

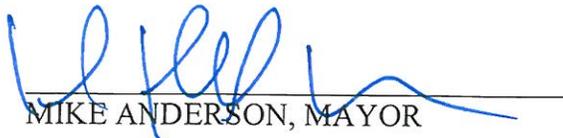
## NOTICE OF AND CALL FOR CITY COUNCIL SPECIAL MEETING

The Sedro-Woolley City Council will hold a special meeting on Friday, February 27<sup>th</sup>, 2015 at 10:30 A.M. at the City of Sedro-Woolley Council Chambers, 325 Metcalf Street, Sedro-Woolley, Washington 98284. This will be a joint meeting with the Skagit County Board of Commissioners and the Port Commission.

The purpose of the special meeting is to:

- 1.) Hear presentation by Peter Janicki on Janicki Bioenergy and potential siting of Janicki Bioenergy Technology Center and manufacturing facility at Northern State.
- 2.) Hear public comment regarding the Northern State property.
- 3.) Discuss and possibly adopt updated interlocal agreement between Port of Skagit, City of Sedro-Woolley and Skagit County (the "Three Entities) regarding the Northern State property.
- 4.) Discuss annexation of the Northern State property into the City of Sedro-Woolley and consider approval of a request to the State Department of Enterprise Services to petition the City of Sedro-Woolley to begin the annexation process.
- 5.) Discuss and possibly take action regarding potential memorandum of intent and or lease agreement and/or purchase and sale agreement and or/option agreements for purchase and/or lease between the Port and the State Department of Enterprise Services regarding the Northern State property and between the Port and Janicki Enterprises.
- 6.) Discuss and possibly take other action(s) to carry out the foregoing interlocal agreement, the foregoing annexation process and/or the foregoing potential management/real property agreements, all regarding the Northern State property.

SIGNED this 27<sup>th</sup> day of February, 2015:

  
MIKE ANDERSON, MAYOR

Copy to:

- Councilman Wagoner
- Councilman Kornegay
- Councilman Kinzer
- Councilman Loy
- Councilman Galbraith
- Councilman Lemley
- Councilman Sandström
- Skagit Valley Herald/Courier Times
- KBRC/KAPS
- Concrete Herald

**AMENDED INTERLOCAL AGREEMENT  
REGARDING NORTHERN STATE**

THIS AMENDED INTERLOCAL AGREEMENT REGARDING NORTHERN STATE (“**Agreement**”) is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 2015 (the “**Effective Date**”), by and between the PORT OF SKAGIT COUNTY (“**Port**”), SKAGIT COUNTY (“**County**”) and the CITY OF SEDRO-WOOLLEY (“**City**”) (hereinafter referred to individually each as the “**Party**” and collectively as the “**Parties**”).

**RECITALS**

A. RCW 39.34.010 envisions that local government will cooperate with the goal of providing services and facilities that meet the needs of the community.

B. RCW 39.34.080 authorizes public agencies to enter contracts with one another to “perform any governmental service, activity or undertaking which each public agency entering into the contract is authorized by law to perform.”

C. The State of Washington owns 225 acres, Skagit County Parcel Identification Nos. P38607, P39356, P100632 and P10064, which includes a variety of buildings, some of which are subject to existing long-term leases with third-party tenants (hereinafter the “**State Property**” or Northern State”). Each of the Parties to this Agreement desires to create a cooperative relationship aimed at joint review and study of the Northern State property located in Skagit County (“**Northern State**”), with the goal of establishing a collective, long-range vision for Northern State that will meet the needs of the community served by the Parties

D. The Parties have conducted studies of the State Property pursuant to an Integrated Planning Grant (IPG) from the Washington State Department of Ecology in addition to funding provided by the Parties.

E. As a result of the studies, the Parties have concluded that the highest and best use of the historic area of the State Property is a combination of Research, Development and Education, Hospitality and Specialty Housing along with other complimentary uses.

F. During the work of the Parties a significant opportunity related to a portion of the State Property which appears to accomplish all of the Parties’ goals and stakeholders working group definition of success presented itself to the Parties.

G. The opportunity presented to the Parties is commonly known as the Janicki BioEnergy Research and Technology Center. It includes:

- Research and Technology Center in the historic area;
- Hospitality facilities in the historic area;
- Specialty housing in the historic area;
- Manufacturing and Assembly facility.

H. The Janicki BioEnergy Research and Technology Center and other facilities will:

- Create and sustain “good” private sector jobs;
- Allow public access;
- Protect environmentally sensitive areas such as Hanson Creek and the Vaux’s Swifts;
- Acknowledge and protect the historic significance of the historic area; and
- Acknowledge and respect the neighboring Upper Skagit Tribe.

I. The Washington State Department of Commerce is awarding a grant to the Parties. The grant will be to study and develop master planning, permitting, and annexation documents and supporting materials. Skagit County will be the signatory and recipient of the grant.

J. The Parties entered into that certain Interlocal Agreement Regarding Northern State dated January 13, 2015 (the “Initial Agreement”) which is to be replaced in its entirety hereby.

## AGREEMENT

**NOW THEREFORE**, in consideration of the foregoing and the mutual promises and covenants in this Agreement, the Parties agree as follows:

1. **Parties.** The Parties’ respective roles with respect to Northern State, as of the date of this Agreement, are as follows:

- Port.** The Port does not presently own or manage any part of Northern State, but it has been asked by the other Parties to consider playing a leadership role with respect to the future plans for Northern State and possibly serve as landlord of Northern State.
- County.** The County is expected to play a role in overseeing the protection of adjacent Hanson Creek.
- City.** Presently none of Northern State is within the City’s corporate boundaries but is in the City’s UGA. The City is expected to play a role in advancing the coordination of future annexing, permitting and zoning of Northern State, working with the other Parties to do so.

2. **Administration.** Pursuant to the authority granted by Chapter 39.34, the Parties hereby designate and appoint the Executive Director of the Port as “Administrator” hereof. The Administrator will be responsible for carrying out the terms and conditions of this Agreement. The County Administrator and the City Supervisor/City Attorney of the City will serve as the

“County Representative” and the “City Representative,” respectively. Regularly during the term of this Agreement, the Administrator will consult with the County and City Representatives concerning the activities authorized hereby. The Parties may appoint an oversight committee comprised of at least one, but not more than two members or representatives from each of the Parties, to work on one or more particular area(s) of study and/or to review and monitor the progress of the work provided for in this Agreement.

3. **Goals.** The Parties’ collective goals under this Agreement, and with respect to Northern State itself, are to work together to explore their long-range vision for Northern State, to retain local ownership of Northern State and to, more specifically:

- a. Encourage the private sector to create and sustain jobs at Northern State benefitting all of Skagit County and its citizens and that are compatible with following goals;
- b. Re-establish public access to Northern State historically significant areas and grounds;
- c. Protect the environmentally sensitive areas of Northern State, in particular Hanson Creek;
- d. Acknowledge and protect the historic significance of Northern State to the local community, the wider region and the State of Washington.
- e. Acknowledge and respect the neighboring Upper Skagit Indian Tribal Nation’s interests in Northern State.

4. **Stakeholders Working Group.** Defined Success. The Parties joined with the State of Washington to hold several public meetings with Stakeholders in the future success of Northern State. At the meeting held on September 16, 2014, the Stakeholders defined success as the following:

- a. Broad support for orderly transition both to local control of the State Property and from the existing interim uses to those consistent with sustainable economic development.
- b. Increased economic value-jobs, tax revenue, other indirect economic benefits.
- c. Stewardship and preservation of historic and natural resources.
- d. Financial and (high quality) operational sustainability.
- e. Re-establish public access to the State Property and connectivity with adjacent Skagit County park property.

- f. Compatibility with uses and design.
- g. Clear leadership of facility.
- h. Plan for long term success.
- i. Respect existing commitments to employees and lessees.
- j. Address legacy environmental impacts.

5. **Assumptions.** In entering into this Agreement the Parties have made the following collective assumptions which will serve as a framework for this Agreement, their review of Northern State, and their decision-making:

- a. The Parties' goal is that Northern State will remain in local, public control with sustained public use.
- b. The Parties recognize that long term viability of Northern State is dependent on a sustainable economic model that does not require continued public subsidy. Therefore, the Parties intend to pursue sustainable economic development.
- c. Northern State is a unique, large and diverse property with a number of challenges and opportunities. The historic area includes the property in the Olmsted design. Some of the buildings included in the historic area do not meet the Olmsted design and will likely need to be demolished. Those buildings include but are not limited to those depicted in Exhibit B. Some of the buildings included in the historic area have deteriorated significantly and will likely be too expensive to restore. Some of the buildings included in the historic area are in reasonable condition and need to be restored, if economically feasible, as part of the Janicki BioEnergy Research and Technology Center. The Parties intend to conduct further analysis to make these determinations. In any event the parties intend to preserve the essential character of Northern State consistent with best practices for historic preservation, including the design and construction of new or remodeled improvements.
- d. The State Property appears to be suitable for manufacturing/assembly and research and technology facilities and associated amenities (e.g. utilities, parking, roadways, walkways). The Parties intend to conduct further analysis to identify those areas appropriate for sustainable economic development and the costs related there.
- e. To properly accommodate the Janicki BioEnergy Research and Technology Center and other potential uses the State Property needs to be annexed into the City of Sedro-Woolley city limits. It is currently in the

City of Sedro-Woolley's Urban Growth Area (UGA). The Parties intend to request the State of Washington to petition for annexation and to cooperate among themselves and with the state to complete expeditiously the annexation process.

- f. To properly accommodate the Janicki BioEnergy Research and Technology Center and other facilities on the State Property the State Property must be either leased from the State of Washington or transferred from the State of Washington to local control. The Port has the mission, experience and ability to lease and sublease property and facilities and to help facilitate development and redevelopment needed for the Janicki Bio Energy facilities. The Parties will seek appropriate authority from the State of Washington to allow the Port to either manage the property with leases for up to sixty (60) years or transfer of the property to the Port.
- g. To continue to explore other economically sustainable uses.
- h. The Parties will each share in the expenses arising from this Agreement, including consultant and professional fees and costs, as provided for in this Agreement as set forth in Exhibit A.
- i. While taking actions to facilitate the Janicki BioEnergy project, prior to making any further commitment to move forward with respect to a different structure of ownership or leasehold interest for the entire Northern State property and different uses and development models, the Parties will continue to undertake a thorough study of Northern State as envisioned by this Agreement, which will include involvement of the public in the decision-making process.

6. **Purpose.** On behalf of the Parties, the Administrator will carry out the Parties' goals as set forth in Section 3 above. In doing so, the Parties and Administrator shall engage in the following activities, with the collective goal of understanding the nature and condition of Northern State. Such review will include, but is not limited to, the following:

a. **Property Assessment.**

i. A review of the existing structures and improvements at Northern State for the purposes of assessing their safety, usability, structural feasibility and cost and economic feasibility to maintain, as well as to determine which structures should be preserved and maintained, and which should be destroyed.

ii. A review of the landscaping, lay-out and design of Northern State, taking into consideration their historical significance as well as future and proposed uses of Northern State, including action required to protect environmentally sensitive areas of Northern State.

iii. A review of the topographical, wetlands, sensitive areas, environmental, geotechnical, historical and archeological aspects of Northern State, which will include, but is not be limited to, procuring environmental soils reports, geotechnical reports, critical area assessment reports, archeological reports, building inspections, master planning and other similar reports and studies.

iv. A review of Hanson Creek, its alluvial and surrounding areas as they may relate to Northern State.

v. A review of existing and necessary infrastructure, utilities, storm water, and building and development regulations and access.

vi. A review of the historical significance of Northern State and its role, including future role, in the community.

vii. A title review and surveys with respect to Northern State which will include the boundaries, existing uses, existing leases, licenses, rights, restrictions and easements affecting Northern State and its use.

viii. A review of the economic and fiscal issues related to local ownership of Northern State and possible future uses and purposes of Northern State, consistent with the Parties' collective long-term vision.

ix. A review of the costs associated with owning, maintaining, leasing and developing Northern State, which will include an analysis of capitalization and financing of any future projects, and expected economic return to the Parties and the communities they serve.

x. The preparation and implementation of a communication plan to seek input and convey information with the communities that the Parties serve.

xi. The preparation and submittal of annexation documents and site permits.

xii. The preparation of appropriate agreements between the Port and the State of Washington.

xiii. Subject to appropriate agreements with the State, the preparation of lease documents between the Port and Janicki BioEnergy Research and Technology Center and other appropriate users.

xiv. Conduct a Remedial Investigation and Feasibility Study (RI/FS) for any actionable contamination found on the site.

xv. Conduct an appraisal and economic impact analysis to develop appropriate lease and or transfer terms between the Port and the State of Washington and the Port and Janicki BioEnergy and other appropriate users.

xvi. Preparation and adoption of Comprehensive Plan amendments and Development Regulations, along with associated studies and planning, for Northern State by the City, coordinated with the Parties, with the City acting as lead agency for SEPA and the Port preparing Planned Action SEPA documentation.

xvii. Planning by the Parties and Janicki BioEnergy for required site and off-site transportation infrastructure to support the Janicki BioEnergy facilities and facilities for other appropriate users and the long-term use goals of the Parties.

xviii. Planning by the Port and Janicki BioEnergy of site development for manufacturing and assembly facilities and tenant improvements for other facilities.

xix. Development of master plans, annexation, permitting documents and supporting materials will be completed through the Department of Commerce grant. The funds will be issued from the Department of Commerce to Skagit County and then these funds and/or others will pass through via this Interlocal Agreement to the Port for administration.

- b. **Engagement of Consultants.** Engage consultants from time to time as deemed necessary or appropriate by the Parties and the Administrator to assist them in evaluating Northern State as well as various models, strategies and joint actions considered by the Parties and the Administrator.
- c. **Opportunities for Ownership, Use, Management, Recreation, Job Creation and Development.** Cooperate now and in the future regarding opportunities for joint and local ownership of Northern State and cooperative arrangements with respect to its use, maintenance, development and creation of jobs and other benefits to serve the people and communities served by the Parties and to realize cost savings and local control of Northern State.
- d. **Long-Term Administrative Oversight.** The Parties will cooperatively consider and facilitate the appropriate method and funding for the long-term management and administration of Northern State.

6. **Term and Termination.** This Agreement takes effect on the Effective Date and continues through December 31, 2016. Thereafter, this Agreement will automatically extend for additional terms of one (1) year each, unless one Party provides notice to the other Parties of its

intent to withdraw from the Agreement no later than sixty (60) days prior to the end of the then-current term. The initial term and each subsequent term are subject to earlier termination by any Party, at any time with or without cause, upon providing sixty (60) days' notice to the other Party.

7. **Powers.** The Parties, acting through the Administrator, have the following powers in carrying out the purposes of this Agreement:

- a. To make and enter into contracts and agreements within the scope of its authority as Administrator;
- b. To retain and terminate agents and independent contractors as they deem to be necessary; and
- c. To have and exercise all other powers necessary to carry out the purposes of this Agreement subject to any restrictions imposed by RCW Chapter 39.34.

8. **Scope of Authority.** No Party has any independent authority to direct the management of the other Parties' activities under this Agreement nor, unless authorized in writing by the other Parties, the joint activities of the Parties hereunder. Neither Party has any authority to bind or to act for or to assume any obligations or responsibilities on behalf of the other Parties.

9. **Property.** Except for the Port's anticipated lease(s) with, and/or transfer from, the State of the State Property, the Parties will not acquire personal or real property pursuant to this Agreement. Any funds required to carry out the purposes of this Agreement will, by agreement of the Parties, be held in the name of one of the Parties for payment as approved by the Parties. Upon termination of this Agreement, the Administrator will distribute among the Parties any funds held pursuant to this Agreement in such proportions as agreed to by the Parties.

10. **Budget; Funding.** The Administrator will establish a budget for the activities necessary to carry out Phase I of this Agreement. A cost sharing/time schedule for Phase I is attached as **Exhibit A**. Any costs incurred by the Administrator on behalf of the Parties, including, but not limited to, the cost of carrying out the activities described in this Agreement, will be allocated among the Parties on the basis of a methodology to be determined by the Parties.

11. **Notices.** Any and all notices or communications required or permitted to be given under any of the provisions of this Agreement must be in writing and will be deemed to have been given upon receipt when personally delivered; the next day when sent by overnight courier; or when made via United States mail, three (3) days after deposit in the United States mail if sent by first class, certified or registered mail, return receipt requested. All notices must be addressed to the Parties at the addresses set forth below or at such other address specified by notice by one Party to the other Parties.

If to the Port of Skagit County:

Port of Skagit County  
15400 Airport Drive  
Burlington, Washington 98233  
Attn: Executive Director

If to Skagit County:

Skagit County  
1800 Continental Place, Suite 100  
Mount Vernon, WA 98273  
Attn: County Administrator

If to the City of Sedro-Woolley:

City of Sedro-Woolley  
Sedro-Woolley City Hall  
325 Metcalf Street  
Sedro-Woolley, WA 98284  
Attn: City Supervisor and City Attorney

12. **Amendment/Entire Agreement/Modification.** This Agreement replaces in its entirety the Initial Agreement and represents the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior negotiations and discussions with respect to the subject matter of this Agreement. This Agreement may be supplemented by additional agreements executed by the Parties, or may be amended or modified by written agreement signed by the Parties hereto. Such amendments may be for the purposes of, among other things, adding or deleting parties to this Agreement or expanding the responsibilities of the Administrator.

13. **Applicable Law.** This Agreement, and any rights and obligations hereunder, shall be construed and interpreted in accordance with the laws of the State of Washington. Any dispute or proceeding arising out of this Agreement shall be filed in the Superior Court of the State of Washington for Skagit County.

14. **Attorneys' Fees.** The prevailing Party in any dispute, whether or not suit is brought, or in any action to interpret, collect or enforce this Agreement, is entitled to its reasonable attorneys' fees and costs, in addition to any other remedies, which will be paid by the non-prevailing Party promptly on demand. "Attorneys' fees" as used in this Section includes services rendered at both the trial and appellate levels as well as services rendered subsequent to judgment in obtaining execution thereon.

15. **Assignment.** This Agreement is personal to the Parties. No Party to this Agreement may assign its rights or obligations hereunder.

16. **Authorization.** Each Party represents and warrants to the others that it is duly authorized to enter into and to carry out the terms of this Agreement.

17. **Independent Review.** This Agreement has been reviewed and revised by legal counsel for all Parties and no presumption or rule that ambiguity shall be construed against the Party drafting the document shall apply to the interpretation or enforcement of this Agreement.

18. **Severability.** In the case any term of this Agreement is held invalid, illegal or unenforceable in whole or in part, neither the validity of the remaining part of such term nor the validity of the remaining terms of this Agreement will in any way be affected thereby.

19. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original but all of which taken together constitute one and the same instrument.

20. **Recording/Web Site Notice.** Each Party will post this Agreement on its web site or will, at its own expense, record this Agreement with the Skagit County Auditor as required by RCW 39.34.040.

IN WITNESS WHEREOF, the Parties hereby execute this Agreement as of the Effective Date set forth above.

**PORT OF SKAGIT**

**CITY OF SEDRO-WOOLLEY**

\_\_\_\_\_  
Bill Shuler, Commissioner

By: \_\_\_\_\_  
Mike Anderson, Mayor

\_\_\_\_\_  
Steve Omdal, Commissioner

\_\_\_\_\_  
Kevin Ware, Commissioner

**BOARD OF COUNTY COMMISSIONERS  
SKAGIT COUNTY, WASHINGTON**

\_\_\_\_\_  
Ron Wesen, Chairman

\_\_\_\_\_  
Kenneth A. Dahlstedt, Commissioner

\_\_\_\_\_  
Lisa Janicki, Commissioner

Attest:

\_\_\_\_\_  
Clerk of the Board

For contracts under \$5,000:  
Authorization per Resolution R20030146

Recommended:

\_\_\_\_\_  
County Administrator

\_\_\_\_\_  
Department Head

Approved as to form:

\_\_\_\_\_  
Civil Deputy Prosecuting Attorney

Approved as to indemnification:

\_\_\_\_\_  
Risk Manager

Approved as to budget:

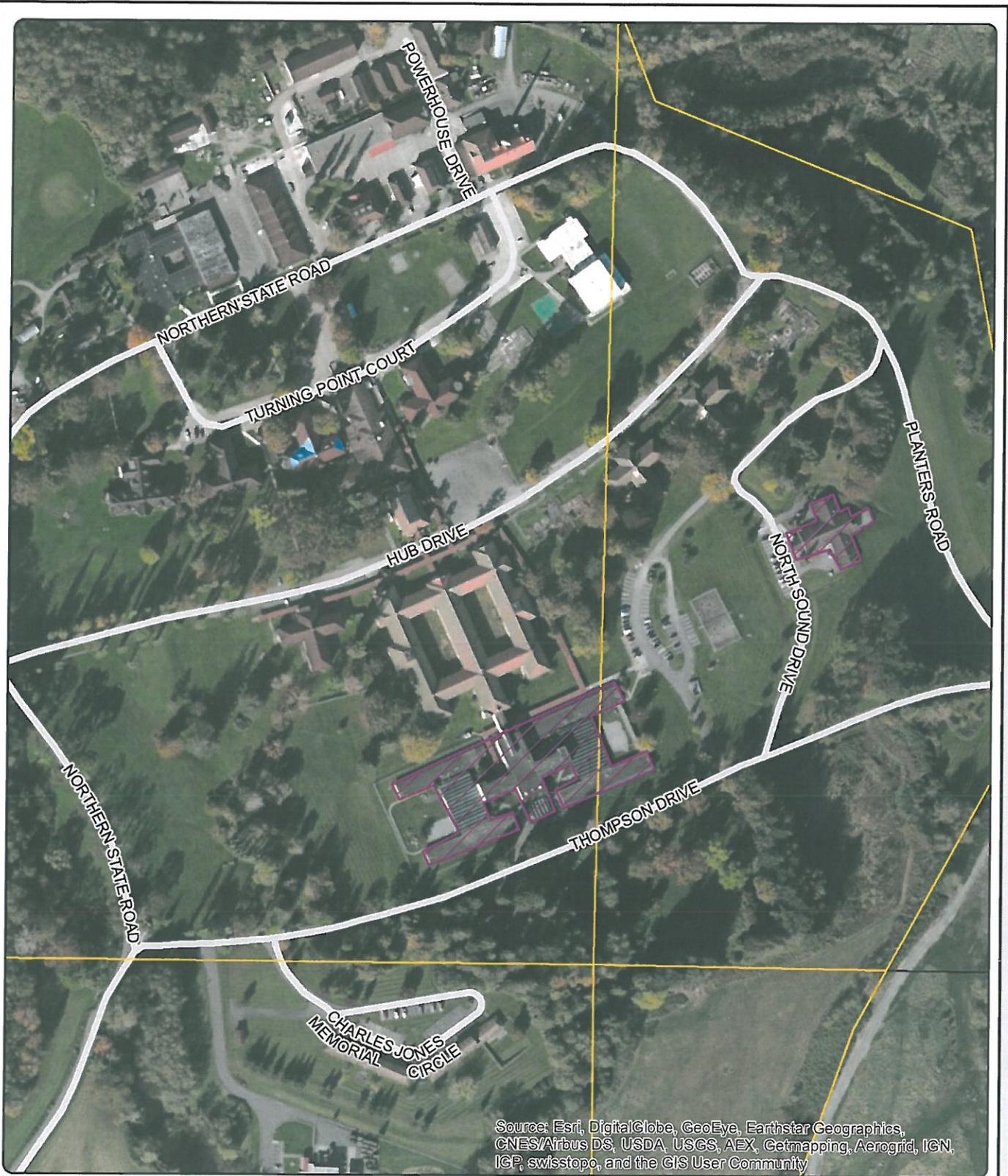
\_\_\_\_\_  
Budget & Finance Director

**EXHIBIT "A"**  
**COST SHARING SCHEDULE**

Port of Skagit	\$100,000
Skagit County	\$75,000
City of Sedro-Woolley	\$25,000*
*plus in-kind work to include annexation, site permitting and other necessary tasks, totaling approximately \$25,000.	
Washington State Department of Commerce	\$212,500

**TIME SCHEDULE**

February 27, 2015	Sign Amended Interlocal Agreement	Port of Skagit
February 27, 2015	Sign Amended Interlocal Agreement	City of Sedro-Woolley
February 27, 2015	Sign Amended Interlocal Agreement	Skagit County
April 30, 2015	Execute appropriate agreement with the Washington State Department of Enterprise Services for Phase 1 of the Janicki BioEnergy Facilities	Port of Skagit
April 30, 2015	Reach understanding with Janicki BioEnergy for Phase 1 of Janicki Facility	Port of Skagit
April 30, 2015	Execute a Memorandum of Understanding with the Washington State Department of Enterprise Services (DES) regarding the steps necessary to affect future phases of economic development between the Port of Skagit and DES	Port of Skagit
June 30, 2015	Execute a Letter of Intent between the Port of Skagit and Janicki BioEnergy regarding the steps necessary to facilitate leases for future phases between the Port of Skagit and Janicki BioEnergy	Port of Skagit
June 30, 2015	Complete work pursuant to the Department of Commerce grant	



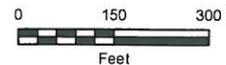
Source: Aerial photography obtained from ESRI ArcGIS Online; city boundary, parcels, and roads from Skagit County.

**Legend**

-  Buildings To Be Removed In Long Term
-  Site Parcels
-  City Limits
-  Parcel Boundaries

**Aerial Photo of Northern State Hospital Site, Buildings To Be Removed In Long-Term**

Northern State Hospital Property  
Sedro-Woolley, Washington



The product of this informational purposes and may not have been prepared for, or be suitable for, legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information. For more information please visit our website at [www.maulfooster.com](http://www.maulfooster.com) for contact information.