

LIBRARY SERVICES INTERLOCAL AGREEMENT

THIS AGREEMENT is entered into between the City of Mercer Island hereinafter "the City" and the King County Rural Library District hereinafter "the District" under the authority of the Washington State Interlocal cooperation Act, Chapter 39.34 RCW.

The purpose of this agreement is to establish a date for a special election within the City for the purpose of submitting to the voters of the City the issue of annexation of the City into the District, to provide for a fee for library services pending the results of the ballot proposition on the issue of annexation; providing for the acquisition of the City Library Building by the District in the event the voters approve the annexation of the City into the District; and providing for a lease by the District of the land owned by the City upon which the library building is located.

It is hereby understood and agreed by the City and the District as follows:

1. The City agrees to request the King County Council to call a special election to be held within the City for the purpose of submitting to the voters of the City the issue of annexation of the City into the District. The date to be requested for the special election shall be the date of the 1992 primary or general election.

The City specifically reserves the right to place before the voters on the same ballot at the special election in 1992, as an alternative to annexation should the voters not approve annexation, another proposition pertaining to providing funding for library services.

2. If the voters of the City approve the annexation of the City into the District the annexation will become effective on January 1, 1993 and the District will begin to receive revenue on January 1, 1994. From January 1, 1994, the City will no longer contract with the District for library services since the District will thereafter levy in annual assessment for library services as provided for by law.

3. If the voters of the City approve the annexation of the City into the District, the City will continue to contract with the District for library services for the years 1991, 1992, and 1993. The amount of the annual contract fee shall be based upon a formula which has been agreed to between the City and the District. Said formula is attached hereto as Exhibit 1 and is incorporated herein by reference.

A. The fee for 1991, based upon the formula, is 519,951.99

B. In 1992 the fee shall be based upon the formula.

C. In 1993 the annual contract fee shall be based upon the formula set forth in Exhibit 1. The City shall make payment to the District over a two year period (1993-1994). The 1993 payment shall equal the same dollar amount paid in 1992 and the 1994 payment, to be made on or before July 1, 1994, shall be in the amount of the remaining unpaid balance of the 1993 payment. Payment on the amount deferred shall include interest at State of Washington investment rate between January 1, 1994 to payment date in 1994.

4. If the voters of the City approve the annexation of the City into the District, the District shall lease the new library building from the City in 1992 and 1993. The District shall pay lease payments in the amount of \$210,000.00 per year for 1992 and 1993. The 1992 payment will be made after certification of the election results and on or before December 1, 1992. The 1993 payment will be made on or before December 31, 1993. A portion of the lease payments will be applied to reduce the acquisition costs of the building as provided herein should the voters approve the annexation.

5. If the voters of the City approve the annexation of the City into the District, the District shall acquire the City's library building and the District will thereafter fund all aspects of library operations within the City including but not limited to insurance, maintenance and utility costs associated with the library building.

The total construction cost is \$2,100,000.00 which includes costs of design and inspection, construction, fixtures, and furnishings. The District shall pay to the City as the acquisition price an amount equal to the total cost of construction of the library building which cost has been financed solely by the City less a portion of the amount of lease payments made to the City by the District in 1992 and 1993 calculated as follows:

In 1992 the amount of the lease payment applied to reduce the acquisition price is \$63,000.00 calculated as shown on Exhibit 2 which is attached hereto and incorporated herein by reference.

In 1993 the amount of the lease payment applied to reduce the acquisition price is \$67,140.00 calculated as shown on Exhibit 2.

The remaining balance of the acquisition price is \$1,969,590.00. The District shall pay the balance of the acquisition price in semi-annual payments due on June 1 and December 1 of each year for a period of 16 years beginning June 1, 1994 and ending December 1, 2009. The payment schedule including date and amount of each payment is set forth in Exhibit 3 which is attached hereto and incorporated herein by reference.

When the entire acquisition price has been paid in accordance with the payment schedule set forth in Exhibit 3, the District shall no longer be required to make any further payments and the District shall own the library building outright.

6. The City shall at all times be the owner of the land upon which the library building is located. If the voters of the City approve the annexation of the City into the District, the District agrees to lease the land from the City for a nominal annual lease amount of \$10.00 per year. The term of the lease shall be Fifty years commencing on January 1, 1993.

7. In the event the City chooses to appoint a Library Board during any time period when the City is annexed to the District, the District shall regularly solicit input from the Board on issues relating to all aspects of library services and facilities for the residents of Mercer Island.

8. If annexation of the City into the District is not approved by the voters, this Agreement shall be of no further force or effect.

9. If, subsequent to annexation, the City elects to withdraw from the District in accordance with the provisions of state law, this agreement shall terminate and be of no further force or effect. The lease of the land upon which the library building is located shall terminate and the City shall reacquire the library building from the District. The reacquisition amount shall be determined by the following process:

The City and the District will each hire, at their own expense, a qualified M.A.I. appraiser who shall in turn select a third qualified M.A.I. appraiser to establish the reacquisition amount. The determination of value by the jointly selected appraiser shall be binding on both the City and the District. The terms of payment by the City shall be agreed to before closing the reacquisition.

10. In accordance with RCW 39.34.040 this Agreement shall be filed with the City Clerk, the County Auditor and the Secretary of State.

DATED this 26 day of August, 1991.

CITY OF MERCER ISLAND



By: Elliot Newman
Elliot Newman, Mayor

KING COUNTY LIBRARY DISTRICT

By: *[Signature]*
Peter Hiatt, President

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this 3rd day of September, 1991, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Mr. Peter Hiatt known to me to be the President of the King County Rural Library District who executed the within and foregoing instrument and acknowledged that he signed the same as his free and voluntary act and deed for the uses and purposes herein mentioned.

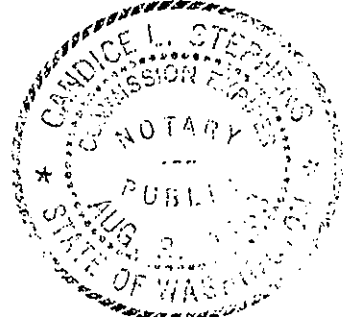
GIVEN under my hand and official seal this 3rd day of September, 1991.

Carolyn Johnson
NOTARY PUBLIC in and for the
State of Washington, residing
at Ballwin WA
My commission expires 11/26/94

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this 26 day of August, 1991, before me the undersigned, a Notary public in and for the State of Washington, duly commissioned and sworn, personally appeared Mr. Elliot Newman known to me to be the Mayor of the City of Mercer Island who executed the within and foregoing instrument and acknowledged that he signed the same as his free and voluntary act and deed for the purposes and uses herein mentioned.

GIVEN under may hand and official seal this 26 day of August. 1991.



Candice Stephens
NOTARY PUBLIC in and for the
State of Washington, residing
at Little
My commission expires 8/3/93

KCLS Contract Fee Formula

1992 Contract Fee = .50 * ((1992 KCLS Levy Rate * Total 1992
Mercer Island Assessed Valuation/1,000 - \$318,532) + \$318,532

1993 Contract Fee = .75 * ((1993 KCLS Levy Rate * Total 1993
Mercer Island Assessed Valuation/1,000 - \$318,532) + \$318,532

**CALCULATION OF AMOUNT OF 1992 AND 1993 LEASE PAYMENTS
USED TO REDUCE ACQUISITION PRICE**

1992 ACQUISITION PRICE		\$2,100,000.00
Lease Payment - 12/31/92	210,000.00	
Interest portion (12 mos @ 7%)	147,000.00	
Principal	63,000.00	<u>(63,000.00)</u>
Principal Balance		<u>\$2,037,000.00</u>
1993 ACQUISITION PRICE		\$2,037,000.00
Lease Payment - 12/31/93	210,000.00	
Interest portion (12 mos @ 7%)	142,590.00	
Principal	67,410.00	<u>(67,410.00)</u>
Principal Balance		<u>\$1,969,590.00</u>
1994 ACQUISITION PRICE		<u>\$1,969,590.00</u>

PAYMENT	\$103,288.26			
INTEREST RATE	7.00%			
TERM	32		PMT AMOUNT	\$103,288.26
PERIODS/YEAR	2			
PRINCIPAL	\$1,969,590.00			

DATE DUE	PAY #	TOTAL PAYMENT	PRINCIPAL PAYMENT	INTEREST PAYMENTS	LOAN BALANCE
Beginning Balance					1,969,590.00
06/01/94	1	103,288.23	34,352.61	68,935.65	1,935,237.39
12/01/94	2	<u>103,288.23</u>	<u>35,554.95</u>	<u>67,733.31</u>	1,899,682.43
		206,576.46	69,907.57	136,668.96	
06/01/95	3	103,288.23	36,799.38	66,488.89	1,862,883.05
12/01/95	4	<u>103,288.23</u>	<u>38,087.36</u>	<u>65,200.91</u>	1,824,795.70
		206,576.46	74,886.73	131,689.79	
06/01/96	5	103,288.23	39,420.41	63,867.85	1,785,375.28
12/01/96	6	<u>103,288.23</u>	<u>40,800.13</u>	<u>62,488.13</u>	1,744,575.15
		206,576.46	80,220.54	126,355.98	
06/01/97	7	103,288.23	42,228.13	61,060.13	1,702,347.02
12/01/97	8	<u>103,288.23</u>	<u>43,706.12</u>	<u>59,582.15</u>	1,658,640.90
		206,576.46	85,934.25	120,642.28	
06/01/98	9	103,288.23	45,235.83	58,052.43	1,613,405.07
12/01/98	10	<u>103,288.23</u>	<u>46,819.09</u>	<u>56,469.18</u>	1,566,585.99
		206,576.46	92,054.92	114,521.61	
06/01/99	11	103,288.23	48,457.75	54,830.51	1,518,128.23
12/01/99	12	<u>103,288.23</u>	<u>50,153.78</u>	<u>53,134.49</u>	1,467,974.46
		206,576.46	98,611.53	107,965.00	
06/01/2000	13	103,288.23	51,909.16	51,379.11	1,416,065.30
12/01/2000	14	<u>103,288.23</u>	<u>53,725.98</u>	<u>49,562.29</u>	1,362,339.32
		206,576.46	105,635.14	100,941.39	
06/01/2001	15	103,288.23	55,606.39	47,681.88	1,306,732.93
12/01/2001	16	<u>103,288.23</u>	<u>57,552.61</u>	<u>45,735.65</u>	1,249,180.32
		206,576.46	113,159.00	93,417.53	
06/01/2002	17	103,288.23	59,566.95	43,721.31	1,189,613.37
12/01/2002	18	<u>103,288.23</u>	<u>61,651.80</u>	<u>41,636.47</u>	1,127,961.58
		206,576.46	121,218.75	85,357.78	

PAYMENT	\$103,288.26		
INTEREST RATE	7.00%		
TERM	32	PMT AMOUNT	\$103,288.26
PERIODS/YEAR	2		
PRINCIPAL	\$1,969,590.00		

DATE DUE	PAY #	TOTAL PAYMENT	PRINCIPAL PAYMENT	INTEREST PAYMENTS	LOAN BALANCE
06/01/2003	19	103,288.23	63,809.61	39,478.66	1,064,151.97
12/01/2003	20	<u>103,288.23</u>	<u>66,042.94</u>	<u>37,245.32</u>	998,109.02
		206,576.46	129,852.55	76,723.97	
06/01/2004	21	103,288.23	68,354.45	34,933.82	929,754.57
12/01/2004	22	<u>103,288.23</u>	<u>70,746.85</u>	<u>32,541.41</u>	859,007.72
		206,576.46	139,101.30	67,475.23	
06/01/2005	23	103,288.23	73,222.99	30,065.27	785,784.73
12/01/2005	24	<u>103,288.23</u>	<u>75,785.80</u>	<u>27,502.47</u>	709,998.93
		206,576.46	149,008.79	57,567.74	
06/01/2006	25	103,288.23	78,438.30	24,849.96	631,560.63
12/01/2006	26	<u>103,288.23</u>	<u>81,183.64</u>	<u>22,104.62</u>	550,376.99
		206,576.46	159,621.94	46,954.58	
06/01/2007	27	103,288.23	84,025.07	19,263.19	466,351.92
12/01/2007	28	<u>103,288.23</u>	<u>86,965.95</u>	<u>16,322.32</u>	379,385.97
		206,576.46	170,991.02	35,585.51	
06/01/2008	29	103,288.23	90,009.75	13,278.51	289,376.22
12/01/2008	30	<u>103,288.23</u>	<u>93,160.10</u>	<u>10,128.17</u>	196,216.12
		206,576.46	183,169.85	23,406.68	
06/01/2009	31	103,288.23	96,420.70	6,867.56	99,795.42
12/01/2009	32	<u>103,288.23</u>	<u>99,795.42</u>	<u>3,492.84</u>	0.00
		206,576.46	196,216.12	10,360.40	