

MEMORANDUM OF AGREEMENT

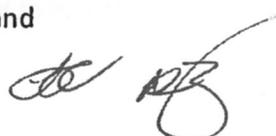
RELATING TO FINANCING OF CAPITAL ASSETS FOR SOUTH SOUND 911

THIS MEMORANDUM OF AGREEMENT RELATING TO FINANCING OF CAPITAL ASSETS FOR SOUTH SOUND 911 (the "Memorandum of Agreement") is entered into this 30th day of May, 2013, by and between the following municipal corporations:

Pierce County, City of Tacoma, City of Lakewood, City of Fife, and West Pierce Fire & Rescue (Pierce County Fire Protection District No. 3).

RECITALS:

1. Each of the five municipal corporations listed above ("Member Agencies") is a party to an Interlocal Agreement for Communications Services, as amended, by which South Sound 911, an interlocal administrative agency was created, for the purpose of providing consolidated and comprehensive emergency communications services throughout Pierce County, to include dispatching for both police and fire departments, either operated by the Member Agencies or other municipal corporations located in Pierce County who are subscribers to emergency communications services provided by South Sound 911 and/or Member Agencies ("Subscribers").
2. The aforesaid Interlocal Agreement provided, at Section 16B, that all of the 1/10th of 1% sales and use taxes approved by the voters and imposed and collected by Pierce County pursuant to RCW 82.14.420 (the "1/10th of 1% sales and use taxes") shall be distributed to South Sound 911, and specifically and exclusively allocated for the purposes of construction, agency operations and maintaining South Sound 911 facilities, including debt service on bonds issued for such purposes.
3. The aforesaid Interlocal Agreement provided, at Section 16C, that Pierce County, at its sole discretion, will issue bonds to finance capital assets for South Sound 911, for the beneficial use of the Member Agencies or Non-Member Agencies who participate as users of the South Sound 911 facilities.
4. The aforesaid Pierce County bond issuance was, according to such Interlocal Agreement, conditioned upon the following three conditions being satisfied:
 - (1) the first priority for distribution of the new 1/10 of 1% sales and use tax will be for debt service payments on such bonds;
 - (2) the debt service payments on such bonds for the year in which the bonds will be issued have been included in the budget (of South Sound 911) for that year in the manner specified in Section 15 of the Interlocal Agreement; and



(3) All Member Agencies through a formal signed agreement have committed to (a) including the debt service payments on such bonds in the budget (of South Sound 911) each year in the manner specified in Section 15 and (b) making their share of debt service payments on such bonds should either the new 1/10th of 1% sales and use tax for any reason not generate adequate revenues to make such debt service payments or should the new 1/10th of 1% sales and use tax for any reason cease.

5. This Memorandum of Agreement is that "formal signed agreement" referred to in condition 3 contained in Recital 4 hereinabove.

6. During 2013, Pierce County intends to issue general obligation bonds, up to an amount not to exceed Thirty-Five Million Dollars (\$35,000,000.00) for capital facilities, equipment, and/or radios, for South Sound 911 and the beneficial use of the City of Tacoma and other Member Agencies and non-Member Agencies. Revenues from the 1/10th of 1% sales and use tax will be pledged to pay and secure those bonds, and it is currently expected that the revenue from the 1/10th of 1% sales and use tax will be more than adequate to make the regular, periodic debt service payments related to such bonds.

7. In 2012, Pierce County also issued other general obligation bonds (the "2012 bonds") for capital facilities or equipment, related to communications or radio systems that will function in an interoperable way with the South Sound 911 system or become a part of such system, for the beneficial use of Pierce County and Pierce Transit. Revenues from the 1/10th of 1% sale and use tax also were pledged to pay and secure the 2012 bonds.

8. Under the Interlocal Agreement, the emergency communications facilities and equipment acquired with proceeds of bonds issued by Pierce County are to be owned by Pierce County during the term of such bonds, but shall be made available to South Sound 911, its Member Agencies, and to Subscribers, for their necessary beneficial use, pursuant to service agreements between such Subscribers and South Sound 911 and its Member Agencies, as applicable.

9. Therefore, the Member Agencies of South Sound 911 have each determined that it is in their respective best interests to formally agree with one another on their respective initial shares ("Member Agency Shares") of financial responsibility with respect to the costs of operation of South Sound 911 and the costs of receiving emergency communications services through the use of and benefit from emergency communications facilities and equipment financed and owned by Pierce County, including compensation for the capital costs associated with their beneficial use of emergency communications facilities and equipment, but only in the event that revenues from the 1/10th of 1% sales and use tax are insufficient to pay debt service payments on such bonds should either the new 1/10th of 1% sales and use tax for any reason not generate adequate revenues to make such debt service payments or should the new 1/10th of 1% sales and use tax for any reason cease. The Member Agencies will develop a process for periodically adjusting Member Agency Shares in the future, to include amending this Memorandum of Agreement by approval of each governing body.

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10. Each of the foregoing Recitals is hereby incorporated into the operative terms of this Memorandum of Agreement.

BASED UPON THE FOREGOING RECITALS, AND TO EFFECTUATE OR IMPLEMENT SECTION 16C OF THE INTERLOCAL AGREEMENT, THE ABOVE-NAMED PARTIES DO HEREBY AGREE AS FOLLOWS, PURSUANT TO THE APPROVAL OF THEIR RESPECTIVE GOVERNING BODIES:

1. The first priority for distribution and application of revenues from the 1/10 of 1% sales and use tax will be for debt service payments on such bonds as Pierce County has issued and may issue in the future under the Interlocal Agreement to finance the acquisition and installation of emergency communications capital facilities and equipment, including radios for South Sound 911 agencies (collectively referred to herein as "such capital assets"). Such Pierce County bonds include the 2012 bonds, the bonds expected to be issued in 2013 to pay and reimburse costs incurred by South Sound 911 under the Communications System Agreement dated as of October 31, 2012 by and among South Sound 911, the City of Tacoma and Motorola Solutions, Inc.. This priority for the use and application of revenues from the 1/10 of 1% sales and use tax to pay debt service on Pierce County South Sound 911 bonds shall be effectuated by transfers of sufficient amounts of such revenues upon their receipt from the Washington State Department of Revenue into the County's LTD Tax GO Bond Redemption Fund at such times and in such manner as the County Director of Budget and Finance shall determine, with the balance to be transferred to the South Sound 911 Current Expense Fund.

2. The debt service payments on such bonds for the year in which the bonds will be issued (2013) have been included in the South Sound 911 budget for that year (2013) in the manner specified in Section 15 of the Interlocal Agreement, and will be included in future years' budgets as and when they are approved.

3. So long as revenues received from the 1/10th of 1% sales and use tax are sufficient to pay the capital costs (debt service) of such capital assets that have been financed with Pierce County South Sound 911 bonds (with such capital costs to be measured by the debt service requirements on those Pierce County South Sound 911 bonds), with regard to capital assets that are owned by Pierce County, and that are to be used and operated by Member Agencies and/or South Sound 911 to provide emergency communications services for the benefit of the Member Agencies, neither South Sound 911 nor any Member Agency shall be obligated to pay for its use and operation of or benefit received from such capital assets. In the event that revenues derived from the 1/10th of 1% sales and use tax are insufficient to fully pay those capital costs or the 1/10th of 1% sales and use tax should cease to exist, each Member Agency agrees, subject to the provisions of Section 7 hereof, that it will make payments for its use and operation of such assets, and the benefits received by it from such capital assets ("use and benefit payments") to South Sound 911. The amount of such use and benefit payments, if any, that are required to be made by a Member Agency shall be measured by reference to its Member Agency Share of that portion of the periodic debt service requirements on outstanding Pierce County South Sound 911 bonds that were issued to finance the capital costs of



acquisition and installation of such capital assets, insofar as the costs are not funded by revenues derived from the 1/10th of 1% sales and use tax. Any such use and benefit payments required to be made by Member Agencies in accordance with their respective Member Agency Shares may be derived from revenues received from Subscribers for emergency communications services, Assessments of Member Agencies made by South Sound 911 under the Interlocal Agreement, or any other funds made available for that purpose by the Member Agencies under the Interlocal Agreement. Each Member Agency, including Pierce County, agrees that it shall provide the funds, if any, required to make use and benefit payments for its Member Agency Share of the capital costs of such capital assets not funded by revenues from the 1/10th of 1% sales and use tax. For this purpose, Pierce County will provide to South Sound 911 and its Member Agencies notice, as early as may be practicable, of any events or circumstances of which Pierce County becomes aware that indicate that revenues expected to be received from the 1/10th of 1% sales and use tax are expected to be insufficient to pay such capital costs, but this notice shall not be a condition to the responsibility of any Member Agency or South Sound 911 to provide funds to meet its Member Agency Share of any such capital costs.

4. Each of the Member Agencies' respective Member Agency Shares of the capital costs, if any, that may not be fully paid from revenues derived from the 1/10th of 1% sales and use tax have been initially determined by South Sound 911 for the purposes of this Memorandum of Agreement by taking into account the degree of actual use of and benefit from the capital assets and equipment, including radios, purchased with proceeds of the 2012 bonds and the bonds expected to be issued by Pierce County in 2013 to fund the costs incurred under the Communications System Agreement dated as of October 31, 2012 by and among South Sound 911, the City of Tacoma and Motorola Solutions, Inc., based upon the best available data at this time. The following Member Agency Shares have been determined primarily by calculating the percentages of the equipment purchased or expected to be purchased with proceeds of such bond issues that each Member Agency will be receiving, and placing into service to serve their respective Subscribers.

5. Accordingly, the initial Member Agencies' respective Member Agency Shares are agreed to be as follows:

Pierce County: 41.68% City of Tacoma: 35.19% City of Lakewood: 4.47%
City of Fife: 6.21% West Pierce Fire & Rescue: 12.45%

The Parties recognize that it may be necessary to adjust these initial Member Agency Shares periodically in the future due to various future events, such as a change in the number of Member Agencies of South Sound 911, a major acquisition by South Sound 911 of new capital assets financed by additional Pierce County South Sound 911 bonds (other than the Pierce



County South Sound 911 bonds expected to be issued in 2013), or other events or circumstances the Parties determine will significantly change the factors used to determine the initial Member Agency Shares pursuant to Section 4 of this Agreement. Any such adjustment will be accomplished by each Member Agency's governing body approving and authorizing an appropriate amendment to this Memorandum of Agreement.

6. Notwithstanding any other provision of this agreement, the parties contemplate that South Sound 911, through its Policy Board and Operations Board, would regard the debt service obligations on the aforesaid bonds to be an operational expense of South Sound 911, such that any shortage of sales tax revenue, immediately prior to the due date on any payment of principal or interest on any such bond, would be paid by user fees or charges, and/or other revenue of South Sound 911, and then, if that be deemed insufficient, through Member Agency Assessments, if necessary, and if possible through the annual South Sound 911 budget process set forth in the Interlocal Agreement between the parties. No Member Agency is expected to incur indebtedness in order to defray these expenses.

7. The obligation of a Member Agency to pay capital costs, if any, which are not funded by the 1/10th of 1% sales and use tax is an obligation to make payments in exchange for the actual use and operation of, and benefit provided to the Member Agency from, the emergency communications facilities and equipment purchased with the proceeds of Pierce County bonds. The Member Agency obligation is contingent on such emergency communications facilities and equipment being furnished and made available to the Member Agency for its use, operation and benefit. The Member Agency obligation is not a debt of the Member Agency and is not a guarantee of the payment of all or any portion of the debt service on Pierce County South Sound 911 bonds. Pierce County South Sound 911 bonds will be issued as limited tax general obligations of the County to which the County will pledge its full faith, credit and resources and revenues from the 1/10th of 1% sales and use tax. No bondholder will be a third-party beneficiary hereof or otherwise have rights to enforce the obligations of Member Agencies hereunder. Because the obligations of Member Agencies hereunder are not security for bonds issued by Pierce County for South Sound 911, and are not provided for the benefit of the owners of such bonds, the obligations of Member Agencies hereunder will not be referenced in any official statement or disclosure materials used to market such bonds to potential investors.

8. The Member Agencies agree that, so long as Pierce County South Sound 911 bonds issued to finance such capital assets made available to South Sound 911, or Member Agencies, or non-Member Agencies, for their beneficial use, remain outstanding, the Member Agencies will not take or permit any of their respective Subscribers to take any action that would cause such capital assets to be treated as used for private business use. For this purpose, "private business

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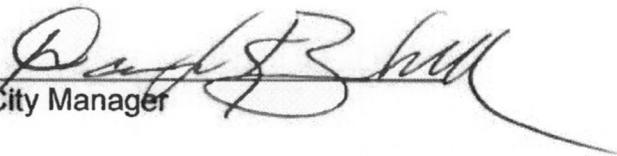
use" means use under any contractual arrangement that provides special legal entitlements to a nongovernmental person, including any department or agency of the federal government, to use such capital assets.

DATED THIS _____ DAY OF _____, 2013

SIGNATURE BLOCKS

CITY OF FIFE
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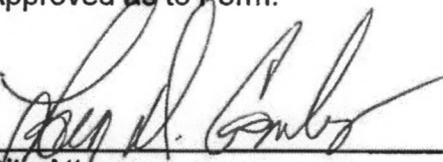
City of Fife


City Manager

May 30, 2013


Director of Finance

Approved as to Form:


City Attorney

**PIERCE COUNTY
SIGNATURE PAGE**

Pierce County

By Pat McCooly 8/9/13
Pierce County Executive Date

Recommended:

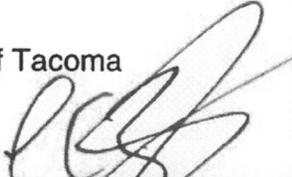
By Gary Robinson 8/7/13
Budget & Finance Director Date

Approved as to legal form only:

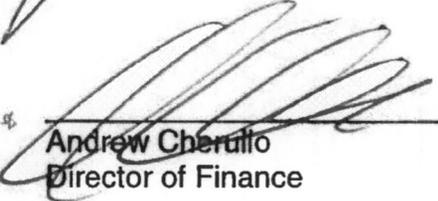
By William D. Jonkin 08/06/2013
~~Chief Civil~~ Deputy Prosecutor Date
Special

CITY OF TACOMA
SIGNATURE PAGE

City of Tacoma



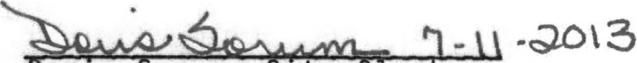
T.C. Broadnax, City Manager

Michelle Lewis-Hodges *Jack Kelanick*
Director, Information Technology Department

Andrew Cherullo
Director of Finance

Approved as to Form:



Deputy City Attorney

Doris Sorum, City Clerk

CITY OF LAKEWOOD
SIGNATURE PAGE

City of Lakewood

Leidi Ohm Wachter
City Manager

Steve M. Bush
CITY CLERK 7-17-13

N/A
Director of Finance

Approved as to Form:

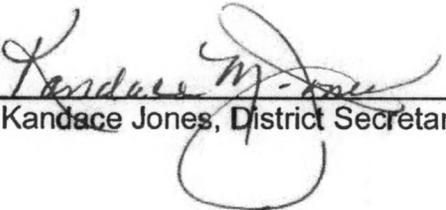
[Signature]
City Attorney

**WEST PIERCE FIRE & RESCUE PROTECTION DISTRICT NO. 3
SIGNATURE PAGE**

West Pierce Fire & Rescue Protection District No. 3



Jim Sharp, Fire Chief



Kandace Jones, District Secretary