5 Covenants of the Park District.

(a) Reporting. The Park District agrees that it shall cause proper books and records to be maintained and shall provide the City reasonable access to inspect such books and records upon request.

(b) No Additional Debt. So long as the Park District's obligation to repay the Loan remains outstanding under this Agreement, the Park District shall not incur any additional indebtedness without the prior written consent of the City.

Section 4. Remedies Upon Default.

4.1 Remedies of City on Default. Upon the occurrence of a default by the Park District in its obligation hereunder, the City may proceed to protect and enforce its rights in equity or at law, either in mandamus or for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, as the City may deem most effectual to protect and enforce any of its rights or interests hereunder.

4.2 No Remedy Exclusive. No remedy conferred upon or reserved to either party by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute, and either party hereto shall be free to pursue, at the same time, each and every remedy, at law or in equity, which it may have under this Agreement, or otherwise.

4.3 Waiver of Breach; No Implied Waiver. No waiver of any breach of any covenant or agreement contained herein shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in case of a breach by either party of any covenant, agreement or undertaking, the nondefaulting party may nevertheless accept from the other any payment or payments or performance hereunder without in any way waiving its right to exercise any of its rights and remedies provided for herein or otherwise with respect to any such default or defaults that were in existence at the time such payment or payments or performance were accepted by it. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. For the exercise of any remedy, it shall not be necessary to give any notice, other than such notice as may be expressly required herein.

4.4 Governing Law; Venue. This Agreement is governed by and shall be construed in accordance with the substantive laws of the State of Washington and shall be liberally construed so as to carry out the purposes hereof. Except as otherwise required by applicable law, any action under this Agreement shall be brought in the Superior Court of the State of Washington in and for King County.

Section 5. Miscellaneous.

5.1 Notices. All notices, consents or other communications required hereunder shall be in writing and shall be sufficiently given if addressed and delivered (which may include email, if printed in hard copy), as follows:

To the City:

City of Seattle

Attention: _____

Email:

Telephone:

To the Park District:

Seattle Park District

Attention: _____

Email:

Telephone:

The City or the Park District may designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent by giving notice of such change to the other party. Notices shall be deemed given upon deposit of such notices in the United States mail, return receipt requested, or if given electronically, only after written acknowledgement (which may include automatic electronic notification) of receipt.

5.2 Binding Effect; No Rights Created in Third Parties. This Agreement shall inure to the benefit of the City, the Park District and shall be binding upon the City and the Park District and their successors. This Agreement may not be assigned. The terms of this Agreement are not intended to establish or to create any rights in any persons or entities other than the City, the Park District, the respective successors and assigns of each.

5.3 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

5.4 Amendments. This Agreement may be amended, changed, modified or altered only by an instrument in writing duly executed by the City and the Park District (or the successors in title of each).

5.5 Time of Essence. Time and all terms and conditions shall be of the essence of this Agreement.

5.6 Effective Date of and Termination of Agreement. This Agreement shall take effect as of the date first written above. The Parties agree that this Agreement will terminate upon the repayment in full of the Loan made hereunder.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LEND MONEY, EXTEND CREDIT, OR FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

IN WITNESS WHEREOF, the City and the Park District have caused this Agreement to be executed in their respective names by their duly authorized officers, and have caused this Agreement to be dated as of the date set forth on the first page hereof.

THE CITY OF SEATTLE



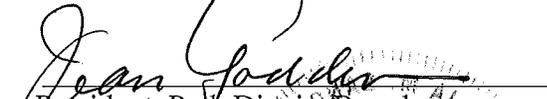
Mayor

Attest:



City Clerk

SEATTLE PARK DISTRICT

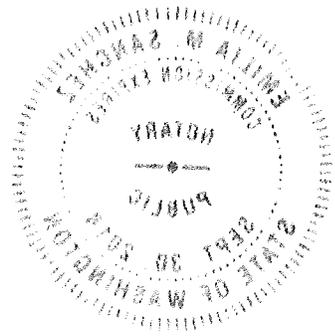
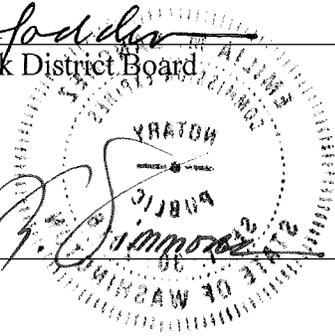


President, Park District Board

Attest:



City Clerk



STATE OF WASHINGTON

COUNTY OF King

SS.

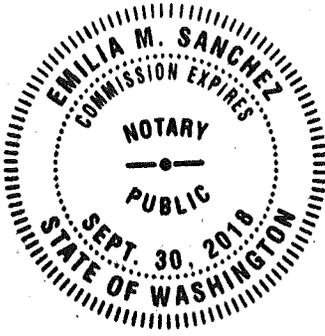
I certify that I know or have satisfactory evidence that Edward B. Murray and Monica Martinez^{Simmons} are the persons who appeared before me, and said persons acknowledged that said persons signed this instrument, on oath stated that said persons were authorized to execute the instrument and acknowledged it as the Mayor and Clerk, respectively, of THE CITY OF SEATTLE, a municipal corporation of the State of Washington, to be the free and voluntary act of such municipal corporation for the uses and purposes mentioned in the instrument.

Dated this 10th day of January, ²⁰¹⁵2014.

Emilia M. Sanchez
(Signature of Notary)

Emilia M. Sanchez
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington, residing at Seattle, WA
My appointment expires Sept. 30, 2018



STATE OF WASHINGTON

COUNTY OF KING

SS.

I certify that I know or have satisfactory evidence that Jean Budden is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the President of the Board of Commissioners of the SEATTLE PARK DISTRICT, a municipal corporation of the State of Washington, to be the free and voluntary act of such municipal corporation for the uses and purposes mentioned in the instrument.

Dated this 10th day of January, ²⁰¹⁵2014.

Emilia M. Sanchez
(Signature of Notary)

Emilia M. Sanchez
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington, residing at Seattle, WA
My appointment expires Sept. 30, 2018

