WASHINGTON MULTI-CITY BUSINESS LICENSE AND TAX PORTAL AGENCY INTERLOCAL AGREEMENT

BY AND BETWEEN THE CITIES OF

BELLEVUE

EVERETT

SEATTLE

and

TACOMA

DATED AS OF MARCH 1, 2014

Tax Portal

TABLE OF CONTENTS

Section	Caption	Page
	Recitals	1
1	Creation of Washington Multi-City Business License and Tax Portal Agency	2
2	Term of Agreement	2
3	Definitions	3
4	Guiding Principles and Goals	6
5	Portal Agency Services	8
6	Portal Agency Powers	10
7	Executive Board: Composition and Operation	11
8	Conversion of Status of Participating Cites; Addition of New Principals or Subscribers	15
9	Tax and Finance Operations Committee	16
10	Portal Agency Staffing	17
11	Portal Agency Manager	18
12	Assignment of Portal Services Contract From Seattle to Portal Agency	19
13	Budget; Cost Allocation; Capital Cost Recovery Charges; Payment of Charges; Delinquencies; Reserve Funds	19
14	Retained Authority and Responsibility of Participating Agencies	23
15	Ownership of Property	23
16	Merger or Consolidation, or Sale of All or Substantially All Assets	24
17	Withdrawal by, or Termination of, a Principal	24
18	Amendment of Agreement	25
19	Termination of Agreement; Dissolution of Agency	25
20	Dispute Resolution	26
21	Insurance	27
22	Indemnification and Hold Harmless	27
23	Intergovernmental Cooperation	28
24	Notice	29
24	Venue	29
26	Filing	29
27	No Third Party Beneficiaries	29
28	Severability	30
29	Ratification	30
30	Execution, Counterparts and Effective Date	30
	List of Exhibits	32
A	Proposed 2014 Portal Agency Budget Summary	33
B	2015-2020 Estimated Portal Agency Operating Budget Summary	35
C	Capital Cost Recovery Charges	37
D	Calculation of New Participant Capped Cost Increment and New Participant Labor Cost Increment	38

WASHINGTON MULTI-CITY BUSINESS LICENSE AND TAX PORTAL AGENCY INTERLOCAL AGREEMENT

THIS AGREEMENT, incorporating all exhibits hereto, is entered into by and between the Cities of Bellevue, Everett, Seattle and Tacoma (collectively, the "Principals") pursuant to the Interlocal Cooperation Act Ch. 39.34 RCW and has been authorized by the legislative body of each Principal.

RECITALS

WHEREAS, each of the Principals is a city, a general purpose municipal corporation authorized by state law to issue local business licenses and collect a variety of local taxes; and

WHEREAS, the Principals seek to make it easier and more efficient for businesses to apply for local business licenses and file local taxes, while retaining local control over local licensing and tax collection functions and policies; and

WHEREAS, the Principals seek to accomplish these goals by jointly facilitating the creation of an internet web application gateway (the "Portal") where tax collection and business licensing functions can be collectively administered, and where businesses operating in multiple cities can use a "one-stop" system for tax payment or business license application filing; and

WHEREAS, the Principals have engaged in extensive outreach with other cities, state legislators, taxpayers and the business community to understand the interests of these stakeholders in relation to development of the Portal; and

WHEREAS, the creation of an intergovernmental entity, in the form of a governmental nonprofit corporation whose members are Principals to oversee the operation of the Portal will enable each Principal to participate in management of the Portal, provide economies of scale to participating cities, and ensure continued control by each Principal of its tax and licensing policy and local tax collections; and

WHEREAS, the collection of local taxes is an exclusively governmental activity of each of the cities party to this Agreement; and

WHEREAS, the creation of an intergovernmental entity as described in this Agreement will enable the Principals to carry out this exclusively governmental activity as a joint instrumentality; and

WHEREAS, it is anticipated that additional cities will elect to use the Portal over time, and that some may wish to do so as subscribers of the Portal's services rather than as principals; and

WHEREAS, The City of Seattle has provided start-up funding for the development of the Portal and has conducted a competitive procurement process in which staff from each of the Principals participated with Seattle staff in selecting a preferred vendor to provide portal development, hosting and maintenance services; and

WHEREAS, The City of Seattle has entered into a contract with the preferred vendor, and the vendor has begun work to develop the Portal with continued input from staff from each of the Principals;

NOW THEREFORE, in consideration of the promises and agreements contained in this Agreement and subject to the terms and conditions set forth, it is mutually understood and agreed by the Parties as follows:

SECTION 1. CREATION OF WASHINGTON MULTI-CITY BUSINESS LICENSE AND TAX PORTAL AGENCY.

The Washington Multi-City Business License and Tax Portal Agency, ("PORTAL AGENCY") is hereby created as authorized by the Interlocal Cooperation Act (Ch. 39.34 RCW), and shall be a municipal instrumentality of the Principals, jointly organized by the Principals as a nonprofit corporation under Chapter 24.06 RCW as expressly authorized by RCW 39.34.030(3)(b). The Principals each assign to PORTAL AGENCY the responsibility for overseeing the development, operation and maintenance of an internet web application gateway to administer city business licensing and tax collection functions as exclusively governmental activities, all as described herein.

SECTION 2. TERM OF AGREEMENT.

This Agreement shall have an initial term of approximately five years, ending on December 31, 2019, (the "Initial Term"), and shall thereafter be perpetual, subject to the termination provisions in Section 19 of this Agreement. During the Initial Term no Principal may withdraw from the Agreement, provided that a Principal may convert or be converted to Subscriber status as provided in Sections 8.a, 13.d and 13.k, and may upon action of the Executive Board be terminated from participation in the Agreement as provided in Section 13.k.

SECTION 3. DEFINITIONS.

a. Agreement. The "Agreement" is this interlocal agreement, as it may hereafter be amended or modified, together with all exhibits and appendices hereto, as they may hereafter be amended or modified.

b. Articles of Incorporation. The "Articles of Incorporation" or "Articles" are terms defining aspects of the PORTAL AGENCY corporate formation under 39.34.030(3)(b) and consistent with RCW 24.06.025, as they may hereafter be amended by the Executive Board.

c. Board Member. A "Board Member" or "Executive Board Member" is the individual representing a Principal on the Executive Board, whether the Chief Financial Officer of such Principal or his/her designated alternate.

d. Business and Occupation Taxes. "Business and Occupation Taxes" are Gross Receipt Taxes imposed by a Participating City as an exclusively governmental activity authorized by state law and as defined in RCW 35.102.030.

e. Business Licenses. "Business Licenses" are licenses required to be obtained by businesses in order to operate within a Participating City, consistent with state law.

f. Bylaws. "Bylaws" as adopted and amended from time to time by the Executive Board shall govern the operations of the PORTAL AGENCY Executive Board, Operations Committee, and the officers thereof.

g. Capital Cost Recovery Charge. The "Capital Cost Recovery Charge" is an annual fee charged to all Participating Cities other than the City of Seattle, for the purposes of reimbursing Seattle for a portion of the funding it provided to pay for start-up of the PORTAL AGENCY, as further described in Section 13.j.

h. Capped Costs. "Capped Costs" means all items in the PORTAL AGENCY budget *excluding*:

i. Labor Costs unrelated to increases in full or partial staff positions;
ii. Costs payable pursuant to the Portal Services Contract with the Vendor;
iii. State Auditor's Office Audit costs;
iv. Accounting services;
v. Insurance;
vi. Bank fees;
vii. Any unanticipated expenses outside the normal course of business, for example, costs of litigation or damages, uninsured losses, tax or other liabilities resulting from a change in law, and events of force majeure (e.g. fire, explosion, accident, volcanic eruption, flood, epidemic, civil disturbance).

i. CPI-U Limit. "CPI-U Limit" means the percentage increase (or decrease) equal to the percentage increase (or decrease) year to year in the Consumer Price Index – Urban for the Seattle/ Tacoma/Bremerton metropolitan area, April –April, calculated by the Federal Bureau of Labor Statistics, or its successor index.

j. Executive Board. The "Executive Board" is the body described in Section 7 and shall be the governing body of the PORTAL AGENCY.

k. Gross Receipts Taxes. "Gross Receipts Taxes" are taxes imposed by Participating Cities which are based on the gross receipts of certain businesses, specifically to include Business and Occupation Taxes as defined by RCW 35.102.030 as well as other taxes imposed by Participating Cities on utilities or businesses that are collected on basis of such gross receipts in accordance with applicable law. For purposes of this Agreement, Gross Receipts Taxes also includes square footage taxes imposed by a Participating City for the act or privilege of doing business in that city and calculated based on the amount of space occupied and used for those business activities within that city.

l. Initial Term. The "Initial Term" is the period from the effective date of this Agreement through December 31, 2019.

m. Labor Costs. "Labor Costs" include salary, benefits and other compensation provided to Portal Agency employees (if any) and/or loaned staff.

n. Licensees. "Licensees" are businesses or individuals that apply for a Business License from a Participating City or Cities using the Portal.

o. Manager. The "Manager" is the chief operating officer for PORTAL AGENCY appointed by and serving at the pleasure of the Executive Board.

p. New Participant Capped Cost Increment. The "New Participant Capped Cost Increment" is an amount calculated each budget period to identify the maximum amount by which Capped Costs may increase in the Executive Board approved draft or final budget for such period without unanimous approval of the Executive Board Members representing all Original Principals, as further described in Section 13.b.iv.1 and Exhibit D.

q. New Participant Labor Cost Increment. The "New Participant Labor Cost Increment" is an amount calculated each budget period to identify the maximum amount by which Labor Costs may increase to provide for additional full or partial staff positions in the Executive Board approved draft or final budget for such period without requiring unanimous approval of the Executive Board Members representing all Original Principals, as further described in Section 13.b.iv.2 and Exhibit D.

r. Operations Committee. The "Operations Committee" or "Tax and Finance Operations Committee" is the committee described in Section 9.

s. Original Principals. The Original Principals are those four cities initially signing this Agreement: the cities of Bellevue, Everett, Seattle and Tacoma.

t. Participating Cities. All Principals, and all Subscribers, as they may be so constituted from time to time, are collectively referred to as the "Participating Cities" or "Participants," and individually referred to as a "Participating City" or "Participant."

u. Population. "Population" is the residential population of a City, according to the most recent annual report issued by the State Office of Financial Management each year determining the population of each city for purposes of taxation and allocation of certain state shared revenues in the following calendar year.

v. Portal. The "Portal" is an internet web application gateway owned, operated and maintained by the Vendor under contract with the PORTAL AGENCY that affords Taxpayers and businesses a single access point through which they may apply for business licenses from, and pay taxes and fees to, Participating Cities, and receive information related to these functions.

w. PORTAL AGENCY. "PORTAL AGENCY" means the Washington Multi-City Business License and Tax Portal Agency.

x. Portal Operations Policy. The "Portal Operations Policy" is a separate document adopted by Supermajority Vote of the Executive Board, as it may be amended from time to time, which describes how data will be shared between the Participating Cities and the PORTAL AGENCY, and sets forth operating procedures and rules for the Portal.

y. Portal Services Contract. The 'Portal Services Contract" is that certain contract dated as of September 6, 2013 between The City of Seattle and eGov Systems, a Louisiana corporation, to develop software for, and host the Portal operations. The Portal Services Contract is to be assigned to the PORTAL AGENCY by The City of Seattle pursuant to Section 12 of this Agreement.

z. Principal. A "Principal" is a general purpose municipal corporation formed as a city under the laws of the state of Washington which imposes a Business and Occupations Tax and which has accepted the terms of and is a party to this Agreement and has paid its share of initial costs as may be required by the Executive Board as a condition to becoming a Principal. Principals shall receive services offered by the PORTAL AGENCY according to such terms and conditions as may be established by the Executive Board.

aa. Representative. The term "Representative" refers to the individual representing a Principal or a Subscriber on the Operations Committee, or his/her designated alternate.

bb. Simple Majority Vote. A "Simple Majority Vote" of the Executive Board means a majority (more than 50%) of the votes of the Board Members present constituting a quorum, with each Board Member that is present and voting having one vote.

cc. Subscriber. A "Subscriber" is a general purpose municipal corporation, formed as a city under the laws of Washington which has agreed to pay the PORTAL AGENCY for services according to such terms and conditions as may be established by the Executive Board and evidenced by separate contract between the PORTAL AGENCY and such entity. A Principal may convert or be converted to Subscriber status as provided in Sections 8, 13.d and 13.k and a Subscriber may convert to a Principal as described in Section 8.

dd. Supermajority Vote. A "Supermajority Vote" means Executive Board approval of an item accomplished by securing affirmative votes of not less than sixty-six percent (66%) of all voting Board Members of the Executive Board in number, and not less than sixty-six percent (66%) in number of the Original Principals.

ee. Taxpayers. "Taxpayers" are businesses subject to local city taxes imposed by a Principal or Subscriber, payment of which is or can be administered by the Portal.

ff. Transaction. A "Transaction" is a payment or filing for a Business License, or a payment or filing of an online tax form (where multiple taxes filed on the same online tax form are counted as a single Transaction), made on the Portal by a business to a Participating City; *provided, however,* that where historical actual Transactions counts are to be used (rather than payments and transactions made *on the Portal*), then Transactions includes the total actual Business License filings and Gross Receipts Tax filings (where multiple taxes filed on the same tax form are counted as a single Transaction) for the Participating City over the applicable period. The Executive Board may refine this definition from time to time by amending the Portal Operations Policy in order to accommodate expansion of services offered by the Portal or to address other issues.

gg. User Fees. "User Fees" are fees and charges imposed on businesses, Licensees or Taxpayers per Executive Board approval as part of PORTAL AGENCY's budget approval process.

hh. Vendor. The Vendor is eGov Systems, a Louisiana corporation, which through the Portal Services Contract is providing services to develop, establish, host, own and maintain the Portal, associated online data storage and services. The Vendor has ownership of the Portal. The term Vendor shall also include any successor in interest to eGov Systems or any successor firm(s) or agency(s) with which the PORTAL AGENCY may contract to provide Portal development, hosting, maintenance, and associated online data storage and services.

SECTION 4. GUIDING PRINCIPLES AND GOALS.

a. Guiding Principles of PORTAL AGENCY. The Principals intend that the PORTAL AGENCY actions be guided by the following guiding principles:

i. Local Control – The PORTAL AGENCY will seek to respect and preserve each Participating Cities' authority to set local tax policies.

ii. Integrity – The PORTAL AGENCY will be honest, truthful and straightforward.

iii. Accountability – The PORTAL AGENCY will be responsible for its actions and decisions, a good steward of public funds and transparent in its operations.

iv. Flexibility / Adaptability – The PORTAL AGENCY will strive to nimbly respond to a changing business, technology and policy environment.

v. Security – The PORTAL AGENCY will at all times seek to safeguard Taxpayer, Licensee and Participating City data.

vi. Accessibility – The PORTAL AGENCY will seek to be accessible and responsive to Taxpayers, Licensees and Participating Cities.

vii. Affordability – The PORTAL AGENCY will seek to be affordable to both Participating Cities and businesses and taxpayers using the Portal. Also, fees

and charges will be structured so that the addition of new Cities using the Portal does not impose additional costs on prior Participating Cities.

b. Goals of the PORTAL AGENCY. The Principals acknowledge and support the following goals which they seek to accomplish by this Agreement and creation of the PORTAL AGENCY:

i. Taxpayers and Licensees utilizing the Portal will have a seamless, transparent, user-friendly and efficient experience.
ii. It will be easy and timely for Taxpayers and Licensees to access knowledgeable staff at each Participating City to respond to tax or licensing questions.
iii. The Portal will have error-free data collection, transmittal and tax payment allocation as between Participating Cities.
iv. There will be local control and oversight of tax collections and tax policy.
v. Participating Cities will be accountable for the accuracy and timeliness of information they provide to the PORTAL AGENCY and for their customer service response.
vi. Decision-making will by jointly exercised by the Principals through the Executive Board.
vii. The PORTAL AGENCY will seek to balance the interests of information technology, treasury, finance and tax staff within Participating Cities in the development of the Portal's capabilities and operating rules.
viii. The PORTAL AGENCY will comply with all legal requirements, including but not limited to public record-keeping, public meetings, public records, security, and audit requirements.
ix. The PORTAL AGENCY will be able to accommodate additional city partners as Principals or Subscribers over time, and be able to process additional types of local taxes and licenses over time.
x. The PORTAL AGENCY will support the ability to maximize use of the Portal by Taxpayers and Licensees so that Participating Cities do not need to replicate the Portal's services.
xi. The PORTAL AGENCY will maximize compatibility with Participating City's systems of record for data storage and processing.
xii. The PORTAL AGENCY will coordinate with the state Department of Revenue.
xiii. The PORTAL AGENCY will be a cost effective solution for Participating Cities.

SECTION 5. PORTAL AGENCY SERVICES.

a. Generally. The PORTAL AGENCY has the responsibility and authority for overseeing the Vendor's contractual responsibilities to develop, own, operate, maintain and manage the Portal and for managing the operations of the PORTAL AGENCY. It is expressly contemplated that this scope of services includes:

i. The implementation, operation and maintenance of replacement or upgrades of the Portal as necessary or appropriate.
ii. The development and adoption of rules for access, use and maintenance of the Portal by City Participants, Taxpayers and Licensees.
iii. Expansion of the scope of services offered through the Portal if approved per Subsection 5.c below.
iv. Other responsibilities reasonably necessary for the development, operation and maintenance of the Portal.
v. Other related or ancillary services.

b. Limitation on Authority. The PORTAL AGENCY shall have no authority to set tax rates or tax classifications for Participating Cities, to set local tax policy, tax rules, deductions or exemptions; or take enforcement action on behalf of any Participating City. The PORTAL AGENCY is created by the Principals to manage the Participating Cities' joint participation in the facilitation of an exclusively governmental activity, specifically, the collection of certain local taxes.

c. Expansion of Scope of Services. The Portal will be initially established with the capability to handle payment of Gross Receipts Taxes and filing of applications for Business Licenses. PORTAL AGENCY may provide additional capability to pay additional types of city taxes or application for additional types of city licenses through the Portal only upon approval of a Supermajority Vote of the Executive Board; *provided, however,* that the cost of service expansions will be allocated only to those Participating Cities electing to participate in such services.

d. Requirement of Participating Cities to Utilize Services of Portal.

i. Gross Receipts Tax Collection Services: Participating Cities shall be required to offer their Taxpayers the option of paying Gross Receipts Taxes through the Portal, if and to the extent such taxes are imposed by a Participating City.
ii. Other Services: Except as required by Subsection 5.d.i above, no Participating City shall be required to utilize any other service of the Portal without the prior written approval of such City.
iii. Provision of Alternate Collection Options by Participating Cities. Nothing in this Agreement shall be interpreted to preclude a Participating City from

offering its Taxpayers or businesses additional means (other than through the Portal) for acquiring Business Licenses or paying any local taxes, including but not limited to payment of Gross Receipts Taxes.

iv. Operating Policies and Rules for Use of Portal. In order to protect sensitive Taxpayer data, and assure the relationship between the Portal and Participating Cities remains fully functional and secure, the Executive Board shall adopt a Portal Operations Policy. It is understood and agreed that the access and use of the Portal by any Principal or Subscriber is conditioned on that party consenting in writing to comply with the Portal Operations Policy. Such consent shall be signified by signature of the chief executive officer of each Participating City, or his/her designee, and shall not require further legislative action of the Participating City. The Portal Operations Policy will be regularly reviewed and updated by the Executive Board as necessary or appropriate.

e. Additional Activities of the PORTAL AGENCY. At the discretion of the Executive Board, the PORTAL AGENCY may, in addition to the services described in Section 5.a above:

i. Participate in forums for Participating Cities to discuss tax policy issues (including but not limited to the Association of Washington Cities Tax Policy Advisory Group or its successor in interest);

ii. Provide education to Taxpayers and Businesses regarding the Portal and the PORTAL AGENCY, and work to increase transparency about Participating City tax policies and activities;

iii. Provide a forum for businesses and others to provide feedback and suggestions on the use and functionality of the Portal and the taxes and licenses administered through the Portal; and

iv. Provide a forum for discussion, coordination and execution of coordinated enforcement activities, provided that the PORTAL AGENCY itself is not authorized to take any tax collection or license fee enforcement actions on behalf of a Participating City. The PORTAL AGENCY shall not use or authorize the use of the Portal or such forum for the purpose of assisting a campaign for election of any person to any office or for the promotion of or opposition to any ballot proposition.

v. The PORTAL AGENCY shall coordinate with the Washington State Department of Revenue with regard to the Portal's operations and functionality to minimize the need for Taxpayers and Licensees to enter data on the Portal and any separate state tax payment and licensing systems.

SECTION 6. PORTAL AGENCY POWERS.

Through its Executive Board, the PORTAL AGENCY shall have all powers allowed by law for interlocal agencies created under RCW 39.34.030 and Chapter 24.06 RCW, as authorized, amended, or removed by the Executive Board, as provided for in this Agreement and including but not limited to the following:

a. Recommend action to the legislative bodies of the Participating Cities;

b. Review and approve budget expenditures for the PORTAL AGENCY;

c. Establish policies for expenditures of budget items for the PORTAL AGENCY;

d. Review and adopt a personnel policy for the PORTAL AGENCY (if applicable);

e. Review and approve operating, Portal use, and financial policies for the PORTAL AGENCY;

f. Establish a fund or special fund or funds as authorized by RCW 39.34.030 for the operation of the PORTAL AGENCY;

g. Conduct regular and special meetings as may be designated by the Executive Board consistent with the state Open Public Meetings Act (Ch. 42.30 RCW) as now or hereafter amended;

h. Maintain and manage records in accordance with the state Public Records Act (Ch. 42.56 RCW) as now or hereafter amended, and other applicable state and federal laws and regulations;

i. Determine what services shall be offered and under what terms they shall be offered, consistent with Section 5.

j. Retain and terminate a Manager;

k. Create committees to review and make recommendations and carry out such functions and responsibilities as the Board may expressly provide;

l. Approve strategic plans;

m. Approve the addition of new Principals and new Subscribers and the terms of their participating in PORTAL AGENCY and receipt of PORTAL AGENCY services;

n. Enter into agreements with third parties for goods and services necessary to fully implement the purposes of this Agreement;

o. Establish fees and charges for services provided to Participating Cities or other parties, including but not limited to Taxpayers and Licensees using the services of the Portal;

p. Direct and supervise the activities of any committee established and/or any advisory boards, and the Manager;

q. Accept grants of funds from any federal, state, local or private agencies and receive and distribute such funds;

r. Receive all funds allocated to PORTAL AGENCY by Participating Cities;

s. Purchase, take, receive, lease, take by gift, or otherwise acquire, own, hold, improve, use and otherwise deal in and with real or personal property, or any interest therein, in the name of PORTAL AGENCY;

t. Sell, convey, lease, exchange, transfer, and otherwise dispose of all of its property and assets;

u. Sue and be sued, complain and defend, in all courts of competent jurisdiction in PORTAL AGENCY's name;

v. Make and alter bylaws for the administration and regulation of its affairs; and

w. Any and all other lawful acts necessary to further PORTAL AGENCY's goals and purposes.

x. Notwithstanding the foregoing, the PORTAL AGENCY shall not have the authority to issue debt in its own name.

The Portal Agency, as a joint instrumentality of its municipal corporation members under Chapter 39.34 RCW, shall have no powers or authority that are not held by Washington cities.

SECTION 7. EXECUTIVE BOARD: COMPOSITION AND OPERATION.

a. Composition. The Executive Board shall be composed of one (1) Board Member from each Principal, plus at least one (1) non-voting Board Member representing PORTAL AGENCY Subscribers. Such representatives are referred to as a Board Member or Board Members of the Executive Board.

b. Powers. The Executive Board shall have final decision making authority upon all policy issues and shall exercise the powers described in Section 6. The Executive Board may delegate responsibility for execution of Executive Board policies and directives and for day-to-day operational decision-making to the Manager, including the hiring and supervision of additional staff positions authorized by the Executive Board, subject to the terms of Section 11.

c. Limitation on Total Number of Voting Board Members on Executive Board; Allocation of Executive Board Positions Among Multiple Principals. Notwithstanding the terms of Subsection 7.a, at no time shall the number of Executive Board Members exceed fifteen (15) voting members, and for so long as it remains a Principal, no Original Principal shall be required to share representation of its Board seat with another Principal. If the addition of a new Principal would cause the number of Executive Board voting Board Members to exceed fifteen (15), then the Principals with the smallest Population shall share a single Board Member position in order to reduce the number of Executive Board voting Board Members to fifteen (15); *provided that*, if over five (5) Principals would be represented by a single Board Member, then an additional

Board seat shall be converted for shared representation, to be shared by the Principals with the smallest Population. In the event that the number of Principals sharing representation is not evenly divisible by the number of shared seats, then the Principals with the larger Population shall be given the benefit of the allocation (e.g., if 7 Principals are to share 2 seats, then the 3 Principals with the largest Population (within the group sharing representation) shall share one (1) seat, and the four (4) Principals with the smallest populations shall share the second seat). If the number of Principals exceeds 59, then the same process as described above shall be repeated, that is, moving to a maximum of six (6) Principals sharing a seat, and so on (seven (7) Principals sharing a seat, etc.) as necessary to accommodate additional Principals.

d. Method of Determining Selection of Subscriber Representative(s) or Shared Voting Board Member(s). Subscribers shall initially share one (1) non-voting seat on the Executive Board. The Executive Board may by Supermajority Vote increase the number of non-voting seats for Subscribers, and may define how such additional seats are allocated among Subscribers. Unless otherwise described in the Bylaws, Subscribers sharing representation of the non-voting Board Member shall determine the means by which to select their Executive Board representative and shall inform the Board of their choice at the time of the biennial Executive Board Officer elections (or at such other times as may be required in the event of a vacancy). Similarly, those Principals sharing representation on a single Executive Board seat shall determine the means by which to select the position, and shall make the determination at the same time as the biennial Executive Board Officer elections (or at such other times as may be required in the event of a vacancy).

i. Unless otherwise described in the Bylaws, in the event that Subscribers or Principals are unable to agree on a shared representative or Board Member on a timely basis, the remaining Executive Board Members may make the selection for them by a vote of the Executive Board.
ii. Individuals representing multiple Subscribers or Principals are expected to confer with the Cities they represent.

e. Qualifications to Serve on Executive Board. To serve on the Executive Board, as either a voting or non-voting Board Member, a person must be the appointing city's Chief Financial Officer (e.g., finance director or city treasurer, or equivalent), or their deputy or equivalent. An individual representing multiple cities on a single Executive Board seat, or serving as the non-voting Subscriber representative shall similarly hold such a position within one of the Subscriber cities sharing such representation.

f. No Compensation for Serving on Executive Board. All Executive Board Members and their alternates shall serve without compensation from the PORTAL AGENCY. However, the PORTAL AGENCY may pay for or reimburse Executive Board Members and alternates for out-of-pocket costs related to service on the Executive Board.

g. Term of Office; Vacancies. Executive Board Members shall serve on the Executive Board for so long as they hold a position that qualifies them for the seat, unless the city they represent elects to appoint another individual. Executive Board Members representing multiple Cities (either as a Principal or Subscriber) shall serve until the next Board Officer elections. Any vacancies shall be promptly filled by the appointing Principal, group of Principals, Subscribers, or the Executive Board (per Section 7.d.i), as appropriate.

h. Alternates. Each Executive Board Member shall have a single alternate designated in writing. Alternates must meet the same qualification as the designated Board Member or have similar financial expertise and be in a management position within their city.

i. Quorum. A simple majority of the Board Members (or their alternates) in number (excluding any Board Member which per Section 17 has given notice of withdrawal or which has been terminated by vote of the Executive Board) shall constitute a quorum of the Executive Board for purposes of taking action.

j. Voting. The Executive Board shall strive to operate by consensus. All Executive Board decision on items not listed in Section 7.k shall require a Simple Majority Vote for approval. A Board Member may not split his or her vote on an issue. No voting by proxies or mail-in ballots will be allowed. Voting by a designated Alternate is not considered a vote by proxy. A Board Member representing a Principal that has given notice of withdrawal or which has been terminated by vote of the Executive Board shall be authorized to cast votes at the Executive Board only on budget items to be implemented prior to the withdrawal or termination date.

k. Items Requiring a Supermajority Vote for Approval:

i. Approval or amendment of the budget or draft budget. (Per Section 13.b.iv, approval of the draft and final budget or amendments thereto also requires unanimous approval of the Original Principals in certain instances).
ii. Approval or amendment of user fees and charges.
iii. Approval of the Portal Operations Policy or amendments thereto.
iv. Adoption or amendment of the Bylaws or amendment of the Articles of Incorporation.
v. A decision to acquire assets, equipment, real or personal property, or bind the PORTAL AGENCY to pay total or cumulative any contract amounts over $50,000, *provided that,* this threshold amount will be indexed on the fifth anniversary of the formation of the PORTAL AGENCY and every five (5) years thereafter by the CPI-U Seattle-Tacoma-Bremerton.
vi. Admission of a new Principal.

vii. Admission of a new Subscriber.

viii. The decision to create an additional non-voting seat for Subscribers on the Executive Board.

ix. Addition of any staff positions, or partial staff positions, to support PORTAL AGENCY operations. (Per Section 13.b.iv, approval of funding for increases in the number of staff positions also requires unanimous approval of the Original Principals in certain instances).

x. Appointing or removing the Manager.

xi. Merger, consolidation, sale of all or substantially all assets of the PORTAL AGENCY (See Section 16).

xii. Amendment of the Agreement (except for those amendments requiring approval of all legislative bodies of the Principals per Section 18).

xiii. Termination or dissolution of the PORTAL AGENCY (See Section 19).

xiv. Any other action actions requiring a sixty six-percent (66%) Supermajority vote under Chapter 24.06 RCW.

l. Officers. The Executive Board shall have four officers, a Chair, Vice-Chair, Secretary and Treasurer. It will be the function of the Chair to preside at the meetings of the Executive Board. The Vice-Chair shall assume this role in absence of the Chair. At the first meeting of the Executive Board following the effective date of this Agreement, the officers shall be elected, and shall serve in this capacity through April 1, 2016, whereupon a new Chair and Vice-Chair shall be elected by the Executive Board. Biennially thereafter, the Executive Board shall elect a new Chair and Vice-Chair for two (2) year terms commencing each April 1. In the event of a vacancy in the Chair position, the Vice-Chair shall assume the Chair for the balance of the term of the departed Chair. In the event of a vacancy in the Vice-Chair position, the Executive Board shall elect a new Vice-Chair to serve the balance of the term of the departed Vice-Chair. An officer elected to fill the unexpired term of his or her predecessor shall not be precluded from serving one or more full annual terms of office following the end of such unexpired term. Any officer appointed by the Executive Board may be removed by vote of the Executive Board, with or without cause, in which event the Executive Board shall promptly elect a new officer who shall serve until the next regular officers' board term begins. The Executive Board may appoint persons other than Board Members of the Executive Board to serve as Secretary and Treasurer of the PORTAL AGENCY. The duties of all officers shall be further described in the PORTAL AGENCY Bylaws.

m. Staffing. The Manager shall assign agency staff to support the Executive Board as he or she deems appropriate.

n. Meetings. The Executive Board shall meet as often as it deems necessary and not less than once a year, at a time and place designated by the Chair of the Executive Board or by a majority of its Board Members. Not less than fourteen (14) days advance notice of regular

meetings shall be given. Special meetings may be called by the Chair or any two (2) Board Members upon giving all other Board Members not less than ten (10) days prior notice. In an emergency, the Executive Board may dispense with written notice requirements for special meetings, but must, in good faith, implement best efforts to provide fair and reasonable notice to all Executive Board Members. Board Members (or alternates) may participate in meetings by telephone conference or equivalent means of voice communication. At all times the Executive Board shall comply with Ch. 42.30 RCW (Open Public Meetings Act).

o. Articles of Incorporation and Bylaws. Unless otherwise provided in the Articles and Bylaws or by vote of the Executive Board, upon the request of any Board Member of the Executive Board, Robert's Revised Rules of Order shall govern any proceeding of the Executive Board.

p. Consultation with Operations Committee. It is the intent of this Agreement to seek the active participation and advice of Participating Cities in the determination of PORTAL AGENCY policies and management. To the extent practicable, all items to come before the Executive Board shall have been previously subject to the review, comment and recommendation of the Operations Committee and the Executive Board shall consider input from the Operations Committee in its deliberations.

q. Consultation with Businesses, Taxpayers and Participating Cities. Not less than once each year the Executive Board shall seek input from Taxpayers and Participating Cities for the purpose of securing feedback and information on the efficiency and effectiveness of the Portal and PORTAL AGENCY programs.

SECTION 8. CONVERSION OF STATUS OF PARTICIPATING CITIES; ADDITION OF NEW PRINCIPALS OR SUBSCRIBERS.

a. Loss of Principal Status. As described in Sections 13.d and 13.k hereof, a Principal shall be converted to Subscriber for failure to approve its share of the budget or for nonpayment or delinquency in payment of charges and fees. On the date of such conversion, said former Principal shall:

i. lose its representation on the Executive Board;
ii. lose its right to receive a share of the PORTAL AGENCY assets upon dissolution of the PORTAL AGENCY;
iii. become subject to payment of charges and fees in accordance with the then applicable payment formula for Subscribers; and
iv. be bound by the terms of the then current Subscriber service contract.

The conversion of a Principal to Subscriber shall not discharge or relieve any Principal of its obligations to the PORTAL AGENCY or any other Participating City.

b. Election to Convert to Subscriber. A Principal may elect to convert to Subscriber status effective the first day of the next budget period by giving notice of its intent to the Governing Board not less than eight (8) months in advance of such effective date; *provided that*, a Principal may not exercise such election to take effect within the Initial Term. Such conversion shall be effective as proposed without further action of the Executive Board, barring any basis for terminating the Principal and action thereon by the Executive Board.

c. New Principals. A city or town otherwise meeting the qualifications of a Principal in Section 3.z hereof may be admitted to the PORTAL AGENCY as a Principal upon Supermajority Vote of the Executive Board as required under Section 7.k and its approval and execution of a document confirm. Similarly, a Subscriber may apply to the Executive Board to be converted to Principal status. As a condition of becoming a Principal, whether by conversion or new admission, the Executive Board may require payment or other contributions or actions by the new Principal as the Executive Board may deem appropriate consistent with the Bylaws and Portal Operations Policy, and may set such start date for service as it deems appropriate, it being the intention that the addition of new Principals shall not cause then-existing Principals to incur additional costs.

d. New Subscribers. The determination of whether to accept Subscribers shall be made by the Executive Board in a manner similar, and subject to such terms and conditions, as that for accepting new Principals, it being the intention that the addition of new Subscribers shall not cause then-existing Principals or Subscribers to incur additional costs.

SECTION 9. TAX AND FINANCE OPERATIONS COMMITTEE.

a. Role and Responsibilities. A Tax and Finance Operations Committee ("Operations Committee") shall be established to provide advice and recommendations to the Executive Board. The Executive Board may determine to direct the Operations Committee to perform specific responsibilities within Board-defined parameters. The Operations Committee shall endeavor to promote interagency collaboration, cooperation and information sharing between PORTAL AGENCY Principals and Subscribers. The Operations Committee shall:

i. Assist in the review and development of Portal Operations Policy and amendments thereto, Portal development options, proposed new service options, and such other matters as the Executive Board may direct;
ii. Make reports and recommendations to the Executive Board from time to time on matters the Operations Committee deems appropriate;
iii. Assist in the review and development of proposed PORTAL AGENCY budgets;

iv. Provide written recommendations with respect to the proposed budget to the Executive Board at the time the proposed budget is submitted to the Executive Board;

v. Provide advice, information and recommendations to the PORTAL AGENCY Manager and staff;

vi. Assist in communications to City Councils, legislators, business community on PORTAL AGENCY issues;

vii. Reach out to technology staff within their respective Cities for input and ideas, and to keep them apprised of PORTAL AGENCY issues;

viii. Brief their respective Executive Board Members in advance of Executive Board meetings.

b. Membership. Membership of the Operations Committee shall include one (1) Representative from each Principal, appointed by that Principal, plus at least one (1) representative, appointed by the Executive Board, to represent Subscribers. Each Principal shall also appoint in writing a designated alternate to serve on the Operations Committee in case of absence of the primary Representative.

c. Qualification to serve on Operations Committee. Representatives and their alternates shall be staff from the Principal they represent, with expertise in city tax policy and administration and/or city financial policy and administration. Persons serving on the Operations Committee are referred to as Representatives (or alternates) and shall serve without compensation from the PORTAL AGENCY.

d. Officers, Voting, Meeting Rules. The Operations Committee shall select a Chair and Vice-Chair from among the membership of the Operations Committee. Each Representative on the Committee shall have one vote. The meeting rules for the Operations Committee shall be further defined in the PORTAL AGENCY Bylaws.

e. Staffing. The Operations Committee shall be staffed by the Manager and such additional agency staffing as the Manager may deem appropriate.

SECTION 10. PORTAL AGENCY STAFFING.

a. The PORTAL AGENCY shall be staffed in such manner as the Executive Board determines, including but not limited to the use of loaned employees from Principals, consultants or other service providers, purchase of services from Principals or others, or hiring staff, or any combination of the foregoing.

b. As described in Section 13.b.iv.2 and Exhibit D, any increase in Labor Costs in excess of the New Participant Labor Cost Increment requires approval of a Supermajority Vote of the Executive Board as well as the approval of all Board Members representing all Original Principals.

SECTION 11. PORTAL AGENCY MANAGER.

a. Portal Agency Manager Appointment, Responsibilities and Authority. The Executive Board shall be responsible for the appointment and termination of a Manager of the PORTAL AGENCY, and shall request input from the Operations Committee, or any other standing committees created by the Executive Board, regarding any proposed appointment. The Manager shall:

i. Be responsible to the Executive Board and shall advise it from time to time on a proposed budget and other appropriate matters in order to fully implement the purposes of this Agreement;
ii. Administer the PORTAL AGENCY in its day-to-day operations consistent with the policies adopted by the Executive Board;
iii. Appoint persons to fill other staff positions, subject to confirmation by the Executive Board as the Board may require;
iv. Submit quarterly budget and operation performance reports to the Executive Board in a form acceptable to the Executive Board;
v. Undertake outreach to Taxpayers, Licensees and businesses, as well as to Participating Cities on the effectiveness of the PORTAL AGENCY operations and programs.
vi. Manage and oversee performance of the Vendor and other vendors or contractors providing services to the PORTAL AGENCY.
vii. Consult in advance with the Operations Committee on issues to come before the Executive Board, including but not limited to working with the Operations Committee in the development of the PORTAL AGENCY's budget and policies.

b. Qualifications, Retention and Termination. The Manager shall have experience in technical, financial and administrative fields and his or her appointment shall be on the basis of merit only. The Manager is an "at will" position and may be terminated from his or her position as Manager upon the Supermajority Vote of the Executive Board, without cause.

c. Legal Counsel, Accountants and Auditors. Only the Executive Board shall be authorized to hire or retain legal counsel and independent accountants and auditors. Other consultants may be designated in such manner as the Executive Board may determine subject to Sections 6 and 7.

d. Contracts and Support Services. Subject to the terms of the Bylaws, the Executive Board or the Manager with advice of the Operations Committee shall as necessary contract with appropriate local governments or other third parties for the use of space for its operations, and for staff and auxiliary services including, but not limited to, records, payroll, accounting, purchasing and data processing. Notwithstanding the foregoing, only the Executive Board may approve changes to the Portal Vendor(s) or Portal Vendor Services Contract.

SECTION 12. ASSIGNMENT OF PORTAL SERVICES CONTRACT FROM SEATTLE TO PORTAL AGENCY.

Promptly following the execution of this Agreement and the filing of such forms with the Washington Secretary of State as are necessary to incorporate the PORTAL AGENCY as a nonprofit corporation, The City of Seattle agrees to assign the Portal Services Contract to the PORTAL AGENCY, together with all rights and responsibilities appurtenant thereto and the PORTAL AGENCY shall agree to accept such assignment, rights and responsibilities, it being the intent of the parties to this Agreement that the PORTAL AGENCY shall assume all responsibility for overseeing and funding the work of the Vendor pursuant to such Portal Services Contract as soon as practicable following formation of the PORTAL AGENCY.

SECTION 13. BUDGET; COST ALLOCATION; CAPITAL COST RECOVERY CHARGES; PAYMENT OF CHARGES; DELINQUENCIES; RESERVE FUNDS.

a. Budget Fiscal Year. The budget fiscal year shall be either the calendar year, or two calendar years as the Executive Board may determine. The "budget period" corresponds to the fiscal year or years so determined by the Board.

b. Budget Approval. The Manager shall develop the proposed operating budget in consultation with the Operations Committee. The Manager and Executive Board shall use their best efforts to meet the budget schedule set forth below, but failure to meet a specified budget deadline shall not constitute a breach of this Agreement.

i. The Manager shall present a proposed budget to the Executive Board by no later than **May 1** prior to the commencement of the budget period, together with the Operation Committee's recommendations with respect to the proposed budget.

ii. By no later than **June 15**, the Executive Board shall (1) review and revise the draft budget as it deems appropriate; (2) approve the draft budget (including proposed charges to Participating Cities and any user fees to

Taxpayers and Licensees) by Supermajority Vote; and (3) forward same to Principals. The approved draft budget, and all proposed fees and charges shall be forwarded to Subscribers no later than **July 1**.

iii. The final budget shall be adopted by vote of the Executive Board effective no later than **December 31** prior to commencement of the budget period, after receiving information as to:

1. which Subscribers will be continuing to contract with the PORTAL AGENCY; and

2. which Principals have or will approve their shares of the PORTAL AGENCY budget, based on action or information from such Principals received by the PORTAL AGENCY no later than **December 1**.

iv. Vote Required to Approve Budget. Per Section 7.k.i, a Supermajority Vote of the Executive Board is required to approve the draft and final budget, *provided* that unanimous approval of the Executive Board Members representing all Original Principals shall also be required to approve any budget or budget amendment that includes:

1. An increase in Capped Costs greater than the maximum amount allowed per calculation of the New Participant Capped Cost Increment, as further described in Exhibit D.

2. An increase in Labor Costs to increase the number of full or partial staff positions greater than the maximum amount allowed per calculation of the New Participant Labor Cost Increment, as further described in Exhibit D.

v. 2014 Budget. Notwithstanding the foregoing, the PORTAL AGENCY budget for the year 2014 will be formally adopted by action of the Executive Board promptly following incorporation of the PORTAL AGENCY and need not be submitted for approval by the Original Principals. The proposed 2014 budget is set forth at Exhibit A. By approving this Agreement each Original Principal also approves their contribution to the 2014 budget in an amount not to exceed that shown in Exhibit A, promptly following the date the PORTAL AGENCY is incorporated.

c. Payment of Charges. The Board shall determine the timing of payments by Participating Cities, which shall be set forth in the Portal Operations Policy.

d. Failure of a Principal to Approve Budget Share. Failure of a Principal to approve its share of the budget before the commencement of the budget period shall result in the Principal being converted to Subscriber status effective as of the first day of the budget period for which the budget was not approved.

e. Notification of Final Adopted Budget. Promptly following final adoption of the budget by the Executive Board, the Manager shall provide notice to all Principals and Subscribers as to the terms of the final adopted budget, including their share of PORTAL AGENCY costs, charges and fees, and the payment schedule.

f. Budget Modifications. Modifications to the budget shall be approved by a Supermajority Vote of the Executive Board (and also unanimous consent of the Original Principals if required by Section 13.b.iv above) as necessary from time to time to account for changes in expenditures and revenues.

g. Cost Allocation and Cost Recovery Principles. The PORTAL AGENCY budget shall be generally allocated between all Participating Cities based on the number of Transactions processed for each City on the Portal. In years 2014 through 2018, the number of Transactions for the Original Principals shall be based on 2012 historical actual pre-Portal use Transaction Counts (set forth in Exhibit A) and the City Transaction Count for any other Participating City shall be based on the most recent historical data for that City prior to it joining the Portal. From and after 2019, the number of Transactions allocated to Original Principals shall be based on the most recent actual annual number of Transactions processed on the Portal for each such City (thus for 2019, the 2017 actual Transaction count will be used); for other Participating Cities, the allocation will be determined considering the actual number of Transactions (if the City had joined before 2019), historical tax and license information, and the experience of Original Principals as to how quickly businesses have adopted use of the Portal since its launch. The details of the cost allocation calculation shall be set forth in the Portal Operations Policy. Nothing in this Agreement shall be construed to prohibit the Executive Board from including factors in addition to the number of City Transactions in the cost allocation formulas as between Participating Cities, so long as the primary basis for allocation remains the City Transaction count.

h. User Fees. The PORTAL AGENCY shall impose such reasonable user fees as the Executive Board may determine on Taxpayers and Licensees utilizing the Portal to file tax returns or file business license applications in order to recoup costs of PORTAL AGENCY

operations, the Portal operation and maintenance, reserves and any other PORTAL AGENCY costs.

i. Estimated Six Year Operating Costs. Exhibit B sets forth a general estimate of the annual costs to establish and operate the PORTAL AGENCY between 2014 and 2020, assuming the Original Principals are the only Participating Cities, and includes estimated payment of Vendor's charges pursuant to the Portal Services Contract and other estimated operating costs. This Exhibit is an estimate and is not binding on any of the parties to this Agreement, nor is it binding on the PORTAL AGENCY.

j. Capital Cost Recovery Charge. In order to reimburse the City of Seattle for approximately one third of the costs Seattle paid to fund start-up of the Portal Agency, each Participating City other than the City of Seattle will be charged an annual Capital Cost Recovery Charge, in an amount described in Exhibit C. Such Charges shall be imposed each year from and after 2015 until such time as the total Capital Cost Recovery Charges paid reaches $1,400,000. The Capital Cost Recovery Charges will be paid by Participating Cities to the Portal Agency and the Portal Agency shall thereafter remit the total annual amount to Seattle. The Capital Cost Recovery Charge is not considered part of the Portal Agency budget for purposes of calculating Capped Costs or CPI-U limitations on the growth of such costs.

k. Payment and Delinquencies. Principals shall promptly pay fees and charges allocable to them. Interest on fees and charges allocable to any Principal not paid when due shall begin accruing interest immediately at the Federal Reserve Prime Rate as of the date the payment was originally due, plus 3% per year. The PORTAL AGENCY shall, within seven (7) days of the due date, send notice to any delinquent Principal and provide a 60-day cure period from the original due date of the payment. If such fees and interest penalties are not paid in full within 60 days of the original due date, then the Principal delinquent in payment of fees shall upon such 60th day be deemed immediately converted to the status of a Subscriber and subject to penalty as described in Section 8. In the event a Principal converted to Subscriber status by non-payment of fees shall not have paid in full all fees and interest owing by six (6) months after the original due date, then the Executive Board may terminate provision of the PORTAL AGENCY'S services to that former Principal. After one (1) year, the nonpaying former Principal shall be deemed to have withdrawn from this Agreement, but the termination of services shall not absolve the former Principal of its obligation to pay all fees and charges past due, together with interest.

l. Terms of Subscriber Contracts. Subscriber contracts shall include terms consistent with these delinquency provisions, that is, interest shall accrue on delinquent payments at the same rate as provided herein, and service may be terminated if fees and interest are not paid in full within six months.

m. Reserve Funds. The Executive Board may establish and fund reserve funds to support operations or capital investments for the PORTAL AGENCY, at levels the Executive Board determines to be appropriate; *provided* that general reserve funds may only be used to support general PORTAL AGENCY operations, maintenance and capital costs and may not be used in support of developing projects or services that will not be utilized by all Principals; and *provided further*, that no Principal shall be required to contribute to special reserves established exclusively in support of projects or services that the Principal has certified it does not intend to utilize or make available to its Taxpayers and Licensees.

n. Use of Funds. Consistent with any use imposed on particular funds by statute, ordinance, contract, this Interlocal Agreement or any bylaws adopted by PORTAL AGENCY, the PORTAL AGENCY may use any available funds for any purpose authorized by this Agreement in connection with an authorized project.

SECTION 14. RETAINED AUTHORITY AND RESPONSIBILITY OF PARTICIPATING AGENCIES.

Each Participating City shall retain the responsibility and authority for its operational departments and for such equipment and services as are required at its place of operation to connect to PORTAL AGENCY operations, including but not limited to each Participating City's computer and data systems managing processes that provide services the Portal delivers (the City's system of record). Each Participating City shall also retain the responsibility and authority for managing and maintaining the security and privacy of all data that the Participating City links to the Portal. Inter-connecting equipment and services will not be included in PORTAL AGENCY'S budget and operational program, except as the Executive Board may determine.

SECTION 15. OWNERSHIP OF PROPERTY.

a. Ownership of Property. Excepting the Portal which is owned by the Vendor, all property both real and personal, as well as intellectual property rights or licenses purchased or otherwise acquired pursuant to or in connection with this Agreement shall be owned or held in the name of the PORTAL AGENCY; provided, however, that the Executive Board may convey ownership of specific property, property or use rights.

b. Loaned Property. If any Participating City provides equipment or furnishings for PORTAL AGENCY'S use, title to the same shall rest with the respective local entity unless that equipment or furnishing is acquired by the PORTAL AGENCY.

c. Data. Each Participating City shall retain ownership of its own data and property that may be used in connection with Portal or PORTAL AGENCY operations.

SECTION 16. MERGER OR CONSOLIDATION, OR SALE OF ALL OR SUBSTANTIALLY ALL ASSETS.

Approval of the merger or consolidation of PORTAL AGENCY with another entity, or the sale of all or substantially all assets of PORTAL AGENCY, shall require a Supermajority Vote.

SECTION 17. WITHDRAWAL BY, OR TERMINATION OF, A PRINCIPAL.

a. Notice and Timing. Any Principal may withdraw its membership and terminate its participation in this Agreement by providing written notice to the Executive Board on or before December 31 in any year, and the Executive Board shall promptly inform all other Principals of such notice. That withdrawal shall become effective on the last day of the next calendar year. Notwithstanding the foregoing, no Principal may terminate its participation in this Agreement effective prior to the end of the Initial Term.

b. Obligations of departing Principal. A Principal who withdraws, is terminated, changes or is changed to Subscriber status ("departing Principal") shall hold the remaining Principals and Subscribers harmless against any resultant increased capital and/or operating costs allocated to them for the following two (2) budget years (plus the remainder of the current budget year, if applicable), with respect to any Executive Board approved project (excluding the initial launch of the Portal) in which the departing Principal is participating or has agreed to participate prior to notice of withdrawal or notice of change to Subscriber status, but such obligation shall exclude the cost of any Capital Cost Recovery Charges. Such obligation shall be reduced to the extent new Principals or Subscribers are allocated these costs that would otherwise have been chargeable to the departing Principal. After recouping such costs, the Executive Board may authorize reimbursement to the remaining Principals and Subscribers based on a depreciated value of the withdrawing or converting Principal's contribution.

c. Rights of departing Principal. Departing Principals shall have rights to copies of all data held by the PORTAL AGENCY relating to that Principal's Taxpayers and Licensee and other data relating specifically to the Principal.

d. The termination and/or withdrawal of a Principal shall not discharge or relieve any Principal of its obligations to the PORTAL AGENCY or other Participating Cities.

SECTION 18. AMENDMENT OF AGREEMENT.

This Agreement may be amended upon approval of a Supermajority Vote of the Executive Board except that any amendment affecting the following shall require consent of the legislative authorities of all Principals:

a. Expansion of the scope of services provided by the PORTAL AGENCY beyond the scope of expansion authorized in Section 5.c.
b. The terms and conditions of membership on the Executive Board.
c. Voting rights of Executive Board Members.
d. Powers of the Executive Board.
e. Principal contribution responsibilities.
f. Hold harmless and indemnification requirements.
g. Provisions regarding duration, termination or withdrawal.
h. The conditions of this Section.

This section shall not be construed to require legislative authority consent for the addition of a new Principal or agreement to serve an additional Subscriber, or to expand or contract the services purchased by any Principal or Subscriber or offered by the PORTAL AGENCY.

SECTION 19. TERMINATION OF AGREEMENT; DISSOLUTION OF AGENCY.

a. Generally. This Agreement may be terminated upon the approval of a Supermajority Vote of the Executive Board. The termination shall be by direction of the Executive Board to wind up business by a date specified by the Executive Board, which date shall be at least one (1) year following the date of the vote to terminate. Upon the final termination date, this Agreement shall be fully terminated.

b. Distribution of Property on Termination of Agreement. Upon termination of this Agreement, all property acquired during the life of the Agreement remaining in ownership of PORTAL AGENCY shall be disposed of in the following manner:

i. Real or Personal Property. All real or personal property purchased pursuant to this Agreement and all unexpended funds or reserve funds, net of all outstanding PORTAL AGENCY liabilities, shall be distributed to those Principals still participating in the PORTAL AGENCY on the day prior to the termination date and shall be apportioned between Principals based on the ratio that the average of each Principals' contributions to the operating budget over the preceding five (5) years bears to the total of all then remaining Principals' user fees paid during such five-year period. The Executive Board shall have the discretion to allocate the real or personal

property and funds as it deems appropriate, and the apportionment, determined consistent with the preceding sentence, need not be exact.

ii. Intellectual Property Rights. The Vendor will own, or have rights to, all its intellectual property per the terms of the Portal Services Contract, including the right to license the Portal operating system exclusively to the PORTAL AGENCY, its Principals and Subscribers. The Portal license rights, and all rights granted relating thereto, terminate with the termination of the Portal Services Contract. Notwithstanding this termination, the Principals and Subscribers shall retain the right after termination of the Portal license rights to acquire any and all information and data, including but not limited to Taxpayer, Licensee and their respective City data, then currently held by the Vendor or the PORTAL AGENCY. Upon termination of the Portal Development and Services Contract or the dissolution of the PORTAL AGENCY, any and all intellectual property owned by the PORTAL AGENCY (which excludes the Portal and any other intellectual property owned by the Vendor) will be transferred in its entirety to Principal with the largest Population. If said Principal does not agree to accept the intellectual property owned by the PORTAL AGENCY, it shall then be transferred in its entirety to the Principal with the next largest population, and so on should that Principal not agree to accept the intellectual property. If no Principal agrees to accept the intellectual property, then the Executive Board will attempt to sell the intellectual property at fair market value and distribute the proceeds in proper proportion to the current Principals in accordance with Subsection 19.b.i.

iii. Loaned Property. In the event of dissolution or termination of the PORTAL AGENCY, assigned or loaned assets shall be returned to the lending entity.

iv. Allocation of Liabilities. In the event outstanding liabilities of the PORTAL AGENCY exceed the value of personal and real property and funds on hand, all Principals shall contribute to retirement of those liabilities in the same manner as which they would share in the distribution of properties and funds.

c. Notwithstanding the foregoing, the Agreement may not be terminated if to do so would abrogate or otherwise impair any outstanding obligations of the PORTAL AGENCY, unless provision is made for those obligations.

SECTION 20. DISPUTE RESOLUTION.

a. Whenever any dispute arises between a Principal or the Principals or between the Principals and the PORTAL AGENCY (referred to collectively in this section as the "parties")

under this Agreement which is not resolved by routine meetings or communications, the parties agree to seek resolution of such dispute by the process described in this section, which shall also be binding on Subscribers.

b. The parties shall seek in good faith to resolve any such dispute or concern by meeting, as soon as feasible. The meeting shall include the Chair of the Executive Board, the Manager, and a representative(s) of the Principal(s), if a Principal(s) is involved in the dispute, and/or a person designated by the Subscriber(s), if a Subscriber(s) is involved in the dispute.

c. If the parties do not come to an agreement on the dispute or concern, any party may request mediation through a process to be mutually agreed to in good faith between the parties within 30 days, which may include binding or nonbinding decisions or recommendations (whichever is mutually agreed to). The mediator(s) shall be mutually agreed upon and shall be skilled in the legal and business aspects of the subject matter of this Agreement. The parties shall share equally the costs of mediation and assume their own costs.

SECTION 21. INSURANCE.

The Executive Board, Manager, and Operations Board shall take such steps as are reasonably practicable to minimize the liability of the Participating Cities, including but not limited to the utilization of sound business practice. The Executive Board shall determine which, if any, insurance policies may be reasonably practicably acquired to cover the operations of the Portal Agency and the activities of the Parties pursuant to this Agreement (which may include Directors and Officers, Commercial General Liability, Auto, Workers' Compensation, Stop Gap/Employer's Liability, errors and omissions, crime/ fidelity insurance, CyberRisk), and shall direct the acquisition of same. [

SECTION 22. INDEMNIFICATION AND HOLD HARMLESS.

Each Principal shall indemnify and hold other Principals, their officers, officials, employees, agents and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of that Principal's negligent acts or omissions in connection with the performance of its obligations under this Agreement, except to the extent the injuries or damages are caused by another Principal.

a. Each Principal shall indemnify and hold the PORTAL AGENCY and its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of that Principal's negligent acts or omissions in connection with the performance of its obligations under this Agreement, except to the extent the injuries and damages are caused by the PORTAL AGENCY.

b. As provided in its Articles of Incorporation, the PORTAL AGENCY shall indemnify and hold each Principal its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of the PORTAL AGENCY'S acts or omissions in connection with the performance of its obligations under this Agreement, except to the extent the injuries and damages are caused by any Principal.

c. Subscribers shall be required to agree to indemnify and hold harmless each Principal and the Portal Agency, their officers, officials, employees and volunteers from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of Subscribers negligent acts or omissions in connection with its use of the Portal. To such degree as the Executive Board determines to be reasonable, appropriate, and consistent with applicable law and to be in the best interests of the Portal Agency, the Portal Agency may also indemnify and hold harmless Subscribers.

d. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of a party hereto and the PORTAL AGENCY, its officers, officials, employees, and volunteers, the party's liability hereunder shall be only to the extent of the party's negligence. It is further specifically and expressly understood that the indemnification provided in this Section constitutes the party's waiver of immunity under Industrial Insurance Title 51 RCW, solely for the purpose of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

e. Each party shall give the other parties proper notice as provided in Section 24, of any claim or suit coming within the purview of these indemnities. Termination of this Agreement, a Principal's withdrawal from the PORTAL AGENCY, or a Principal's conversion to Subscriber status (collectively for purposes of this subparagraph "Termination"), shall not affect the continuing obligations of each of the parties as indemnitors hereunder with respect to those indemnities and which shall have occurred prior to such Termination.

SECTION 23. INTERGOVERNMENTAL COOPERATION.

The PORTAL AGENCY shall cooperate with local, state and federal governmental agencies in order to maximize the utilization of any grant funds for equipment and operations and to enhance the effectiveness of the PORTAL AGENCY's operations and minimize costs of service delivery.

SECTION 24. NOTICE.

Notices required to be given to the PORTAL AGENCY under the terms of this Agreement shall be directed to the following unless all Principals are otherwise notified in writing:

Chair, PORTAL AGENCY Executive Board
c/o his/her Principal agency's address

Notices to Principals or Subscribers, Board Members or Representatives required hereunder may be given by mail, overnight delivery, facsimile or email (with confirmation of transmission), telegram, or personal delivery. Each Principal shall provide the Chair of the PORTAL AGENCY Executive Board written notice of the address for providing notice to said Principal. Any Principal wishing to change its mail or email address shall promptly notify the Chair of the Executive Board. Notice or other written communication shall be deemed to be delivered at the time when the same is postmarked in the mail or overnight delivery services, sent by facsimile or email (with confirmation of transmission), sent by telegram, or received by personal delivery.

SECTION 25. VENUE.

The venue for any action related to this Agreement shall be in the Superior Court in and for King County, Washington at Seattle, or if applicable, in Federal District Court, Western District of Washington.

SECTION 26. FILING.

As provided by RCW 39.34.040, this Agreement shall be filed prior to its entry in force with the King County Department of Executive Services Division of Records and Licensing Services, or its successor, Records and Elections, or, alternatively, listed by subject on a Principal's web site or other electronically retrievable public source.

SECTION 27. NO THIRD PARTY BENEFICIARIES.

There are no third-party beneficiaries to this Agreement. No person or entity other than a party to this Agreement shall have any rights hereunder or any authority to enforce its provisions, and any such rights or enforcement must be consistent with and subject to the terms of this Agreement.

SECTION 28. SEVERABILITY.

The invalidity or any clause, sentence, paragraph, subdivision, section or portion of this agreement shall not affect the validity of the remainder of the Agreement.

SECTION 29. RATIFICATION.
All prior acts taken by the Principals and the PORTAL AGENCY consistent with this Agreement are hereby ratified and confirmed.

SECTION 30. EXECUTION, COUNTERPARTS AND EFFECTIVE DATE.

This Agreement and any amendments thereto, shall be executed on behalf of each Principal by its duly authorized representative and pursuant to an appropriate motion, resolution or ordinance. This Agreement may be executed in any number of counterparts, each of which shall be an original, but those counterparts will constitute one and the same instrument. This Agreement shall be deemed adopted and effective as of March 1, 2014, subject to prior approval by the legislative bodies of all four Original Principals, execution by each Original Principal, and prior filing of same as required by Section 26.

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//
(Remainder of page left blank intentionally)
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//

IN WITNESS WHEREOF, this Agreement has been executed by each party on the dates set forth below.

City of Bellevue

_____
City Manager

_____
Date
Approved as to Form:

_____
City Attorney

_____
Date

City of Everett

_____
Mayor

_____
Date
Approved as to Form:

_____
City Attorney

_____
Date

The City of Seattle

_____
Mayor

_____
Date

Approved as to Form:

_____
City Attorney

_____
Date

City of Tacoma

_____
City Manager

_____
Date

Approved as to Form:

_____
City Attorney

_____
Date

List of Exhibits

A. Proposed 2014 PORTAL AGENCY BUDGET SUMMARY (including number of Transactions used for cost allocation as between Original Principals)

B. 2015-2020 Estimated PORTAL AGENCY Operating Budget Summary

C. Capital Cost Recovery Charges

D. Calculation of New Participant Capped Cost Increment and New Participant Labor Cost Increment

Exhibit A

Proposed 2014 PORTAL AGENCY OPERATING BUDGET SUMMARY
(including number of Transactions used for cost allocation as between Original Principals)
(June to December 2014)

Labor Total[1]	152,649
Contracts Total[2]	27,000
Overhead Total[3]	12,500
Vendor Costs[4]	180,208
Operating Reserves	55,854
Total Budgeted Costs	**428,210**
Total Budgeted Revenues	**428,210**
Estimated User fee Revenues[5]	72,566
Estimated Revenue from City Cost Allocations[6]	355,644
City of Seattle Cost Allocation[7]	*245,394*
City of Bellevue Cost Allocation	*35,654*
City of Tacoma Cost Allocation	*56,903*
City of Everett Cost Allocation	*17,782*

This budget estimates a six month budget beginning after the Multi-City Business License and Tax Portal is up and running in mid-2014, the first six months are covered by the Portal

---

[1] This budget includes 2.5 FTE: the Portal Manager, a half-time administrative assistant and a full-time IT Project Manager/Business Analyst. The personnel for these positions will be provided by the City of Seattle and the costs in this budget include the fully-funded (salary, benefits, etc.) labor costs for all 2.5 positions. A separate loaned staffing agreement will be entered into between the Portal Agency and the City of Seattle in 2014 for these staff.

[2] Includes contracts for outside services such as Accounting, Insurance, Bank and the State Auditor.

[3] Funding for miscellaneous overhead items such as legal fees, office and operating supplies, printing and licenses/memberships.

[4] Includes costs estimated payable to-Gov Systems under the Portal Services Contract in 2014, from and after the Portal goes "live." For the first five years of Portal operation,.e-Gov Systems will charge the Portal Agency $1.25 every time a business or taxpayer makes an online Portal filing, whether or not tax is owing.

[5] Assumes the Executive Board approves a proposed user fee of $4 per online session per City (the proposed fee would be payable only when tax is owed; multiple tax and/or license filings on the same session would incur only one fee). This user fee is based on an estimated Portal use adoption rate by business and taxpayers of 15%. This adoption rate is expected to grow considerably each year.

[6] Cost Allocations are based on the 2012 Transaction count for each Original Principal, shown in the table at the End of this Exhibit A.

[7] Excludes Seattle's contributions to start-up costs in 2014. Also excludes labor and operating costs for which Seattle will be reimbursed from the Total Budget shown above, per the loaned staffing agreement.

Implementation Project costs funded by Seattle. This budget estimates also assumes only four cities participate in 2014.

Transaction Counts Calculations used for Cost Allocation as between Original Principals

Transaction Counts	Based on 2012 actual business license filings, business and occupations and gross receipts tax filings for each Original Principal				
	Seattle	**Bellevue**	**Tacoma**	**Everet t**	**Total**
Transactions	212,457	30,927	50,000	14,392	307,776
% Allocation	69%	10%	16%	5%	100%

Exhibit B:

Multi-City Business License and Tax Portal Agency
2015-2020 Estimated Operating Budget Summary

This budget is an estimated six year budget and assumes only four cities participating.

	2015	2016	2017	2018	2019	2020
Labor Total[8]	314,740	324,182	333,908	343,925	354,243	364,870
Contracts Total[9]	55,188	56,402	57,643	58,911	60,207	61,532
Overhead Total[10]	15,330	15,667	16,012	16,364	16,724	17,092
Vendor Total[11]	344,888	383,360	421,832	460,304	479,540	498,776
Operating Reserve - 15%	53,668	7,420	7,467	7,516	4,681	4,733
Total Estimated Budget	783,814	787,031	836,862	887,021	915,396	947,003
Estimated User Fee Revenue[12]	193,510	241,888	290,266	338,643	362,832	387,021
Estimated City Cost Allocation Revenues[13]	602,057	555,622	557,306	559,322	563,749	571,414
City of Seattle[14]	415,419	383,379	384,541	385,932	388,987	394,276
City of Bellevue	60,206	55,562	55,731	55,932	56,375	57,141
City of Tacoma	96,329	88,900	89,169	89,492	90,200	91,426
City of Everett	30,103	27,781	27,865	27,966	28,187	28,571

[8] This budget includes 2.5 FTE: the Portal Manager, a half-time administrative assistant and a full-time IT Project Manager/Business Analyst. The personnel for these positions will be provided by the City of Seattle and the costs in this budget include the fully-funded (salary, benefits, etc.) labor costs for all 2.5 positions. A separate loaned staffing agreement will be entered into between the Portal Agency and the City of Seattle in 2014 for these staff.

[9] Includes contracts for outside services such as Accounting, Insurance, Bank and the State Auditor.

[10] Funding for miscellaneous overhead items such as legal fees, office and operating supplies, printing and licenses/memberships.

[11] Includes costs estimated payable to-Gov Systems under the Portal Services Contract in 2014, from and after the Portal goes "live." e-Gov Systems will charge the Portal Agency $1.25 every time a business or taxpayer makes an online Portal filing, whether or not tax is owing. This per-filing cost is fixed for the first five years of Portal operation.

[12] Assumes the Executive Board approves a proposed user fee of $4 per online session per City (the proposed fee would be payable only when tax is owed; multiple tax and/or license filings on the same session would incur only one fee). This user fee is based on an estimated Portal use adoption rate by business and taxpayers of 15%. This adoption rate is expected to grow considerably each year.

[13] Cost Allocations are based on the 2012 Transaction count for each Original Principal, shown in Table 2.

[14] Excludes Seattle's contributions to start-up costs in 2014. Also excludes labor and operating costs for which Seattle will be reimbursed from the Total Budget shown above, per the loaned staffing agreement.

Transaction Counts Calculations used for Cost Allocation as between Original Principals

Transaction Counts	Based on 2012 actual business license filings, business and occupations and gross receipts tax filings for each Original Principal				
	Seattle	**Bellevue**	**Tacoma**	**Everet t**	**Total**
Transactions	212,457	30,927	50,000	14,392	307,776
% Allocation	69%	10%	16%	5%	100%

Estimated Adoption Rates

e-Gov Systems Recommended Adoption Rate	This is the recommended rate of adoption from e-Gov systems based on previous implementations.					
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
Adoption Rate	40%	50%	60%	70%	75%	80%

CPI-U Rates Forecast

	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
CPI-U Forecast (Bellevue)	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%

Exhibit C

Capital Cost Recovery Charges

Beginning in 2015, every Participating City other than the City of Seattle will pay a yearly Capital Cost Recovery Charge to the Portal Agency which in turn will remit the annual total of such Charges paid to the City of Seattle. The Charges will remain in place until the total amount of $1,400,000 has been remitted to Seattle.

The Executive Board shall determine the timing for payment of the Capital Cost Recovery Charges.

Each Participating City's Capital Cost Recovery Charge will be determined based on the number of Transactions allocated to such City in the budget year in which the Charge will be collected, and in accordance with the following table:

Category:	**Smallest City**	**Smaller City**	**Small City**	**Medium City**	**Large City**
Transaction Count allocated to the City in the budget year	< 1000	1001 - 4000	4,001 to 14,400	14,401 to 31,000	>31,001
Capital Cost Recovery Charge payable annually	**$500**	**$1000**	**$2000**	**$4000**	**$6000**

Exhibit D

Calculation of New Participant Capped Cost Increment and New Participant Labor Cost Increment

New Participant Capped Cost Increment.

The New Participant Capped Cost Increment is an amount calculated in the development of each budget (or budget amendment) to identify the maximum amount by which Capped Costs may increase in the budget period *without requiring unanimous consent of the Executive Board Members representing all four Original Principals*. The Increment is determined by identifying the "CPI-U Limit for Capped Costs per Transaction" for the applicable budget period, assuming the Portal Agency has the same number of Participating Cities as the prior budget period and the Capped Costs from the previous period are inflated by the CPI-U Limit. The Capped Cost per Transaction is then multiplied by the number of Transactions attributable to new Participating Cities joining the Portal Agency in the budget period, and the resulting total is the maximum amount by which the Capped Costs in the new budget period may be increased over and above the Status Quo Capped Cost *without requiring unanimous consent*.

Illustration: **Calculation of New Member Capped Cost Increment for Year X** *Assuming: 1 year budget period; addition of 2 member cities proposed in Year X*	
Part 1: Calculating CPI-U Limit for Capped Costs Per Transaction	
CPI-U Limit for Capped Cost for Year X, • Inflate Capped Costs for the previous year by the CPI-U Limit.	$16,000
Estimated Transaction Count for Year X from currently Participating Cities • Includes all Cities participating as Principals or Subscribers in the previous year. • Transaction count is that used for purposes of estimating the cost allocations of these Participating Cities in Year X.	125,000
Capped Cost Per Transaction ($16,000 ÷ 125,000)	**$0.128**
Part 2: Calculating New Member Capped Cost Increment	
New Member Transaction Count • Total Transactions assigned to the 2 new Participating Cities for purposes of budget allocation in Year X	10,000
New Member Capped Cost Increment for Year X ($0.13 x 10,000)	**$1,280**
Capped Costs in Year X may be increased by Supermajority Vote to a level of $17,280. Capped Costs in excess of that amount would require Supermajority Vote and unanimous approval by Board Members representing the Original Principals.	

New Member Participant Labor Cost Increment.

The New Participant Labor Cost Increment is an amount calculated in the development of each budget (or budget amendment) to identify the maximum amount by which Labor Costs may increase in the budget period *without requiring unanimous consent of the Executive Board Members representing all four Original Principals.* The Increment is determined by identifying the "Status Quo Labor Cost per Transaction" for the applicable budget period, assuming the Portal Agency has the same number of Participating Cities and staff as the prior budget period. The Labor Cost per Transaction is then multiplied by the number of Transactions attributable to new Participating Cities joining the Portal Agency in the budget period, and the resulting total is the maximum amount by which the Labor Costs in the new budget period may be increased over and above the Status Quo Labor Cost *without requiring unanimous consent.*

Illustration: **Calculation of New Participant Labor Cost Increment for Year X** *Assuming: 1 year budget period; addition of 2 member cities proposed in Year X*	
Part 1: Labor Cost Per Transaction	
Status Quo Labor Costs for Year X • Assuming same number of staff (including employees, if any, and loaned staff) as were engaged by the Portal Agency in the previous year, and adding any estimated increases in costs of salary, benefits, etc. for those same personnel over and above the previous year's costs.	$350,000
Estimated Transaction Count for Year X from Currently Participating Cities • Includes all Cities participating as Principals or Subscribers in the previous year. • Transaction count is that used for purposes of estimating the cost allocations of these Participating Cities in Year X.	125,000
Labor Cost Per Transaction ($350,000 ÷ 125,000)	**$2.80**
Part 2: New Participant Labor Cost Increment	
New Participant Transaction Count • Total Transactions assigned to the 2 new Participating Cities for purposes of budget allocation in Year X	10,000
New Participant Labor Cost Increment for Year X ($2.80 x 10,000)	**$28,000**
Labor Costs in Year X may be increased by Supermajority Vote to a level of $378,000. Labor Costs in excess of that amount would require Supermajority Vote ***and*** *unanimous approval by Board Members representing the Original Principals.*	

IN WITNESS WHEREOF, this Agreement has been executed by each party on the dates set forth below.

City of Bellevue

City Manager

1-31-14

Date

Approved as to Form:

City Attorney

Date

City of Everett

Mayor

Date

Approved as to Form:

City Attorney

Date

The City of Seattle

Mayor

Date

Approved as to Form:

City Attorney

Date

City of Tacoma

City Manager

Date

Approved as to Form:

City Attorney

Date

IN WITNESS WHEREOF, this Agreement has been executed by each party on the dates set forth below.

City of Bellevue

City Manager

Date

Approved as to Form:

City Attorney

Date

City of Everett

Ray Stephanson

Mayor

1-27-2014

Date

Approved as to Form: attest: Sharon Fuller City Clerk

James D. Iles

City Attorney

1/27/14

Date

The City of Seattle

Mayor

Date

Approved as to Form:

City Attorney

Date

City of Tacoma

City Manager

Date

Approved as to Form:

City Attorney

Date

IN WITNESS WHEREOF, this Agreement has been executed by each party on the dates set forth below.

City of Bellevue

City Manager

Date

Approved as to Form:

City Attorney

Date

City of Everett

Mayor

Date

Approved as to Form:

City Attorney

Date

The City of Seattle

Mayor

1/29/14

Date

Approved as to Form:

By: [signature]

For: City Attorney

2-4-14

Date

City of Tacoma

City Manager

Date

Approved as to Form:

City Attorney

Date

IN WITNESS WHEREOF, this Agreement has been executed by each party on the dates set forth below.

City of Bellevue

City Manager

Date

Approved as to Form:

City Attorney

Date

City of Everett

Mayor

Date

Approved as to Form:

City Attorney

Date

The City of Seattle

Mayor

Date

Approved as to Form:

City Attorney

Date

City of Tacoma

City Manager

12/19/2013

Date

Approved as to Form:

Debra Casp. Deputy

City Attorney

12-13-13

Date

12-18-2013

Andy Cherullo Date

Director of Finance

Attest:

Doris Sorum 12-23-2013

Doris Sorum Date

City Clerk

ORIGINAL

ARTICLES OF INCORPORATION

OF

WASHINGTON MULTI-CITY BUSINESS LICENSE AND TAX PORTAL AGENCY

The undersigned, in order to form a not for profit corporation under Chapter 24.06 of the Revised Code of Washington ("RCW"), and pursuant to Chapter 39.34 RCW, hereby sign and deliver the following Articles of Incorporation:

ARTICLE I — NAME

The name of this corporation is:

WASHINGTON MULTI-CITY BUSINESS LICENSE AND TAX PORTAL AGENCY

ARTICLE II — DURATION

The period of duration of Washington Multi-City Business License and Tax Portal Agency (the "PORTAL AGENCY") is perpetual.

ARTICLE III — PURPOSES

PORTAL AGENCY is organized on behalf of and as an instrumentality of its governmental members to carry out certain exclusively governmental activities and the purposes of the Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement (the "Interlocal Agreement") pursuant to the Interlocal Cooperation Act, Chapter 39.34 RCW. These purposes include developing, owning, operating and managing and maintaining an internet web application gateway to administer City business licensing and tax collection functions (the "Portal"), as further described in the Interlocal Agreement.

ARTICLE IV — PROHIBITED ACTIVITY

Notwithstanding any of the provisions of these Articles of Incorporation, the PORTAL AGENCY shall not conduct or carry on activities not permitted to be conducted or carried on by an organization exempt from federal income tax under Sections 115 of the Internal Revenue Code or by an organization, contributions to which are deductible under Section 170(c)(2). No part of the net earnings of the PORTAL AGENCY shall inure to the benefit of any director, officer or private individual. No substantial part of the activities of the PORTAL AGENCY shall be devoted to the carrying on of propaganda, or otherwise attempting to influence legislation except as may be permitted by the Internal Revenue Code, and the PORTAL AGENCY shall not participate in, or intervene in (including the publication or distribution of statements regarding) any political campaign on behalf of or in opposition to any candidate for public office. The PORTAL AGENCY

shall not have or issue shares of stock, shall not make any disbursement of income to its directors or officers, and shall not make loans to its officers or directors.

ARTICLE V — POWERS

In general, and subject to such limitations and conditions as are or may be prescribed by law, or in these Articles of Incorporation or in the PORTAL AGENCY'S Bylaws or in the Interlocal Agreement, the PORTAL AGENCY shall have all powers which now or hereafter are conferred under Chapters 24.06 and 39.34 RCW and other applicable law upon a corporation organized for the purposes set forth above, or are necessary or incidental to the powers so conferred, or are conducive to the attainment of the PORTAL AGENCY's purposes.

ARTICLE VI — MEMBERS

Each Member of PORTAL AGENCY must be a general purpose municipal corporation formed and existing as a city or town under the laws of the state of Washington and meeting the other requirements described in the Interlocal Agreement. As used in these Articles, the term "Members" means "Principals" as defined in the Interlocal Agreement. The rights and responsibilities of the Members/Principals and the manner of their election, appointment, or admission to membership and termination of membership shall be as provided for in the Interlocal Agreement. The PORTAL AGENCY shall have one class of Members/Principals, except that each Member/Principal may be treated as a separate class for calculating votes as provided for in the Interlocal Agreement.

ARTICLE VII — DISTRIBUTIONS UPON DISSOLUTION

No director, trustee or officer of the PORTAL AGENCY, nor any private individual, shall be entitled to share in the distribution of any of the corporate assets upon dissolution of the PORTAL AGENCY or the winding up of its affairs. Upon dissolution of the PORTAL AGENCY, after paying, satisfying, and discharging, or making adequate provision therefor, of all liabilities and obligations of the PORTAL AGENCY, and after returning, transferring, or conveying assets held by the PORTAL AGENCY requiring return, transfer, or conveyance on condition of the dissolution, all remaining assets of the PORTAL AGENCY shall be distributed by the Executive Board as provided for in the Interlocal Agreement.

ARTICLE VIII — DISSENTING MEMBERS

"Dissenting members," as that term is used in RCW 24.06.245 through 255, will be entitled to the rights and allocation of assets set forth in the Interlocal Agreement, but may be limited to "a return of less than the fair value" of their membership as that term is used in RCW 24.06.255.

ARTICLE IX — BYLAWS

Provisions for the regulation of the internal affairs of the PORTAL AGENCY shall be set forth in the Bylaws of the PORTAL AGENCY.

ARTICLE X — REGISTERED AGENT

The address of the initial registered office of the PORTAL AGENCY is 600 4th Avenue Seattle WA 98104. The name and address of its initial registered agent is Glen Lee, Finance Director, City of Seattle, 700 Fifth Avenue, Suite 4350, Seattle, WA 98104.

ARTICLE XI — DIRECTORS

The initial board of directors (referred to in the Interlocal Agreement as the "Executive Board") shall consist of four (4) directors. The names and addresses of the persons who are to serve as initial directors are:

Ms. Jan Hawn, Finance Director
City of Bellevue
450 110th Avenue N.E.
Bellevue, WA 98004

Ms. Debra Bryant, Chief Finance Director
City of Everett
2930 Wetmore Avenue
Everett, WA 98201

Mr. Glen Lee, Finance Director
The City of Seattle
700 Fifth Avenue, Suite 4350
Seattle, WA 98104

Mr. Andy Cherullo, Finance Director
City of Tacoma
747 Market Street
Tacoma, WA 98402

Directors may be removed as provided for in the Bylaws.

ARTICLE XII -- OFFICERS

The PORTAL AGENCY shall have four officers, a President, Vice-President, Secretary and Treasurer. The President and Vice-President are referred to as the "Chair" and Vice-Chair" respectively, in the Interlocal Agreement. The responsibilities of the officers shall be described in the PORTAL AGENCY Bylaws.

ARTICLE XIII — INCORPORATORS

The names and addresses of the incorporators are:

1. City of Bellevue
   450 110th Avenue N.E.
   Bellevue, WA 98004

2. City of Everett
   2930 Wetmore Avenue
   Everett, WA 98201

3. The City of Seattle
   600 4th Avenue
   Seattle, WA 98104

4. City of Tacoma
   747 Market Street
   Tacoma, WA 98402

ARTICLE XIV — LIMITATION OF DIRECTOR LIABILITY

Except to the extent otherwise required by applicable law (as it exists on the date of the adoption of this Article or may be amended from time to time), a director of the PORTAL AGENCY (a director is referred to as a "Member of the Executive Board" in the Interlocal Agreement) shall not be personally liable to the PORTAL AGENCY for monetary damages for conduct as a director, except for liability of the director (i) for acts or omissions which involve intentional misconduct by the director or a knowing violation of law by the director, (ii) for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled, or (iii) for any act or omission occurring before the date when this provision becomes effective.

If the Washington Nonprofit Miscellaneous and Mutual Corporation Act (the "Act") is hereafter amended to expand or increase the power of the PORTAL AGENCY to eliminate or limit

the personal liability of directors, then, without any further requirement of action by the directors of the PORTAL AGENCY, the liability of a director shall be eliminated or limited to the full extent permitted by the Act. No amendment to or repeal of this Article shall adversely affect any right of protection of any director of the PORTAL AGENCY occurring after the date of the adoption of this Article and prior to such amendment or repeal.

ARTICLE XV — INDEMNIFICATION

Except as provided in Article XIV, the PORTAL AGENCY shall indemnify any director and officer of the PORTAL AGENCY who is involved in any capacity in a proceeding (as defined in RCW 23B.08.500, as presently in effect and as hereafter amended) by reason of the position held by such person or entity in the PORTAL AGENCY to the full extent allowed by law, as presently in effect and as hereafter amended. By means of a resolution or of a contract specifically approved by the Board of Directors (referred to as the "Executive Board" in the Interlocal Agreement), the PORTAL AGENCY may also indemnify an employee, or agent to such degree as the Board of Directors determines to be reasonable, appropriate, and consistent with applicable law and to be in the best interests of the PORTAL AGENCY. Reasonable expenses incurred by a director or officer who is involved in any capacity in a proceeding by reason of the position held in the PORTAL AGENCY, shall be advanced by the PORTAL AGENCY to the full extent allowed by and on the conditions required by applicable law, as presently in effect and as hereafter amended.

The Board of Directors of the PORTAL AGENCY shall have the right to designate the counsel who shall defend any person or entity who may be entitled to indemnification, to approve any settlement, and to approve in advance any expense. The rights conferred by or pursuant to this Article shall not be exclusive of any other rights that any person may have or acquire under any applicable law (as presently in effect and as hereafter amended), these Articles of Incorporation, the bylaws of the PORTAL AGENCY, a vote of the Board of Directors of the PORTAL AGENCY, or otherwise. No amendment to or repeal of this Article shall adversely affect any right of any director, officer, employee, or agent for events occurring after the date of the adoption of this Article and prior to such amendment or repeal.

The PORTAL AGENCY shall also indemnify and hold harmless every Member/Principal, including, but not limited to that Member's/Principal's officers, directors, employees and agents from all claims, injuries, damages, losses or suits, including reasonable attorney fees which arise out of acts and/or omissions of the PORTAL AGENCY. To such degree as the board of directors/Executive Board determines to be reasonable, appropriate, and consistent with applicable law and to be in the best interests of the PORTAL AGENCY, the PORTAL AGENCY may also indemnify and hold harmless Subscribers, including, but not limited to that Subscriber's officers, directors, employees and agents from all claims, injuries damages, losses or suits, including reasonable attorney fees which arise out of acts and/or omissions of the PORTAL AGENCY.

Nothing in these Articles of Incorporation may be interpreted as a waiver of sovereign immunity by any member.

Indemnification of directors and officers by the PORTAL AGENCY shall be consistent with the terms of the Interlocal Agreement, the Act, the Interlocal Cooperation Act and other applicable law. In the event of any inconsistency between this Article and the Interlocal Agreement, the terms of the Interlocal Agreement shall control to the extent consistent with applicable law.

Notwithstanding any other provision of this Article, no indemnification shall be provided to any person if in the reasonable opinion of competent counsel, payment of such indemnification would cause the PORTAL AGENCY to lose its exemption from federal income taxation.

DATED as of this 1st day of March, 2014.

INCORPORATORS:

INCORPORATOR: City of Bellevue

By: Interim City Manager Brad Miyake

INCORPORATOR: The City of Seattle

By: Mayor Edward B. Murray

INCORPORATOR: City of Everett

By: Mayor Ray Stephanson

INCORPORATOR: City of Tacoma

By: City Manager T.C. Broadnax

Indemnification of directors and officers by the PORTAL AGENCY shall be consistent with the terms of the Interlocal Agreement, the Act, the Interlocal Cooperation Act and other applicable law. In the event of any inconsistency between this Article and the Interlocal Agreement, the terms of the Interlocal Agreement shall control to the extent consistent with applicable law.

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By: Interim City Manager Brad Miyake

INCORPORATOR: The City of Seattle

By: Mayor Edward B. Murray

INCORPORATOR: City of Everett

By: Mayor Ray Stephanson

ATTEST:

City Clerk

INCORPORATOR: City of Tacoma

By: City Manager T.C. Broadnax

Indemnification of directors and officers by the PORTAL AGENCY shall be consistent with the terms of the Interlocal Agreement, the Act, the Interlocal Cooperation Act and other applicable law. In the event of any inconsistency between this Article and the Interlocal Agreement, the terms of the Interlocal Agreement shall control to the extent consistent with applicable law.

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DATED as of this 1st day of March, 2014.

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INCORPORATOR: City of Bellevue

By: Interim City Manager Brad Miyake

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By: Mayor Edward B. Murray

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INCORPORATOR: City of Tacoma

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DATED as of this 1st day of March, 2014.

INCORPORATORS:

INCORPORATOR: City of Bellevue

By: Interim City Manager Brad Miyake

INCORPORATOR: The City of Seattle

By: Mayor Edward B. Murray

INCORPORATOR: City of Everett

By: Mayor Ray Stephanson

INCORPORATOR: City of Tacoma

By: City Manager T.C. Broadnax

EVERETT CITY COUNCIL AGENDA ITEM COVER SHEET

PROJECT TITLE:
A Resolution authorizing the Mayor to sign the Interlocal Agreement and Articles of Incorporation to establish the Washington Multi-City Business License and Tax Portal Agency

12/11/13	Briefing	COUNCIL BILL #	
	Proposed Action	Originating Department	Finance
	Consent	Contact Person	Susy Haugen
12/18/13	Action	Phone Number	X8612
	First Reading	FOR AGENDA OF	12/11/13
	Second Reading		
	Third Reading		
	Public Hearing		
	Budget Advisory	Initialed by:	
		Department Head	
		CAA	db
		Council President	

Location	Preceding Action	Attachments	Department(s) Approval
	Briefing 11/20/13 and 12/11/13	Proposed Resolution, Interlocal Agreement, Articles of Incorporation, and summary document	Legal

Amount Budgeted	-0-	
Expenditure Required	-0-	Account Number(s):
Budget Remaining	-0-	
Additional Required	-0-	

DETAILED SUMMARY STATEMENT: The Washington State Multi-City License and Tax Portal Agency ("Portal Agency") is a joint effort by four cities (Bellevue, Everett, Seattle, and Tacoma) to develop a common web portal for businesses to obtain business licenses and file and pay Business and Occupation Tax returns. The Portal will simplify the tax process and improve customer service for businesses through providing a single connection point for all member cities, a common knowledge base for tax information, automatic calculations based on preprogrammed business rules, and the ability to pay one or more cities in a single transaction. The documents authorized through this Resolution create the Portal Agency.

Council approved 12/18/13

RECOMMENDATION: Adopt Resolution authorizing the Mayor to sign the Interlocal Agreement and Articles of Incorporation to establish the Washington Multi-City Business License and Tax Portal Agency